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

Latest News

SPECIAL ISSUE

The Textile Industry is Ready to Stake Money in the New School Academic Year

The Textile Industry gets a breath of fresh air with preparations for the New School Year. This is believed to encourage and awaken the textile industry which is currently under pressure. Director of Industry, Textiles, Leather and Footwear of the Ministry of Trade Adie Rochmanto Pandiangan said domestic market demand, especially for apparel, had made the textile industry's performance improve. In preparation for the New School Year period. In addition, retailers are finishing up the remaining clothing stocks from Idul Fitri production at the end of April.

"We also suspect that the government's P3DN (Increased Use of Domestic Products) policy to supply public school clothing and ASN clothing is ongoing. To anticipate this supply, the next supply, manufacturers have started to increase production activities," he said, Wednesday (6/28/2023).

Nevertheless, Adie admitted that the textile industry was still experiencing a contraction due to high imports which suppressed the absorption of sales of domestic products. Although it has increased from the previous month, the performance of the textile industry is still not at its peak.

He hopes that as the new school year enters, the performance of the textile industry will improve.

"Our textile imports have increased compared to April. It increased quite a lot from 133 thousand tons in May from 106 thousand tons. This volume of textile imports has roughly caused textile stocks in the market to not be absorbed and will still be large until June 2023, causing sales of textiles and garments to decline," he explained.

Meanwhile, Ministry of Industry Spokesman Febri Hendri Antoni Arif said a number of industries in the textile sub-sector were still in difficult conditions and were reported directly by industry players.

Febri strongly suspects that one of the causes is the still high volume of imported used clothes, which he says enter through the Bonded Logistics Center (PLB). Therefore, he asked the ministries/agencies and related parties to oversee the process of entry and exit of goods at the PLB.

"We have asked other ministries that are in charge of activities at PLB and marketplaces to further tighten supervision of imported goods entering Indonesia," he said.

LATEST NEWS

The Wave of Layoffs in the Textile and Footwear Industry Continues, Here's the Association's Response

The wave of layoffs (PHK) continues to hit the Indonesian textile and footwear industry. Previously, the Confederation of Nusantara Trade Unions (KSPN) said that a number of textile and footwear factories had laid off workers or laid off their employees. The factories are located in West Java, Central Java and Banten. For example, PT Duniatex is reported to have laid off 3,000 of its employees. Then, there is the Agungtex Group which laid off around 2,000 employees, PT Kabana which laid off 1,700 employees, PT Pulaumas which laid off 800 employees, and several other companies.

Chairman of the Association of Fiber and Filament Yarn Producers (APSyFI) Redma Gita Wirawasta said, based on APSyFI findings, there was a reduction in employees in the textile and textile products (TPT) industry of around 150,000, either in the form of layoffs or laid off employees, during the third quarter of 2022 to first quarter of 2023. The number of TPT industry employees who were laid off could have been much larger because not all companies reported their business conditions.

Currently, uncertainty still surrounds the textile and footwear industries because the export market has yet to recover. On the other hand, the domestic market is still filled with imported goods, so stocks of textile and footwear products in warehouses are still high.

"That way, the company will again reduce production and be forced to rationalize employees," he said, Wednesday (7/6).

According to Redma, layoffs are the last option taken by textile and footwear companies. As much as possible, the company just needs to rationalize it by temporarily laying off its employees, so that these employees can be recruited again when the company's business conditions improve.

"However, for companies that are really in trouble and are forced to layoffs, they must fulfill the rights of their employees as much as possible," he explained.

Until now, the domestic market is still flooded with imported textile and footwear products, both legal and illegal products. In fact, the domestic market opportunities should be maximized by national textile manufacturers when export demand is sluggish.

APSyFI and related associations have also coordinated with the Coordinating Ministry for the Economy to stem TPT imports in the country, so that the domestic TPT industry can recover.

"As long as the domestic market is filled with imported goods, we think the phenomenon of layoffs will continue," said Redma.

Deputy Chairman of the Indonesian Textile Association (API) Ian Syarief agreed, the rise of imported products has made national TPT producers helpless. In fact, efforts to eradicate used TPT imported products have been carried out by the government.

However, the overall TPT import rate is still difficult to stem. This is because the demand for products in developed countries is still minimal, so that a number of other TPT producing countries have instead diverted their products to Indonesia.

