

Export Shift to Downstream, Offsets Coal Weakness

Indonesia recorded a trade surplus of USD1.28 bn in Feb '26 (Cons: USD1.58 bn, KBVS: USD0.80 bn, Prev: USD0.95 bn), extending its surplus streak to 70 consecutive months. While **total exports grew modestly by 1.01% YoY to USD22.17 bn** (Cons: 4.40% YoY, KBVS: -% YoY, Prev: 3.39% YoY), the underlying drivers of the surplus have shifted notably. **The slow headline export growth was heavily weighed down by a sharp 18.21% YoY decline in coal exports.** This drop was mainly caused by administrative bottlenecks, as the government's RKAB (Work Plan and Budget) approvals for coal miners were only finalized in late March (with current approved production at 580 mn MT and an implied maximum export quota of 406 mn MT, assuming at least a 30% DMO), which severely limited their ability to produce and ship coal in Feb '26. Additionally, ongoing geopolitical tensions in the Middle East created hurdles for global trade routes, further slowing down shipments.

Fortunately, the weakness in coal was effectively offset by strong non-oil and gas exports, particularly from the manufacturing and downstream sectors. Exports of animal and vegetable fats and oils (HS 15), which mainly represent CPO, rose solidly by 16.19% YoY. More impressively, higher value-added exports like nickel and related products (HS 75) surged by 74.84% YoY, while electrical machinery and equipment (HS 85) jumped by 28.43% YoY. This is a very positive signal for retail investors, as it proves that Indonesia's trade surplus is becoming less reliant on traditional raw commodities like coal and is increasingly supported by more stable, higher value-added products.

On the import side, growth remained robust at 10.85% YoY, bringing total imports to USD20.89 bn (Cons: 10.40% YoY, KBVS: -% YoY, Prev: 18.21% YoY). This strong import figure was primarily driven by a massive 33.68% YoY surge in capital goods. A jump in capital goods is actually good news for the economy, as it signals that domestic companies are actively investing in machinery and expanding their industrial operations. Ultimately, the Feb '26 surplus was saved by a solid non-oil and gas balance of USD5.42 bn, which successfully covered the persistent oil and gas deficit of USD3.19 bn.

Outlook

Looking ahead, Indonesia's trade performance should remain relatively resilient, supported by downstream exports and a steady manufacturing sector. The government's downstreaming policy, particularly through the export ban on raw nickel ore implemented in 2020, has significantly accelerated the development of domestic processing capacity. As a result, nickel-based exports (including ferronickel, nickel pig iron, and stainless steel) have surged sharply, from around USD3–4 bn pre-ban (2019) to over USD30 bn in recent years, implying an increase of more than 7–8x. This has substantially increased the share of higher value-added products in total exports. This structural shift helps reduce reliance on raw commodity exports and provides a buffer against global price volatility.

In addition, the expansion of copper smelter capacity is expected to further strengthen downstream export performance. Meanwhile, a stable manufacturing sector continues to support export diversification and maintain steady industrial output for both domestic and regional demand.

Furthermore, **as the RKAB coal approvals are now finalized, coal shipments are expected to normalize and provide an additional boost to exports in the coming months.** With the late-March administrative bottleneck resolved, miners can proceed with production plans toward the around 580 mn MT approved quota. This is likely to unlock delayed 1Q26 shipments, supporting a recovery in export volumes and helping to widen the trade surplus in the near term.

Beyond minerals, **CPO exports are also expected to remain supportive.** The recent recovery in global CPO prices, combined with stable demand from key trading partners such as India and China, should help sustain export values going forward, partially offsetting volatility in other commodity segments.

However, the ongoing geopolitical conflict in the Middle East remains a key risk to monitor. If tensions escalate and cause global oil prices to stay high, Indonesia's trade balance will face dual pressures. On the export side, disrupted supply chains and soaring shipping costs could eat into exporters' profit margins. On the import side, expensive global crude oil will immediately inflate Indonesia's energy import bill, widening the oil and gas deficit.

Higher fuel prices would also make importing raw materials more expensive, particularly squeezing margins in heavily import-dependent sectors such as pharmaceuticals (where over 90% of active pharmaceutical ingredients are imported), basic chemicals and plastics, textiles, and the food & beverage industry (which relies heavily on imported wheat, dairy, and sugar). **If coal exports take longer to recover while import costs remain elevated, the monthly trade surplus could narrow further, potentially limiting the accumulation of foreign exchange reserves and keeping the Rupiah volatile.**

