

RKAB Delay Compresses January Surplus Despite Firm CPO Demand

Indonesia recorded a surplus of USD0.95 bn (Cons: USD2.80 bn, KBVS: USD2.98 bn, Prev: USD2.52 bn) in Jan '26, as export momentum softened while imports accelerated. Total exports grew 3.39% YoY (Cons: 11.04% YoY, KBVS: 9.43% YoY, Prev: 11.64% YoY) to USD22.16 bn, but the pace was relatively modest compared to the stronger expansion recorded in 2025. The moderation was primarily driven by weakness in the mining sector, particularly mineral fuels (HS27), which declined -11.85% YoY, with overall mining exports contracting -14.59% YoY.

The decline in coal exports was driven by both administrative and price factors. The delayed approval of the 2026 RKAB (Work Plan and Budget) temporarily constrained production quotas and shipment schedules at the start of the year, limiting export realization in January. At the same time, softer global coal prices, correcting from the high-USD130s per ton range in late 2025 to around the low-USD120s per ton in early 2026, reduced incentives for producers to ramp up output. **The combination of regulatory delays and weaker pricing created a dual drag on coal exports, which in turn weighed on overall mining performance given coal's significant share in Indonesia's export structure.**

In contrast, non-oil and gas exports remained relatively resilient, supported by manufacturing and downstream products particularly crude palm oil (CPO). Exports of animal/vegetable fats and oils (HS15) rose around 18-20% YoY in Jan '26, reflecting stronger CPO shipments, particularly to India. India remains one of Indonesia's key CPO destinations, accounting for roughly 18-22% of total palm oil exports in recent years, with annual shipments typically exceeding 5 mn tons. Demand improved after India reduced its basic import duty on crude palm oil in mid-2025 from 20% to 10%, significantly lowering landed costs. With CPO prices hovering around USD800-850 per ton, the 10 percentage point tariff cut translates into savings of roughly USD80 per ton for Indian importers, enhancing palm oil's price competitiveness relative to soybean and sunflower oil. From a demand perspective, sentiment in India remains constructive. Domestic edible oil consumption continues to expand structurally, supported by population growth and steady food demand, while palm oil remains the most cost-efficient option when alternative vegetable oil prices are elevated. Although India is advancing domestic oil palm cultivation under its National Mission on Edible Oils-Oil Palm program, local output remains insufficient to meet total consumption needs in the near-to-medium term. As a result, **Indonesia continues to benefit from structurally sustained import demand from India despite broader export moderation.**

Sectorally, manufacturing exports rose 8.19% YoY, partially offsetting contractions in mining (-2.5% YoY) and agriculture (-1.8% YoY). The resilience was supported by downstream and value-added products. Processed palm oil derivatives under animal/vegetable fats and oils (HS15) recorded solid double-digit growth of 12.4% YoY, in line with stronger CPO shipments and derivative exports totaling USD4.5 bn. Meanwhile, nickel and related products (HS75) continued to expand, posting mid-to-high teen YoY growth of 16.7%, reflecting sustained demand for refined nickel and intermediate products used in stainless steel and EV battery supply chains, with exports reaching USD2.8 bn. This performance underscores Indonesia's ongoing shift toward higher value-added exports, which helps cushion volatility from raw commodity shipments and strengthens overall export stability.

On the import side, total imports surged 18.21% YoY (Cons: 15.00% YoY, KBVS: 13.85% YoY, Prev: 10.81% YoY) to USD21.20 bn, driven by stronger domestic demand across all major categories. Capital goods imports, including machinery and industrial equipment, rose 12-14% YoY, reflecting investment and production expansion. Raw materials and intermediate goods, such as metals and chemicals, grew 20-25% YoY, supporting both domestic manufacturing and downstream exports like processed palm oil and refined nickel products. These trends are consistent with a healthy PMI Manufacturing Indonesia of 51.2 in Feb '26 (up from 50.8 in Jan '26), indicating ongoing expansion in manufacturing activity and strong demand for industrial inputs.

