

INDOTEXTILES

The Indonesian Textiles, Apparel & Fashion Community Reference

DAIKIN | Positively Innovative

Repellency from Resiliency

UNIDYNE

Daikin's unique technology, built through 50 years of research and development, is condensed in UNIDYNE XF series. UNIDYNE XF series is non-fluorinated water repellent finish, and it is made from greater than 90% bio-based materials.



DAIKIN CHEMICAL SOUTHWEST ASIA CO., LTD.

No. 430, Block C, Level 4, Block 97, Free Zone 3091, 1111, Suburba (Korea)
Bangkok 100-010, 11, Bangjae-Dong, BANGJAE 2090, Thailand
Tel: +66-2-099-2000

Search here for more information

UNIDYNE 



Logistic Cost Need Gov't Attention

In the market conditions that have not yet recovered, both domestic and export, the performance of the national textile industry this time is hampered by the high freight cost which has increased almost 4 times plus the difficulty of getting containers, especially for traditional markets which are the main export destinations.

Here, again, government intervention is needed so that the performance of textile exports can be maintained accompanied by mastery of the domestic market. Both are an inseparable part in efforts to restore the national textile industry.

This month we launched INDOTEXTILES TV which can be accessed through our Channel on Youtube, Instagram and Tiktok. Hopefully this will make it easier for readers to access the information we present more easily and quickly. Thank you for your support so far.

Best Regards,
Editorial Team

Free subscribe: +62 813 8694 2607

66th EDITION CONTENT

Special Issue

- Illegal Textile Import Triggers Layoffs

Latest News

- ISEI Jakarta Supports Export-Oriented Textile Industry
- Firm Action on Illegal Textile Importers
- Used Clothes and Imported Fabrics Make Textile Factories in Sragen Face a Difficult Situation
- Critical! Indonesian Textile Industry Unhappy, Now Attacked by Chinese Goods
- Global Garment and Textile Demand Declines, Trisula Textile (BELL) Optimistic Sales Grow 22 Percent This Year
- Many Factories Go out of business, the Textile Sector Needs Regulatory Innovation
- Tanah Abang Market More Crowded Ahead of Eid
- Entrepreneur: There is no Connection Between Mass Layoffs and The Moment Before Eid
- Competitiveness of Indonesian Textiles and the Polemic of Used Clothes Imports
- TPT Industry Investment Value Grows Positively
- Chinese Imported Clothes Attack RI Market
- APSyFI Asks the Government to Consistently Eradicate Illegal Textile Imports
- Moment of Eid 2023, Textile Entrepreneurs Even Bite Their Fingers
- Ahead of Eid, Textile Factories in Tangerang Go Bankrupt and Lay Off 1,163 Employees

SPECIAL ISSUE

Illegal Textile Import Triggers Layoffs



The rampant practice of illegal imports of textiles and textile products (TPT) suppresses industrial utilization in the country. This condition is even said to have triggered mass layoffs (PHK) in the textile industry. West Java Indonesian Young Entrepreneurs Association (Hipmi) Honorary Council Cecep Daryus said, the national textile industry is still in a critical period since the end of 2022. In early April, the textile company PT Tuntex Garment went bankrupt and laid off around 1,163 employees. "At the end of last year there were also many who were sent home. If conditions like this continue, there will be more," said Cecep, Monday (17/4/2023).

Cecep hopes that the central and regional governments will not let go of this incident. He did not deny that the current conditions were inseparable from the export market situation.

However, according to him, Indonesia's domestic market is also very large and must be maintained. According to him, the textile industry has a role as a socio-economic safety net for Indonesia.

"If the government lets go of the issue of these imports, our economy will gradually collapse," said Cecep.

The Association of Indonesian Fiber and Filament Yarn Producers (Apsyfi) has again asked the government to seriously eradicate illegal textile imports that are increasingly rife. Moreover, the import is now done openly.

Apsyfi Chairperson Redma Gita Wirawasta stated that the flood of imported textile goods has increasingly depressed the performance of the TPT industry so that the average utilization from upstream to downstream is only around 50 percent. Based on Apsyfi's calculations, he said, annually there are around 300 thousand to 400 thousand tonnes of illegal TPT imports valued at IDR 35 trillion.

Illegal imports are in the form of clothes, fabrics, and threads. "About 1,400 containers per month enter through the main ports in Java and some via Sumatra," he said.

Redma added, around 210 thousand tons came from China. The rest are from Korea, Taiwan, India, Vietnam, Bangladesh and Thailand. "We can clearly see the data from the Trade Map that China's TPT exports to Indonesia are greater than our import records from China," he said.

He explained, the difference in data was caused by the practice of wholesale imports, under invoices, escape from the harmonized system (HS), and seepage of bonded warehouses. He also highlighted TPT import approvals related to Permendag Number 25 of 2022 which he considered there were still many leaks.

