

INDOTEXTILES

The Indonesian Textiles, Apparel & Fashion Community Reference



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

Employers Immediately Propose Safeguard Extensions for Several Textile Products This Year



The Indonesian Textile Association (API) is currently proposing an extension of security measures or safeguards for several textile products, in line with the slowing down of the Covid-19 pandemic at the beginning of this year. The product is a.l. yarn of synthetic and artificial staple fibres, fabrics, curtains or drapes, inner blinds, bed netting and other furniture articles. Deputy Chairperson of API Anne Patricia Sutanto said the step was taken to maintain the momentum for the recovery of the domestic textile and textile product (TPT) industry in line with the increasing export performance of competing countries.

According to Anne, the domestic textile industry has not fully utilized the first volume of safeguards due to the declining public demand during the pandemic in the last two years.

"Because the last safeguard was at the end of 2019, 2020 and 2021, domestic demand was reduced in practice due to the pandemic, so that API members with a domestic market orientation had not yet experienced the

effects of the safeguard," Anne via WhatsApp message, Sunday (27/3/2022).

Anne said the extension of the safeguard would provide space for domestic industries to rejuvenate their machines and production capacity for the next three years while recovering cash flow due to the pandemic since March 2020.

On the other hand, Anne added, her association also focuses on protecting the potential for import surges from competing countries in line with the recovery of export and import activities this year.

"Traditional countries are Indonesia's competitors because their ecosystems are ready and balanced. The Indonesian TPT ecosystem needs to be addressed so that it is balanced and sufficient and we can be more independent and competitive," he said.

The initial safeguards for TPT products will expire on November 8, 2022. Meanwhile, the Indonesian Trade Security Committee (KPPI) of the Ministry of Trade is waiting for reports or requests from industry and business actors regarding the plan to extend the TPT product safeguards at the beginning of this year.

"For the application for a safeguard extension, API is conducting a study with all members regarding the losses that have been felt by API members, an assessment of the safeguard extension to ensure that it is being finalized," he said.

Previously, the Ministry of Finance (Kemenkeu) issued three provisions related to import duties for imports of several types of textiles and textile products (TPT).

The three regulations are PMK No. 54, PMK No. 55, and PMK No. 56/2020. In the regulation, the types of imported TPT goods

subject to safeguards are yarn products from synthetic and artificial staple fibers, fabrics, including curtains, inner blinds, bed nets, and other furniture items.

The fiscal authorities reasoned that the imposition of safeguards on the import of TPT was a follow-up to the investigation by the Indonesian Trade Security Committee.

"Research results prove that the domestic industry has suffered serious losses due to a surge in the number of imports of fabric products," the Ministry of Finance wrote, Friday (29/5/2020).

LATEST NEWS

Palembang Songket Weavers are interested in using natural dyes



A number of traditional Palembang Songket weavers are interested in using natural dyes to increase their income and expand the market. Netty, a songket weaver in the Talang Kerangga area of Palembang, said that since the last two years she has started receiving orders for songket cloth made from natural dyes. "That's the message from the boutique, because the color of songket made from natural dyes is soft, not too flashy. Many like it," said Nety in Palembang, Friday. He said it would take about one month to complete a set of songket consisting of one piece of cloth and one scarf.

The price of a set of songket ranges from Rp. 8.5 million to Rp. 10 million per sheet, while songket cloth with textile dyes ranges from Rp. 1.5 million to Rp. 4 million.

Regarding natural dyes, Nety admitted that she was supplied from a boutique in the form of threads that had used natural dyes.

"I know how to make it, but because it was sent from a boutique, I just used it. Let it be fast and hassle-free," he said.

Although he has penetrated into songket with natural dyes, Netty also makes songket from metallic gold thread using textile dyes at a price of Rp. 1.5 million to Rp. 3 million per set.

Meanwhile, Rita Zahara, a songket weaver from Palembang, said that for the last two years she has been making natural dyed songket.

The product is natural dye he got from secang leaves, kale leaves, gambir sap, mangosteen peel and jengkol skin.

