EFI



Preparedness check
November 2026

Technical Facility on Deforestation-free Value Chains

Preparedness check for the coffee and cocoa sectors in Indonesia

Global Gateway
Funded by the European Union
Team Europe Initiative on Deforestation-free Value Chains
France AFD
European Forest Institute

Introduction

The EU Deforestation Regulation (EUDR) entered into force on 29 June 2023. It requires that cocoa, coffee, palm oil, rubber, soya, cattle and wood, as well as relevant products derived from these commodities, may only be placed on or exported from the EU market if they are deforestation-free, produced in accordance with the relevant legislation of the country of production, and covered by a due diligence statement, where required (European Union, 2023[1]). Following the legislative amendment agreed in December 2025, the Regulation will apply from 30 December 2026 to large and medium-sized operators and to micro and small operators already covered by the EU Timber Regulation, and from 30 June 2027 to other micro and small operators.

In July 2026, the European Commission also adopted a Delegated Act updating and simplifying the list of products covered under Annex I, while maintaining the same seven commodities. The changes include the addition of soluble coffee, certain palm oil derivatives and frozen cattle tongues, and the removal of several products, including cattle hides and leather and certain rubber products. Newly added products will become subject to the Regulation from 30 December 2027.

Coffee and cocoa are strategically important commodities for Indonesia and important sources of rural livelihoods and export earnings. The EU is an important market for both sectors, making continued market access relevant for exporters, processors and the smallholders supplying these value chains.

This report provides a rapid but structured assessment of the availability and accessibility of information in Indonesia that can support EU operators in meeting their EUDR obligations for coffee and cocoa. The assessment identifies existing policies, systems, tools and initiatives that can support operators' due diligence, while highlighting remaining information gaps and challenges across the supply chain.

[1] European Union (2023). Regulation (EU) 2023/1115 on deforestation-free products (EUDR). Official Journal of the European Union, L 150, 9 June 2023, pp. 206–247.

1. Context: Indonesia coffee and cocoa

1.1 Where can coffee and cocoa be planted?

Commercial coffee and cocoa cultivation in Indonesia take place outside designated forest areas, on land classified as Areal Penggunaan Lain (APL, or Other Use Areas), subject to applicable land-use rights and business requirements. Cultivation may also be authorised within designated forest areas through the Social Forestry Programme or other forest-management arrangements, including agroforestry under forest-utilisation business permits (PBPH) within the Multiusaha Kehutanan (MUK) framework. The MUK promotes diversified forest businesses, including coffee and cocoa agroforestry and partnerships with communities. A national breakdown of coffee and cocoa planted area across these categories was not identified in the public sources reviewed. The extent of cultivation with absent or unverified authorisation also remains unclear. Legal land designation should be distinguished from actual land cover: APL may contain forest, while designated forest areas may contain established agricultural plots.

Box 1. Importance of Social Forestry and its potential expansion

Social Forestry or *Perhutanan Social* is particularly relevant to Indonesia's coffee and cocoa sectors because both crops can be cultivated as part of permitted agroforestry systems within designated forest areas, whereas existing oil palm in Social Forestry areas is subject to specific transitional arrangements (Jangka Benah). The programme is an important component of Indonesia's approach to forest governance and rural development, providing communities with legal management access to strengthen livelihoods while maintaining forest functions. In May 2026, Social Forestry approximately 8.34 million ha and involving > 1.43 million households was reported[2]. In February 2026, the Ministry of Forestry reported approximately 1.1 million hectares of potential Social Forestry land for coffee, cocoa, nutmeg and other plantation commodities[3]. Although the proportion of national coffee and cocoa production originating from Social Forestry areas could not be established from the sources reviewed, the programme's scale and policy importance justify its consideration in this assessment. Understanding these arrangements is essential to identify the appropriate evidence of legal cultivation, without assuming that production within the designated forest estate is illegal or associated with deforestation.

1.2 Coffee

Production: Indonesia is the third-largest coffee producer and one of the world's most diverse coffee origins, producing both Robusta and Arabica. Coffee plantations cover approximately 1.24–1.27 million hectares (2023–2024), around 98% of which are smallholder farms cultivated in mixed farming and agroforestry systems, although production systems vary considerably by region and between Arabica and Robusta. The sector comprises an estimated 1.7–1.9 million coffee farmers, most cultivating plots of less than one hectare. Between 2020–2025, production increased by approximately 9.2%, while total coffee area grew by 2.0%, or around 25,500 ha (see Figure 1).

[2] https://www.kehutanan.go.id/news/wamenhut-saatnya-perhutanan-sosial-naik-kelas-menjadi-penggerak-ekonomi-desa-hutan
[3] https://www.antaranews.com/berita/5424118/menhut-identifikasi-11-juta-ha-perhutanan-sosial-dukung-swasembada

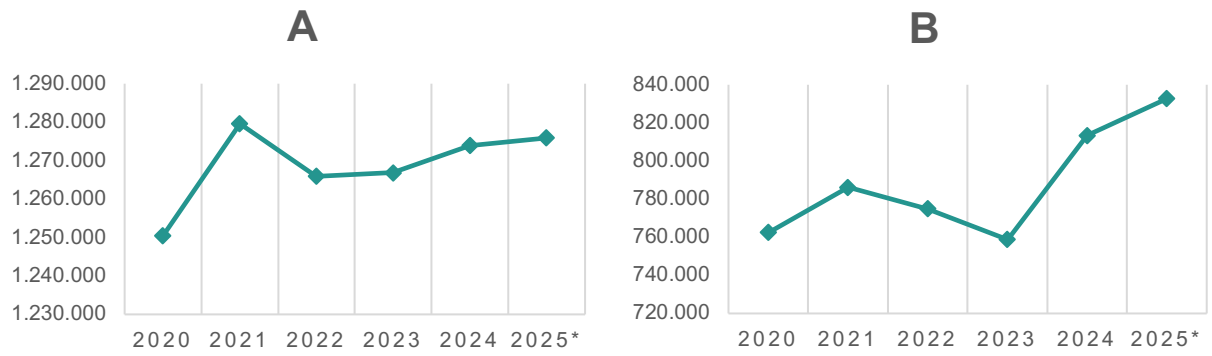

Figure 1. A - total Coffee Area (ha) and B – total coffee production (tons) (2020 – 2025)
Source: Directorate General of Estate Crops, Ministry of Agriculture, Indonesia (2026), 2025 Performance Report

Export: Indonesia was the world's fourth-largest exporter (5% of global coffee exports) (ICO 2024). In 2024, Indonesia exported approximately 7.2 million 60-kg bags of coffee (around 432,000 tons), generating approximately USD 1.6 billion in export revenues. (ICO, 2025[4] ; BPS, 2025[5]). Major export markets include the European Union, United States, Japan, Malaysia and Egypt.

Despite its importance to rural livelihoods and exports, coffee remains economically secondary to commodities such as palm oil and staple cereals in terms of overall contribution and public investment in agricultural research and development. The sector also faces persistent production challenges, including coffee leaf rust, limited access to improved planting material, ageing trees, and fragmented extension and advisory services (Tampubolon et al. 2023[6]). Based on 2021 BPS data, average coffee productivity was approximately 817 kg/ha, reported to be substantially lower than in other coffee-producing countries in the region. Nearly 70% of Indonesia's coffee area is estimated to require replanting or rehabilitation.

Table 1: Provinces with the largest coffee plantation areas and production, 2023

Province	Plantation area (ha)	Coffee production (tonnes)
South Sumatra	267,200	198,000
Lampung	155,200	108,100
Aceh	114,000	71,100
North Sumatra	98,600	87,900
Bengkulu	91,200	55,000
Indonesia	**1,268,900**	**760,200**

Source: Badan Pusat Statistik (BPS)

Coffee production systems and supply chain structure

Robusta: Indonesia is the 3rd largest producer of Robusta with production predominantly in South Sumatra, Lampung, Bengkulu and Java (BPS 2024b). Its supply chain is typically decentralised and multi-layered, with coffee moving from farmers through local collectors and traders before reaching processors and exporters. Sourcing models nevertheless vary among larger exporters: stakeholder

[4] https://www.ico.org/documents/cy2024-25/ed-2488c-basis-votes.pdf
[5] https://www.bps.go.id/en/publication/2025/07/07/7842f42c4ae5a3247816e223/statistik-perdagangan-luar-negeri-indonesia-ekspor-2024--buku-ii.html
[6] Tampubolon, J., A. Ginting, H. L. Nainggolan, and J. R. Tarigan. 2023. "Indonesian Coffee Development Path: Production and International Trade." Asian Journal of Agricultural Extension, Economics & Sociology 41(12): 316–328. https://doi.org/10.9734/ajaees/2023/v41i122335.

consultations identified both direct sourcing from smallholders and procurement through local collectors, including purchases of green coffee beans.

Arabica: Indonesia is the 11th largest producer of Arabica with production concentrated in highland areas, particularly Aceh, North Sumatra, South Sulawesi and Java (BPS 2024). Supply chains vary considerably: conventional coffee may pass through several collectors, traders and processors before reaching exporters, while cooperatives and organised farmer groups may undertake processing and market coffee more directly (Wirda, Nurmalina and Muflikh 2025[7]). A significant segment of Arabica is traded as specialty or differentiated coffee - origin such as Gayo, Mandheling, Toraja and Kintamani have an established presence in premium markets (FAO, 2010[8],GAEKI, 2026[9]).

Coffee: Trade with the EU-27 The EU accounts for just under 15% of Indonesia's coffee export value. In 2023, Indonesia exported approximately EUR 1 billion (280,000 tons) of coffee globally, of which approximately EUR 142 million (45,000 tons) went to ten key EU-27 markets. Italy and Germany are the largest EU destinations for Indonesian coffee. EU trade is dominated by green coffee (HS 090111 – coffee, not roasted and not decaffeinated) for roasting, blending and onward distribution.

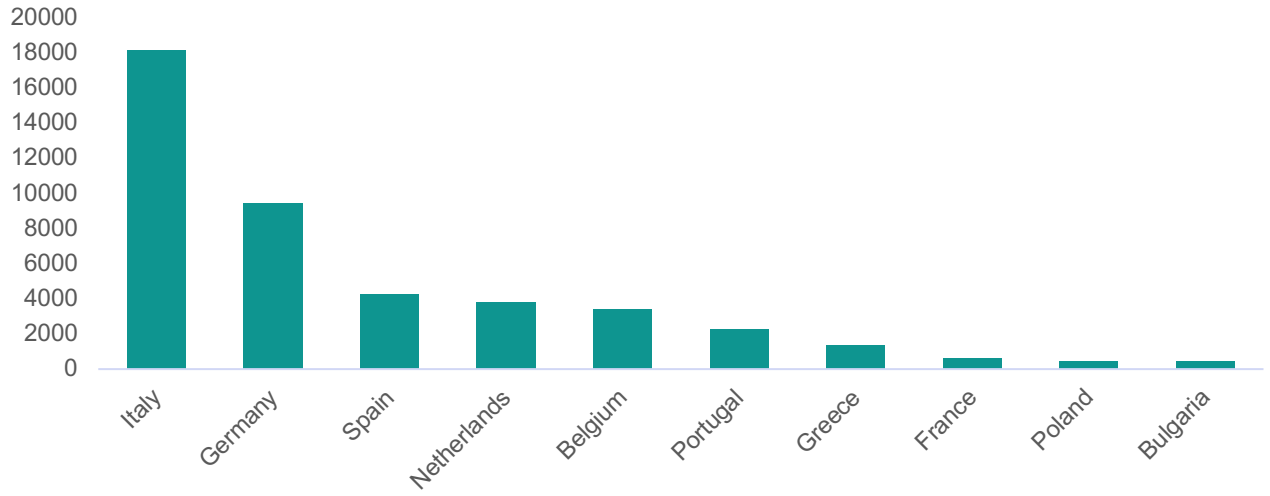

Figure 1. Key EU importers of Indonesian coffee (tons), 2023. Source: Eurostat

1.3 Cocoa

Production: Indonesia is the largest cocoa producer in Asia and the world's seventh-largest producer. ICCO estimates production at around 180,000 tons in 2023/24, although BPS reports approximately 641,700 tons in 2023. Between 2020–2025, production fell by 14.5%, while total cocoa area fell by 9.9%, or around 149,400 ha (see Figure 2). The national average cocoa yield was 715 kg/ha in 2024, measured as dried cocoa beans per hectare. Production is smallholder-based - > 99% of cocoa area managed by smallholders, typically cultivating 0.5–2 hectares. Production is concentrated in Sulawesi, accounting for 60% of national output, followed by Sumatra, Papua and other parts of eastern Indonesia (Dröge et al. 2024).