Redma said, the association received reports that there were still many companies that committed violations and were granted

excessive import permits both by the Ministry of Industry (Kemenperin) for API-P (import identification numbers for companies) and by the Ministry of Trade (Kemendag) for API-U (import identification numbers). general)

"The import permits granted were not transparent. The violators have never been prosecuted, instead the import permits have continued to increase," he said.

The government previously stated that it would impose restrictions on imported goods. Currently, the Ministry of Trade and the Ministry of Industry are working on non-tariff restrictions for imported textiles and textile products (TPT).

The Indonesian Textile Association (API) supports the government's move. API assesses that one of the restrictions needed to protect the domestic market is safeguards. This is a security measure taken by the government to recover serious losses or prevent the threat of serious losses to the domestic industry. This was as a result of a surge in imported goods of similar or directly competing goods.

API Executive Director Danang said that safeguard measures only need to be applied to certain harmonized system (HS) codes. No need to all HS codes.

"That's why we expect the government to issue safeguards for certain HS codes. The reason is because the textile industry or raw materials come to us at strange prices, which I call predatory pricing," said Danang, recently.

He added that it is impossible for a country or industry to produce certain HS code goods at very low prices. So, he said, there is a possibility of dumping practices so that

protection must be carried out in the form of a safeguard or anti-dumping.

"However, for the industry of certain materials with no indication of dumping, we are not proposing safeguards. Let it be natural competition, there is no problem," he said.



LATEST NEWS

Firm Action on Illegal Textile Importers



The Association of Indonesian Fiber and Filament Yarn Producers (APSyFI) said that around 60 companies owned by around eight businessmen carried out various modes of importing illegal textiles. "They play a lot, play in API-P (Importer Identification Number-P for producers) yes, API-U (Importer Identification Number-U for general traders) yes, they play in wholesale, yes it depends if wholesale is cheaper, they will do more in wholesale. If it's wholesale,

they play on the API that he has," said APSyFI Chairperson, Redma Wirawasta, during a press conference in Jakarta, Friday last week.

Redma said that the illegal import mode or what is known as the unprocedural import mode consists of several ways. First, under invoice, namely lowering and reducing the volume and value of goods in the Goods Import Declaration (PIB). Second, flight from the list of goods classification or what is called the Harmonized System (HS) in the PIB to HS with lower import duties.

Then, there is transshipment or the production of fake import certificates from countries that have trade agreements or countries that are not affected by trade remedies.

Then, bulk imports are carried out without calculating import duties and taxes which should use the services of an undername importer.

"This practice negates import regulations for Import and Trade Remedies. Mid-2017 to 2019, this wholesale practice was disbanded by the PIBT Task Force led by the Minister of Finance, but has returned to anger since 2019 until now," he said.

This wholesale import mode, called Redma, is easily found in e-commerce. He explained that these rogue importers openly listed various types of import mode, starting from undername import-export, official import, wholesale, door to door and even helping customers whose goods were stuck at customs because the import legality was incomplete and the goods could not be processed.

As for the textile company that abused the API-P import permit, based on the APSyFI investigation in 2020, it was PT Internal Textile. The company received an import

quota of 32 million. However, after being surveyed, there are only warehouses and no production capacity.

Then, there is PT Windu Eka which has an import quota permit for 49.5 million meters. However, the installed capacity is only 500 thousand meters per year with less than 100 workers. In fact, to meet the demand for 49.5 million meters, 9,500 employees are needed.

Hit UKM

On the same occasion, the Minister of Cooperatives and SMEs, Teten Masduki, believes that efforts to enforce the law prohibiting the import of illegal used clothing are correct after discussions with the Indonesian Textile Association (API) and the Indonesian Association of Fiber and Filament Yarn Producers (APSyFI).

Minister Teten said that based on data processed by API, as many as 350,000 pieces of used clothes invade the local market every day. Then, APSyFI recorded imports of textiles and textile products including used clothing reaching 320 thousand tons in 2022, far exceeding legal imports which were recorded at 250 thousand tons.

"It was mentioned earlier that this really hit the SME apparel industry," he said.

In addition, he continued, the association emphasized that local apparel products could compete with imported products, in terms of quality and price.

Teten also asked the public not to confuse the notion of trihfting, which is hunting for branded clothes with imported second-hand clothes.



"Monitor the health of your employees before work"

Used Clothes and Imported Fabrics Make Textile Factories in Sragen Face a Difficult Situation

PT Delta Merlin Clothing Textile II Sragen is facing a difficult situation. The condition of the company is not doing well. The management of the company located in Purwosuman, Sidoharjo, Sragen said their condition was worse than during the last Covid-19 pandemic. One of the causes of this condition is the large influx of imported fabrics and thrift from abroad. "The company is having a hard time because there are a lot of cheap imported fabrics and imported used clothes," said the head of Delta Merlin personnel, Cipta Saputra, in an audience at the Sragen DPRD, Monday (3/4/2023).

As a result of these conditions, Delta Merlin's management was unable to fully employ its employees. Employees only work 10-15 days a month. Cipta admitted that management was forced to do this because of the company's condition. On the other hand, they also don't want to lay off employees.