"There is a threat of imports from Vietnam, Bangladesh and China entering Indonesia," said Ian, today.

Dying, Textile Industry Layoffs May Reach 500,000 People

Business actors in the Textile and Textile Product (TPT) sector asked the government to immediately take serious steps to save the industry. The drop in export orders, a flood of imported products domestically, and an increase in layoffs (PHK) threaten the survival of this industry if no action is taken immediately. According to the Chairperson of the Indonesian Filament Fiber and Yarn Association (APSyFI), Redma Gita Wirawasta, the TPT industry has experienced a decline in performance since the third quarter of 2022 until now. Sluggish export orders from major markets and increasing imports of domestic products have exacerbated the situation.

Redma said that many TPT factories were forced to lay off their jobs because they could not operate. In fact, the number of layoffs is estimated to be greater than the official report, which reached around 10,000 workers. The Association estimates that the wave of layoffs in the TPT industry could reach 500,000 people if no significant steps are taken.

Redma encouraged the government to form a task force (Satgas) focused on saving the national textile industry. Apart from that, the government also needs to stop importing textiles other than for export-oriented industrial raw materials, and take firm action against illegal imports of TPT products.

President of the Nusantara Trade Union Confederation (KSPN), Ristadi, revealed that six TPT factories were reported to be cutting workers by laying off employees. However, the number of workers laid off is estimated to be greater than the data reported because not all companies report publicly about their layoff plans.

In addition, there are several companies that object to being disclosed to the public regarding their plans to lay off employees because it involves banking trusts and the movement of their shares in the capital market.

"In the end, we cannot open the data as a whole," he said.

To deal with this situation, Ristadi asked the government to conduct a census of all TPT companies to understand the current conditions, including the number of employees who are still working, laid off, or laid off. He also encouraged employers to be more open in dialogue with workers to build trust and understanding about the company's difficult conditions.

The Director of the Textile, Leather and Footwear Industry at the Ministry of Industry, Adhie Rochmanto Pandiangan, explained that the growth of the TPT industry until the first quarter of 2023 decreased 0.07% (C to C) despite experiencing an increase from the third quarter of 2022. The TPT industry also faced pressure on the export sector with a decline in export value of 23.1%.

However, Adhie stated that confidence in the future of the TPT industry was still high. The investment value in this industry has also increased from year to year.

Business actors and the government are expected to work together in overcoming the challenges faced by the textile industry in order to maintain the continuity and growth of this sector.

Textile Entrepreneurs in Central Java Are Worried That Thrifting Actions Become a Field for Discarding Used Clothes

Central Java textile entrepreneurs are worried that thrifting has now become a field for disposing of used clothing from abroad. This is because in China, for example, destroying used clothes costs a lot of money and pollutes the environment when they are burned or buried in the ground. General Manager of PT Sandang Asia Maju Abadi, Deddy Mulyadi, said that used clothes that enter the country and are known as thrifting, are actually branded goods. The statement was said when met at his office, recently. Deddy as Chairperson of Apindo City of Semarang explained, domestic thrifting perpetrators who buy used clothes do not have too much capital, between Rp. 2 million to Rp. 2.5 million per kilogram.

Every one kilogram of used clothing that is purchased contains approximately 700 used clothes.

According to him, used clothes from abroad that enter Indonesia depend on the policies of the government.

"I thrift that in Europe the ingredients are selective, but here the ingredients are mixed. So sometimes some are suitable for use, some are not," said Deddy.

Deddy further explained, the existence of thrifting actually did not disrupt the domestic textile market.

Garment or textile business actors from the SME sector are actually not bothered because they already have their own market.

“Thrifting players actually have their own market, mostly young people who want to be stylish with branded clothes. All of that has a market,” he explained.

Previously, Deputy Trade Minister Jerry Sambuaga stated that thrifting activities were permitted as long as they were not imported goods.

Currently, the government has only banned the import activity of imported used clothes.

This rule is contained in the Minister of Trade Regulation Number 40 of 2022 concerning Amendments to the Minister of Trade Regulation Number 18 of 2021 concerning Export Prohibited Goods and Import Prohibited Goods and Law Number 7 of 2014 concerning Trade.

Currently, the government is still giving traders time to finish their stock of imported used clothes.

The sale of used imported clothes in the future will be prohibited.