For him it is relatively easy to get these materials because they can be obtained for free in the neighborhood or bought in traditional markets.

Although it is cheaper in terms of cost, the challenge lies in the manufacturing process because at least it takes up to one week.

Materials from these plants must be boiled with water for a certain time until the volume of water is reduced to half.

"If you use textile dye, it's easy, just five minutes of boiling can be used to dye it into yarn. In this case, it just boils for an hour," said Rita.

Marketing Director of Bank Sumsel Babel Antonius Prabowo Argo said that his party as the builder of songket cloth SMEs had held a seminar related to efforts to open up the potential of the export market in Australia.

From the results of the seminar, there were four products that were decided to be curated, namely songket and jumputan, kemplang, coffee and spices.

"Especially for songket, it turns out that consumers in Australia don't like bright (striking) colors. They prefer soft colors," he said.

On that basis, BSB will foster songket MSME players to produce products with soft colors if they want to enter the export market in Australia, Europe and the United States.

It would be better if the product was made from natural dyes because currently developed countries are consuming products made from natural ecofashion.

"So far, from the curation, only Dempo Crater coffee has passed the export. We will also encourage songkets and jumputans," he said.



"Monitor the health of your employees before work"

Hundreds of Residents Reject Monopoly of River Water for Textile Factory

Hundreds of residents of Sessiongalih Village, Kec. Cimanggung, Sumedang Regency rejects the existence of a monopoly on river water in the upstream area for the benefit of a textile company that stands in the Cimanggung and Rancaekek areas. To voice their aspirations, they gathered in the Sindanggalih Village hall, for an audience with the textile company on Thursday, March 17, 2022. On that occasion, residents expressed their rejection of the company's efforts to make a straw, so that river water flows into the factory (company).

The company in question is PT Pajajaran Internusa Tekstil. The company needs water supply and plans to take water from the upstream area of the Cimande river, a river that has been the mainstay of irrigation for rice farmers in the area.

"I've been farming since 1965. Only now is my rice field in the Pakuluran area experiencing drought. Even for two seasons, our rice fields cannot be planted with rice. We replace it by planting cassava. That's because our fields are dry during the dry season," said Usen, a resident. Bangkir Hamlet, Sessiongalih Village.

According to him, the river that flows into the irrigation canal is like the aorta which gives life to the cultivators of the fields. From Pakuluran, for example, irrigation canals flow to the Cihanjuang Village area and then to Sukadana Village.

"If given any amount of money to agree, I will never agree. Let us work on our fields. Because the company doesn't just take the river water when it's dry, especially if it is taken," said Usen.

The same thing was conveyed by Uju Komarudin, Head of RW01 Sindanggalih Village. He rejected the PT Pajajaran Internusa Tekstil plan. According to Uju, the core of the residents' resistance is the threat of drought in the surrounding rice fields.

"Our residents refuse to take water. Many are threatened with drought, especially farmers. But if you count the areas that have been passed by water, there are as many as 650 families in RW01, in RW03 there are 700 families, in RW5 there are 600 families, and in RW02 there are 1,200 families," he said.

The chairman of the Sindanggalih Village Consultative Body (BPD), Agus Imron, said he was surprised by the company's decision to take water from upstream. In fact, in the downstream area, there are already two companies that take water as well. One of these companies is owned by the Sumedang Regency Government.

"Yes, the river wants to be deflected (to make a drain). If those from below can why not just go downstairs, we can't intervene with the residents, this refusal has been the result of a meeting," he said after mediation.

Meanwhile, HRD PT Pajajaran Internusa Tekstil, Dewi, who was present at the hearing, said that the company's right to invest anywhere. According to him, all natural resources (SDA) on earth belong to the government.

"Yes, we have to excuse ourselves, this is not a failure, the company can still have water. We thank the village government for consulting like this," he said.

He said he could not impose his will, therefore a dialogue was held.

"Here the water sources are good, we have also told the residents the benefits that will

be obtained from this collaboration, but we also don't want to be a threat," he said.