"So we still use conscientious considerations so we choose to lay off employees rather than cut off employment," said Cipta.

However, this condition may not last long. Delta Merlin plans not to extend the working period of contract employees. There are 580 employees working at Delta Merlin with 150 of them having permanent employee status.

Cipta explained that of the three business units, only one unit is running. One business unit that is still running has 84 machines. Of the number of machines, only 50% are operational. Under these conditions, if the company is forced to follow the rules for paying employees' salaries, Cipta said it would be very difficult.

As is well known, Delta Merlin workers demand that their wages be paid 75% even though they only work 10-15 days a month. They conveyed this demand to the Sragen DPRD on Monday.

The rule they use as a basis is the Minister of Manpower Regulation (Permenaker) No. 5/2023 concerning Adjustment of Working Time and Wages in Certain Export-Oriented Labor-Intensive Industrial Companies Affected by Changes in the Global Economy.

Based on Article 8 of the Minister of Manpower, the company can make adjustments to the amount of labor wages provided that the wages paid are at least 75% of the regular wages received. The wage adjustment is based on an agreement between the employer and the worker.

The arrival of the workers was received by Commission IV of the Sragen DPRD which presented the Sragen Manpower Office (Disnaker); Office of Cooperatives, Small and Medium Enterprises, Industry and Trade (Diskumindag) Sragen. In addition, there were also representatives from the Central Java Province Manpower Office and the management of PT DMST II Sragen. The labor issue was mediated by the Head of Commission IV DPRD Sragen, Sugiyanto, along with three of its members.

Delta Merlin workers advocated by the Indonesian Prosperous Labor Union (SBSI) 1992 Sragen. Chairman of the DPC SBSI 1992 Sragen, Joko Supriyanto, conveyed that

workers who are on vacation still have the right to receive wages. He asked every company decision to be discussed with the workers.

The chairman of the Central Java SBSI 1992 DPD, Murjoko, who was also present at the hearing, said that workers need certainty about the company's ability to pay wages. He emphasized that the wage regulations are in accordance with Permenaker No. 5/2023. "Labor can be negotiated if the company cannot afford it with a minimum 75%. The important thing is there is certainty. So far, businessmen's unilateral decisions have taken the form of announcements," he said.



The screenshot shows the INDOTEXTILES website header with the logo and tagline "The Indonesia Textiles & Apparel Community Reference". Below the header is a navigation menu with links for HOME, ARTICLE, LATEST NEWS, MARKET PLACE, DOWNLOAD, and LIBRARY. A search bar is visible. The main content area features an article titled "The Fashion Industry is Expected to Be the Host in Their Own Country" with a sub-headline "Textile Industry Optimistic Could Recover This Year". The article is written by Admin1 and published on 24 February 2023. The text of the article discusses the Ministry of Tourism and Creative Economy's hopes for the fashion sub-sector to become the host in their own country. To the right of the article is an "EXPERT PERSPECTIVE" section titled "We Ask for Equal Treatment" featuring a portrait of a man and the text "SG: APSYH".



Critical! Indonesian Textile Industry Unhappy, Now Attacked by Chinese Goods

The phenomenon of the rise of illegally imported used clothing has in fact made the Indonesian textile industry gasp. Now the burden is increasing with the attack on goods from China. In fact, 70% of the market for the textile and textile product (TPT) industry is the local market. This makes the

performance of the Indonesian textile industry decline. The impact has been felt from the many closed factories to massive layoffs of workers. Deputy Head of Labor and HR Development at BPP Indonesian Textile Association (API) Nurdin Setiawan said, actually there is good hope from the local market in 2023, especially coupled with the Eid holiday so as to increase production. But disturbed by the onslaught of imported clothing products, both legal and illegal, especially used or thrifting clothes which are now being sold vulgarly everywhere.

"So it's like everyone is turning a blind eye, even though it's clear that the Permendag (Ministry of Trade Regulation) is prohibited, used goods that enter Indonesia. Now this is disturbing the condition of the local market," said Nurdin, Thursday (6/4 /2023).

According to him, the impact of the import of these clothes did not only affect the downstream sector, but also affected the upstream sector.

"Because he supplies local products or materials from the local as well, from the upstream sector. Now, when the downstream sector does not exist or is reduced, the supply from the upstream sector, in this case fabric or material, will also decrease. ," he explained.

"When the demand for material decreases, the order or demand for fiber also decreases. So, this is interdependence," he added.

Nurdin said, the effect of illegally imported products was not only seen from the downstream side, the local TPT industry was not able to compete in quality, but because they were unable to compete in price, because the prices offered by them were much cheaper.

"They are much cheaper, because they don't pay taxes. After all, we won't be able to compete, but in terms of quality, TPT can also be proud of in terms of quality," he said.

The rise of imported used clothes and the invasion of Chinese goods are clearly disrupting local products. It is not impossible that the Indonesian textile industry will die. Hope was voiced for the government to help them.

"Indeed, supervision and enforcement must be immediately carried out by related parties and agencies, synergies must be carried out to fight it. Not only curative but more preventive, if you really want to increase the trust in the index again," he explained.

