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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

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SPECIAL ISSUE

Government Encourages Cooperation between Indonesia-China Textile and Apparel Entrepreneurs



On the second day of the China Trade Fair Indonesia 2023 which was held at JIEXPO Kemayoran Jakarta, a number of businessmen held a meeting. This includes textile entrepreneurs from the Bamboo Curtain country who held a joint meeting with the Director for Promotion for East Asia, South Asia, Middle East and Africa from the Ministry of Investment/Investment Coordinating Board (BKPM) Cahyo Purnomo. Cahyo Purnomo, who serves as director of investment and exhibition promotion, stated that the Indonesian government will further encourage closer cooperation between entrepreneurs of the two countries, especially textile and apparel entrepreneurs. "We will continue to encourage

potential cooperation between the two countries, for example the government will convince Chinese investors so they can continue to expand their business expansion in Indonesia. Likewise, for China, Indonesia will be used as a production base, where later Chinese factories will be established in Indonesia and can sell their goods in

Indonesia as well as export them abroad," said Cahyo Purnomo on Thursday (25/5/2023).

Limiting the value of this investment, said Cahyo, is very important so that entrepreneurs from abroad do not compete directly with small and medium entrepreneurs. If investors from abroad fulfill the provisions of the applicable laws and regulations and entrepreneurs from outside can produce products that are good, competitive or affordable, then this will be an added value for Indonesian consumers to choose the variety of products they want.

Meanwhile, on the same occasion, Larissa Zhou, General Manager of Meorient international exhibition Indonesia, stated that Indonesia has a huge market potential.

"With such a large population that ranks fourth in the world, we want to continue to build a good relationship with Indonesia as a trading partner in many sectors," said Larissa.

In the future, continued Larissa, cooperation with Indonesia will be more colorful, not limited to textiles and apparel but also reaching various fields. Several areas of cooperation that will be explored include biomaterials, electronics, renewable energy and several other fields.

Larissa emphasized that the electronics sector and the building material sector are the two types of materials most needed by Indonesian entrepreneurs. "Since Indonesia was led by President Joko Widodo, development has accelerated so intensively and quickly. The demand for these two sectors is of course reasonable considering that so much infrastructure was built during Joko Widodo's time," said Larissa Zhou.

Meanwhile, BKPM noted that investment realization in the first quarter of 2023

reached IDR 328.9 trillion, growing 16.5 percent compared to the achievement in the same period in the previous year (yoy) of IDR 282.4 trillion.

Minister of Investment/Head of BKPM Bahlil Lahadalia said investment realization in that period also recorded a growth of 4.5 percent compared to the previous quarter (qoq) of IDR 314.8 trillion, although he admitted that 2023 was a tough year.

"Realized investment in the first quarter of 2023 amounted to IDR 328.9 trillion or 23.5 percent of the investment target of IDR 1,400 trillion," he said.



LATEST NEWS

European Textile Export Market Declines, Entrepreneurs Asked to Aim for UAE and Abu Dhabi



Secretary General of the Ministry of Industry (Kemenperin) of the Republic of Indonesia, Dody Widodo, said that until now the demand for textile products from export markets in the United States, Australia and China is still stable. "As of today, the demand that has decreased is from Europe, while the United States [United States], Australia and China have remained stable. The percentage of the European market is very large, now in order to benefit from the declining market, we need to try to find new markets," said Dody when met by the media crew at the Proud Total Know Local Products Talkshow at Ono Solo Coffee & Eatery, Solo, Friday (5/52023).

The markets he is referring to include the United Arab Emirates, Abu Dhabi, and countries that were not previously export destinations for Indonesian textile and textile products (TPT).

According to Dody, the promotion of local products in foreign markets also needs to cooperate with other ministries because the Ministry of Industry has focused on increasing the production of domestic products with good quality and in large quantities.

Dody said the TPT industry's exports had now exceeded conditions during the Covid-19 pandemic, so this was something to be proud of.

He said, although the contribution of TPT exports was not as much as before the pandemic, there was an increase in TPT exports from just 20-30% during Covid-19 to 45%. The next task is to optimize TPT exports to reach above 50%.

Meanwhile, on a different occasion, PT Sunwoo Garment's HRD & GA Manager, Niko Siahaan, said that the Sunwoo Garment

company had locked in profits during the first half of 2023 and the following semester.

"Indeed there has been a decrease in orders, but if we break it down, it will only be a maximum of 20% of the usual total orders," said Niko, Friday (5/5/2023).