This is the Impact of the 11% VAT Rate Increase for the Textile Industry

The value added tax (VAT) rate adjustment will take effect on April 1, 2022. With this policy, almost all industries are affected, including the clothing industry. However, it is feared that this policy will not be followed by many business actors. In the end, the decision to increase the selling price is still determined by the producer. The clothing or clothing sector has the potential to experience price increases due to the 11% VAT policy. However, it is predicted that many producers will not comply with the increase in tax rates.



Deputy Chairperson of the Indonesian Textile Association (API) Ian Syarif said there were still many gaps in the application of the VAT regulation. According to him, many business actors, especially fashion retailers, do not comply with the 11% VAT, creating an unfair playing field.

For the sale of clothing at the mall is considered to have complied with the VAT policy. Where, this has an impact on an increase in the selling price of the product by 1%, in the form of the difference between input tax and output tax.

"However, for business actors in online sales, wholesale sales such as at the Tanah Abang center, as well as sales of used clothes, there

are still items that are sold without VAT," explained Ian, Thursday (24/3).

According to him, this policy is even more punishing entrepreneurs who have been paying taxes correctly to support the government. Ian said, as long as buyers are given a choice, a free market mechanism will occur. Because, the buyer is considered not to think about the impact of state income from unofficial goods for matters relating to personal wallets.

"So how are we going to sell at a price that continues to rise, if on the other hand something that is not true is still given a way," he said.

He also highlighted the sale of used clothes, imported fabrics, and thrift store clothes which are sold online where these items are exempt from the application of VAT. According to Ian, the government must also think about how this application can be applied to e-commerce in order to create a fair playing field.

"We completely leave the policy to the government. If you want to seriously increase the VAT rate, the regulations must be corrected first. But if the regulations are not improved, the clothing industry will eventually get worse," he said.

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The rise of cheap imported products threatens the existence of the local textile industry
Details
Written by Admin1
Published: 14 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.
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Wow! Sutiadi Widjaja Buys RDTX Shares for Rp 313.9 M

Sutiadi Widjaja is known to have purchased 46,852,500 shares of PT Roda Vivatex Tbk (RDTX). The transaction was carried out on March 21, 2022 at a price of 6,700 per share. Thus, the transaction value reached Rp 313.9 billion. Based on information disclosure, Wednesday (23/3/2022), after the transaction, Sutiadi Widjaja's share ownership in RDTX shares rose from 6.05% to 23.48%. Based on RDTX's financial reports, Sutiadi once held 28,274,000 RDTX shares or 10.52% as of the end of 2020. However, as of September 30, 2021, Sutiadi is no longer listed as a shareholder.

At least in the period October-December 2021, Sutiadi was recorded to have bought back RDTX shares several times. Finally, on December 7, 2021, Sutiadi bought 150,000 shares of RDTX at a price of Rp. 7,000 per share. At that time, the number of his shares rose from 5.99% to 6.05%.

Still based on information disclosure, Sutiadi Widjaja is known to be the Director of PT Geno Intiperkasa.

On March 21, 2022, Geno Intiperkasa sold 93,135,900 shares of RDTX at a price of 6,700 per share. After the transaction, the total share ownership in RDTX decreased from 37.24% to only 2.59%.

Thus, it can be said that Sutiadi Widjaja's share ownership in RDTX shares is now direct ownership, not through PT Geno Intiperkasa anymore.

As for the financial statements, RDTX is domiciled in Jakarta with the factory located on Jl. Heroes Km 1, Citeureup, Bogor. The Company's head office is located at Menara

Standard Chartered Lt. 32, Jl. Prof. Dr. Satrio No. 164, South Jakarta.

The Company started commercial production of the textile (fabric) industry in 1983 and currently the business activities of the textile (fabric) industry have been discontinued since July 2014.

Currently, the Company's activities include investing in shares of subsidiaries engaged in office space leasing.