Global Garment and Textile Demand Declines, Trisula Textile (BELL) Optimistic Sales Grow 22 Percent This Year



PT Trisula Textile Industries Tbk (BELL) is optimistic that the company's sales can grow 22% this year even though demand for garments and textiles on a global scale has decreased. Main Director of BELL Karsongno Wongso Djaja said, to achieve the growth target this year, the company has four strategies. The first strategy relates to operational aspects, namely increasing productivity and production quality through machine rejuvenation, smart monitoring, and employee multitasking. The second strategy, the company is looking for alternatives to substitute raw materials and auxiliary materials that are more competitive with equal quality.

Third, BELL added a point of sale (POS) in the retail segment by establishing new partnerships with several department stores.

Furthermore, the fourth strategy relates to product development, in which the company continues to develop new products, both in the textile and retail segments.

Why can we survive in this unfavorable condition? One of them is the role of the product development strategy, in which we try to meet demand both for the local market and partly for the export market, although it is still small, said Karsongno at the Public Expose which was held virtually, Monday, April 10, 2023.

Karsongno said that this year his party will continue to prioritize product development improvement.

BELL strives to fulfill production according to customer demand, both for daily needs and for uniforms for agencies such as State-Owned Enterprises (BUMN), Indonesian National Armed Forces (TNI), and Indonesian National Police (Polri).

In 2023, we also target to increase sales from the production of fire-resistant fabrics. We are also developing recycled fabrics. We also offer these items for the Republic of Indonesia army. This is related to the commander-in-chief's visit to Trisula Textile, added Karsongno.

BELL targets to add POS for retail brands JOBB and Jack Nicklaus in department stores and own stores, and the company will specialize in boosting sales through offering products in strategic places.

To encourage the implementation of the company's strategy, BELL has prepared capital expenditure (capex) funds for this year of IDR 9 billion, the funds coming from the company's internal cash and bank loans.

On the same occasion, Karsongno said that his party acknowledged that currently the demand for garments and textiles on an international scale was experiencing a decline. Therefore, the company is also focusing on the domestic market because the market is still quite positive.

Moreover, supported by government policies that strongly support the domestic economy, and to anticipate all of this, we also have the Domestic Component Level (TKDN) certification so that we can meet the needs of the uniforms of agencies or BUMN in our country, said Karsongno .

To note, in 2022, BELL recorded an 8% increase in sales from IDR 428 billion in 2021 to IDR 462 billion in 2022.

Then, the company's gross profit increased 17% from IDR 120 billion to IDR 140 billion, operating profit grew 32% from IDR 22 billion to IDR 29 billion, while net profit grew 9% from IDR 2 billion to IDR 3 billion.

BELL assets increased 0.38% from IDR 524 billion in 2021 to IDR 526 billion in 2022 while liabilities decreased 0.37% from IDR 265 billion to IDR 264 billion. With these developments, BELL's equity increased by 0.38% from IDR 260 billion to IDR 261 billion.

BELL's debt-to-equity ratio increased from 0.88 to 0.94. On the other hand, the return on assets (ROA) and return on equity (ROE) were recorded at 0.85% and 1.71%, respectively.

Along with the easing of the Community Activity Restrictions (PPKM), BELL's sales in the local segment increased by 9% while exports decreased by 11% compared to the previous year.

With these developments, 96% of BELL sales in 2022 will come from the local segment while 4% will come from the export segment.

Many Factories Go out of business, the Textile Sector Needs Regulatory Innovation

Textiles and textile-derived products (TPT) are one of the industries that have the greatest impact on global economic conditions. The threat of factory closures and layoffs (PHK) still haunts. The latest is the non-operation of PT Tuntex Garment Indonesia in Cikupa, Tangerang Regency, which resulted in 1,163 of its employees being laid off. Executive Director of the Indonesian Textile Association (API) Danang Girindawardana stated that the textile sector does need massive changes, both from an industrial and regulatory perspective.

From the industrial side, the use of raw materials and energy which is more efficient will be able to produce output of products

whose prices are more competitive. Both in the domestic market and the export market.

"Innovation must also be carried out in terms of better regulations. These regulations were created by the government," said Danang.

According to him, the textile industry made a significant contribution, namely around 6.33 percent for the non-oil and gas sector as a whole.

"But, in fact textiles are experiencing so many difficulties," he explained.

Danang added, the association's internal discussions about current conditions are continuing.

"The current condition is indeed very difficult. We periodically continue to report it to the relevant ministries so that we can get certain concessions to survive," he said.



Tanah Abang Market More Crowded Ahead of Eid

The Tanah Abang Market is increasingly crowded with visitors ahead of Eid Al-Fitr 1444 H. Even though it is not on a weekend, the market conditions are very crowded. Most of the buyers are mothers who come with their children. The majority buy gamis, children's clothes to the "Lesti Kejora" mukena which is trending and in great

demand. Traders answer and answer The first thing you encounter when you come to Tanah Abang Market are sellers selling their wares. From Jalan Jati Baru RT 001/RW 04 Tanah Abang or right on the road beside Tanah Abang Station all the way to Block A and B Buildings, visitors can definitely hear the screams of the traders.