[7] Wirda, B., R. Nurmalina, and Y. N. Muflikh. 2025. "Tata Kelola Rantai Nilai Kopi Arabika Gayo di Kabupaten Aceh Tengah Provinsi Aceh." Jurnal Agribisnis Indonesia 13(1): 1–15. https://doi.org/10.29244/jai.2025.13.1.1-15.
[8] FAO (2010). Linking People, Places and Products: A Guide for Promoting Quality Linked to Geographical Origin and Sustainable Geographical Indications.
[9] GAEKI (n.d.). Areal dan Produksi Kopi. Gabungan Eksportir Kopi Indonesia [Association of Indonesian Coffee Exporters]. GAEKI website. Accessed 20 September 2026.

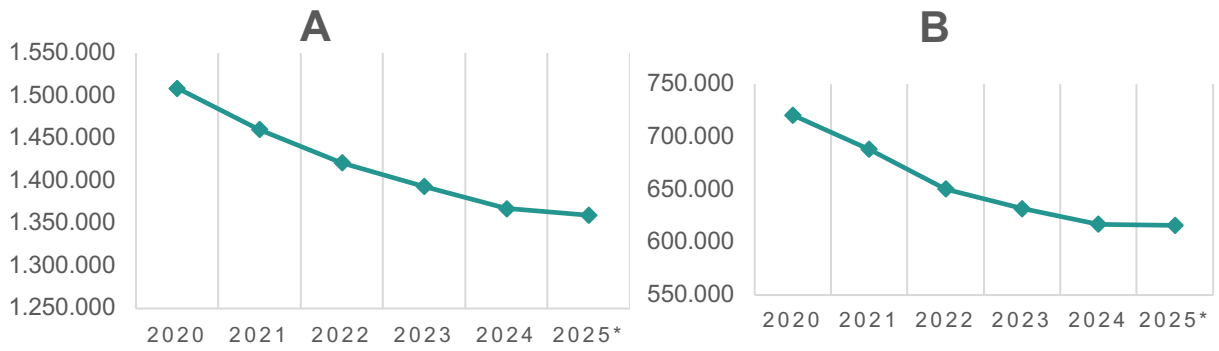

Figure 2: A - total cocoa area (ha) and B – total cocoa production (tons) (2020 – 2025)
Source: Directorate General of Estate Crops, Ministry of Agriculture, Indonesia (2026), 2025 Performance Report

The average productivity of cocoa in Indonesia is around 500-700 kg of beans per hectare per year, with a tendency to decline.[10] Productivity is constrained by ageing trees, insufficient replanting, declining soil fertility, and pests and diseases, particularly Cocoa Pod Borer (CPB) and Vascular Streak Dieback (VSD) (LPEM FEB UI, 2022[11]). Low productivity is an important challenge for cocoa-farming households, many face substantial gaps to a living income (Motovska et al., 2024[12]).

Table 2. Major cocoa-producing provinces in Indonesia, 2023

Province	Cocoa area (ha)	Cocoa production (tonnes)
Central Sulawesi	~289,000	~142,000
South Sulawesi	~252,000	~136,000
Southeast Sulawesi	~255,000	~110,000
West Sulawesi	~171,000	~67,000
East Nusa Tenggara	~71,000	~37,000
Indonesia	**~1.38 million**	**~641,700**

Source: BPS Indonesia Cocoa Statistics 2023.

Cocoa production systems and Supply Chain Structure

Indonesia's cocoa sector is predominantly oriented towards bulk cocoa and industrial processing. Farmers generally sell wet, partially dried or dried beans to village-level collectors (*pedagang / pengumpul*), who consolidate production before supplying larger traders, cooperatives or processors. Domestic processors and international trading firms purchase these aggregated volumes for processing or export.

[10] https://ugm.ac.id/en/news/indonesias-cocoa-productivity-declines-ugm-expert-highlights-gaps-in-replanting-seed-quality-and-pest-control/
[11] LPEM FEB UI (2022). Investor Brief: Harnessing the Prospect of Indonesia's Sustainable Cocoa Commodity. Institute for Economic and Social Research, Faculty of Economics and Business, Universitas Indonesia (LPEM FEB UI) and Tropical Forest Alliance, April 2022.
[12] Bellini Motovska, N., Janssen, V., Waarts, Y. & de Vries, C.C. (2024). Towards a living income for cocoa producers in Indonesia: An insight into the situation of Indonesian cocoa farming households and potential strategies for improved intervention design. Wageningen Economic Research, Report 2024-027. DOI: 10.18174/648051.

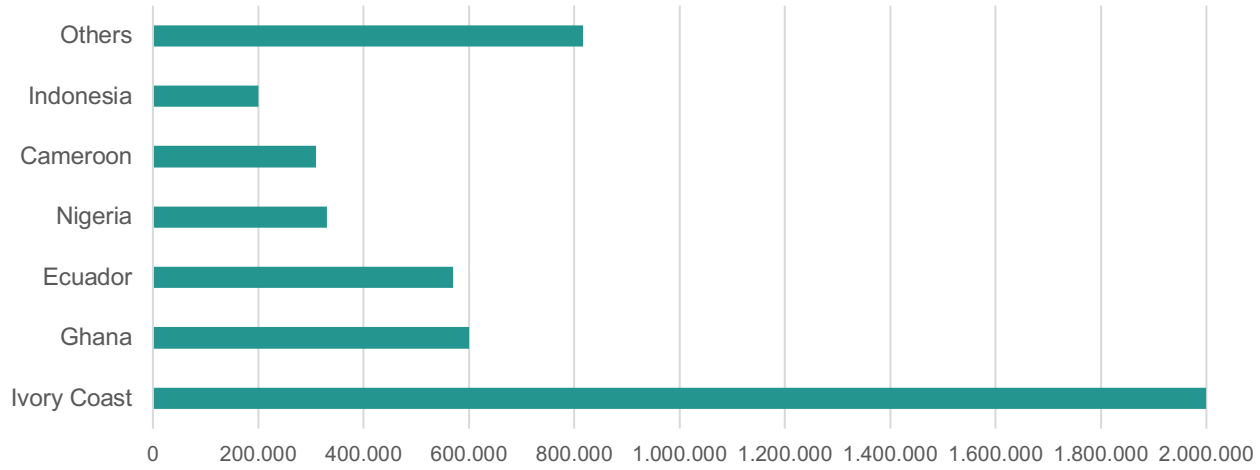

Figure 3. Global cocoa production volume (tons) 2024/25 season
Source: International Cocoa Organization

Most Indonesian cocoa is sold unfermented. Fermentation takes five to seven days, while farmers often require immediate cash and receive limited price differentiation for fermented beans. Farmers supported by cooperatives or direct-trade arrangements may ferment and sort beans to access premium markets. Processing companies often purchase unfermented beans and undertake processing themselves. Fermentation of cocoa beans is required under Ministry of Agriculture Regulation 67/2014, although implementation was subsequently postponed under Regulation 27/2016 and the requirement has not been effectively enforced at national level. Only around 10% of Indonesia's cocoa bean exports are classified by ICCO as fine flavour cocoa, while most exports are semi-processed products, particularly cocoa butter, powder and paste (ICCO 2024[13]; BPS 2024).

Farmer organisations, cooperatives and producer groups remain uncommon, although they play an increasingly important role in the sector. Coverage is uneven across producing regions, and many farmers continue to market cocoa independently through informal trader networks.

Cocoa: Global trade and processing

Indonesia’s cocoa value chain is increasingly centered on domestic processing. With domestic production declining, Indonesia has become a net importer of cocoa beans, with imports supplying around 50% of processing needs, principally from Ecuador, Côte d’Ivoire and Ghana. Eleven processing facilities operate at approximately 60% capacity. In 2024, Indonesia exported approximately 304,700 tons of processed cocoa valued at USD 2.4 billion, compared with 13,200 tons of cocoa beans valued at USD 80 million.

Domestic grinding capacity expanded substantially following the introduction of an export tax on raw cocoa beans in 2010, including investment by multinational processors such as Olam, Barry Callebaut and Cargill and domestic companies such as BT Cocoa, Papandayan Cocoa Industries, Comextra Indonesia and Asia Cocoa Indonesia (Neilson et al. 2020). According to ICCO[14], Indonesia produced 380,000 ton of grindings in 2023/24, compared with a world total of 4.818 million tons — about 7.9% of global grindings.

Indonesia’s cocoa exports are dominated by processed products. Cocoa beans are exported almost exclusively to Malaysia (99.2% of bean export), whereas the main markets for cocoa butter include the United States, India, Estonia and the Netherlands.

[13] ICCO (2024). Revision of Annex “C” of the International Cocoa Agreement (ICA), 2010. International Cocoa Organization, 15 May 2024.
[14] https://www.icco.org/wp-content/uploads/Grindings_QBCS-LI-No.-2.pdf

Cocoa: Trade with the EU-27

The EU is primarily a market for Indonesia's processed cocoa products rather than cocoa beans. Indonesia supplies the EU with cocoa paste, cocoa butter and fat, and cocoa powder – See **Annex 1** for trade by product type. In 2024, the EU-27 accounted for roughly one-fifth of Indonesia's processed cocoa exports, with trade driven largely by cocoa butter (HS 180400) and defatted cocoa paste (HS 180320). Indonesian cocoa enters the EU through a relatively concentrated group of markets. In 2023, Estonia and the Netherlands together accounted for nearly two-thirds of EU imports of Indonesian cocoa, followed by Finland, Spain, France and Germany. The six markets in Table 3 accounted for approximately 96% of EU-27 imports of Indonesian cocoa in 2023.

Table 3. Key EU importers of Indonesian cocoa, 2023

Rank	EU Member State	Value (EUR million)	Volume (tonnes)	Share of EU total
1	Estonia	82.9	18,098	43.6%
2	Netherlands	41.6	9,535	21.9%
3	Finland	21.8	5,460	11.4%
4	Spain	15.9	5,493	8.3%
5	France (incl. Monaco)	13.6	2,340	7.1%
6	Germany	7.1	1,762	3.7%

1.4 Sector governance and coordination for EUDR preparedness

Government responsibilities for coffee and cocoa production sit within the Ministry of Agriculture's Directorate General of Estate Crops, working with provincial and district plantation authorities. Government preparations for EUDR include promoting smallholder registration through STD-B, explicitly covering coffee and cocoa.[15] Recent EU and German-supported work has sought to strengthen the system and its data governance[16]. Stakeholder coordination mechanisms also exist: the Sustainable Coffee Platform of Indonesia (SCOPI) convenes coffee-sector actors and has organised EUDR information exchanges[17],while the Cocoa Sustainability Partnership (CSP) provides a collaboration platform for cocoa stakeholders[18].These institutions offer potential channels for coordinated farmer support and dialogue on evidence requirements.