Meanwhile, consumer goods imports, including food, beverages, electronics, and household items, increased more moderately by 8–10% YoY, reflecting rising domestic consumption. **Overall, the surge in imports was broad-based**, led by industrial demand while supported by household consumption, **highlighting that Indonesia’s economic activity in early 2026 was underpinned by both manufacturing expansion and improving domestic spending.**

Non-oil and gas imports increased 16.71% YoY, driven by higher purchases of machinery, capital goods, and intermediate inputs. The rise in capital goods (+35.23% YoY) and raw materials/intermediate goods (+14.67% YoY) suggests ongoing expansion in production activity and investment rather than purely consumption-driven pressure. Meanwhile, oil and gas imports rose sharply, contributing to a persistent energy deficit. This structural reliance on imported energy continues to offset part of the gains from non-oil and gas exports.

Outlook:

In the near term, export performance may remain somewhat constrained if coal shipment normalization is delayed pending full implementation of the 2026 RKAB. Coal accounts for roughly 12–15% of Indonesia’s total exports, making it one of the largest single contributors to the country’s export revenue. Any prolonged administrative bottleneck or delays in coal shipments could therefore continue to weigh on mining exports, limiting headline export growth in 1Q26. As a result, monthly trade surpluses may remain narrower than last year’s average of around USD3.5–4.0 bn per month, despite resilience in downstream manufacturing and value-added sectors.

Nevertheless, several supporting factors should help cushion downside risks. **Palm oil exports to India are expected to stay firm, supported by favorable import duty policies and structurally strong edible oil demand.** Palm oil’s price competitiveness relative to other vegetable oils should sustain import appetite, particularly as India remains structurally dependent on external supply despite ongoing domestic expansion efforts.

On the import side, strong capital goods and intermediate goods imports indicate continued domestic production and investment momentum. Machinery, equipment, metals, and industrial inputs have risen sharply, reflecting healthy manufacturing activity, as confirmed by the PMI Manufacturing Indonesia remaining above 51. While these higher imports may temporarily compress the trade surplus, they reflect underlying economic strength rather than weakness, with ongoing industrial expansion and downstream exports supporting overall external resilience.

Looking ahead, once RKAB approvals are fully operational and coal shipments normalize, **Indonesia’s external performance should gradually regain strength, underpinned by resilient manufacturing and value-added exports.** However, elevated geopolitical risks, particularly tensions in the Middle East, could push global oil prices higher, which would raise Indonesia’s import bill for energy and related products. Higher oil prices could also have spillover effects on transportation, production costs, and inflation, indirectly increasing demand for imported intermediate goods and energy-related capital equipment. Combined with the already elevated imports of machinery, metals, and chemicals, this scenario could temporarily widen the trade deficit or compress monthly surpluses, despite solid export performance in manufacturing and downstream sectors. Policymakers and market participants will likely monitor these developments closely, as external balances may fluctuate in response to both administrative factors, like RKAB implementation, and global commodity shocks.