"Fucking" and Sleeping on the Floor They shouted to each other offering their wares to visitors who passed the shop.

"May Mother, may Mother, just choose," said a robe trader.

"The robe, Sis, the mukena is chosen, just stop by first," said a mukena trader. Conditions inside the Block A building The buying and selling activity at the largest textile wholesale center in Southeast Asia never stops. Crowded and crowded is not a problem for visitors even though they are fasting.

Arriving at the Block A building, it was seen that only a few visitors were still wearing masks because the air inside was quite stuffy.

"It's a bit stuffy, it's hot, so I feel more tired too," said Sinta (30), a visitor who came with her child.

Buy children's clothes When being interviewed, Sinta was sitting on the manual steps next to the escalator. There was a plastic bag containing the clothes I bought. Sinta sat down to rest for a while after walking around Block A tired looking for her children's clothes.

"Just buy these children's clothes, I'm taking a rest first, I'm tired after walking around, I'm fasting too right," said Sinta. Mukena "Lesti Kejora" Muslim fashion shop, one of the mukena shops most frequently visited by

buyers ahead of Eid. Mukena "Lesti Kejora" became the target.

A Hena trader (29) said that the mukena with the name of Rizky Billar's wife has been a trend for two months.

The mukena model "Lesti Kejora" went viral because the dangdut artist once wore a headscarf with a similar model.

"The mukena model is tied at the back, the 3-in-1 has the straps at the back, some are also tucked in and placed on the shoulders," said Hena.

"The only difference is that the "Lesti Kejora" mukena compared to other mukenas is the top model. The rest is the same, the material is crinkle, a well-known material," he continued. Prices vary. At the Hena shop, the price offered for one "Lesti Kejora" mukena costs IDR 150,000.

If you buy one kodi, the unit price will be cheaper.

"The cotton material is Rp. 85,000, the model is the same as crinkle, only the price is different (the price for crinkle is Rp. 120,000). The crinkle also has a different price because there are lots of crinkle materials," said Aji.

Entrepreneur: There is no Connection Between Mass Layoffs and The Moment Before Eid

BPJS Ketenagakerjaan noted that in February 2023 claims for the Job Loss Guarantee (JKP) program amounted to IDR 35.6 billion. This figure is much increased compared to the same period last year. Most workers who claim the JKP program are workers in the consumer goods industry. The industries in question include the cigarette industry, clothing and textile industries. Deputy

Chairperson of the Indonesian Chamber of Commerce and Industry, Adi Mahfudz Wuhadji, said that there was no connection between the mass layoffs (PHK) and the moment leading up to Eid. According to him, employers do not necessarily lay off their employees.

"So actually it can't be done, let alone layoffs being linked with the approaching Eid, that's not true. I don't think so," said Adi, Thursday (13/4).

Adi explained that there were many parameters that had to be met before the company made layoffs. For example, the company must be in a state of loss for two consecutive years, bankruptcy occurs, and must be reported to the manpower office.

This must also be done through bipartite social dialogue which aims to find win-win solutions based on an agreement between employers and workers.

Adi further said that the existence of Minister of Manpower Regulation (Permenaker) Number 5 of 2023 concerning Adjustment of Working Time and Wages in Certain Export-Oriented Labor-Intensive Industrial Companies Affected by Changes in the Global Economy, can also prevent layoffs.

In addition, ahead of Eid there are potentially 123 million travelers returning to their hometowns. This is directly proportional to the increase in consumption and people's purchasing power for a product.

Such as food-beverage and textile products, clothing and footwear. Thus, it will improve the wheels of the economy, which are mostly supported by MSMEs.

"Imagine more or less what the government projects is 123 million returning home, meaning that he will bring his wages earlier,

his income earlier, to buy something, whether in the form of souvenirs, daily needs, people's consumption or purchasing power will definitely increase," explained Adi .

Contacted separately, the President of the Confederation of Indonesian Trade Unions (KSBSI), Elly Rosita Silaban, admitted that he had heard rumors about imminent layoffs. Even so, this is just an issue and there have been no reports from members regarding layoffs.

Elly asked employers not to use the narrative of the potential for a global economic crisis or a decline in orders from abroad as an excuse for layoffs. Moreover, on the one hand, economic recovery and national economic growth are moving towards improvement.

"So there is no reason for that (layoffs)," said Elly.

Elly further asked the Ministry of Manpower and labor inspectors to be present to monitor companies implementing labor regulations in accordance with statutory regulations. So that no company arbitrarily lays off its employees.

Elly also assessed that the Minister of Manpower Regulation (Permenaker) Number 5 of 2023 was not necessarily able to prevent layoffs. This is because this regulation only legitimizes that export-oriented labor-intensive industries can cut wages by up to 25% on the grounds that they are affected by changes in the global economy.