EUDR preparedness is also supported by development-cooperation programmes. DE/GIZ's SASCI+ programme covers coffee and cocoa and includes EUDR awareness, producer capacity building and cooperation with companies and local governments[19]. SAFE supports smallholder inclusion, traceability and legality, with its Indonesian activities focused on cocoa, palm oil and natural rubber[20]. UNDP's FAST initiative, working with the Indonesian Coffee; Cocoa Research Institute, addresses cocoa-sector policy and value-chain constraints, and EUDR preparedness[21]; the IndoKAKAO project

[15] https://ditjenbun.pertanian.go.id/sosialisasi-penerbitan-std-b
[16] https://zerodeforestationhub.eu/wp-content/uploads/2026/04/260309.Summary-WRI-STDB-Acceleration.pdf
[17] https://www.globalcoffeeplatform.org/country-platforms/indonesia/
[18] https://www.eeas.europa.eu/delegations/indonesia/switch-asia-act-accelerating-consumer-transformation-and-sustainability-indonesia_en
[19] https://international-partnerships.ec.europa.eu/eu-due-diligence-navigator-partner-countries/sustainability-and-value-added-agricultural-supply-chains-indonesia-sasci_en
[20] https://www.giz.de/en/downloads/giz2024-en-sustainable-agriculture-for-forest-ecosystems.pdf
[21] https://fastcocoa.com/

implemented by the French Agricultural Research Centre for International Development (**CIRAD**) is a bilateral agricultural and technical initiative launched in September 2025 to develop a sustainable, inclusive, and high-quality cocoa sector in Indonesia[22] and the ATLAS Project (Advancing Traceability, Legality, and Sustainability) and EU-funded initiative implemented in cooperation with the International Trade Centre (ITC) covering timber and palm oil[23]. These broader programmes are complemented by targeted interventions, including SAFE project funded WRI Indonesia's 2025 support to strengthen e-STDB tand the EU-supported SEDARI outreach series for coffee-, cocoa- and rubber-producing regions. Together, these initiatives provide channels for technical assistance, although their presence does not establish comprehensive coverage of the supply chains.

Box 2. Key terminology: forest, kawasan hutan and Social Forestry

In this report, "forest" under the EUDR refers to the Regulation's biophysical definition, which is used to assess deforestation and forest degradation against the applicable cut-off date. Indonesia's kawasan hutan refers to a legal and administrative classification of land; it should not automatically be treated as equivalent to forest under the EUDR. The two classifications may overlap, but they answer different questions.

Social Forestry refers to legally recognised arrangements allowing eligible communities or groups to manage and use designated forest areas under specified conditions. Such recognition may be relevant to the legality assessment but does not by itself establish that production meets the EUDR's deforestation-free requirement.

[22] https://www.cirad.fr/en/press-area/press-releases/2025/indokakao-sustainable-and-inclusive-cocoa-sector-in-indonesia
[23] https://www.intracen.org/our-work/projects/indonesia-empowering-stakeholders-for-deforestation-free-trade-in-the-palm-oil

2. EUDR requirements and state of play

The European Union Deforestation Regulation (EUDR) establishes new market access requirements for coffee, cocoa and other forest-risk commodities entering or leaving the European Union. Under Article 3 of the Regulation, relevant products may only be placed on, made available in, or exported from the EU market if they are: (1) deforestation-free; (2) produced in accordance with the relevant legislation of the country of production; and (3) covered by a Due Diligence Statement (DDS) submitted through the EU Information System (European Union 2023). Not meeting any of the three requirements results in a prohibition on placing commodities / products on the EU market. These requirements apply directly to coffee and cocoa products covered by Annex I of the Regulation, including green coffee, roasted coffee, coffee extracts, cocoa beans, cocoa butter, cocoa paste and cocoa powder.

2.1 Geolocation and traceability

Geolocation and the ability to link relevant products to their plots of production are central requirements of the EUDR. Operators must collect geolocation information for all plots associated with relevant commodities and products placed on or exported from the EU market. For plots of less than four hectares, geolocation may be provided using a single latitude and longitude point, while plots of four hectares or more require polygons describing the perimeter of the plot. Products for which the required geolocation information cannot be collected cannot be placed on or exported from the EU market. Geolocation information must also remain linked to the relevant products through the supply chain and ultimately be included in the due diligence statement (DDS).

2.1.1 Geolocation and traceability state of play

Indonesia does not currently operate a dedicated national farm-level traceability or geolocation registry for coffee and cocoa. Stakeholders referred to plans for a National Dashboard coordinated by the Kementerian Koordinator Bidang Perekonomian or Coordinating Ministry for Economic Affairs (KEMENKO) but remained unclear about its current status and how it would support EUDR implementation for coffee and cocoa. The National Dashboard was discussed in 2024 and 2025 as a concept yet to date does not exist. To date, EUDR preparedness in both sectors has largely been driven by private-sector actors, particularly larger exporters that have developed their own traceability systems. Large buyers and exporters have invested in farm registration, mapping, geolocation and traceability systems, often using their own field teams or specialised service providers. A significant share of internationally oriented coffee and cocoa supply chains already participate in sustainability or coffee-specific certification and verification schemes, including Rainforest Alliance, Fairtrade, 4C and organic certification, as well as buyer-specific sustainability programmes. Satya Bumi (2025)[24] estimates that approx. 32% of coffee and 44% of cocoa exported to the EU are Rainforest Alliance certified. These schemes are used as the basis for their EUDR preparedness, rather than developing entirely new company-managed systems.

[24] Satya Bumi. (2025). Untung-rugi EUDR: Menghitung ekspor hijau Indonesia ke pasar Eropa [The costs and benefits of the EUDR: Calculating Indonesia's green exports to the European market]. Policy brief.

Coffee

Major international coffee exporters supplying EU and other international markets appear then to be well advanced in EUDR preparedness. This was particularly evident from consultations with companies with significant coffee sourcing operations in Indonesia. The companies indicated that they considered their EU-facing supply chains well prepared for the EUDR, having invested in their own farmer registration, geolocation and traceability systems rather than relying on a national system. They reported having geolocation information for their suppliers and dedicated in-house field capacity to map farms, including within indirect sourcing arrangements.

Cocoa

EUDR preparedness appears relatively advanced within the supply chains of the major cocoa processors and international buyers operating in Indonesia. Indonesia's industrial cocoa processing sector is concentrated among a relatively small number of large companies and including multinational processors. Several of these companies have invested substantially in sustainability and traceability programmes in Indonesia, including farmer registration, farm mapping and geolocation, certification and digital traceability systems. Stakeholders indicated that geolocation data are generally available for cocoa already supplying EU-facing chains.

A particular traceability issue for Indonesian cocoa arises from its role as both a cocoa-producing and cocoa-processing country. Indonesian processors import cocoa beans, including from Ghana, Côte d'Ivoire and Ecuador, which may be blended with domestically produced cocoa to achieve quality and fine flavour characteristics. Where resulting products are supplied to the EU, traceability systems must therefore be capable of maintaining the required information for both Indonesian and imported cocoa through processing and blending. This creates an additional cross-border traceability challenge, including the need to obtain and maintain geolocation information originating from multiple countries of production.

The **2026 Guidelines for the Implementation of Sustainable Cocoa Plantations in Indonesia** - Guideline No. 19/KB.410/E/01/2026 provide an additional enabling framework by consolidating several elements relevant to EUDR preparedness, including geolocation, land-use rights, environmental safeguards and traceability.

Exporter non-producers

Exporter non-producers (*Eksportir Non-Produsen*) represent an important traceability consideration, particularly in the **coffee sector**. These companies export commodities without having links to production / processing and may therefore have no direct access to EUDR relevant information. The share of coffee or cocoa exported through non-producer exporters could not be quantified from available national trade statistics. Nevertheless, stakeholder consultations indicated that this business model remains relevant for coffee, it is less likely in Indonesia's cocoa export sector, where much of the export is undertaken by big processors that are also exporters.

Indonesia's SVLK timber legality assurance system provides a useful domestic precedent for addressing this type of information gap. Under SVLK, non-producer exporters are incorporated into the traceability and export-control system and are required to obtain and maintain relevant information and documentation from their suppliers to demonstrate the verified origin of products being exported.

Specialty supply chains and EUDR preparedness

Across both coffee and cocoa, the assessment identified a similar pattern among specialty, single-origin and other differentiated supply chains. These supply chains often have characteristics that could facilitate EUDR compliance: origin is central to product value, relationships with producers or producer organisations tend to be closer, and products are more likely to remain identity-preserved through the supply chain.

However, stakeholder consultations indicated that this structural traceability advantage has not necessarily translated into EUDR preparedness. Specialty coffee exporters and / premium cocoa production businesses interviewed generally demonstrated lower awareness of the EUDR and appeared less prepared than the large international traders and processors. Some also indicated that their international buyers had not yet requested EUDR-specific information. These businesses expressed uncertainty about what would be required of them and how they should prepare. There was concern that EUDR requirements could affect their ability to continue supplying European buyers, without sufficient time or capacity to adapt existing systems.

This creates a potentially important preparedness gap as many businesses in this segment are SMEs or cooperatives, they may also have fewer technical and financial resources to develop dedicated compliance systems than large international companies. Targeted awareness raising and relatively modest adaptations to existing traceability systems could therefore potentially bring some of these supply chains closer to EUDR readiness.

International sharing of geolocation data

Indonesia's geospatial information is subject to a national regulatory framework governing its collection, management, use and dissemination, principally under Law No. 4/2011 on Geospatial Information, as amended by Law No. 6/2023, Government Regulation No. 45/2021 and implementing regulations issued by the Geospatial Information Agency (BIG). At the time of the stakeholder consultations for this assessment, there was significant legal uncertainty over whether and under what conditions farm-level geolocation data could be shared with buyers outside Indonesia. This created uncertainty for companies seeking to transmit farm-level coordinates or polygons to international buyers, including for EUDR compliance. This regulatory situation changed with the adoption of BIG Regulation No. 1/2026[25] on Guidelines for the Dissemination of Geospatial Data and Geospatial Information in Foreign Relations, which was enacted on 22 May 2026 and entered into force on 3 June 2026. See **Annex 2** for summary or the BIG Regulation No. 1/2026: international sharing of geospatial information. The Regulation was specifically introduced to provide legal certainty for the international dissemination of Indonesian geospatial data and information, including in the context of international business transactions. It establishes the types of geospatial data and information that may be disseminated internationally and the applicable procedures, safeguards and approval requirements.

EUDR simplification. The reduced due-diligence obligations for downstream operators were generally viewed positively by stakeholders, as they reduce the need for farm-level geolocation information to be repeatedly transmitted further downstream. This is particularly relevant given concerns around the international sharing and onward transmission of Indonesian farm-level geospatial information.

[25] https://peraturan.bpk.go.id/Details/350253/peraturan-big-no-1-tahun-2026

2.1.2 Geolocation and traceability: remaining challenges

Mixing presents challenges where products from multiple production plots are aggregated. For cocoa, this challenge is compounded by the blending of domestically produced and imported beans, requiring information originating from different countries and supply chains to be connected and preserved through processing.

Preparedness of specialty supply chains: smaller specialty exporters and producer organisations may have lower EUDR awareness and less readiness than larger international companies, despite often having strong knowledge of origin, close producer relationships and relatively identity-preserved supply chains.

There is a potential traceability risk for operators sourcing from non-producer exporters, due to their limited direct link to production and processing.