Niko said that PT Sunwoo Garment is also still actively recruiting new employees, so he is optimistic that conditions will improve even though there is a threat that the export market from the United States (US) will dim due to the country's failure to pay off its national debt.

Products that are still selling from Sunwoo Garment are children's clothing and winter coats for the winter. Niko hopes that the condition of other garment factories in Central Java will also be better and there will be no export problems.



Solo Raya Becomes the Center for the Textile Industry

So far, Solo Raya is known as the center of the textile industry. However, unfortunately, most of the raw materials for cloth are imported from various countries. This was highlighted by the Ministry of Industry. "Most of the raw materials for batik are 95 percent imported cotton," explained Secretary General of the Ministry of Industry Dody Widodo at Ono Solo Coffee & Eatery, Friday (5/5/2023).

According to Dody, this is one of the causes of an imbalance in the production chain from upstream to downstream.

"Batik is part of the textile industry's products. The balance between upstream, in-between and downstream from the industry is still a problem," he said.

Inevitably, local entrepreneurs find it difficult to keep production stable.

"There is no balance. As in batik, the initial downstream product is batik cloth. The problem is in the raw materials," he explained.

Currently, his party is developing other raw materials for fabrics that can be produced in Indonesia, one of which is rayon from wood fiber.

"Is it possible for batik to be made with fibers other than cotton? There is an opportunity from rayon, which is based on bark. We are pushing for that," he said.

His party is currently trying hard to find the technology so that it can be used by batik entrepreneurs.

"Technology must be sought for batik on rayon. The technology already exists, it just needs to be socialized. Apart from that, there is also a combination of cotton and rayon," he said.

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The Fashion Industry is Expected to Be the Host in Their Own Country

Details
Written by Admin1
Published: 24 February 2023

The Ministry of Tourism and Creative Economy or the Tourism and Creative Economy Agency (Kemangankraf/ Baparekraf) hopes that the creative economy industry, especially the fashion sub-sector, can become the host in their own country. In the IFW 2023 Opening Ceremony, the Minister of Tourism and Creative Economy/Head of the Tourism and Creative Economy Agency (Merparekraf/Kabaparekraf) Sandiaga Salahuddin Uno said that the creative economy has been proven to be able to rebalance the economy and be able to survive during a pandemic. This can be seen from the fashion sub-sector which is still a mainstay of Indonesia's creative economy exports with a contribution value of 61.5 percent.

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The Effects of Elections on the Textile Industry Are Already Visible, But Not Major



The textile and textile products (TPT) industry has the potential to benefit from the momentum of the 2024 General Elections. In addition, this five-year Indonesian people's democratic party will be held in less than a year. General Chairperson of the Indonesian Filament Fiber and Yarn Association (APSyFI) Redma Gita Wirawasta said the effect of the election on the textile industry was visible but still very small. Furthermore, with the election, industrial activity should be able to increase. "But we are still worried that the increase will not be large and will be able to boost industry performance to normal conditions, especially since the supply of imported fabrics is still dominating," said Redma.

Redma said, there is no specific strategy to face the election momentum, because the current production position is below 50%.

"We are very ready to accommodate orders from parties for election purposes," he continued.

Meanwhile, Redma said that currently the trend in the textile business is still the same as in the fourth quarter of 2022, there are still many companies that have not been able to fully operate, the average utilization from upstream to downstream is still below 50%.

"This is because the stock in the warehouse is full, they cannot sell because the market is flooded with imported goods. The goods in the warehouse cannot be sold, they do not have cash flow strength to buy raw materials," he concluded.

Meanwhile, an issuer engaged in the TPT industry, PT Asia Pacific Fibers Tbk (POLY) stated that as an issuer they must be prepared for the potential for political uncertainty during the election stages which will directly indirectly affect industrial policy.

Head of Corporate Communications and Public Relations POLY Prama Yudha Amdan said, there are main things that must be observed in the context of textiles and elections.

Prama explained, directly, from a business perspective, there is no relationship between Elections and TPT, but of course the most important thing is the government's policy towards industry, which is the basis of the relationship between industry and elections.

"In terms of the impact of seasonal demand, of course in the downstream sector there is a trend of increasing seasonality from requests for political party attributes. But fundamentally, there has been no change," he said. Effects of Elections on the Textile Industry Are Already Visible, But Not Major

Minister of Industry: Incentives for the Textile Industry are Still Being Given

The Minister of Industry (Menperin) Agus Gumiwang Kartasasmita said the government is committed to continuing to provide incentives for the textile industry. He said, this step was taken following the textile industry which was still under pressure after the Covid-19 pandemic. "We will continue to prepare (incentives for the textile industry)," said Agus at the Ministry of Industry Office, Jakarta, Wednesday (10/5/2023). Minister of Industry Agus said, based on the data collected, over the past five months, several sub-sectors in the country have experienced pressure, including the textile industry.