"That is not a guarantee that there will be no layoffs," said Elly.

Repellency from Resiliency

UNIDYNE

Daikin's unique technology, built through 50 years of research and development, is condensed in UNIDYNE XF series.

UNIDYNE XF series is non-fluorinated water repellent finish, and it is made from greater than 99% bio-based materials.



DAIKIN CHEMICAL SOUTHEAST ASIA CO., LTD.

No. 430, Binj. East at Bina 101 Floor Unit 3005, 1411, Subramah Road,
Singapore 430043, Bangkok Office: Bangkok 10100, Thailand
Tel: +66-2-289-2022

Search here for more information

UNIDYNE



Competitiveness of Indonesian Textiles and the Polemic of Used Clothes Imports

Not long ago, the government seemed to be getting more aggressive and firm in banning the sale of imported used clothing or thrift products. The Minister of Trade even staged demonstrations of burning imported used clothes in several locations. This ban has actually existed since two years ago through Regulation of the Minister of Trade Number 18 of 2021. However, the reality is that it is not that easy to implement regulations on the ground because it turns out that the used clothing market is still large, alias the demand is still high. This policy reaps the pros and cons. Government policies are considered not to touch the real problem. The national textile industry is not too affected by imports of used clothing, but instead is affected by the large portion of national textile imports, which are dominated by imports of textiles and textile materials from China and other countries.

The data does show that. Based on data from the Central Statistics Agency (BPS), in the last 5 years, Indonesia has been flooded with an average of 2.25 million tons of textile

products each year. The volume of Indonesian textile imports was also recorded to have increased by 21.11 percent to 2.2 million tons in 2021 compared to the previous year. The five countries of origin of the largest imports were China: 990.20 thousand tonnes, Brazil: 174.80 thousand tonnes, the United States: 137.90 thousand tonnes, South Korea: 122.10 thousand tonnes, and Australia: 115.90 thousand tonnes.

So, it is very understandable that many parties reject the policy of banning the import of used clothing in Indonesia, because it does not touch on the real root of the problems surrounding textiles and the textile industry. The main problem for our textile industry is the weakening of competitiveness compared to the textile industry in neighboring countries. In economic language, our textile industry is threatened by a wave of de-industrialization. Coupled with the pressure of the global recession that occurred since the middle of last year.

Therefore, this very strategic industry deserves serious support from the government of President Joko Widodo (Jokowi) and local governments, both provincial and city and regency. Several things need to be done by the government so that the TPT industry can return to its glory.

First, the government needs to encourage the entry of the best technology in the TPT sector, in order to improve quality, productivity, efficiency, as well as to meet the growing needs of consumers.

This means that the government is obliged to help the industry to replace obsolete TPT machines with more modern and efficient ones, for example by providing credit programs with subsidized interest, for example. Seeing the current development of the industry, machine modernization

deserves priority, partly because many of these industries are still in the category of old small-medium enterprises (SMEs).

TPT Industry Investment Value Grows Positively

The textile and textile product (TPT) industry, which is a sector that plays an important role in supporting the national economy, its investment value in 2022 will still grow positively with an investment value in the text industry of IDR 8.22 trillion. This figure has increased by 130 percent when compared to 2021. This was stated by the Director of the Textile, Leather and Footwear Industry, Adie Rochmanto Pandiangan, to reporters in Jakarta yesterday. Meanwhile, it was also explained that investment in the garment industry (apparel) was also still growing positively with an investment value of IDR 6.84 trillion, an increase of 131 percent compared to 2021.



Only the leather and footwear industry will increase its investment in 2022 by 22 percent or IDR 9.53 compared to 2021.

It was explained that the TPT industry grew positively in 2022 by 9.34% YoY even though it had experienced a slowdown based on QtoQ from 3.33% in Q1 2022 to 1.64% in Q2 2022. It was also stated that the contribution of TPT to GDP was m,engal and Oktopberami

decreased from 1.06% in 2021 to 1.03% in 2022.

However, cumulative exports in 2022, according to Adie, have increased by 6.56% when compared to 2021. However, when viewed on a monthly basis throughout 2022, there has been a decrease in exports in July, August, September and October which amounted to 2.00 %, 0.34 %, 20.14 % and 10.03 %.

When asked about imports, it was said that a cumulative increase of 8.6% in 2022 compared to 2021. However, Adie added that when viewed on a monthly basis throughout 2022 it showed a decrease from July 1.20% to 3.54% in December.

Production Base

Meanwhile, Deputy for Coordination of Commerce and Industry Ali Murtopo Simbolon, representing the Coordinating Minister for the Economy Airlangga Hartarto, at the Adidas Global Partner Summit last Tuesday said that despite facing tough challenges and the threat of recession, Indonesia's economy was able to grow positively by 5.31% (yoy) in 2022.

"One of the sectors that has become a catalyst in driving the performance of the national economy is the textile and textile product (TPT) and footwear industry," said Ali.