While BIG Regulation No. 1/2026 provides a legal pathway for the international sharing of farm-level geolocation information, accessing data at the precision required for EUDR compliance may depend on Indonesian suppliers or data providers obtaining the necessary BIG approval. It also remains unclear how the framework will operate for large-volume and recurring EUDR data transfers, including whether a single approval can cover an ongoing exporter–buyer relationship, multiple shipments or periodically updated farmer datasets.

2.2 Deforestation-free production

The EUDR requires that relevant products placed or made available on the EU market or exported from the EU are **deforestation-free** (Art. 3(a)). For coffee and cocoa, this means that they must have been produced on land that has **not been subject to deforestation after 31 December 2020** (Art. 2(13)). Operators are required to collect **adequately conclusive and verifiable information** demonstrating that relevant products are deforestation-free (Art. 9(1)(g)). The following definitions under Article 2 are particularly relevant:

- **“Deforestation”** means the **conversion of forest to agricultural use**, whether human-induced or not (Art. 2(3)).
- **“Forest”** means **land spanning more than 0.5 hectares** with **trees higher than 5 metres** and a **canopy cover of more than 10%**, or trees able to reach those thresholds in situ, excluding land that is predominantly under agricultural or urban land use (Art. 2(4)).
- **“Agricultural use”** means the use of land for agriculture, including **agricultural plantations**, set-aside agricultural areas and the rearing of livestock (Art. 2(5)).
- **“Agricultural plantation”** means **land with tree stands in agricultural production systems**, including fruit tree plantations and **agroforestry systems where crops are grown under tree cover**. Agricultural plantations are excluded from the definition of “forest” (Art. 2(6)).

2.2.1 Deforestation-free: state of play

Definition of ‘forest' and ‘deforestation’

Indonesia uses several related definitions and classifications of forest depending on the regulatory and monitoring context. Under Law No. 41/1999 on Forestry, forests are defined broadly as an ecosystem comprising land containing biological natural resources dominated by trees in their natural environmental association. A more quantitative definition established under Minister of Forestry Decree No. 14/2004 defines forest as land of more than 0.25 hectares, with trees capable of reaching more

than 5 metres in height at maturity and more than 30% canopy cover. This biophysical definition has subsequently been applied in Indonesia's Forest Reference Level (FRL) and REDD+ reporting. For national forest-cover mapping, a 6.25-hectare working minimum mapping unit is applied, reflecting the technical limitations of delineating forest polygons from satellite imagery at a 1:50,000 mapping scale.

Forest monitoring and geospatial data

Indonesia has an established national forest monitoring and geospatial information infrastructure. Official forest monitoring is led by the Ministry of Forestry (MoF) through the National Forest Monitoring System (SIMONTANA), which provides the basis for monitoring forest cover and deforestation. SIMONTANA data sets are available to public upon registration.

MoF produces annual land-cover datasets using satellite imagery; the 2024 dataset, for example, updates the previous year's land-cover map using Landsat imagery acquired during 2024 and classifies land cover into 23 classes[26].

Forest monitoring is supported by Indonesia's broader national geospatial infrastructure, coordinated by the Geospatial Information Agency[27] (Badan Informasi Geospasial – BIG). In particular, the One Map Policy (Kebijakan Satu Peta) provides a framework for integrating and synchronising thematic geospatial information from different ministries and agencies using a common reference base. The One Map Geoportal includes thematic information covering forestry, spatial planning, permits and land, natural resources and the environment, among other themes, and is intended to support spatial planning and the resolution of overlapping land uses.

Indonesia's official monitoring systems can be complemented by international and independent sources. The European Commission's Joint Research Centre (JRC) provides the Global Forest Cover 2020 map, a 10-metre-resolution reference layer that can support assessments of forest cover at the EUDR's 31 December 2020 cut-off date[28]. Global Forest Watch (GFW) provides satellite-based forest-cover-loss information, including near-real-time alerts, drawing on datasets developed by the University of Maryland and other partners (Hansen et al. 2013; Global Forest Watch 2025). Indonesian and international research organisations, including Auriga Nusantara, WRI Indonesia and CIFOR-ICRAF, also undertake independent analysis of forest-cover change and commodity-related deforestation (Gaveau et al. 2022; Auriga 2025).

Deforestation trend

Indonesia has substantially reduced deforestation compared with the high levels recorded in the early 2000s and mid-2010s. Government statistics and independent monitoring show a significant decline after 2016. However, forest loss continues and recent independent monitoring indicates an increase: Auriga Nusantara[29] estimated deforestation at approximately 261,600 ha in 2024 and 433,800 ha in 2025, representing a 66% increase in 2025 (Auriga 2025). Recent forest loss continues to be associated with a range of pressures, including plantation expansion, mining and infrastructure development.

Coffee and cocoa have historically been associated with forest conversion in Indonesia. WRI estimates that, between 2001 and 2015, Indonesia accounted for approximately 25% of the global forest area replaced by cocoa and 33% of the global forest area replaced by Robusta coffee. Indonesia was not identified among the leading countries for forest replacement associated with Arabica coffee[30].

[26] https://geoportal.menlhk.go.id/server/rest/services/Time_Series/PL_2024/MapServer/layers?
[27] https://onemap.big.go.id/
[28] https://op.europa.eu/en/publication-detail/-/publication/70cd35b9-4da7-11f1-8095-01aa75ed71a1/language-en
[29] https://auriga.or.id/press_release/detail/65/status-of-deforestation-in-indonesia-2025
[30] https://gfr.wri.org/forest-extent-indicators/deforestation-agriculture

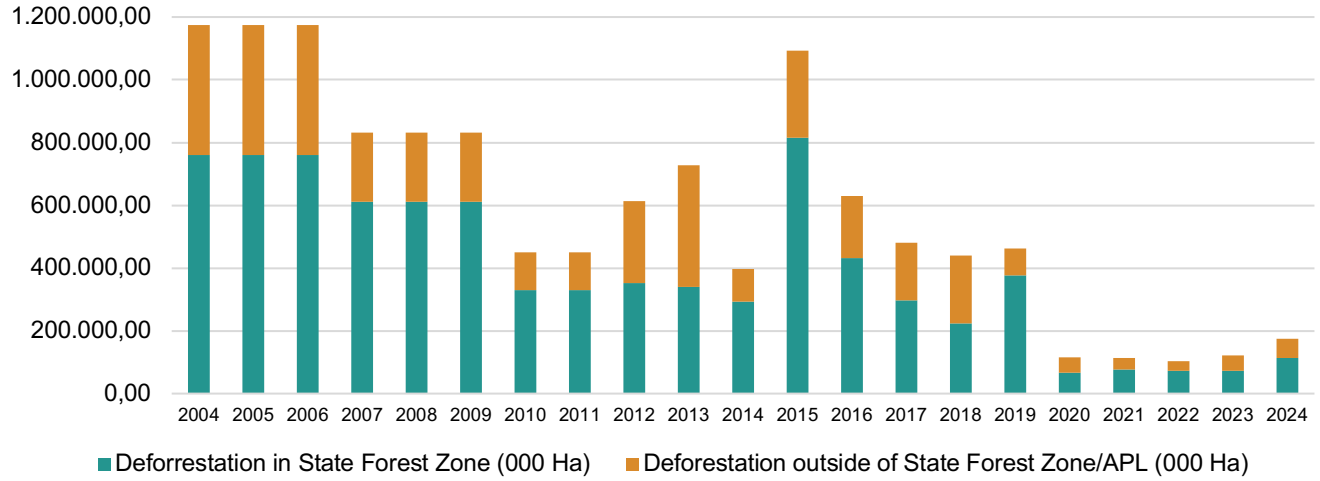

Figure 4. Deforestation in Indonesia in the last 20 years.
Source: SIMONTANA, downloaded on 10 August 2026

Potential deforestation concerns associated with coffee and cocoa are geographically concentrated rather than sector wide. Relevant forest-adjacent and frontier landscapes include Arabica-producing areas of Aceh and North Sumatra; Robusta-producing areas of Lampung, Bengkulu and Jambi; cocoa-producing areas of Sulawesi; and emerging coffee and cocoa production areas in Papua. In some locations, coffee cultivation has also been documented within or adjacent to protected areas, including Bukit Barisan Selatan and Kerinci Seblat National Parks.

Social Forestry and other forest-adjacent production systems require consideration. These are legally recognised production systems, that may include substantial tree cover. However, their location within or adjacent to forest areas can complicate assessments of historical forest cover, land-use status and legality. Planting coffee beneath an existing forest canopy does not automatically constitute deforestation under the EUDR. The assessment must consider the scale of production, whether agriculture has become the predominant land use, and the effects of production and related activities on the forest habitat. Commission guidance explicitly recognises that small-scale production of forest side products, including coffee, should not be considered predominantly agricultural use where those activities do not harm the forest habitat. However, conversion of forest to predominantly agricultural use after 31 December 2020 constitutes deforestation, even if tree cover is retained.

Production may also occur in buffer zones within or adjacent to protected areas, but the legal status and permitted activities vary according to the applicable designation and management arrangements.

Available evidence suggests that coffee and cocoa currently play a relatively minor role in Indonesia's overall deforestation dynamics (Sahlan et al. 2025)[31]. Stakeholders consulted for this assessment generally characterised current deforestation risk associated with the two commodities as low to moderate and substantially lower than for oil palm, mining and pulpwood plantations. They also reported that current growth in coffee and cocoa production is primarily associated with intensification, rehabilitation and replanting rather than large-scale expansion into forested landscapes.

[31] Sahlan, L. A., A. Prasetyo, S. Anita, R. D. Gunawan, E. B. Susetyo, H. M. Elmatsani, H. Mulyono, S. E. Y. Trihadi, A. Gunawan, I. Zainuddin, S. Ngudiwaluyo, and J. Iskandar. 2025. "Mapping Cocoa Land Dynamics to Advance Circular and Sustainable Food Systems in Indonesia (1975–2023)." Frontiers in Sustainable Food Systems 9: 1715822. https://doi.org/10.3389/fsufs.2025.1715822.

Coffee and cocoa-specific deforestation trends and concerns

Arabica coffee. Arabica is commonly produced by smallholders in highland and agroforestry landscapes, including Gayo (Aceh), Kerinci (Jambi) and Toraja (South Sulawesi). Agroforestry production is particularly well documented in Gayo and Toraja, where coffee may be grown under substantial tree cover. Coffee cultivation also occurs within designated forest areas. For example, a spatial study[32] estimated approximately 3,406 hectares of coffee plantations within areas designated as protection forest in Central Aceh. Stakeholders consulted for this assessment reported limited evidence of widespread Arabica-driven deforestation after 31 December 2020. However, historical encroachment and the proximity of production to forest and protected areas mean that particular landscapes may require closer attention to establish the land-use status of production plots at the EUDR cut-off date.

Robusta coffee. Historical forest conversion associated with Robusta is more clearly documented, particularly in southern Sumatra. Coffee cultivation and agricultural encroachment have been documented within Bukit Barisan Selatan National Park[33] (Arifin 2010; As-Sadili, Syaukat and Falatehan 2023). Nevertheless, stakeholders consulted for this assessment reported limited evidence of widespread new coffee-driven deforestation after the EUDR cut-off date. Current concerns therefore appear concentrated in forest-adjacent landscapes rather than across the Robusta sector.

Cocoa: Current deforestation pressure associated with cocoa appears limited. National cocoa production has declined over the past decade, and stakeholders described expansion as largely stagnant, with production predominantly occurring on existing agricultural land. Several stakeholders considered the conversion of ageing cocoa farms to oil palm a greater contemporary land-use concern than expansion of cocoa into forest. Stakeholders also noted that cocoa production is concentrated at lower elevations, where it competes with other land uses, particularly oil palm, further limiting opportunities for expansion.