Fig 1. Trade Balance

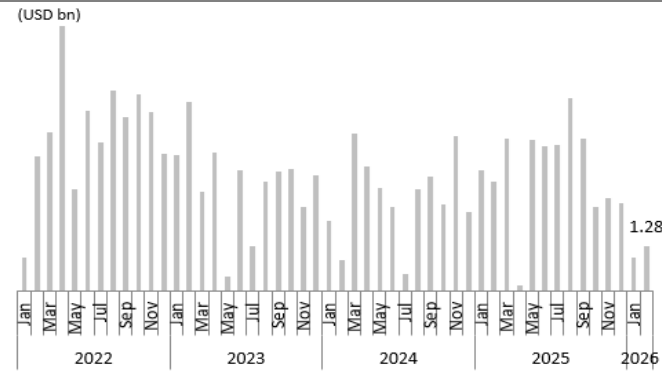


Fig 2. Export and Import Growth

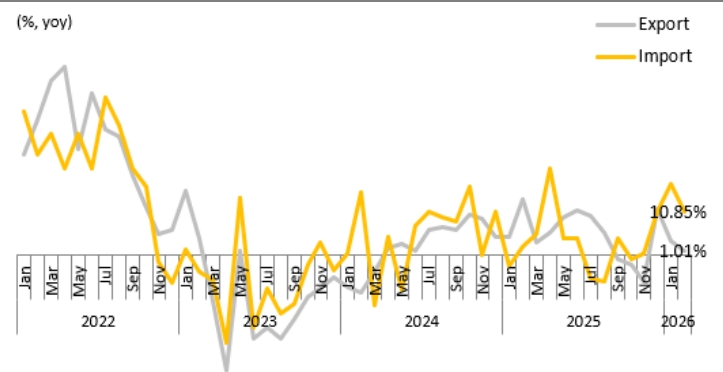


Fig 3. Oil and Coal Price

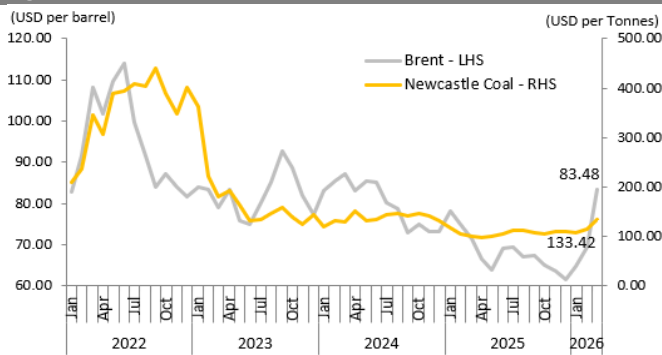


Fig 4. Monthly Non-Resident Capital Flows

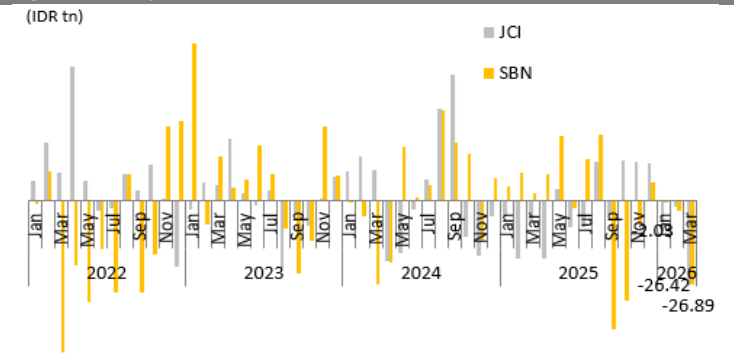


Fig 5. Monthly Change of FX Reserves

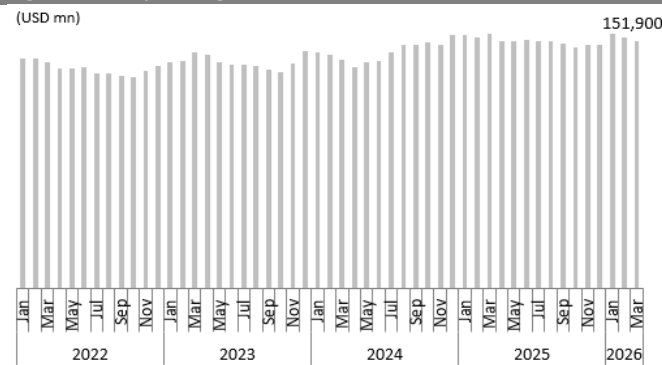


Fig 6. Monthly Average Rupiah Exchange Rate

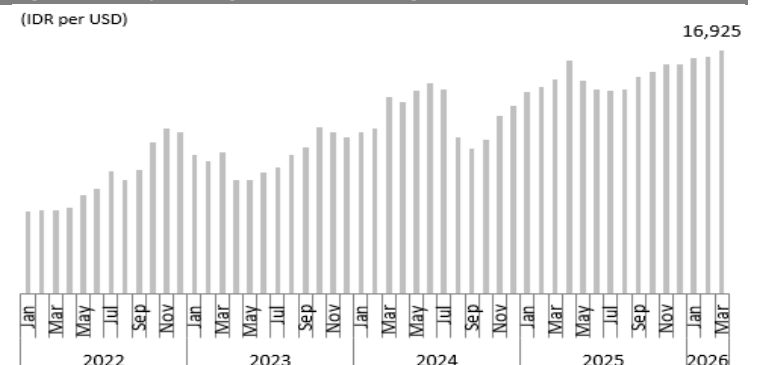


Fig 7. Indonesia Current Account

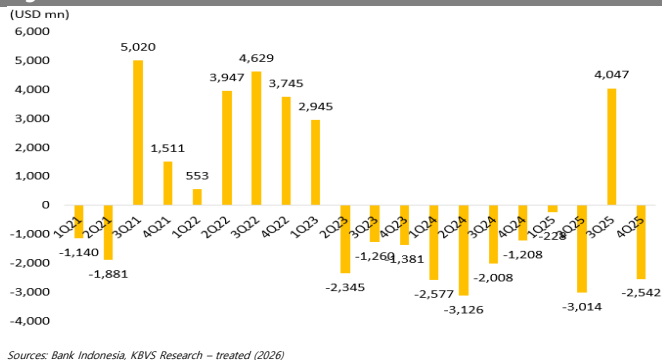


Fig 8. CPO Price

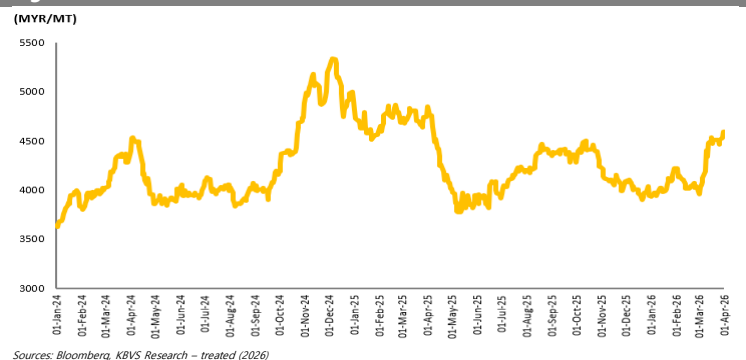


Table 1. Indonesia's Trade Balance				
Indicators	Value (USD bn)		Growth (%)	
	Latest	M-1	MoM	YoY
Total Export (FOB)	22.17	22.16	0.05	1.01
Oil and Gas	1.08	0.89	21.10	-4.25
- Crude Oil	125.60	-	-100.00	-34.24
- Processed Oil	0.39	0.42	-8.42	18.05
- Gas	0.57	0.47	20.86	-6.81
Non-Oil and Gas	21.09	21.26	-0.83	1.30
- Agriculture, Forestry, and Fisheries	0.39	0.44	-11.24	-31.45
- Manufacturing	18.55	18.51	0.26	5.24
- Mining & Others	2.15	2.32	-7.60	-18.16
Total Import (CIF)	20.89	21.20	-1.45	10.85
Oil and Gas	2.00	3.17	-36.93	-30.36
- Crude Oil	0.28	1.20	-76.54	-65.7
- Processing Oil	1.71	1.96	-12.64	-16.13
- Gas	0.00	0.00	0.00	0.00
