

A close-up photograph of an orangutan's face and hands. The orangutan has reddish-brown fur and a dark face. It is holding a piece of orange in its mouth with its hands. The background is a blurred green forest.

Indonesia Investments

Disaster Strikes in Sumatra

- Sumatran Floods and Landslides Form a Reminder to Invest in Future Resilience
- Analysis of Indonesia's Upstream Coffee Sector: Production, Consumption & Trade
- Media Claim Foreign Investors Leave the Bond Market of Indonesia. Is That So?
- Majority of Indonesia's Economic Data Continue to Be Positive in Quarter IV
- December Inflation Higher than Expected after Natural Disaster and Rising Food, Gold and Transportation Prices

DECEMBER 2025

Van Der Schaar Investments B.V.
CV Indonesia Investments

Indonesia Investments

Monthly Report – December 2025

Disaster Strikes in Sumatra – Reminder to Invest in Future Resilience



Table of Contents

Preface	6
Contact	10
Introduction	11

Analyses & Columns – Economy, Politics & Social Developments

• Sumatra Grappling with the Aftermath of One of Indonesia's Deadliest	
Natural Disasters in Years	13
- How Did Cyclonic Storm Senyar Develop?	14
- Catastrophic Damage on Sumatra	17
- Central Government's Financial and Fiscal Aid	22
- Concluding Remarks	24
• Foreign Investors Sell Indonesian Government Bonds but Is the Money	
Actually Leaving Indonesia?	29
• Analysis of Indonesia's Coffee Sector – Consumption, Production & Trade	38
- Economic Importance of Coffee	39
- Cultural and Social Significance of Coffee	41
- Biggest Coffee Consuming Countries	43
- Biggest Coffee Bean Producing Countries	47
- Impact of Climate Change	50

- Arabica Versus Robusta Beans	53
- Coffee Prices on the Global Market	55
- Indonesia's Upstream Coffee Sector	63
- Origin of Coffee Plantations in Indonesia	64
- Coffee Bean Production in Indonesia	68
- Coffee Plantation Size in Indonesia	73
- Productivity of the Coffee Plantations	80
- Biggest Coffee Bean Producing Provinces in Indonesia	83
- Coffee Trade Balance of Indonesia – Export and Import	92
- Concluding Remarks	108
 • Examining the Latest Macroeconomic Indicators of Indonesia – Where Is the Economy Heading?	111
- Consumer Confidence in Indonesia	112
- Retail Sales of Indonesia	115
- Car and Motorcycle Sales in Indonesia	120
- Credit Growth in Indonesia	127
- Manufacturing Activity in Indonesia	130
- Foreign Tourist Arrivals in Indonesia	132
- Domestic Tourism Trips in Indonesia	134
 • Consumer Price Index of Indonesia – Food and Gold Key Factors Behind December 2025 Inflation	139

Public Holidays Indonesia	145
Forecast Macroeconomic Indicators Indonesia	146
Back Issues Monthly Reports	148

Preface

The monthly report of Indonesia Investments is written and published by business consultancy CV Indonesia Investments, headquartered in Yogyakarta (in Indonesia), with the assistance of investment company Van Der Schaar Investments B.V. (based in Delft, the Netherlands). This report aims to inform the reader of the latest, most relevant, political, economic and social developments in Indonesia as well as those crucial international developments that (may) impact on the economy of Indonesia or on its politics.

Our reports are intended for a diverse audience, including individual and corporate investors, financial market participants, diplomats, policymakers, decision-makers, academics, journalists, and analysts.



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[Return to Table of Contents](#)

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[Return to Table of Contents](#)

Introduction – December 2025 Report

First of all, the Indonesia Investments team wishes all readers of our monthly report a happy New Year. May we all experience a healthy, happy, and successful 2026!

Unfortunately, at this very moment, thousands of people across Aceh, North Sumatra and West Sumatra remain in tough circumstances. In late November and at the start of December 2025 devastating floods and landslides (triggered by this rare cyclone) caused enormous damage and claimed over a thousand lives. These events now rank as the fifth-deadliest natural disaster in Indonesia since the turn of the millennium.

We did not address these disastrous events in our November 2025 report as the scale of the crisis only became clear when we had almost finished the report. In this current report, however, we open with an analysis of Cyclone Senyar. While natural disasters are largely beyond human control, this tragedy on Sumatra offers a stark lesson: irresponsible human activities significantly exacerbate the consequences of such events.

Deforestation and soil erosion ensure that when disaster strikes, the frequency and severity of landslides are far greater than they otherwise would be. Furthermore, property construction lacking sound foundations (often using substandard concrete mixes with insufficient cement) ensures that structures collapse rapidly under the

pressure of floods, heavy rains or earthquakes. Another complexity highlighted by these events is the low insurance penetration rate in Indonesia. This means the vast majority of the financial burden for reconstruction falls on the state and the private savings of individuals.

In this edition, we also present an in-depth analysis of Indonesia's upstream coffee sector. By coincidence, this topic is deeply relevant to North Sumatra and Aceh, two provinces that serve as vital hubs for national coffee bean production. Initial reports indicate that Arabica plantations (typically situated at higher elevations) have been significantly impacted by landslides and floods, whereas Robusta plantations have remained largely unaffected.

Other topics featured in this December edition include foreign investors' appetite for short-term central bank instruments (SRBI) and long-term government bonds (SBN), inflation, and an analysis of Indonesia's latest macroeconomic indicators.

Richard van der Schaar, MA Indonesian Studies
Managing Director

Indonesia Investments
Yogyakarta, Indonesia
1 January 2026



- Natural Disasters -

Sumatra Grappling with the Aftermath of One of Indonesia's Deadliest Natural Disasters in Years

Nature, the environment, and weather can be seen as Indonesia's greatest allies. For instance, breathtaking natural scenery and the year-round tropical climate manage to attract millions of foreign tourists, annually. Similarly, while volcanic eruptions are often viewed as purely destructive, they actually play a key role in creating fertile landscapes; volcanic ash and lava decompose to release essential plant nutrients like potassium, phosphorus, magnesium and calcium, while producing porous soil that retains moisture effectively, thereby boosting the nation's agricultural productivity.

[...]

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