Overall, the evidence does not indicate widespread contemporary coffee- or cocoa-driven deforestation across Indonesia. Rather, the principal concerns are localised risks in forest-adjacent landscapes, historical coffee-related forest encroachment, and the need to establish the land-use history of existing production plots. Looking forward, expansion of coffee and cocoa production within Social Forestry and other forest-adjacent landscapes warrants continued monitoring to distinguish established production from any new conversion of forest after the EUDR cut-off date.

2.2.2 Deforestation-free challenges

Protected areas and buffer zones warrant attention as coffee and cocoa production may occur within or adjacent to protected areas under specific land-use and management arrangements. Examples include production in the wider Lore Lindu National Park landscape in Sulawesi and concerns over coffee encroachment in buffer areas of the Leuser landscape.

The deforestation-free status of agroforestry coffee and cocoa remains difficult to assess, particularly where cultivation began under Social Forestry programmes after the EUDR cut-off date of 31 December 2020. Retaining the forest canopy does not establish whether the land has been converted to agricultural use. Assessment requires evidence of the previous land use, the scale and predominance of cultivation, and its effects on the forest habitat, to distinguish small-scale production

[32] Fardinatri, I. D., Condro, A. A., Hayati, D., & Anhar, A. (2024). Environmental dynamics in the Sumatran coffee landscapes: Opportunities and challenges through spatial perspectives. Jurnal Pengelolaan Sumberdaya Alam dan Lingkungan, 14(3), 438–450. https://doi.org/10.29244/jpsl.14.3.438

[33] As-Sadili, A. H., Syaukat, Y., & Falatehan, F. (2023). Pendapatan dan kerentanan petani kopi robusta di sekitar kawasan Taman Nasional Bukit Barisan Selatan [Income and vulnerability of Robusta coffee farmers around Bukit Barisan Selatan National Park]. Jurnal Agribisnis Indonesia, 11(2), 220–235. https://doi.org/10.29244/jai.2023.11.2.220-235.

compatible with continued forest use from conversion to an agricultural plantation. Authorisation under a Social Forestry programme does not, by itself, resolve this distinction.

Stakeholders remain unclear which maps should be used to assess deforestation-free status, including how JRC 2020 forest cover map should be reconciled with Indonesian forest maps. Although the JRC map can support EUDR risk assessment, its use is neither mandatory nor exclusive, and it is not legally binding. This is further complicated by differences between Indonesian and EUDR definitions of forest and deforestation. Several coffee- and cocoa-producing regions warrant particular attention from an EUDR perspective because production intersects with **forested landscapes, protected areas or active land-use frontiers**.

Table 4. The nature and level of risk vary considerably between landscapes

Landscape	Key consideration
Aceh & North Sumatra	Arabica production is concentrated in and around the Gayo highlands and Leuser landscape, where coffee production occurs close to forest and protected areas and forest-cover loss continues to be recorded (WRI Indonesia 2024).
Lampung & Bengkulu	Coffee cultivation and agricultural encroachment have been documented within Bukit Barisan Selatan National Park. A recent study estimated that Robusta accounted for approximately 73% of agricultural land within the affected forest area (Gaveau et al. 2009; Arifin 2010; As-Sadili, Syaukat and Falatehan 2023).
Jambi	Robusta coffee production occurs around and within parts of the Kerinci Seblat National Park landscape. Agricultural encroachment has been documented, including coffee cultivation in Lembah Masurai (Habib, Fitriawan and Harada 2025).
Sulawesi	Cocoa production is highly concentrated on the island, and research has documented interactions between cocoa expansion, land-use change and forest conversion, particularly in Southeast Sulawesi (Kelley 2018; Supriatna et al. 2020).
Papua	A potential future-risk landscape given increasing support for coffee and cocoa production. In July 2026, the Ministry of Agriculture announced approximately 3,000 ha of new cocoa and coffee plantations in Nabire alongside downstream processing initiatives (Ministry of Agriculture 2026).

2.3 Legality

The EUDR requires that operators collect adequately conclusive and verifiable information that the relevant commodities were produced in accordance with the “relevant legislation of the country of production” (Art. 9 (1.h) and Art 2(40)). ‘Relevant legislation of the country of production’ is defined as the laws applicable in the country of production concerning the legal status of the area of production in terms of: land use rights; environmental protection; forest-related rules (for timber only); third parties’ rights; labour rights; human rights protected under international law; the principle of free, prior and informed consent (FPIC), and tax, anticorruption, trade and customs regulations’ (Art. 2 (40)).

According to the European Commission’s updated EUDR Guidance[34], relevant legislation is limited to laws that specifically impact or influence the legal status of the area of production and fall within the areas listed in Article 2(40). Article 2(40) should also be read considering the objectives of the EUDR, meaning that legislation is relevant where its content can be **directly** linked to halting deforestation and forest degradation (European Commission 2026).

[34] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ%3AC_202603896&utm

2.3.1 Legality: State of play

This section does not seek to provide a comprehensive assessment of all legality requirements potentially relevant to coffee and cocoa production in Indonesia. Rather, it focuses on selected legality issues identified as particularly relevant to EUDR implementation in Indonesia. The analysis focuses on smallholder production, reflecting the predominantly smallholder-base of both the coffee and cocoa sectors in Indonesia. As coffee and cocoa share several similar production characteristics and may both be cultivated within Social Forestry areas, relevant legality issues are discussed jointly where appropriate. Commodity-specific considerations are highlighted separately where relevant.

Land-use rights

Coffee and cocoa production in Indonesia takes place under diverse land-tenure arrangements. While some smallholders hold formally registered land rights, others rely on customary rights, evidence of physical possession, village-level documentation or lease arrangements. Production may also take place within state forest areas under legally recognised Social Forestry arrangements. Consequently, the evidence used to demonstrate a legal right to use land varies according to the location and tenure arrangement.

Indonesia's land framework is principally established under Law No. 5/1960 on Basic Agrarian Principles. Formal land rights include Hak Milik (ownership rights), generally evidenced through a Sertifikat Hak Milik (SHM), and Hak Guna Usaha (HGU – Right to Cultivate), which is particularly relevant to larger plantation operations. For smallholders, however, formal certification is not the only form of evidence encountered in practice. Depending on the circumstances, evidence of legitimate possession or use may include:

- **Sertifikat Hak Milik (SHM)** or other registered land rights;
- **Surat Keterangan Tanah (SKT)** or other village/local administrative documentation;
- **Surat Pernyataan Penguasaan Fisik Bidang Tanah**, documenting physical possession;
- **girik/Letter C**, which may provide evidence supporting a claim to land rights but does not have the same legal status as a registered land certificate;
- **Akta Jual Beli (AJB)** and other documentation relating to acquisition or transfer of land;
- **lease agreements**, where land is cultivated by someone other than the rights holder;
- evidence relating to **customary (ulayat) rights**; and
- documentation establishing rights to manage or use land under **Social Forestry arrangements**.

Stakeholders consulted highlighted that village-level documents, particularly **Surat Keterangan Tanah (SKT)** and related *surat desa* village permits, remain important in rural areas where formal land registration has not been completed. Such documentation may be supported by local verification processes, including confirmation of plot boundaries and the absence of overlapping claims by neighbouring landholders.

Table 5. Land documents depend on where your land is located.

Location	Document type	
Other Use Areas (APL)	• Sertifikat Hak Milik (SHM) • Surat Keterangan Tanah (SKT) • Letter C	• Girik • Akta Jual Beli (AJB)
State Forest Areas / Conversion Forests	• Izin Perhutanan Sosial • Izin Pinjam Pakai Kawasan Hutan (IPPKH)	• Partnership Agreement / Memorandum of Cooperation • Tanah Objek Reforma Agraria (TORA)
Production Forests	• Perizinan Berusaha Pemanfaatan Hutan (PBPH)	• Nota Kesepahaman / Nota Kesepakatan Kerja Sama

Source: Adapted from Nagara et al (2024)[35]

Box 1. Smallholder plantation registration (STDB)

The **Surat Tanda Daftar Budidaya (STDB)** is the government registration mechanism for smallholder plantations. It records information on the farmer and farm, including identity, farm location and area, crop, coordinates and the stated basis for land tenure or use. It can therefore provide a useful government-held source of information relevant to producer identification, geolocation and land-tenure due diligence. However, **STDB should be distinguished from the underlying legal right to the land**. The registration records information on the farm/plantation and its tenure basis but does not replace the underlying land-right or land-use documentation.

Coverage also remains limited. As of December 2024, STDBs had been issued to **10,985 coffee smallholders covering approximately 5,360 ha** and **7,053 cocoa smallholders covering approximately 3,525 ha**. This represented less than 1% of estimated smallholders and less than 0.5% of smallholder production area for either commodity. A further 9,896 coffee and 5,274 cocoa smallholders were reported to be in the registration process.

The Government is seeking to accelerate registration through **e-STDB**, including migration of existing records and registration of coffee, cocoa and rubber producers in Social Forestry areas. While this could make STDB increasingly useful as a source of farm-level information for EUDR due diligence, **current coverage is insufficient for STDB to be treated as a universal source of evidence of land-use rights, registration or geolocation for Indonesian coffee and cocoa smallholders**.

Legality of coffee and cocoa production under the Social Forestry Programme

Under the Social Forestry Programme, communities can obtain legally recognised rights to access, manage and use forest land for permitted livelihood activities, including coffee and cocoa cultivation, while the land generally remains part of the state forest estate. Social Forestry is regulated principally through Minister of Environment and Forestry Regulation No. 9/2021 on Social Forestry Management.

The legal basis for land use varies according to the Social Forestry scheme. Under *Hutan Desa* (Village Forest), *Hutan Kemasyarakatan* (Community Forest) and *Hutan Tanaman Rakyat* (Community Plantation Forest), communities are granted legal rights to manage and utilise designated forest areas. *Kemitraan Kehutanan* (Forestry Partnership) is based on a formal partnership between communities and forest managers or rights/permit holders. *Hutan Adat* (Customary Forest) has a different legal

[35] Nagara, G., Muttaqien, A., Richwanudin, S.A., Dewi, R.C. and Afra, S. (2024). The Bitter-Sweet Fate of Indonesian Cocoa Farmers: Seizing Opportunities to Strengthen Farmers through EUDR. Satya Bumi, October 2024.

basis, as it concerns forest within the territory of a legally recognised customary-law community – Annex 1.

Coffee and cocoa may be cultivated within these areas as part of permitted agroforestry systems, subject to the forest function, the applicable Social Forestry arrangement and the conditions attached to the approval. Consequently, production under Social Forestry can have a legally recognised basis for land use even where individual farmers do not hold private land ownership titles. For EUDR legality due diligence, the relevant evidence may therefore include the applicable Social Forestry approval or management right, documentation identifying the community or beneficiaries covered by it, and evidence that coffee or cocoa cultivation is permitted under the relevant arrangement. Regulation No. 9/2021 also provides mechanisms for addressing certain pre-existing cultivation within forest areas through the *Jangka Benah* process.

Environmental protection

Coffee and cocoa cultivation is subject to Indonesia's environmental and agricultural legislation, principally Law No. 32/2009 on Environmental Protection and Management, Law No. 39/2014 on Plantations and Law No. 22/2019 on Sustainable Agricultural Cultivation Systems, as amended.

Government Regulation No. 22/2021 provides the implementing framework for environmental protection and management, while Ministerial Regulation No. 4/2021 determines the environmental assessment or declaration requirements applicable to different activities and scales.

Indonesia's environmental approval system is established principally under the following laws.