Indonesia itself has the potential to become a major market, production base and export center for the world's TPT and footwear industries with many advantages. Indonesia is a country with the 16th largest economy in the world, has a very small chance of a recession of 3% in 2023, has a very large domestic market with a population of 273 million, a significantly increased demographic bonus, and economic


conditions. relatively stable political and economic

High competitiveness is the key to achieving optimal export performance. Nevertheless, the import of raw materials becomes an inseparable part. The challenge of supply chain integration is very important to be resolved immediately.



DAIKIN | Positively Innovative

Repellency from Resiliency
UNIDYNE

Daikin's unique technology, built through 50 years of research and development, is condensed in UNIDYNE XF series. UNIDYNE XF series is non-fluorinated water repellent finish, and it is made from greater than 93% bio-based materials.



DAIKIN CHEMICAL SOUTHWEST ASIA CO., LTD.
 11th, 43RD, 8th and 9th Floor at River 547 Floor Unit 3609, 1111, Sukhumvit Road
 Bangkok, Sukhumvit 11, Bangkok Thailand, Bangkok 10110, Thailand
 Tel: +66-2-269-2022

Search here for more information
 

Chinese Imported Clothes Attack RI Market

The Executive Director of the Indonesian Textile Association (API), Danang Girindrawardana said that the 2 main problems of the Indonesian textile industry are related to imports of used clothes and imported Chinese clothes. Danang said that the entry of Chinese imported clothes was inseparable from the effects of the ASEAN-China Free Trade Area (AC-FTA) trade agreement. Although this was allowed, the flood of imports was enough to put pressure on the textile industry.

Chairman of the Indonesian Market Traders Association (IKAPPI), Abdullah Mansuri also said that the wave of imported Chinese clothes offering lower prices was the cause of the eroding of the local industry, including ahead of Eid.

What is the impact of the flood of imported Chinese clothes on the local market? For details, see Dina Gurning's dialogue with the Executive Director of the Indonesian Textile Association (API), Danang Girindrawardana and General Chair of the Indonesian Market Traders Association (IKAPPI), Abdullah Mansuri (Friday, 04/14/2023)

APSyFI Asks the Government to Consistently Eradicate Illegal Textile Imports



The Association of Indonesian Fiber and Filament Yarn Producers (APSyFI) again asked the government to be serious about fighting illegal textile imports which are increasingly rampant and to be carried out openly. Chairman of APSyFI, Redma Gita Wirawasta stated, the flood of imported textile goods has increasingly depressed the performance of the textile and textile products (TPT) industry so that the average utilization from upstream to downstream is now only around 50%. Based on APSyFI's calculations, approximately 300,000-400,000 tonnes of illegal TPT imports valued at IDR 35 trillion per year, whether in the form of clothes, fabrics or yarn, enter the country illegally.

"About 1,400 containers per month enter through the main ports in Java and some via Sumatra," he said, Monday (17/4).

He added that around 210,000 tonnes of illegal TPT imports came from China, the rest from Korea, Taiwan, India, Vietnam, Bangladesh and Thailand. "It can be clearly seen from the data from the Trade Map that China's TPT export records to Indonesia are greater than our import records from China," Redma explained.

Redma explained that the discrepancy in the data was due to wholesale import practices, under invoices, HS escapes, and seepage of bonded warehouses. This practice is freely and openly carried out by under-name service companies that cooperate with customs officials in the field, so that they can easily enter through the green channel, without even needing import approval.

Furthermore, APSyFI highlighted the TPT Import Approval related to the Minister of Trade Regulation Number 25 of 2022 which is considered to still have many leaks.

Redma said that his party received reports that there were still many companies that committed violations and were given excessive import permits both by the Ministry of Industry for Import Identification Numbers for Companies (API-P) and by the Ministry of Trade (Ministry of Trade) for Import Identification Numbers for the General (API-U).

"The import permits granted were not transparent. Violators are never prosecuted. In fact, the import permits continue to increase," said Redma.

On the other hand, the flood of illegal imports has reduced the utilization of the TPT industry to a point low enough to take its toll. Finally, at the beginning of April, PT Tuntex Garment went bankrupt and terminated its employment relationship (PHK) for around 1,163 of its employees.

West Java HIPMI Honorary Council Cecep Daryus said, the national textile industry is still in a critical period since the end of 2022, including in West Java. "At the end of last year, many people were laid off. If conditions like this continue, it will increase again," he said.

Cecep asked the government, both regional and central government, not to let go of this incident. According to him, the condition of the export market is one of the reasons for the rampant layoffs in the TPT industry. However, Indonesia's domestic market is basically very large and must be maintained properly.

He reminded the role of the textile industry as a socio-economic safety net for Indonesia. "If the government leaves its hands on the issue of these imports, the Indonesian economy will gradually collapse," he said.

Moment of Eid 2023, Textile Entrepreneurs Even Bite Their Fingers



Ahead of Eid al-Fitr, small and medium industry (IKM) textile sector operators admit that there has been no spike in orders like in previous years. The business actors who usually work on the orders of Tanah Abang market traders and several other markets are at a loss. Even some entrepreneurs were

forced to temporarily suspend their business activities ahead of this Eid because there were no orders to carry out. Chairman of the Bandung Convection Entrepreneurs Association (IPKB) Nandi Herdianan estimates that the lack of orders is due to the issue of the world economic shock this year.