He said the Industrial Confidence Index (IKI) showed that the textile industry was still below 50. This figure, said Agus, had started to creep up. Therefore, he said, the government is still providing incentives for the textile industry.

"We can see that now the pressure is not as heavy as before. He is not yet over 50. So he is still in the depressed category but the pressure level is different," he said.

Previously, the Coordinating Minister for Maritime Affairs and Investment (Menko Marves) Luhut Binsar Pandjaitan said the government was not only focused on downstream mining, but also on the textile industry.

After the pandemic, both exports and imports of Indonesian textile products experienced a fairly high upward trend. Therefore, the government is preparing various incentives to maintain the growth of the textile industry. Also read: Confide Textile Entrepreneurs Lack of Orders at the Beginning of Ramadan 2023

"In addition, ongoing investment policy reforms have attracted a lot of new investment into the country. The Indonesian government will continue to carry out reforms in these aspects," he said in a press release, Tuesday (9/5/2023).

Indonesia is also advancing its economic transformation, changing from selling crude commodities to products that have added value. It is hoped that through this transformation, Indonesia can become a high-income country in 2045.

Over the past few years, continued Luhut, Indonesia has shown resilience and strength, especially in the midst of global challenges that have occurred over the past few years. Indonesia's economic recovery continues year after year so that the economy can grow again and reach above 5 percent.

"The implementation of the downstream policy has so far proven to make a significant contribution to the Indonesian economy, by increasing the value of exports contributing to GDP, improving the trade balance, employment, developing new growth centers outside Java for equitable development and so on," he explained.

Luhut Ensures the Government Prepares New Incentives for the Textile Industry

Textile industry players can breathe a sigh of relief after the government promised special incentives to accelerate the sector's recovery from the impact of the economic slowdown in a number of export destination countries. The Coordinating Minister for Maritime Affairs and Investment (Menko Marves) Luhut B. Pandjaitan said the textile industry has great potential in line with the improvement in national economic growth and growth in people's purchasing power. "This development will provide a lucrative market potential for the textile industry in Indonesia. The government has also prepared various incentives to maintain the economy in the textile and product sectors," Luhut said in Jakarta yesterday.

Several attempts have been made to reform investment policies in a sustainable manner which have proven to be successful in attracting a lot of investment into the country. "The Indonesian government will continue to reform in these aspects," he said.

Over the past few years, continued Luhut, Indonesia has shown resilience and strength, especially in the midst of global challenges. Indonesia's economic recovery continues year after year, so that the economy can grow again and reach above 5% in 2022.

"The implementation of downstream policies has so far proven to make a significant contribution to the Indonesian economy, by increasing export values, contributing to GDP, improving trade balances, employment, developing new growth centers outside Java for equitable development and so on," he said. .

Indonesia is currently advancing its economic transformation, changing from selling crude commodities to products that have added value. It is hoped that through this transformation, Indonesia can become a high-income country in 2045.



US Is On The Verge Of Recession, Export-Oriented Industries Are Worried

The threat of an economic recession in the United States (US) seems to be getting worse, especially if the US government fails to pay its debts. A number of export-oriented businessmen to Uncle Sam's country should also be wary if the US enters a recession. Secretary General of the Indonesian Exporters Association (GPEI) Toto Dirgantoro said that exporters had begun to feel the impact of the US economic crisis towards the end of 2022. This was marked by the many contracts for shipping export products to the US which were terminated or postponed due to uncertainty in the country.

Unfortunately, GPEI does not yet have accurate data regarding the size of Indonesia's exports from various industrial sectors to the US, including the trend of declining exports. "The export value is quite large, so if there is a disturbance it could affect the performance of the industry concerned," he said, Sunday (14/5).

Toto also said that there were several export-oriented industrial sectors that were disrupted by the US crisis, such as textiles, footwear, and so on.

Exporters are coping with the slowdown in demand in the US market by trying to find alternative markets, for example countries in the African region.

Meanwhile, the Executive Director of the Indonesian Footwear Association (Aprisindo) Firman Bakrie also acknowledged that the economic slowdown in the US had already had its impact on footwear exporters since last year's defense. In fact, the effect of the drag on exports to the US has forced a number of national footwear manufacturers to lay off their employees.

"The United States is the biggest market for the Indonesian footwear industry," he said, Sunday (14/5).