The Growth of the National Textile Industry is Supported by the Ministry of Industry's P3DN Business Matching Program

The Indonesian government is expected to protect domestic textile industry entrepreneurs. Deputy Chairperson of the Indonesian Textile Association, Ian Syarif hoped that the Government through the Ministry of Industry would soon establish a National Clothing Council. "The National Clothing Council will later be able to maintain domestic regulations, as well as counter-productive regulations for the development of the domestic clothing industry," said Ian on the sidelines of the Industry Ministry's "Domestic Product Shopping 2022" Business Matching event in Nusa Dua, Bali, Wednesday, March 23, 2022.

Ian said that so far the Government's attention to domestic textile industry entrepreneurs has been quite good.

Especially during the recovery period from the Covid-19 pandemic and the war between Russia and Ukraine.

According to the President Director of PT Sipata Moda Indonesia, the impact of the war has reduced exports to destination countries

such as the United States and the European Union.

"This has an impact on the oversupply of domestic production and also imports from other producing countries who see Indonesia as a soft target market," explained Ian Syarif.

Meanwhile, Commissioner of PT Sipata Moda Indonesia, Parwis Nasution added, a conducive business climate will certainly have an impact on the absorption of a large number of workers.

"We hope that the industrial sector can get a market on Eid al-Fitr, at least so that entrepreneurs can pay their THR obligations for their workers," said Parwis.

Parwis also appreciated the campaign program to Increase the Use of Domestic Production (P3DN) and the Domestic Component Level (TKDN), for encouraging government spending of Rp. 400 trillion to be spent on products that have TKDN.

"This program helps raise the spirit of an inclusive economy for domestic producers," said Parwis.

Parwis sees the potential of the textile creative industry in Indonesia is quite large, both formal and informal.

"Formal is like medical equipment uniform or official clothes, informal is hijab fashion for Muslim clothes," he explained.

"It's time for Indonesia to be free of clothing, because in terms of technology, it is sufficient. This industry also absorbs a lot of labor and becomes a very good safeguard for world economic turmoil," he concluded.



Trisula Textile (BELL) Plans Buyback of IDR 55 Billion Shares

Textile issuer PT Trisula Textile Industries Tbk. (BELL) plans to buy back shares or buyback shares that have been issued by the company. In an information disclosure on the Indonesia Stock Exchange (IDX), the management of Trisula Textile said that the share repurchase will be carried out for 18 months after the company gets its blessing at the Extraordinary General Meeting of Shareholders (EGMS) to be held April 27, 2022. This buyback will start from the approval of the EGMS on 27 April 2022 until 26 October 2023. "The cost to be issued for the share buyback is a maximum of IDR 55 billion, including brokerage fees and other costs related to the share buyback," said management, Monday (21/3/2022).

In this corporate action, the issuer coded for BELL shares plans to buy a maximum of 10 percent or a maximum of 725 million shares.

BELL's management explained that the company's share repurchase was motivated by the company's current share price, which did not reflect the actual value or performance. Another buyback consideration is the slowing down of the national and world economy as a result of the Covid-19 pandemic which also has a negative impact on stock performance in general, including the company's shares.

"The implementation of the share repurchase is expected to improve the

performance of the company's shares, as well as provide greater flexibility in capital management to achieve an efficient capital structure," said management.

The company will appoint PT Phillip Sekuritas Indonesia as a member of the stock exchange to buy back the company's shares through the stock exchange.

Meanwhile, at the close of trading today, Monday (21/3/2022), BELL shares were recorded to be closed in the green zone with an increase of 1 point or 1.47 percent to the level of Rp.69 per share. Since the beginning of the year to date or year to date (ytd), BELL's shares have fallen by 52.74 percent.



Surakarta City Government Says Solo Has Great Potential in the Textile Sector

The Surakarta City Government stated that Solo has great potential in the textile sector, one of which can be seen from the many batik industries in the area. "Solo City itself is the largest batik city in Indonesia," said Surakarta City Secretary (Sekda) Ahyani at the Solo Textile Mart 2022 activity in Solo, Thursday (17/3/2022). He said the existence of Kampung Batik Laweyan and Kauman was proof that the textile industry, including batik, could be a shopping commodity for the community, especially tourists. "In this case, textile commodities are the main focus of the batik industry and its derivatives, such as

fashion handicrafts and accessories to interior decorations," he said.