Incentives Become a Magic Way to Face the Storm of Layoffs in the Textile to Footwear Industries

Minister of Industry Agus Gumiwang Kartasasmita said that his party would find special incentives for industries that were experiencing a storm of layoffs (PHK), such as the textile, garment, and footwear industries.

According to him, giving incentives is considered quite effective. This step reflects the provision of PPnBM incentives that were disbursed during the Covid 19 pandemic. So that the automotive industry is excited again and is not deeply affected by the economic downturn due to the pandemic. "Of course what we prioritize are industries that have a high multiplier effect, which have a large absorption of labor, or labor-intensive industries for us to look for incentives so that they

don't decline further, to avoid layoffs," said the Minister of Industry at a press conference at his office, Friday (9 /6/2023).

The Minister of Industry acknowledged that currently the global economic situation is indeed experiencing a weakening. This condition had an impact on the textile, garment and footwear industries, which are oriented towards the export market, resulting in a decrease in orders.

"We all have to be aware of what is happening globally. In the midst of a situation that is not good, the global economy is still weakening, that's why our PMI decreased last month to this month," he continued.

The Confederation of National Workers Union (KSPN) noted that up to the first quarter of 2023, at least thousands of employees have been affected by layoffs since the fourth quarter of 2022. PT Kaban and PT Prosmatex, Central Java, laid off 3,000 employees, PT Duniatex and PT Agungtex laid off 5 thousand employees.

In Bandung, West Java, PT Adetex and PT Binacitra Kharisma Lestari (garment industry) conducted laffoffs to 2,000 employees.

"One of the reasons is of course the weakening of the export market, but we also see that there are sectors that are growing well, therefore we need to find alternative markets," said the Minister of Industry.

"In the future we have to look at which sector (most affected), garment is certain, that's the problem and we must examine it (before giving incentives). Is it upstream, middle or downstream. Each part of the textile sector has issues separately, the handling cannot be generalized, so we have to see," he concluded.

Minister Jokowi Outspoken, Warns of 'Storm' from Europe!

Global economic conditions have also made the Indonesian government anxious, including the Minister of Industry (Menperin) Agus Gumiwang Kartasasmita. He acknowledged that the current global economic condition was indeed not good and had to be watched out for. The government, he said, will continue to monitor global developments so that they can immediately anticipate. "I agree that global economic conditions are not good and we must be careful, must continue to be vigilant and follow developments," Agus told reporters in Jakarta, quoted on Saturday (10/6/2023).

This was conveyed in response to news of a wave of layoffs (PHK) currently hitting labor-intensive industries in the country. Especially the footwear sector (shoes) as well as textiles and textile products (TPT). Moreover, with the confirmed condition of the European economy experiencing an economic recession.

"We both have to be aware of what's happening globally, especially in the economic field. We're not in a good condition, it's not profitable for us. The global market is still weakening," he added.

This, he said, was proven by the significant decline in Indonesia's manufacturing PMI this month, compared to last month.

"One of the reasons, from various reasons (the decline in PMI) is the weakening of our export market. Especially the European market," he said.

"However, we also see that there are other regions that are growing quite well. Therefore, we must be able to find non-traditional markets for our products," said Agus.

At the same time, he said, the government will strengthen the domestic market. Namely, strengthening purchasing data which can help support consumption and the domestic economy.

"We are looking for and preparing various kinds, for example incentives. Of course we will prioritize industries that have high multi-effect, call them labor-intensive," said Agus.

He also gave an example of PPnBM incentives that the government had disbursed during the last pandemic. This incentive, he said, was able to support the domestic economy which was facing the domino effect of the Covid-19 pandemic.

"We are looking for incentives that can make our industry better, not worsen its condition, avoid layoffs," said Agus.

As previously reported, Ristadi, President of the Nusantara Trade Union Confederation (KSPN), said that the wave of layoffs in Indonesia had not yet ended.

Currently, 9 shoe and textile factories are reported to be in the process of reducing their workforce, starting with laying off employees, namely:

Location: Central Java

Duniatex: 3,000 workers were laid off due to layoffs
Agungtex Group: 2000 workers laid off due to layoffs
PT Kabana's efficiency was laid off due to the layoffs of 1,200 workers
PT Pismatex went bankrupt in the process of resolving the layoffs of 1,700 workers
PT Sae Aparel thousands of layoffs due to partial relocation.