Fig 1. Trade Balance

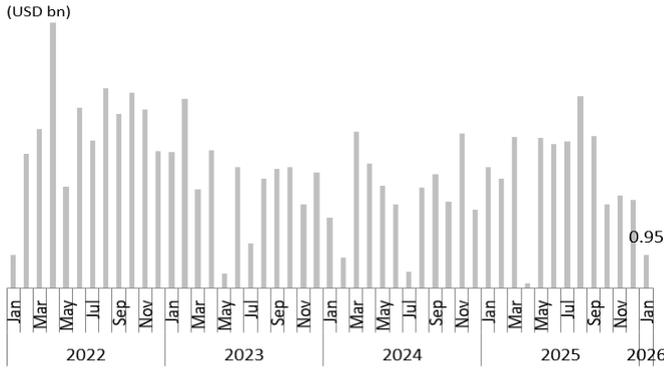


Fig 2. Export and Import Growth

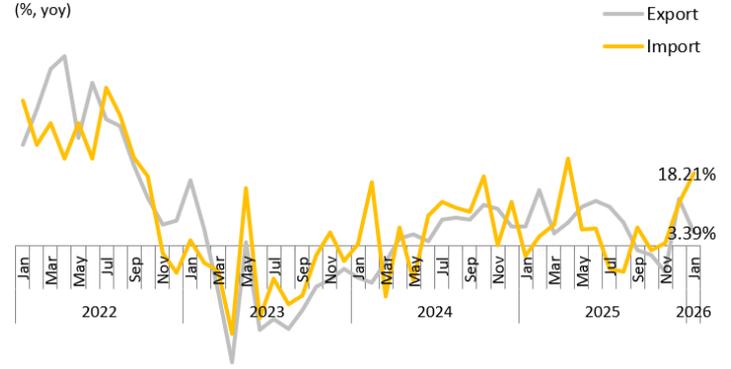


Fig 3. Oil and Coal Price

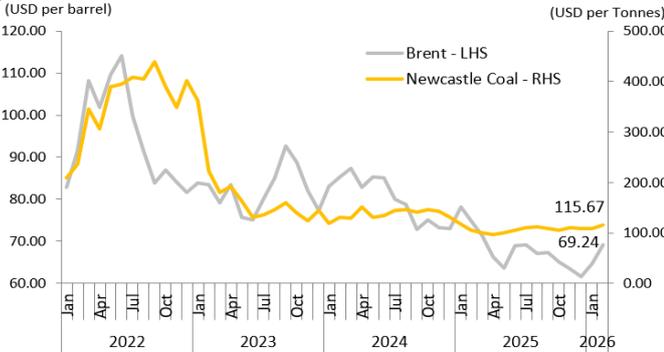


Fig 4. Monthly Non-Resident Capital Flows

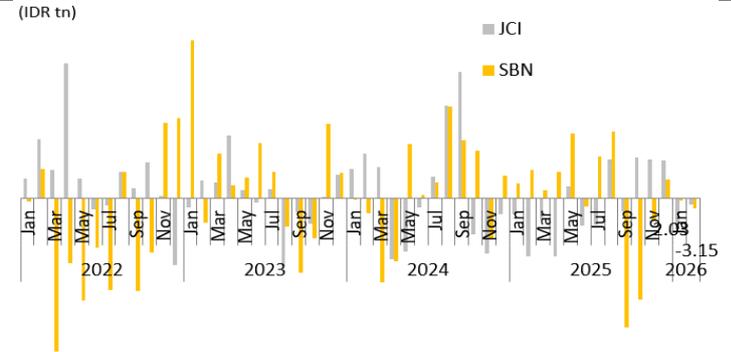


Fig 5. Monthly Change of FX Reserves

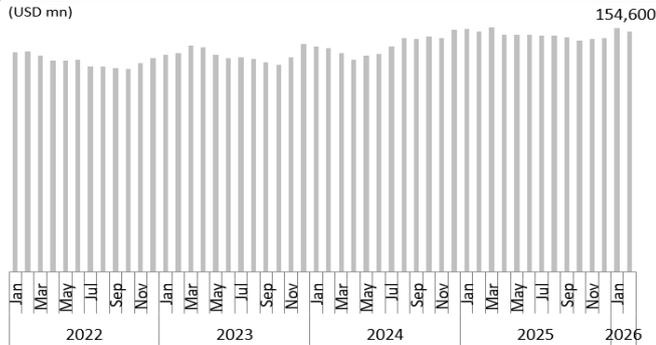


Fig 6. Monthly Average Rupiah Exchange Rate

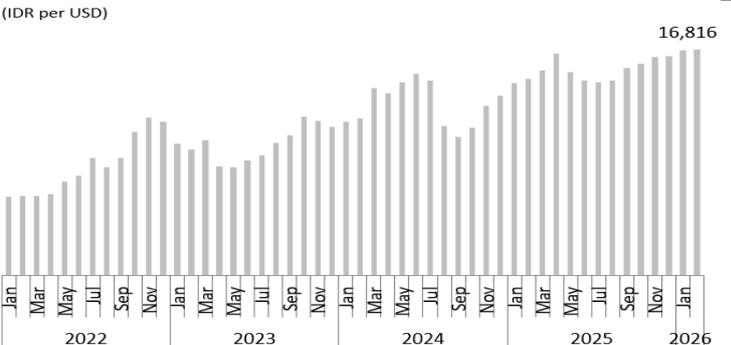


Fig 7. Indonesia Current Account

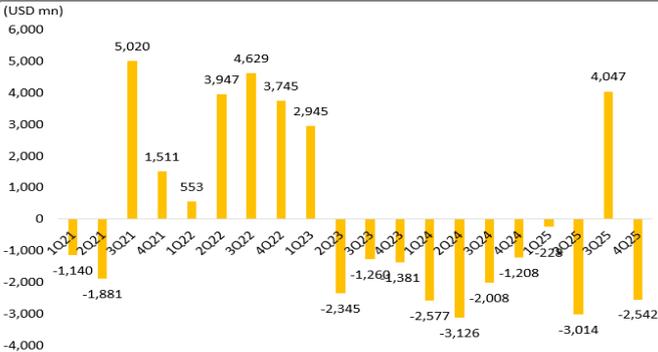


Fig 8. CPO Price

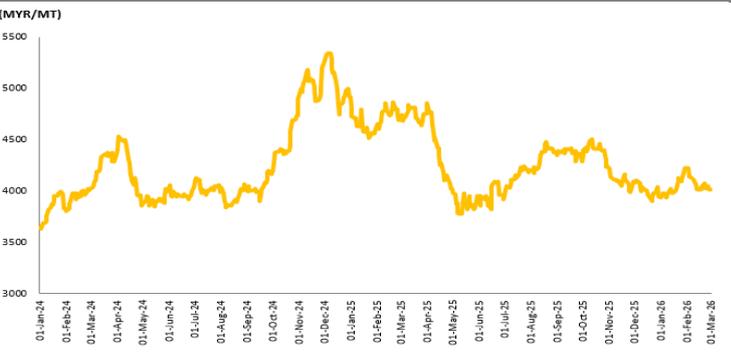


Table 1. Indonesia's Trade Balance				
Indicators	Value (USD bn)		Growth (%)	
	Latest	M-1	MoM	YoY
Total Export (FOB)	22.16	26.35	-15.91	3.39
Oil and Gas	0.89	1.26	-29.23	-15.62
- Crude Oil	-	0.14	-100.00	-100.00
- Processed Oil	0.42	0.38	9.85	5.76
- Gas	0.47	0.74	-36.49	-19.95
Non-Oil and Gas	21.26	25.09	-15.24	4.38
- Agriculture, Forestry, and Fisheries	0.44	0.52	-15.57	-20.36
- Manufacturing	18.51	21.17	-12.58	8.19
- Mining & Others	2.32	3.40	-31.73	-14.59
Total Import (CIF)	21.20	23.83	-11.05	18.21
Oil and Gas	3.17	3.35	-5.59	27.52
- Crude Oil	1.20	0.86	39.93	118.45
- Processing Oil	1.96	2.49	-21.30	1.58
- Gas	0.00	0.00	0.00	0.00