However, he admits, currently there are complaints from batik craftsmen regarding the increase in the price of raw materials following the lack of supply of raw fabric materials, especially for the batik industry. He said this condition was not only experienced by batik craftsmen but also other textile commodity industry players. "It must be understood that this is happening not only in Indonesia but also almost all over the world due to the failure of cotton harvests in America and other cotton-producing countries in the world," he said.

Responding to these conditions, one of the efforts made by the Surakarta City Government is to organize a Solo Textile Mart with the theme Lets Talk About Textile which is expected to become a national discussion event for textile industry resource parties. "Therefore, I hope that this discussion can provide a solution to deal with the increase in the price of textile raw materials. There must be collaboration with the parties to develop independent cotton cultivation as an effort to meet the supply of cotton for fabric commodities for batik industry players and their derivatives," he said.

He also hopes that in the future there will be support from the central government regarding national policies to support independent cotton cultivation. On the same occasion, the Head of the Surakarta City Cooperatives and SMEs Service, Wahyu Kristina, said that the solution to the shortage of cotton was by cultivating cotton.

"In addition to finding solutions, it is hoped that networking and strengthening collaboration between policy makers and textile industry players and their derivatives will also be created," he said.

Indonesian MSMEs Attract Visitors to Dubai Expo

The existence of Indonesia's Micro, Small and Medium Enterprises (MSME) products is increasingly reaching the global market, apart from the increasing quality and demand of foreign products, but also because it is supported by intensive marketing by various parties. This proactive quality and marketing was represented, among other things, by the participation of 72 MSMEs assisted by Bank Indonesia (BI), including members of the Indonesian Sharia Creative Industry (IKRAI), at the "Bank Indonesia Special Week" event at the Indonesia Pavilion at Expo 2020 in Dubai, United Arab Emirates. (UAE), which is an international exhibition held every 5 years.



This activity is also a collaboration between BI and the Coordinating Ministry for Economic Affairs, DKI Jakarta Provincial Government, and industry. Carrying the motto of Indonesia: Archipelago of Opportunities, Showcasing MSMEs which was held from Friday (11/3/2022) to Thursday (17/3/2022) was part of the G20 2022 Presidency side event which emphasized the importance of the role of MSMEs as one of the finance track agendas. G-20 in the spirit of Recover Together, Recover Stronger.

The crowds of stands at the Indonesian Pavilion cannot be separated from the variety of superior UMKIM products which include jewelry, clothing including

accessories, textiles and apparel, body care products, household knick-knacks, food and beverages, and others.

The introduction of MSME products at Expo 2020 Dubai has started since November 2021 through a fairly strict curation process. The quality of the curation is evidenced by the business follow-up requests that continue to flow from potential overseas buyers.

This buyer's interest will be responded to by Business Matching MSMEs as a meeting place and sales pitch for potential buyers from abroad.

The momentum of World Expo 2020 Dubai, as well as Dubai's branding as a global player in the world of Islamic fashion and fashion are also the right means to present the Fashion Show, Sunday (13/3/2022) Muslim fashion with the theme "Indonesia Modest Fashion Day" with a collection of Muslims/modest fashion Indonesian designers collaborate with the UAE through the use of wastra fabrics.

In addition, BI Special Week also held a series of Business Forums from Monday (14/3/2022) to Thursday (17/3/2022) which raised various topics including information dissemination on Indonesia's potential in the global halal industry, digitizing payment systems for an inclusive economy. , and efforts to strengthen MSMEs in global supply chains.

Not to forget, Coffee Cupping was also present on Thursday (17/3/2022) which introduced the taste of authentic Indonesian coffee to the visitors, so that the entire event will become a magnet for potential buyers from various parts of the world.