1. Plantation Law (Law No. 39 of 2014), which establishes requirements for plantation businesses, although most smallholder coffee and cocoa producers are outside the plantation licensing regime applicable to large estates.
2. For coffee and cocoa cultivation, the standard area thresholds are AMDAL for activities covering 3,000 ha or more, UKL-UPL for 25 ha to less than 3,000 ha, and SPPL for less than 25 ha[36]. Location-specific requirements, particularly concerning protected areas, may trigger an AMDAL requirement irrespective of these area thresholds. The SPPL is most required by smallholders - it is a self-declaration of commitment to manage and monitor the environmental impacts of their business activities; serves as the primary document establishing environmental compliance for smallholders.
3. Law No. 32 of 2009 on Environmental Protection and Management, as amended by the Job Creation Law (Law No. 6 of 2023) Law No. 32/2009, as amended, provides the overarching statutory framework for environmental assessment and environmental management requirements.
4. Government Regulation (PP) No. 22/2021 on the Implementation of Environmental Protection and Management — provides the implementing framework and procedures for environmental approval, including AMDAL and UKL-UPL.
5. Ministry of Environment and Forestry Regulation (Permen LHK) No. 4/2021 on the List of Businesses and/or Activities Required to Have an Environmental Impact Assessment, Environmental Management and Monitoring Efforts, or a Statement of Commitment to Environmental Management and Monitoring — provides the detailed lists and thresholds by type and scale of business/activity that determine whether AMDAL, UKL-UPL or SPPL applies.

[36] https://izinamdal.com/en/blog/perbedaan-amdal-ukl-upl-dan-sppl-mana-yang-dibutuhkan-usaha-anda

Social Forestry participants have obligations to manage the forest according to sustainable forest-management principles and to protect their area from damage and environmental pollution as described under Permen LHK No. 9/2021. There is no explicit ban on cutting trees, but clearly the regulations limits tree harvesting and stipulates cautious use of fertilizers and pesticides. Agricultural cultivation may be restricted or prohibited in certain categories of protected forest and conservation areas. For coffee or cocoa cultivated under Social Forestry schemes in Indonesia, the applicable legal framework for environmental protection is slightly different from that for agriculture plantations because the land remains part of the state forest estate. Environmental obligations derive principally from the applicable forestry framework and the conditions of the Social Forestry arrangement. Depending on the scheme and location, these may include requirements to:

- maintain a valid Social Forestry approval and comply with its forest management plan or work plan;
- ensure cultivation is consistent with the permitted land use and applicable forest function;
- maintain required forest cover and ecological functions;
- comply with restrictions on forest conversion and tree felling; and
- fulfil applicable monitoring and reporting requirements.

Other relevant environmental and natural-resource legislation includes:

- Law No. 17/2019 on Water Resources;
- Law No. 22/2019 on Sustainable Agricultural Cultivation and its implementing PP No. 7/2026, including provisions relevant to land, water, fertilisers and pesticides;
- Law No. 18/2008 on Waste Management;
- Permen LHK No. 32/2016 on Forest and Land Fire Control;
- Law No. 5/1990 on Conservation of Biological Natural Resources and Ecosystems, as amended by Law No. 32/2024.

If coffee/cocoa plots are found to be within state forest land (kawasan hutan)		Was there forest (EUDR definition) at the 2020 cut off?	
		Yes	No
Is there a Social Forestry agreement in place?	Yes	Legal but NOT deforestation-free*	Legal and deforestation-free
	No	Not legal and NOT deforestation-free	Deforestation-free but legality risk

* Under the EUDR, agroforestry systems where crops are grown under tree cover are classified as agricultural plantations and excluded from the definition of forest. Conversion of forest to coffee or cocoa agroforestry after 31 December 2020 can therefore constitute deforestation even where the canopy remains intact. However, crop presence alone does not establish conversion: the scale of production, the predominant land use and the effects on the forest habitat must be assessed.

Figure 5. A possible grey area in establishing legal and deforestation free production in Social Forestry areas

Environmental compliance risks

Environmental compliance risks in Indonesia's coffee and cocoa sectors vary according to production practices, processing activities and location. The table below brings together available evidence to identify where particular concerns arise and where further verification may be warranted. Documented concerns include waste disposal, soil management and encroachment into conservation areas, with more evidence available for coffee than cocoa. The assessment is indicative: localised or historical findings do not establish current sector-wide prevalence, while limited evidence should not be interpreted as an absence of risk.

Environmental risks and relevant legislation	Assessment of potential non-compliance
Water pollution and waste disposal — Law No. 17/2019; Law No. 18/2008; environmental controls under Law No. 32/2009 and PP No. 22/2021	**Location specific risk particularly where farmers, cooperatives or collectors undertake primary processing.** Evidence points to coffee more than cocoa – reports from coffee-producing areas in Indonesia identify inadequate management of processing waste, including disposal of coffee husks and pulp into rivers and unmanaged accumulation near farms and roads, creating risks of soil and water pollution.
Pesticide and fertiliser use — Law No. 32/2009 and PP No. 22/2021; Law No. 22/2019 and PP No. 7/2026; Minister of Agriculture Regulations No. 43/2019, No. 36/2017 and No. 1/2019	**Documented chemical-management concerns in both sectors, although their current national prevalence is not established.** Findings point to risks associated with inappropriate product selection and application, unsafe handling and inadequate disposal, with exposure varying according to actual input use and production practices. In coffee, the Ministry of Agriculture[37] linked isoprocarb residue problems in Lampung to suspected spraying during harvest to repel ants. In cocoa, Aidenvironment[38] documented shortcomings in protective equipment use, pesticide storage, container disposal and application records. The Cocoa Sustainability Partnership also highlighted continuing concern over paraquat use[39].
Land and soil management — Law No. 22/2019 and PP No. 7/2026; also, **Law No. 37/2014 on Soil and Water Conservation**	**A credible management concern.** Rainforest Alliance's 2021 coffee assessment[40] identified agrochemical overuse harming soil quality in some cases. SEI's 2025[41] Flores report recorded farmers' accounts of declining soil nutrients associated with continuous cultivation. Prioritise verification where there is visible erosion, exposed soil, sediment runoff or harmful input practices.
Conservation areas and biodiversity — Law No. 5/1990, as amended by Law No. 32/2024, alongside applicable forestry and zoning rules	**The strongest direct indication of potential environmental risk of non-compliance but concentrated in particular landscapes.** A May 2026 report[42] quoting Kerinci Seblat National Park officials described approximately 80 ha of recent encroachment, including around 40 ha planted with young coffee. An older 2011 ANTARA[43] report quoting Lore Lindu officials documented encroachment involving coffee and cocoa, including poisoning trees before planting crops.
Land clearing and fire — Permen LHK No. 32/2016 and other applicable environmental/plantation provisions	**A conditional risk requiring local checks, especially during expansion, rehabilitation or land preparation.** The Ministry of Agriculture issued coffee-specific guidance in June 2024 on clearing land without burning, referring to plantation land-clearing rules. However, the sources reviewed did not establish widespread unlawful burning attributable specifically to coffee or cocoa production.
Water abstraction and use — Law No. 17/2019	**The sources reviewed did not establish widespread unlawful abstraction by coffee or cocoa producers.**

[37] https://ditjenbun.pertanian.go.id/sistem-pertanian-organik-sebagai-jawaban-penanganan-isu-residu-isoprocarb-pada-biji-kopi-indonesia
[38] https://www.aidenvironment.org/wp-content/uploads/2020/05/Evaluation-of-UTZ-in-the-indonesian-cocoa-sector.pdf
[39] https://www.csp.or.id/en/read/news/292/rainforest-alliance-melarang-penggunaan-parakuat-dalam-pengendalian-gulma
[40] https://www.rainforest-alliance.org/resource-item/origin-issue-assessment-indonesia-coffee/
[41] https://www.sei.org/publications/ecosystem-based-adaptation-coffee-indonesia/
[42] https://pilihanrakyat.id/tnks-temukan-80-hektare-hutan-dirambah-untuk-kebun-kopi/
[43] https://makassar.antaranews.com/berita/34566/modus-operandi-perambah-di-tnll-semakin-canggih

Third-party rights

For Indonesian, third-party rights are particularly relevant where production takes place in customary and community-managed landscapes or in areas where different land-use or tenure claims overlap. As of August 2026, BRWA[44] had registered approximately 36.6 million hectares of customary territories across Indonesia, while only around 7.54 million hectares (20.6%) had obtained formal recognition by local governments. Around 8.37 million hectares of registered customary territories also overlap with business permits, including plantation, forestry and mining concessions. These figures cover customary territories across all sectors and are not specific to coffee or cocoa. They illustrate the broader tenure context in which these supply chains operate; the extent of coffee and cocoa cultivation within these territories has not been established.

Indonesia's legal framework recognises a range of customary and community rights. Relevant provisions are found across the 1945 Constitution, forestry and plantation legislation, Government Regulation No. 23/2021 on Forestry Administration, Minister of Environment and Forestry Regulation No. 9/2021 on Social Forestry Management, and Ministry of Home Affairs Regulation No. 52/2014 on the Recognition and Protection of Customary Law Communities.

The **Plantation Law (Law No. 39/2014)** provides specific protections where land required for plantation activities constitutes *Hak Ulayat* (customary communal land rights) of a recognised *Masyarakat Hukum Adat*. Article 12 requires the plantation business actor to consult with the customary-law community holding the *Hak Ulayat* and obtain agreement regarding the transfer of the land and compensation. Article 13 provides that the customary-law community concerned must be recognised in accordance with applicable legislation. The law remains in force but has been amended, including through **Law No. 6 of 2023 (Job Creation Law).** Law No. 39/2014, as amended, remains in effect and its application continues to be meant largely for large scale plantations. Article 12 should not be interpreted as a blanket requirement for all smallholder coffee and cocoa production.

Labour rights

Labour rights in Indonesia are governed principally by Law No. 13/2003 on Manpower, as amended by Law No. 6/2023 on Job Creation, together with Law No. 1/1970 on Occupational Safety and other implementing legislation on wages, working conditions and worker protection. Indonesia has also ratified the core ILO conventions relevant to labour rights, including ILO Convention No. 138 on Minimum Age through Law No. 20/1999, ILO Convention No. 182 on the Worst Forms of Child Labour through Law No. 1/2000, and ILO Convention No. 105 on the Abolition of Forced Labour through Law No. 19/1999. ILO Convention No. 29 on Forced Labour is also in force in Indonesia.

For coffee and cocoa, labour-rights considerations need to be understood in the context of predominantly smallholder production, where family, informal and seasonal labour may be more common than formal employment relationships. The main issues considered relevant to EUDR legality due diligence are child labour, forced labour and compliance with applicable employment and occupational safety requirements.

Child labour and forced labour

Indonesian agriculture accounts for a large share of child work nationally: 61.6% of working children aged 5–14 are in agriculture. However, the latest U.S. Department of Labor findings[45] identify specific evidence for Indonesian palm oil, tobacco and rubber—not coffee or cocoa. There is nevertheless

[44] https://brwa.id/?page=soutezpravidla&utm
[45] https://www.dol.gov/agencies/ilab/resources/reports/child-labor/indonesia

some direct coffee evidence: a small 2026 study in Trenggalek found children participating in family coffee farming, including some hazardous activities and interference with education, although the sample was very small and cannot be generalised nationally.

Indonesian labour legislation generally prohibits the employment of children, while providing limited exceptions for specified forms of light work and other permitted activities. Persons under 18 are prohibited from work classified as hazardous or among the worst forms of child labour. Child labour remains a potential concern in Indonesian agriculture, particularly in household-based production where children may participate in farming activities. For coffee and cocoa, an important consideration is therefore distinguishing permissible participation of children in family farming from prohibited child labour, including hazardous work or work that interferes with education. Labour demand during harvesting and other peak periods may warrant particular attention.