Currently, Aprisindo is still monitoring the development of economic conditions in the US. If the crisis in the US does not subside, it is possible that the decline in demand for exports to that country will occur in a prolonged manner.

Based on data from the Central Statistics Agency (BPS), exports of footwear products for daily needs from Indonesia to the United States fell by 38.40% year on year (YoY) from US\$ 45.35 million in January-February 2022 to US\$ 27.93 million in January-February 2023.

Exports of sports shoes to the US also decreased by 40.33% YoY from US\$ 357.25 million in January-February 2022 to US\$ 213.16 million in January-February 2023.

The Indonesian Textile Association (API) also said that exports of Indonesian textiles and textile products (TPT) to the US were slowing down. Referring back to BPS data, exports of apparel (convection) from textiles to the US fell 31.89% YoY from US\$ 873.43 million in

January-February 2022 to US\$ 598.30 million in January-February 2023.

Chairman of API, Jemmy Kartiwa Sastraatmadja, said that the trend of declining exports to the US of TPT was actually also experienced by other TPT producers in Asia. For example, China experienced a decline in TPT exports to the US by 18.4% during the first quarter of this year.

Unfortunately, Indonesia has become an alternative market for China. This is shown by China's TPT exports to Southeast Asia which rose 29% in the first quarter of 2023, one of which was destined for Indonesia.

"This means that China is taking over the portion of the domestic market for the national textile industry," said Jemmy.

In fact, the domestic market should be able to become a foundation for the national textile industry when demand for products in the export market is sluggish. Therefore, API considers that Indonesia urgently needs to strengthen trade barrier rules to fend off attacks by imports of TPT from China.

Ministry of Industry Holds Assessor Training to Boost Textile Industry Performance

The Ministry of Industry (Kemenperin) continues to boost the performance and competitiveness of the textile and textile product (TPT) industry in order to boost the national economy. One of them is by increasing the competence of human resources in the industrial sector through assessor training activities. It is known that in the first quarter of 2023, the contribution of the textile and apparel industry to the growth of the non-oil and gas processing industry

was 6%. "The textile industry is one of the sectors that receives development priority, in accordance with the Making Indonesia 4.0 roadmap. Therefore, strategic efforts are needed for its development, including through increasing the competence of its workforce," said the Head of the Industrial Human Resource Development Agency (BPSDMI) Ministry of Industry, Masrokhan in a written statement, Monday (15/5/2023).

He explained that in an effort to prepare competent industrial human resources (HR), it is necessary to support a strong competency infrastructure. This includes the availability of the Indonesian National Work Competency Standards (SKKNI), Professional Certification Institutions (LSP), Competency Assessors, and Competency Test Sites (TUK).

"Competitive human resources are an important component in driving a productive, innovative and competitive industry," he said.

In order to achieve this target, BPSDMI consistently prepares the Competency Infrastructure Development program needed by the industrial sector through the implementation of Assessor Training.

"Some time ago, we held this activity in Solo to support the performance of the TPT industry," said the Head of the Industrial HR Education and Training Center, Arnes Lukman.

He explained that the organization of assessor training focuses on schemes related to textiles and textile products. In this case, his party also collaborated with a number of parties, starting from LSP P3 Garmino Plus, LSP P3 Mode Indonesia, LSP P3 Indonesian Weaving, LSP P3 Batik, LSP P1 BDI Yogyakarta, LSP P1 Polytechnic ATK Yogyakarta, to LSP P1 AK-Textile Solo.

"BPSDMI has coordinated with BNSP and has received BNSP approval regarding the Implementation of the 2nd Batch of 2023 Competency Assessor Training," continued Arnes.

During this training course, he said, participants were provided with methodological competencies in planning assessment activities and processes, carrying out assessments, and contributing to assessment validation. Furthermore, there will be an assessment of prospective assessors to test the eligibility of participants before being recommended as a competency assessor.



"Through this competency testing activity, the Ministry of Industry can produce assessors who are reliable in carrying out competency tests. So, the quality of human resources in the textile and textile product industry is getting better," said Arnes.

He said previously the BPDSMI of the Ministry of Industry had also carried out Competency Assessor Training Batch I Year 2023. The focus of activities was in the metal and machine industry on 20-23 February 2023 in Surabaya.

"We hope that this activity can empower competency assessors according to the scheme that is owned on a more massive basis," concluded Arnes.