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Jampidsus Seizes 19 Containers of Textile Materials from China

The investigation team of the Deputy Attorney General for Special Crimes (Jampidsus) of the Attorney General's Office (AGO) confiscated 19 containers containing textile materials from China. The confiscation is part of an investigation into alleged corruption related to the management of bonded zones at Tanjung Priok Port, Jakarta, and Tanjung Emas Port, Semarang, Central Java (Central Java). "The 19 containers are suspected to belong to PT HGI (Hyup Seung Garmen Indonesia) which contains textiles from China," said the Director on Thursday (10/3/2022).

He said the confiscation of the 19 textile containers would be evidence related to the investigation of the case that is currently being handled. He added that the confiscation of 19 containers was carried out from Wednesday (9/3/2022) night to Thursday (10/3/2022) today.

Supardi said the confiscated objects were in five separate locations which were still in the Tanjung Priok bonded area, Jakarta. The Head of the Information and Legal Center (Kapuspenkum) at the Attorney General's Office, Ketut Sumedana, explained that the seven confiscated containers were at the PT

Tripandu Pelita customs shelter (TPP), and seven containers were at the PT Trans Con Indonesia TPP.

Two containers at PT Multi Sejahtera Abadi TPP, one container at PT Jasa Lancar Lintas Logistindo TPP, and two other confiscated containers are at the Jakarta International Container Terminal (JICT) Tanjung Priok temporary stockpile. "This confiscation and sealing is a series of investigative activities to collect evidence and make light of the port mafia case related to corruption in the abuse of authority and receipt of money in the bonded areas of Tanjung Priok Port and Tanjung Emas," said Ketut.

Investigations into alleged corruption at the Tanjung Priok and Tanjung Emas ports are new cases that are currently being investigated by the team at the Jampidsus AGO. Supardi once said that the case was related to the alleged involvement of customs officials and the private sector in receiving money for incoming goods from abroad. Western countries. Because it won't be easy to sell more from Bangladesh, which also enjoys preferential export terms from many buyers as a less developed country.



Bandung Regency Government: Sarongs need to be preserved to revive the textile industry

The Bandung Regency Government (Pemkab) said that one type of clothing that became Indonesia's cultural heritage, namely the sarong, needed to be preserved in order to revive the passion of the textile industry.. Assistant for Economics and Development for Bandung Regency, Marlan, said that Majalaya District was a center for sarong producers in Bandung Regency, which was well known at its time. So, according to him, the preservation of this sarong needs to be accompanied by innovations from textile industry entrepreneurs.

"The quality of Majalaya sarongs is quite good, so it takes creativity from sarong entrepreneurs to face the times," said Marlan in Majalaya, Bandung Regency, West Java, Thursday.

The Nuswantara MSME Forum (FUN) held the Majalaya Sarong Festival at The Matic Mall in Majalaya District, Bandung Regency, Thursday. The festival was held in order to revive the economy of the Majalaya area, which was once known as the "city of dollars" because of the sarong producers.

In addition to the exhibition of sarongs with various motifs and patterns, the festival also presents a fashion show with the theme of clothing made from sarongs from Majalaya. Then various Sundanese cultural arts performances, including pencak silat, were also held with the theme of the sarong.

"Through the Majalaya sarong festival, it is hoped that the Majalaya sarong will be revived, previously the Majalaya sarong was very famous," said Marlan.

Meanwhile, Head of the Bandung Regency Dekranasda Emma Dety Permanawati said the COVID-19 pandemic was a challenge for gloves manufacturers.

So he encouraged sarong manufacturers to increase innovation and creativity to maintain their business. "For that, in marketing, you can use social media or applications," said Emma.

He also plans to build a sarong gallery in Bandung Regency, as an event or place to promote sarongs from Majalaya and its surroundings.

"The production of Majalaya sarongs is part of the national identity. So the marketing process is carried out from upstream to downstream," said Emma.

He also hopes that the festival will be a momentum to promote sarongs as Indonesian cultural heritage. Besides being able to revive the sarong business, according to him, sarong products are part of a modern lifestyle and can empower the community's economy.