In fact, according to him, IPKB members in previous years often became producers of various products sold in quite large domestic markets, including Tanah Abang Market as well as Pasar Baru in Jakarta.

"Maybe it's because of the recession issue, the investors [traders] don't want to produce a lot because they're afraid it won't sell well in the market, so the impact is that we don't have orders," said Nandi

According to him, in previous years, IPKB which oversees 500 IKM in Bandung will be flooded with orders for this Ramadan moment from the previous six months. But now, many of its members are biting their fingers.

"IKM only produces production, so the quieter size can be seen from the usual six months or three months before Ramadan, our members have full orders, they can no longer accept orders. Now, even before Ramadan, we are still accepting orders," he added.

With this assumption, Nandi ensures that there is no year to year (yoy) increase in orders, because last year his party was still able to fully enjoy the IKM production capacity under IPKB from three months before Ramadan came.

"There has not been a spike as usual, in fact some of the IKMs have still not had work until now, the machines are still empty, it's still better for last year's Eid, last year's Eid

convection is full of orders from the previous three months [Ramadan]," explained Nandi.

Instead of enlivening the flood of orders ahead of Idul Fitri, Nandi said that his party was helped by the start of orders from political parties.

"It's not an Eid order, it's actually a blessing for the party's orders," said Nandi.

According to him, orders from political parties ahead of the upcoming 2024 political year are enough to make some IKM members not need to lay off workers. Although the order has not been evenly distributed to all IPKB members. Thus, there are some members who are still waiting for orders to be executed in order to maintain their business activities.

Ahead of Eid, Textile Factories in Tangerang Go Bankrupt and Lay Off 1,163 Employees



PT Tuntex Garment Indonesia, a textile factory that produces the Puma brand, was forced to lay off 1,163 workers because they were unable to pay wages. This adds to the

long record of termination of employment (PHK) in the textile and textile product (TPT) industry. General Chairperson of the Association of Indonesian Filament and Yarn Manufacturers (APSyFI) Redma Gita Wirawasta said that as many as 1,163 workers were laid off in early April. "In early April, PT Tuntex Garment went bankrupt and laid off around 1,163 of its employees," Redma on Wednesday (18/4/2023).

Redma further explained that the reason for the closure of this export-oriented factory was due to the large number of canceled orders.

According to him, PT Tuntex Garment Indonesia is export-oriented, but the factory stopped operating because the order was cancelled.

"Closed because many orders were cancelled," he added.

PT Tuntex is known to be a clothing manufacturer with the trade name Puma which is marketed overseas. However, since last year Tuntex has begun to lose its market share, since the outbreak of the Russian-Ukrainian war tore apart global economic conditions.

Now, it is reported that Tuntex has completely stopped operating. This condition does not only hit Tuntex, because since last year, the textile and TPT product industries have laid off tens of thousands of workers.

West Java Indonesian Young Entrepreneurs Association (Hipmi) Honorary Council Cecep Daryus said, the national textile industry is still in a critical period since the end of 2022, including in West Java.

"At the end of last year, there were many people who were sent home, if conditions

like this continue, there will be more," he said.

The number of workers who have experienced termination of employment or layoffs in the textile industry sector, especially garments, continues to increase.

An additional 15,316 people were recorded as layoffs during the period October - November 2022. Quoting data from the Indonesian Employers' Association (Apindo), the total garment factory workers who lost their jobs as of early November 2022 reached 79,316 people from 111 companies.

"In fact, as many as 16 companies have closed their production operations. The total reduction in employees is 79,316 people," said Apindo Chairman Hariyadi Sukamdani in Jakarta, Wednesday (11/16/2022).

INDOTEXTILES
The Indonesia Textiles & Apparel Community Reference

HOME | ARTICLE | LATEST NEWS | MARKET PLACE | DOWNLOAD | LIBRARY

Search ...

Taiwan Textiles Road Show - INDONESIA
Learn about TPT (textile products and garments from Taiwan)
Date: 12-13-14 Dec 2021
Time: 09.00-17.00
Place: Raffles Hotel, Jalan Sekeloa Selatan 1, 10130 Jakarta
Address: ...
Install Now

The rise of cheap imported products threatens the existence of the local textile industry
Details
Written by Admin1
Published: 11 June 2021
The existence of the local textile and textile products (TPT) industry is increasingly threatened by the proliferation of cheap imported goods flooding the domestic market. This is evidenced by the drop in the average utilization of the textile industry to around 55% from the previous 70% at the end of 2020.
Read more ...
Nigeria is interested in footwear and herbs from Indonesia

EXPERT PERSPECTIVE
Awakening the Economy of Eid
INDEF
Enny Sri Hartati
Senior Researcher
Institute for Development of Economic and Finance
INDEF