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Mass layoffs hit the textile industry, the Ministry of Manpower says this



Minister of Manpower (Menaker) Ida Fauziyah opened his voice regarding the rampant layoffs (PHK) in the country's manufacturing industry, especially textile and footwear factories that are export-oriented to Europe and the United States (US). Ida Fauziyah said the government had provided concessions with various conditions in anticipation of suppressing potential layoffs in the future. "We have anticipated this, yes, with Permenaker Number 5 as an effort to suppress layoffs," Ida Fauziyah told

reporters at the Pullman Hotel, Central Jakarta, Monday (15/5/2023).

The government through the Ministry of Manpower has also made various other efforts, such as mediation indicated by workers' reports so that layoffs do not occur. Ida said layoffs should really be the last resort.

"The policy given by the government is in order to keep them working, we do a lot of mediations but we don't publish them so they don't cause anxiety and that, thank God, was successful," he explained.

Ida herself cannot say for sure how long this condition will last. But he hopes the manufacturing industry can recover soon.

"Actually, the condition, especially earlier, for European and American exports was indeed not in good condition and we are anticipating it, but we hope that conditions will improve," Ida said.

Nevertheless, said Ida, there are not a few industries from many sectors that are growing well again.

"Indeed there are industries that are not growing well, but not a few industries are growing well, many sectors, thank God, are recovering well," he said.

According to Ida, the trend of unemployment in Indonesia has decreased compared to previous years.

"The trend is that our unemployment will decrease compared to 2020, 2021, 2022," said Ida.

Furthermore, related to the existence of companies that terminate employment relations unilaterally. The Ministry of Manpower in this case, said Ida, would

certainly take action by holding a meeting with social security (social security) officials.

"We will call (social security) usually, we sit together so that workers' rights are also not fulfilled," concluded Ida.

Indonesia's Textile Exports Grow

The Coordinating Minister for Maritime Affairs and Investment (Menko Marinves) Luhut B Pandjaitan, at the New Balance Material Summit in Jakarta, on Tuesday 9 May 2023 said, after the Covid-19 pandemic, both exports and imports of Indonesian textile products experienced a fairly high trend of increasing . For this reason, the government is preparing various incentives to maintain the economy in the textile sector and its products. The Coordinating Minister Luhut assessed that investment and economic development at this time were not only limited to the downstream sector. Instead, it also penetrated into the textile industry. According to him, this development will provide a profitable market potential for the textile industry in Indonesia.

In addition, national economic growth has now been above 5 percent for six consecutive months. Along with the increase in economic growth, Coordinating Minister Luhut also believes that the purchasing power of the people and the middle class segment will also grow significantly. This condition will encourage increased sales of textile products in the country.

"In addition, the ongoing investment policy reforms have attracted a lot of new investment into the country. The Indonesian government will continue to carry out reforms in these aspects," concluded the Coordinating Minister Luhut.

Previously, the government also tried to anticipate disturbances in the textile industry due to a decrease in export orders. The number of export orders for textile products from America and Europe fell due to the global recession. This condition has even forced a number of companies to carry out mass termination of employment (PHK).

President Joko Widodo finally instructed that exports of these textile products be diverted to the domestic market. At the same time, the domestic market is in the midst of a flood of imported used clothes, especially from China. Therefore, the government finally decided to ban the sale of imported used clothes.

Based on data from the Central Statistics Agency (BPS), in 2022 the volume of Indonesian textile exports will indeed weaken. During the January-September 2022 period, the export volume of the national textile industry only reached 1.19 million tons, a decrease of 14.52% compared to January-September 2021 (year on year/yoy).

Despite facing severe challenges and the threat of a recession, the Indonesian economy is able to grow positively by 5.31% (yoy) in 2022. One of the sectors that has become a catalyst in boosting the performance of the national economy is the Textile and Textile Products (TPT) and Footwear industry.

In 2022, the TPT trade balance performance experienced a surplus of USD 3.71 billion, an increase of 3.34% compared to the previous period. Likewise with footwear, which experienced a surplus of USD 1.03 billion, an increase of 41% compared to the previous period. The United States and Europe are still the main export destination countries for these two industries.

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 political conditions and a relatively stable economy.

The growth of the manufacturing industry sector in the last few months in 2022 has shown a positive signal. This condition is reflected in the trend of the level of expansion in the value of the Industrial Confidence Index (IKI), which has increased since its launch in November 2022 and the S&P Global Manufacturing Purchasing Manager's Index (PMI) which has shown expansion since last September. This is also in line with the manufacturing industry's GDP growth which reached 4.83% in the third quarter of 2022.

In early 2023, the performance of the processing industry will show expansion. The IKI value in January 2023 was 51.54, a sharp increase compared to December 2022 IKI which was 50.9. As many as 71.4% of companies stated that the general condition of business activities was stable and improved in January 2023.