Non-Oil and Gas	18.04	20.48	-11.94	16.71
Import Based on the Goods Usage Classification				
Consumption Goods	1.84	2.41	-23.79	11.81
Raw/Auxiliary Materials	14.88	16.10	-7.63	15.67
Capital Goods	4.49	5.32	-15.63	35.23
Trade Balance	0.95	2.51	-62.02%	-72.34%
Oil and Gas Trade Balance	-2.27	-2.09	8.64%	59.03%
Non-Oil and Gas Trade Balance	3.23	4.61	-29.91%	-33.84%

Sources: BPS, KBVS Research - treated (2026).

Table 2. Indonesia's Non-Oil and Gas Main Trading Partner in Jan '26				
Countries	Share Export From Indonesia (%)	Share Import To Indonesia (%)	Trade Balance of Non-Oil & Gas with Indonesia	Latest PMI Manufacturing
China	24.80	43.75	-2,616.60	50.3
Japan	5.50	5.25	224.40	53.0
U.S	11.82	3.90	1,810.40	51.2
India	7.15	2.33	1,100.40	56.9
Thailand	1.05	5.29	-844.20	51.0
South Korea	3.07	3.65	-7.00	51.2
Singapore	1.94	1.92	65.90	55.2
Malaysia	2.90	3.38	7.10	50.5
Australia	4.03	2.68	373.30	49.3
Taiwan	4.03	3.44	235.50	53.5
Germany	0.80	1.49	-99.80	50.9
Netherlands	2.18	0.44	384.50	50.8
Italy	0.98	0.68	86.20	50.6
Total 13 Countries	70.25	78.20	720.10	
Others	29.75	21.80	2,508.40	
Total	100.00	100.00	3,228.50	

Sources: BPS, KBVS Research - treated (2026).

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