Rising Oil Prices Can Put Pressure on the Textile and Textile Products Industry

The increase in world crude oil prices is considered sufficient to affect the business continuity of textile and textile product (TPT) industry players. Referring to Bloomberg data, the price of West Texas Intermediate (WTI) oil has penetrated US\$ 121.95 per barrel on Tuesday (8/3) at 16.30 WIB. Meanwhile, the price of Brent oil was at the level of US\$ 125.93 per barrel at the same time. Secretary General of the Indonesian Filament Yarn and Fiber Producers Association (APSyFI) Redma Gita Wirawasta said the portion of fuel costs in the textile

industry actually varies. In the upstream sector, the share of fuel to total production costs is in the range of 25-27%.

While downstream, the share of fuel costs to total production costs is at the level of 8%-10%.

"On paper, this increase in oil prices will certainly have an impact on the garment industry," said Redma in a virtual press conference, Tuesday (8/3).

One of the effects of the increase in oil prices is on the competitiveness of the garment industry. Especially in dealing with the import of garment products which are usually priced cheaply.

Redma gave an example of Bangladesh which can produce garment products at competitive prices. This is quite helpful because the price of industrial gas there is only around US\$ 4 per MMBTU. Not to mention, gas energy is also used for electricity for the garment industry in Bangladesh, so that business actors there are able to reduce energy costs to become cheaper.

"The gas price for the upstream textile sector is already US\$ 6 per MMBTU. However, downstream is still US\$ 9 per MMBTU even though the usage is not as much as the upstream sector," he said.

Deputy Chairperson of the Indonesian Textile Association (API) David Leonardi added that the increase was not only in crude oil, but also in the prices of other energy commodities such as coal.

This condition can add pressure to garment industry players, both in the upstream and downstream sectors. Garment manufacturers also cannot freely adjust the selling price of their products because they

have to be able to compete with imported products and the purchasing power of the people has not fully recovered.

"Purchasing power in the community has not really improved even though it is now close to the Eid moment," said David.



Industry Independence is Still Heavy, Import Substitution Program is Slow

The achievement of the Ministry of Industry's import substitution program until the end of 2021 is still below the target of 22 percent. Plt. The Director General of the Chemical, Pharmaceutical and Textile Industries (IKFT) at the Ministry of Industry, Ignatius Warsito, said his party would recalculate achievements and performance to achieve the 35 percent import substitution target by the end of 2022. The industrial sector under the Directorate General of IKFT, namely upstream chemicals, downstream chemicals, non-metallic minerals, and textiles, contributes 60 percent to the total import substitution program which is estimated to save IDR 152 trillion by the end of this year.

Of the four sectors, only textiles achieved import substitution close to last year's target of 18.5 percent.

"In 2021 our target is 22 percent, but it's not that much. Of the four sectors, only textiles are positive, the others are negative. That's why we want to try to consolidate for the end of the year, there are only three quarters left," said Warsito, Monday (7/3/). 2022).

The pharmaceutical industry is one of the sub-sectors with the highest dependence on imported raw materials, amounting to 95 percent. This can not be separated from the drug raw material industry (BBO) which is not yet strong in the country.

Warsito continued that from several consolidation efforts, the most focused on reducing imports are downstream products.

Meanwhile, at the end of 2021, the Minister of Industry, Agus Gumiwang Kartasasmita, had revealed that the achievement of import substitution in the January-August 2021 period for all sectors was still at 7 percent.

The import substitution target of 35 percent is set on a 2019 basis, where the value reaches Rp. 343 trillion and is targeted to decrease by Rp. 152 trillion by the end of this year.

According to Warsito, the import substitution program does not only focus on reducing imports, but also deepening the industrial structure in the midst of external factors that pose challenges to the independence of domestic manufacturers.

So that what is also encouraged from this program is the incoming investment for deepening the industrial structure, which also has an impact on employment.

"At the same time, to ensure that 35 percent import substitution is supported by other instruments such as mandatory SNI standards and the application of several trading tools, limited restrictions, so as to inhibit downstream products that have been produced domestically," he explained.



"Monitor the health of your employees before work"