IKI is an indicator of the degree of confidence or the level of optimism of the manufacturing industry regarding economic conditions. IKI describes the condition of the processing industry and prospects for business conditions in the next six months in Indonesia.

Based on IKI data in January 2023, the increase in IKI was contributed by 12 expanding industrial sub-sectors, with a contribution of 80.1% to the formation of the

national manufacturing industry GDP in quarter III-2022. The beverage and pharmaceutical industries, chemical medicinal products and traditional medicines, which previously experienced contractions, are showing expansion in January. On the other hand, repair and installation services for machinery and equipment contracted this month.

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Orders Dropped, Textile Investment In fact shot up 89% to IDR 4.6 Trillion

The textile and textile products (TPT) industry recorded investment realization of IDR 4.63 trillion in the first quarter of 2023, up 89.41% compared to the same period last year of IDR 2.44 trillion. The increase in investment, especially in the form of Domestic Investment (PMDN), occurred amid sluggish export orders. "The jump in investment occurred due to the improving demand for textile products in the country since the beginning of last year. And those who understand the domestic market better are local investors compared to foreign investors. So that when domestic demand starts to rise, local investors can immediately respond," said Chairman of the Indonesian Filament Fiber and Yarn Association (APSyFI) Redma Gita Wirawasta.

Redma added that part of the investment realized in the first quarter of 2023 was the result of ordering TPT equipment and machines since the beginning of last year. "The ordering process until the goods arrive can take a year, so if for example export orders are sluggish as they are at present, the goods will still arrive as ordered," he said.

However, Redma sees that the decline in export orders has not had much effect on the local TPT industry, because usually export-oriented industries are the result of foreign investment.

"Nowadays many factories are reducing their production due to sluggish exports, so many machines are not running. It was an opportunity for us to carry out maintenance by replacing many machines and spare parts. So the incoming investment is for the purchase of machines and spare parts, not building a new factory," he said.

Based on data from the Investment Coordinating Board (BKPM), investment realization in the form of PMDN jumped 401.25% in the first quarter of 2023 to IDR 2.95 trillion compared to the same period last year of IDR 587.93 billion. However, the realization of foreign direct investment (PMA) actually decreased by 9.4% to US\$ 114.2 million from the previous US\$ 126.06 million.

Responding to the decline in foreign investment throughout the first quarter of 2023, Redma suspects, this is because at the beginning of last year when the investment plan was carried out, global TPT demand had not recovered due to several things such as logistical transport disruptions, political tensions in Eastern Europe, and others.

"So foreign investors are being more careful, and indeed it turns out that even in the first

quarter of 2023 export orders are sluggish," he said.

Intermediary Industry

According to Redma, most of the realized TPT investments that entered in the first quarter of 2023 came from the intermediate industry sector. Among them are from the knitting, woven and finishing fabrics sub-sector.

The investment, said Redma, is in the form of procurement of weaving machines, spinning machines and other spare parts. "Usually, from the arrival of the machine, it takes three months to install it until it is ready to operate," he said.

This, continued Redma, coincided with the momentum before the general elections began. Where usually, the demand for TPT products will increase during the people's party, namely in the form of t-shirts, banners, or other campaign support equipment.

Textile Business by Macaroni Brings Indonesian Culture to the International Market

Indonesia is called an archipelagic country for a reason. Our homeland is the largest archipelagic country in the world which has more than 17,500 islands which are almost entirely inhabited by thousands of various ethnic groups. It is filled with a diversity of cultures, traditions, languages, and different customs. Every culture has its own characteristics and uniqueness, both in terms of art, clothing, music, dance, and daily lifestyle. One of the very distinctive and important cultures in the life of the Indonesian people is the work of textiles. Many types and varieties of textiles are scattered throughout Indonesia and each has

its own beauty and philosophy behind it. Batik is one of the country's most popular textiles and has made it to the international market. It can be seen that currently batik cloth is not only used as office or school uniforms, but also worn for various other events.

This shows that local textiles have undoubted quality. Not only is batik cloth the hallmark of Indonesian textiles, there are also woven fabrics which are also the culture of the homeland. The patterns of various types of textiles are also different, each of which has an inspiration and meaning behind it. Macaroni Id can be an option for those who want to wear clothes with Indonesian cultural elements.

Developed by textile crafts graduates, by Putri and Nadia, Macaroni is one of the MSME textile brands that sells goods with unique concepts and designs. Inspired by the diversity of Indonesian culture, Putri and Nadia want to continue to promote Indonesian products.