Indonesian law prohibits forced labour, supported by Indonesia's ratification of the relevant ILO conventions. Available evidence does not indicate that coffee or cocoa are specifically associated with forced labour in Indonesia. Nevertheless, the issue remains relevant to labour-rights due diligence, particularly where production relies on informal, seasonal or migrant workers.

Provisions on child and forced labour in

- Manpower Law (2003), which sets a minimum employment age of 15, explicitly prohibits children ages 15 to 18 from engaging in hazardous work, and bans forced labour.
- Child Protection Law (2014), dedicated to safeguarding children’s rights and preventing their exploitation. The law reinforces the government’s role in ensuring a secure environment for children and actively preventing their involvement in harmful labour practices.
- Anti-Trafficking Law (2007) Number 21, prohibits trafficking in persons, especially women and children (under age 18 years)

There are risk factors for child and forced labour at smallholder production level, but insufficient evidence to establish its prevalence specifically in Indonesian cocoa and coffee sector.

Occupational safety

Informal employment and occupational safety are probably more consistently relevant to smallholder coffee and cocoa. The ILO specifically identifies the predominance of smallholders as resulting in high levels of informal employment in Indonesian coffee, with implications for working conditions, occupational safety and access to social protection. Its current programme in Lampung targets smallholder farmers, collectors and their workers for exactly these reasons[46]. In August 2026, the ILO also reported that coffee harvest labour in Lampung commonly involves family members, neighbours and seasonal workers, with employment agreements often made verbally and limited awareness of applicable labour requirements[47].

Human rights protected under international law

Indonesia's principal domestic human-rights framework is Law No. 39/1999 on Human Rights. Article 7(2) provides that international human-rights treaties ratified or acceded to by Indonesia form part of national law. Indonesia is party to the principal international human-rights instruments relevant to agricultural production, including the International Covenant on Civil and Political Rights (ICCPR) and the International Covenant on Economic, Social and Cultural Rights (ICESCR).

Indonesia has ratified or acceded to several international human-rights conventions potentially relevant to coffee and cocoa production, including the International Covenant on Economic, Social and Cultural

[46] https://www.ilo.org/projects-and-partnerships/projects/improving-osh-and-social-conditions-women-and-men-coffee-farmer-communities
[47] https://www.ilo.org/resource/news/verbal-promises-written-agreements-indonesias-coffee-communities-learn

Rights (ICESCR), International Covenant on Civil and Political Rights (ICCPR), International Convention on the Elimination of All Forms of Racial Discrimination (ICERD), Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), and Convention on the Rights of the Child (CRC).

Free, prior and informed consent (FPIC)

In Indonesia, **Article 12(1) of Law No. 39/2014 on Plantations, as amended by Law No. 6/2023, establishes a national legal obligation closely aligned with aspects of FPIC**. Where land required for plantation business constitutes *Hak Ulayat* of a customary-law community, the plantation business actor must undertake consultation (*musyawarah*) with the community holding the customary rights to obtain agreement concerning the transfer of the land and compensation. The consent of indigenous/local communities regarding the use of customary lands for plantation businesses must be given voluntarily, without intimidation, pressure, or manipulation from business operators or third parties.

PADIATAPA (Persetujuan Atas Dasar Informasi di Awal Tanpa Paksaan) is the Indonesian formulation of FPIC. The principle appears explicitly in some Indonesian regulations, but its legal application depends on the sector and context. There are also explicit examples at subnational level. For coffee and cocoa, a relevant national legal basis is Law No. 39/2014 on Plantations. Article 12 requires plantation businesses seeking to use land subject to customary communal rights (*hak ulayat*) to consult the rights-holding customary law community and obtain agreement on the land's transfer and compensation. Article 17, as amended through Law No. 6/2023, links plantation business licensing on such land to that agreement. These provisions establish customary-community consent requirements relevant to coffee and cocoa, although they do not expressly set out a comprehensive PADIATAPA/FPIC procedure. For instance, **Teluk Bintuni Regional Regulation No. 1/2019**[48] expressly defines PADIATAPA/FPIC and sets out principles including freedom from coercion, respect for customary consultation processes, and provision of complete information about proposed activities and their impacts. More recent Indonesian regulations also expressly use PADIATAPA in specific contexts, such as natural resource/carbon arrangements[49].

Tax, anticorruption, trade and customs' regulations

N.B. This area of law is the only one listed in the EUDR that potentially covers activities across the entire supply chain in the country of production, and not just at the level of the area of production/cocoa plot.

For Indonesian coffee and cocoa, trade and customs requirements primarily concern the sale, movement, import and export of commodities and processed products. They are therefore relevant to Indonesian processors, traders and exporters, depending on their activities, although they generally do not establish the legal status of the area where the coffee or cocoa was grown. This assessment focuses on legality at the area of production; requirements applicable to processing and export operations would need to be considered separately. Processing facilities' own legality also extends beyond trade and customs, so a broader assessment of the processing industry would require a separate scope.

[48] https://www.klaussa.com/peraturan/perda-kab-no-1-tahun-2019-kabupaten-teluk-bintuni-nomor-1-tahun-2019-tentang-pengakuan-dan-perlindungan
[49] https://www.klaussa.com/peraturan/pergub-no-6-tahun-2025-provinsi-kalimantan-timur-nomor-6-tahun-2025-tentang-tata-cara-pemberian

Taxation. The tax framework is established under the Income Tax Law, as amended by Law No. 7/2021 on the Harmonisation of Tax Regulations, and implemented through Government Regulation No. 55/2022, as amended by Government Regulation No. 20/2026.

Smallholder coffee and cocoa producers may be subject to income tax depending on their income and tax status. Under Indonesia's simplified tax regime for small businesses, individual taxpayers with annual business turnover not exceeding IDR 4.8 billion may be subject to a final income-tax rate of 0.5%. However, the first IDR 500 million of annual business turnover of an individual taxpayer is not subject to income tax[50]. **Consequently, many smallholder coffee and cocoa farmers with turnover below this threshold would not have an income-tax liability from their farming business.** For individual taxpayers, the Population Identification Number (*Nomor Induk Kependudukan* – NIK), recorded on the national identity card (*KTP*), is used as the Taxpayer Identification Number (*Nomor Pokok Wajib Pajak* – NPWP), subject to applicable tax-registration requirements. For smallholder coffee and cocoa producers, tax documentation is therefore not necessarily represented by a separate NPWP document.

Anti-Corruption - Indonesia's principal anti-corruption framework is established under **Law No. 31/1999 on the Eradication of Corruption, as amended by Law No. 20/2001**. The legislation criminalises various forms of corruption involving public officials, including bribery and gratification connected with the exercise of public functions. For smallholder coffee and cocoa production, anti-corruption requirements may be relevant where supply-chain actors interact with public authorities in relation to land administration, permits and registrations, official certification or documentation, and customs and export procedures.

3.1.1 Legality challenges

Land-use rights

1. Diversity of land-tenure documentation. Stakeholder consultations identified clarification of acceptable evidence of land-use rights as one of the most important implementation issues for smallholder coffee and cocoa. Smallholders may rely on different forms of legally relevant evidence depending on their tenure situation, rather than a formal land ownership certificate (*SHM*). For operators, the challenge is determining which alternative forms of evidence are appropriate and sufficient for the tenure arrangement.
2. Risk of smallholder exclusion. Stakeholders reported that some buyers and certification systems may adopt a risk-averse approach by excluding smallholders who do not hold an SHM or STDB, or whose farms are located within the forest estate (*kawasan hutan*). Overly narrow requirements for specific documents could therefore exclude legally operating smallholders from EUDR supply chains.
3. Limited STDB coverage. Current coverage of the smallholder plantation registration system (STDB) remains very low for coffee and cocoa. STDB cannot therefore currently be relied upon as a universal source of evidence for smallholder registration, land-use rights or geolocation. Operators sourcing from unregistered farmers may need to rely on other forms of evidence to establish the farmer's legal basis for cultivation.
4. Verification under collective Social Forestry arrangements. In Social Forestry areas, the legal basis for cultivation may derive from a community- or village-level approval rather than an individual land title. The challenge for operators is therefore to establish the link between the individual farmer and production plot and the applicable Social Forestry arrangement, including

[50] https://www.pajak.go.id/id/peraturan/perubahan-atas-peraturan-pemerintah-nomor-55-tahun-2022-tentang-penyesuaian-pengaturan-0

verifying that the farmer is an authorised beneficiary or member of the relevant community and that coffee or cocoa cultivation is permitted under the conditions of that arrangement.

Environmental protection

1. Stakeholders identified some uncertainty regarding the conditions under which coffee and other cash crops may be cultivated in or around buffer zones of protected areas, particularly where production takes place under Social Forestry arrangements. This may create challenges in determining the applicable land-use restrictions and the evidence needed to demonstrate that cultivation at a specific location is legally permitted.
2. Stakeholders also reported on cases of encroachment of coffee and cocoa cultivation into protected areas where agricultural production is prohibited remains a concern.
3. Distinguishing localised concerns from sector-wide patterns. Available evidence varies considerably in age, geographic coverage and detail, with more information identified for coffee than cocoa. Further assessment should prioritise sourcing areas with reported concerns, environmentally sensitive locations and activities with greater potential impacts, while recognising the evidence gaps elsewhere.

Third party rights

1. Overlapping claims are a documented source of agrarian conflict in Indonesia, including where customary or community claims intersect with state forest classifications, concessions or other land rights. The Government has identified resolution of such overlaps as an objective of the One Map Policy.
2. Customary land-use and tenure rights may exist even where they have not yet received formal government recognition, creating challenges for identifying and verifying relevant third-party rights. This gap between the identification and formal recognition of customary territories may make it difficult to determine whether individual production plots are subject to customary claims or overlapping rights.
3. For EUDR due diligence, the challenge is determining whether production on a particular plot affects legally recognised third-party rights. This can be particularly difficult in smallholder and collector-based coffee and cocoa supply chains, where information on customary rights, competing claims and land disputes may not be readily linked to individual production plots.

Labour rights

1. Verification can be difficult in smallholder coffee and cocoa supply chains because family, informal and seasonal work may not generate formal employment, wage or working-time records. Where risks are identified, verification may therefore need to draw on other evidence, including worker and farmer interviews, cooperative or internal-control-system records and grievance mechanisms.

Human rights

1. Stakeholders noted that human-rights violations are not identified as a widespread or systemic concern specific to Indonesian smallholder coffee and cocoa production. However, human-rights considerations may arise in locations where production intersects with customary land, forest areas or unresolved agrarian conflicts. Potential concerns may include impacts on access to land and natural resources, livelihoods and cultural rights, as well as displacement, intimidation or violence associated with land disputes.

FPIC challenges

1. The main challenge is determining whether consultation and consent requirements have been met where production intersects with customary land or other third-party rights, particularly where customary communities are not yet formally recognised.

Tax, anticorruption, trade and customs' regulations

1. Operators may have limited means to determine individual farmers' turnover or independently verify whether a tax liability exists and, where applicable, has been met.
2. Operators may have to rely on risk indicators, evidence of irregularities or credible allegations rather than routine documentary checks to identify potential corruption concerns.