Non-Oil and Gas	18.90	18.04	4.78	18.24
Import Based on the Goods Usage Classification				
Consumption Goods	1.76	1.84	-4.38	19.84
Raw/Auxiliary Materials	14.52	14.88	-2.37	4.25
Capital Goods	4.61	4.49	2.80	33.68
Trade Balance	1.27	0.95	33.43%	-59.19%
Oil and Gas Trade Balance	-0.92	-2.27	-59.69%	-46.70%
Non-Oil and Gas Trade Balance	2.19	3.23	-32.17%	-54.75%

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

Table 2. Indonesia's Non-Oil and Gas Main Trading Partner in Feb '26

Countries	Share Export From Indonesia (%)	Share Import To Indonesia (%)	Trade Balance of Non-Oil & Gas with Indonesia	Latest PMI Manufacturing
China	24.64	42.46	-2,608.60	50.8
Japan	5.75	5.41	215.10	51.6
U.S	11.81	3.99	1,715.30	52.4
India	7.35	2.12	1,228.40	53.8
Thailand	1.17	5.60	-730.90	49.8
South Korea	3.26	3.50	95.40	52.6
Singapore	1.74	1.83	83.10	53.3
Malaysia	2.83	5.41	-805.90	50.6
Australia	4.24	2.65	442.50	50.7
Taiwan	3.59	3.90	-153.70	54.1
Germany	0.78	1.43	-96.90	52.2
Netherlands	2.09	0.36	367.50	52.0
Italy	1.02	0.73	76.10	51.3
Total 13 Countries	70.27	79.39	-172.60	
Others	29.73	20.61	2,362.60	
Total	100.00	100.00	2,190.00	

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

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