"We combine traditional things with a modern touch and pop colors," said Putri, co-owner of Macaroni.

The products issued by Macaroni are very diverse, ranging from blouses, camisoles, kebayas, accessories, to bags. Each collection has a different concept and design, each style taking a theme from Indonesian culture, such as shoots of bamboo shoots, coconut

flowers, and the recently released Setu Babakan. Macaroni's textile patterns are combined with a modern touch but don't leave their Indonesian culture.

"Because there are so many things we can make inspiration for, so our designs always change according to the collection we are making," continued Putri.

Macaroni has just released a Ramadan collection that carries the theme from the folklore of Setu Babakan, and applies it to outerwear and dresses. The style of the collection is inspired by traditional food, kembang goyang and pepe cake, and is combined with current trending colors. Not only suitable for use during Eid, but can also be worn on other agendas.

Indonesian Textile Industry, Rise or Die?

The textile and textile product (TPT) INDUSTRY is a labor-intensive industry that makes an important contribution to the national economy. In March 2023, Indonesia's textile exports increased by 16.87 percent compared to the previous month. However, this data still needs to be scrutinized because it does not yet refer to the annual performance of the Indonesian textile industry. Data for 2022 shows this industry absorbs approximately 3.6 million workers and contributes 6.38 percent of GDP from the non-oil and gas sector. However, the performance of the Indonesian textile industry throughout 2022 has decreased.

Data from the Central Statistics Agency (BPS), exports of Indonesian textiles and textile products only reached 1.5 million tons, a 17 percent decrease compared to 2021. This figure is much lower than at the start of the Covid-19 pandemic. At the global level, there

has been a decrease in demand for textile products, but there has been an increase in the value of exports. This is shown from the value of textile exports in 2022 which only fell 6.5 percent to US\$ 4.3 billion.

The Indonesian TPT industry was once a prima donna during its heyday, namely in the 1980s. However, currently the textile and textile product business people in Indonesia must survive desperately to maintain the viability of their business. Textile business players are currently experiencing many internal and external problems that cause a decline in their business performance.

The external problem is the decline in global demand due to the economic slowdown. The war between Russia and Ukraine which until now has not ended has had an impact on global economic conditions, especially related to the threat of inflation which has reduced the purchasing power of European countries and the US. The second external problem is the hostile investment climate. The minimum wage, which in the past was the advantage of this industry, is currently the external variable that is the most difficult to control. The bargaining power of labor unions is becoming stronger, causing the minimum wage to no longer be competitive.

The internal problems of the textile industry are related to production efficiency. The shift in this industry from labor-intensive to capital-intensive with the invention of machines and the use of production technology has forced textile factories in Indonesia to make adjustments.

Innovation Activities and Policy

Currently, Indonesia is the 21st textile producer that supplies the world market. The top list of textile supplying countries today are China, Bangladesh, Vietnam, Pakistan and India. Huong (2022) in a study of the TPT

industry in China, Bangladesh, Vietnam, Pakistan and India found that textile industry players in these five countries carried out innovative activities in the form of product development by combining the application of new technologies and new uses in the textile industry. Second, the development of new products based on the exploration of new knowledge about the use of textile end products. Third, the development of new textile products based on the use of new raw materials with production processes that are continuously being improved. Fourth, the company periodically evaluates business processes and makes continuous improvements.

Textile business players in China, Bangladesh, Vietnam, Pakistan and India then carried out several policies to follow up on the above innovation activities. Among other things, improving the quality of human resources to support innovation activities. Second, encouraging product diversification in accordance with textile trade agreements at the global level. Third, encourage product design development activities. Fourth, encouraging local raw material innovation. Fifth, development of financing procedures for new investments in the textile business.

In general, the key to success in the textile industry is innovation in production, product design, business processes and marketing strategies. These four countries have even begun to develop environmentally friendly textile production technologies. When it is mass produced it can produce a lower price (Van De Venn, 2022).

The Domestic Textile Industry is in the Middle of a Sway, Layoffs and Bankruptcy are Inevitable

The Association of Fiber and Filament Yarn Producers (Apsyfi) revealed that the condition of the domestic textile industry is on the brink of disaster. Now, domestic market-oriented companies are most threatened with bankruptcy. APSyFI Chairperson Redma Wirawasta said, in the third and fourth quarters of 2022, companies aiming for the export market were disrupted. This is because many countries have closed their doors to exports due to declining economic conditions. However, in the first quarter of 2023, the replacement of companies with domestic market goals is threatened.