3. Overarching challenges

1. **Uneven EUDR awareness and preparedness across the sector**
   EUDR awareness and preparedness have increased substantially among larger exporters and companies supplying EU markets, but remain uneven among smallholders, smaller exporters, producer organisations and actors supplying domestic or non-EU markets. Knowledge gaps remain around geolocation, evidence of legality and land-use rights, deforestation-free requirements and responsibility for due diligence. Smaller specialty supply chains may be particularly affected despite often having relatively strong knowledge of origin and close relationships with producers.
2. **Social Forestry and forest-adjacent production remain a cross-cutting implementation challenge**
   Coffee and cocoa production intersects with Social Forestry, agroforestry, protected areas and other forest-adjacent landscapes. This creates questions across several EUDR requirements: determining deforestation-free status and historical land use; establishing the legal basis for cultivation; linking individual farmers and plots to collective Social Forestry arrangements; and determining applicable restrictions in protected areas and buffer zones. Uncertainty has also led some buyers and certification systems to adopt cautious sourcing approaches that may exclude otherwise legitimate producers.
3. **Evidence appropriate to Indonesia's smallholder land-tenure systems is not consistently understood or accepted**
   Indonesia's coffee and cocoa smallholders operate under diverse tenure arrangements and may rely on evidence other than formal land ownership certificates. However, stakeholders reported conservative interpretations of EUDR legality in which formal ownership documents such as SHM—or in some cases STDB—are treated as necessary evidence. This creates a risk of excluding legally operating smallholders, particularly those operating under customary, village-level or collective Social Forestry arrangements.
4. **Farm-level information exists, but linking and maintaining it through fragmented supply chains remains challenging**
   The EUDR requires information to remain connected to the relevant plots of production. This becomes difficult where coffee and cocoa pass-through collectors, traders and non-producer exporters or where production from multiple plots is aggregated. The challenge is particularly pronounced for cocoa because domestic beans may also be mixed with imported beans during processing. The report also identifies difficulties linking plot-level information to customary and third-party rights and other legality information.
5. **Availability, accessibility and use of national data remain fragmented**
   Indonesia has relevant national datasets and systems, but they do not yet provide a single comprehensive source of information for EUDR due diligence. STDB coverage for coffee and cocoa remains limited; there is uncertainty over which forest maps should be used for deforestation assessment; and information on customary and third-party rights may not be readily linked to individual production plots. Although BIG Regulation No. 1/2026 provides a legal pathway for international sharing of geospatial information, questions remain over how the approval process will operate for large-scale and recurring EUDR data transfers.

Across these challenges, stakeholders in Indonesia emphasised the importance of approaches that reflect the specific characteristics of Indonesia's coffee and cocoa sectors, particularly their predominantly smallholder production base, diverse tenure arrangements and prevalence of agroforestry systems.

4. Key recommendations

1. **Develop practical guidance on assessing EUDR compliance of Social Forestry and agroforestry coffee and cocoa**
   Study selected coffee and cocoa landscapes to distinguish small-scale cultivation compatible with continued forest use from conversion to predominantly agricultural use, particularly where production began or expanded after 31 December 2020. The study should translate the EUDR definitions and EC guidance into practical assessment criteria covering land-use history, the scale and predominance of cultivation, and the effects of production and related activities on the forest habitat. It should identify the evidence to assess these factors and verify legally permitted cultivation, recognising that neither retained tree cover nor Social Forestry authorisation alone establishes deforestation-free status. Develop case examples and a decision tree to support assessments and reduce the risk of excluding compliant smallholders.
2. **Undertake a national EUDR legality assessment for Indonesia**
   Conduct a comprehensive assessment of Indonesia's legal framework against the EUDR legality criteria, using an approach such as EFI's Legality Due Diligence Navigator[51]. The assessment should identify the legislation relevant to each EUDR legality area and provide practical guidance on the evidence that operators can use to demonstrate compliance. Attention should be given to the diversity of smallholder land-use arrangements, including Social Forestry and customary/community tenure, to avoid overly narrow interpretations that equate legal land use with formal land ownership. This could also provide a common reference for operators, competent authorities and other stakeholders, rather than leaving individual companies to interpret Indonesia's legal framework independently.
3. **Target deforestation monitoring towards identified higher-risk landscapes rather than treating coffee and cocoa uniformly.**
   The report does not find evidence of widespread contemporary coffee- or cocoa-driven deforestation but identifies forest-adjacent landscapes and areas of agricultural expansion requiring greater attention. Prioritise monitoring and verification in the landscapes already identified as potentially high risk—rather than requiring the same level of additional verification everywhere—and distinguish established agroforestry from recent conversion or encroachment.
4. **Strengthen EUDR preparedness among smaller direct coffee and cocoa exporters**
   Provide targeted EUDR support to smaller direct exporters, specialty exporters and producer organisations supplying the EU market, which were identified as less prepared than larger international exporters. Support should focus on practical requirements for geolocation, traceability, legality evidence and due diligence, building on the strong producer relationships and origin knowledge that already characterise many of these supply chains**.**
5. **The 2026 Sustainable Cocoa Guidelines** provide a strong framework and align with many EUDR requirements, offering a useful basis for strengthening the sector's preparedness. However, as voluntary guidelines, their impact will depend on effective operationalisation. This will require awareness-raising, training and practical support for farmers and other supply-chain actors, alongside significant investment in government capacity to support implementation.
6. **Operationalise the new pathway for international sharing of geolocation data**
   Support BIG in the implementation of Regulation No. 1/2026 by developing practical guidance and awareness materials for EUDR-related geolocation data sharing. Working with coffee and cocoa stakeholders, test the approval process through a small number of real EUDR data-transfer cases, including large datasets and recurring exporter–buyer transfers, and use the results to document clear procedures for exporters, data providers and other relevant actors.

[51] https://legalitynavigator.efi.int/

5. Conclusions

This preparedness check finds that Indonesia's coffee and cocoa sectors have important foundations for meeting EUDR requirements, but readiness remains uneven. Larger international exporters and cocoa processors report substantial progress in farmer registration, geolocation and traceability, supported by investments in field teams, certification and company-managed systems. However, this progress does not establish preparedness across the sectors. Smaller exporters, specialty businesses, producer organisations and smallholders face continuing gaps in awareness, technical capacity and access to the information needed by EU buyers.

The assessment does not identify evidence of widespread contemporary coffee- or cocoa-driven deforestation across Indonesia. It does, however, identify forest-adjacent landscapes, protected areas and production frontiers requiring closer attention. These findings support geographically targeted verification, while recognising that sector-level observations cannot establish the deforestation-free status of individual plots.

Smallholder inclusion will depend on whether due-diligence approaches recognise the diversity of legally valid land-use arrangements. Requirements that treat individual ownership certificates or STDB registration as indispensable evidence risk excluding legally farmers, including those cultivating under collective Social Forestry arrangements. Practical guidance should clarify which evidence is appropriate to each tenure situation, how individual farmers and plots can be linked to collective approvals, and how competing claims and other relevant rights should be checked.

Strengthening these foundations also has strategic relevance to the trade opportunities anticipated under the EU–Indonesia CEPA negotiations which were concluded on 23 September 2025. Improved tariff access can translate into commercial opportunities only where suppliers can also meet applicable EU market requirements. The priority is therefore to extend preparedness beyond leading firms and make credible evidence more accessible across Indonesia's diverse coffee and cocoa supply chains. This would help safeguard EU market access while enabling smallholders and smaller businesses to participate in emerging opportunities.

Annexes

Annex 1. Cocoa trade to the EU by product type

Product	HS code	Total exports (USD million)	Main destinations, in descending order	Leading EU destinations
Cocoa beans	1801	**80.6**	Malaysia, Netherlands, Japan	**Netherlands, Germany**
Cocoa butter, fat and oil	1804	**1,709.7**	United States, India, Estonia, Netherlands, Australia	**Estonia, Netherlands, France, Germany**
Cocoa powder, without added sugar	1805	**454.8**	India, China, Russia, Philippines, Malaysia	**Poland, Estonia, Netherlands**
Cocoa paste, not defatted	180310	**128.5**	China, Australia, Japan, New Zealand, Thailand	**Latvia, Estonia, Belgium**
Cocoa paste, wholly or partly defatted	180320	**193.5**	Malaysia, Spain, Estonia, United States, Germany	**Spain, Estonia, Germany**

Source: UN Comtrade data accessed 8 October 2026, Indonesia-reported exports for 2024.

Annex 2. BIG Regulation No. 1/2026: International sharing of geospatial information

1. Geospatial information may be shared internationally

Articles 3–5 establish that geospatial data and information may be disseminated internationally, subject to restrictions protecting state secrets, defence and security interests, exempt public information and protected personal data.

Permitted information includes latitude/longitude coordinates, normally with a **maximum of four decimal places**; geospatial features represented as **points, lines or polygons with coordinates**; and specified base and thematic maps.

Point, line and polygon information must not include protected information such as personal identity or ownership information, state secrets or sensitive defence, security and strategic-infrastructure information.

2. Special pathway for international business transactions

Article 6 provides a specific pathway where dissemination is required for:

- Indonesia's international cooperation obligations;
- obligations arising from membership of international organisations; or
- **international business transactions conducted in accordance with applicable law**.

Under this pathway, the standard specifications and limitations in Articles 4–5 do not apply in the same manner. This is potentially important for EUDR transactions requiring farm coordinates or polygons at greater precision than the standard four-decimal specification. Defence, security, national strategic interests and copyright must nevertheless be respected.

Prior approval from the Head of BIG is required for dissemination under this pathway (Article 7).

3. Approval process

Applications must identify, among other information (Article 10):

- the **purpose of dissemination**;
- the **content, type and metadata** of the geospatial information;
- the **recipient**;
- any **subsequent recipient** to whom the information will be redistributed;
- the **dissemination** mechanism; and
- a **limited-use guarantee** restricting further dissemination to the identified recipient(s).

BIG verifies the application, including its consistency with national security and strategic interests and the accessibility and traceability of the data. Verification is to be completed within **10 days** of receipt of the application. BIG may approve or reject the request and may consult other relevant ministries or agencies.

4. Obligations following approval

Approved dissemination remains subject to ongoing requirements. The disseminating entity must:

- comply with the conditions attached to BIG's approval;
- obtain applicable approval where the data will subsequently be **processed outside Indonesia**;
- monitor dissemination and report to BIG after **3, 6, 9 and 12 months**; and
- use a dissemination system integrated with the **National Geospatial Information Network (Jaringan IGN)**.

Non-compliance may result in administrative sanctions ranging from written warnings to fines of up to **IDR 100 million**, withdrawal of approval and blacklisting.

Annex 3. Social forestry utilization based on Minister of Environment and Forestry Regulation 9/2021.

	Social Forestry Scheme	Utilization			Form of legality	Duration
		Protected forest	Production forest	Conservation forest		
1.	**Village Forest**	Utilization of Areas; Utilization of Environmental Services	Utilization of Areas; Utilization of Environmental Services	X	Village Forest Management Agreement; Given to the Village Institution by the Minister	35 years and can be extended
2.	**Community Forest**	HHBK Collection	Utilization of Timber Forest Products and HHBK		Community Forest Agreement; Granted to Individuals, Farmer Groups, and Cooperatives by the Ministry	
3.	**Community Planted Forest**	X	Collection of Timber Forest Products and HHBK		HTR Agreement; Given to forest farmer groups, combined forest farmer groups, forest farmer cooperatives, social forestry business groups, forestry professionals, and individuals with forestry education. Given by the Minister	
4.	**Indigenous Forest**	According to the basic function	According to the basic function; Utilisation/ collection of timber forest products is only for personal needs.	According to the basic function	Establishment of Indigenous Forest Status/Approval of Indigenous Forest; Given to the Customary Law Community by the Minister	
5.	**Forestry Partnership**			Conservation Partnership	Forestry Partnership/ Conservation Partnership Approval; Granted to forest farmer groups or associations of forest farmer groups by the Minister	Adjusted to the validity period of the Forest Utilization Business License

Disclaimer. This report has been produced by the European Forest Institute. Its content does not reflect the official opinion of funding organisations. Responsibility for the information therein lies entirely with the authors.
© European Forest Institute, 2026

Global Gateway
Funded by the European Union
Team Europe Initiative on Deforestation-free Value Chains
France AFD
European Forest Institute