"In the third and fourth quarters of last year we still said the condition of the fiber and yarn textile industry was a yellow light because its growth had slowed down. But, if I can now say that it is an orange light, that means it is almost a red light," Redma said through his statement, quoted Thursday (25/5/2023).

The impact, he continued, was unstoppable layoffs. Middle-class textile companies that cannot maintain their cash flow inevitably have to close their factories.

"Many middle-class companies where there are around 1,000-3,000 workers have already closed. The big companies might be able to survive because of their strong cash flow, so they can still be adjusted by reducing production and continuing to survive. But if companies whose cash flow is not strong, the choice is to close," said Redma.

Redma revealed that the trigger for the current decline in the textile industry was the rise of imported clothes for the domestic market, both new and used. In fact, the target of 70 percent of the national textile entrepreneurs is the domestic market.

Therefore, his party fully supports the government's steps to destroy used imported goods in the country. Because, if this is not the case, the local textile industry will get worse.

"So now it is the domestic market that is actually the focus of the textile industry players and also textile products," concluded Redma.

Economists Wary of US Debt Crisis Could Impact the Textile Industry

Economist at the Center of Reform on Economics (CORE) Indonesia, Yusuf Rendy Manilet, believes that the potential for the continuation of the current debt crisis in the United States (US) is the weakening or slowing down of the US economy itself. However, the crisis can also have direct and indirect impacts on the economies of global countries, including Indonesia. "In the context of the direct impact of various export products, which so far have made the United States (US) the main export destination, they will make adjustments or their performance will slow down following the pattern of economic slowdown caused by the debt crisis," he said, Sunday (28/5/2023) .

He said there were several domestic products that depended on their export market to the US, one of which was the textile industry and its derivative products. According to Yusuf, the news of a slowdown in the US is not good news for the textile industry and its derivatives in Indonesia. The textile industry is also experiencing performance pressure at the moment.

"The performance has actually been depressed in recent years due to problems with the competitiveness of the textile

industry's products and their derivative products in Indonesia," he said.

While the indirect impact, especially for Indonesia due to the US debt crisis, is the impact of the US' main trading partner country, namely China. Of course, this is also bad news for Indonesia, which is also a trading partner of China. When there is a slowdown in the Chinese economy, the spillover impact can reach the country.

"For example, commodity export products such as coal and nickel. There is a potential then the prices of these two commodities will also slow down. So in my opinion this can then be said to be an impact on the real sector at the mouth of the US debt crisis if this continues and occurs," he said.

The impact will be seen later in the decline in commodity prices and the decline in the performance of several sectors that depend on these commodities. By looking at the analysis above, what Indonesia then needs to anticipate is the spillover impact of the conditions experienced by the US.

"What is most felt is the weakening of the global economy and of course this will also have an impact on many countries so that the potential for trade performance between Indonesia and many countries will certainly be affected more or less if the conditions from the US drag on," he said.

Tragic! 2 Clothing Factories Closed, Thousands of Workers Victim of Layoffs



The wave of layoffs (PHK) in the country's labor-intensive industries has apparently not ended. After massive layoffs at the footwear (shoes) factory, now thousands of workers have also become victims of the garment factory layoffs. Not just layoffs, related companies are also reported to have had to completely close their factories because they could no longer survive and continue production. "Currently there are 3 garment factories that are in negotiations because the companies have difficulty paying severance pay. In Bandung, Solo, Pekalongan," said Chairman of the Indonesian Filament Fiber and Yarn Association (APSyFi) Redma Gita Wirawasta, Tuesday (30/5/2023).

"However, those in Bandung are laying off houses. Those in Solo and Pekalongan are total layoffs, meaning the factories are closed. The number could be in the thousands. And these are only the reported layoffs, there are those that are not reported, the number could also be in the thousands," he added.

It's just that, Redma is still reluctant to reveal the details of the company that will lay off.

"I can't say the name of the company because it's in mediation. The Labor Union is directly involved," he said.

Redma said that the conditions in the textile industry and textile products in the country are still apprehensive.

"The export and domestic orientations are all in a hurry, upstream to downstream. There is no sign of a recovery trend, in fact conditions have worsened compared to the fourth quarter of 2022. In this first quarter, growth was severe, negative 0.7%," said Redma.

"Utilization now is on average only 55%. So, don't think that factories are closed due to relocation. If we relocate, capacity will increase. However, this is the condition where our capacity is reduced," Redma said.

A wave of layoffs in the national TPT and footwear industries has been going on since the final quarter of 2022. Following an economic slowdown in export destination markets such as the US and Europe, this has triggered delays and reductions in orders.