Location: West Java

PT Pulaumas was laid off due to layoffs of 800 workers
PT Adetex has laid off 500 workers for the layoff process.
Location: Banten

PT Nikomas laid off thousands of workers in stages
PT Chingluh 2000 employees were laid off.
The data, said Ristadi, could be larger because it only includes data on companies that have KSPN member unions. He gave an example, the layoffs carried out by PT Panarub and PT Tuntex around a total of 3,000 workers in Tangerang were not included in the KSPN data because they were not members.

The Textile Industry Falls, but Investment Flows Fast

The Ministry of Industry (Kemenperin) claims that there has been an increase in investment in the textile and textile product (TPT) industrial sector, even though the industry is experiencing sluggish demand for exports, followed by various factory closures. The Director General of the Chemical, Pharmaceutical and Textile Industry (IKFT) of the Ministry of Industry Ignatius Warsito said that in the first quarter of 2023 the TPT sector was still being looked at by investors, indicating an increase in investment figures. Warsito said the increase in investment was dominated by investment from abroad or foreign investment (PMA).

"In the first quarter of 2023 textile investment actually increased more FDI," said Warsito, on Monday (12/6/2023).

The Diponegoro University Chemical Engineering alumnus said the increase in textile investment was due to different market needs. "Because market needs are different, that's what makes them move all the time, they can't stay still, if they stay still, they can also fall into suspended animation," added Warsito.

Looking at the investment data on the BKPM (Investment Coordinating Board) National Single Window for Investment (NSWI) website, FDI for the textile industry in the first quarter of 2023 has indeed crept up compared to the same period last year (Year on Year/YoY) or the previous quarter.

BPS's record is positive, but textile entrepreneurs admit that export orders have fallen for the textile and footwear industry. This is a row of factories laying off thousands of textile foreign workers in the first quarter of 2023, which was recorded at US$74.34 million or the equivalent of Rp.1.10 trillion (at an exchange rate of Rp.14. 892).

This figure increased by 84.13 percent from US$40.35 million in the same period last year.

Then when compared to the previous quarter, or quarter IV/2022, the FDI figure for the textile industry was also observed to have increased by 81.49 percent, from the previous US$40.96 million. Similar to FDI, domestic investment (PMDN) for this industry in the first quarter of 2023 recorded an increase from the same quarter the previous year which reached IDR 485.15 billion to IDR 257 trillion, an increase of 430.40 percent.

Likewise when compared to the PMDN of this sector in the previous quarter or quarter IV/2022 which amounted to IDR 1.19 trillion, an increase of 146.26 percent.

Textile Industry Layoffs Continue, Ministry of Industry Blames Old Machines

The Ministry of Industry considers that the fall of labor-intensive industries such as footwear and textiles which led to layoffs or mass layoffs was triggered by low productivity. This was motivated by the use of old machines. The Director General of the Chemical, Pharmaceutical and Textile Industries (IKFT) of the Ministry of Industry, Ignatius Warsito, said that on average, factories in the national labor-intensive industries still use old machines. With machines that are technologically behind, according to Warsito, the textile industry players in the country cannot maximize innovation, so that product models do not keep up with the times.

According to him, it is not surprising that domestic industrial products are inferior in the global market to products from various countries that have a high level of innovation in labor-intensive sectors.

"That machine has also been around for a long time and orders are dropping, so it's getting lower," said Warsito on Monday (12/6/2023).

In this case, the Diponegoro University Chemical Engineering alumni who has worked at the Ministry of Industry since 1990 said that the ministry is currently preparing incentives for labor-intensive industries. Not only that, the Ministry of Industry is trying to extend the engine restructuring program for next year.

"With the new machines, you can make new models," added Warsito.

Previously, in 2021 and 2022, the Ministry of Industry (Kemenperin) did indeed hold a machine/equipment restructuring program that focused on the fabric perfecting and fabric printing industries which was participated by 27 companies. This year, the Ministry of Industry is again holding this program and targeting the participation of 13 companies with a total budget of IDR 4.7 billion.

This program aims to stimulate the use of equipment or machines that are more modern, efficient and environmentally friendly so as to increase competitiveness, in accordance with the "Making Indonesia 4.0" roadmap.

With this budget, a discounted price of 10 percent of the total investment in imported machinery/equipment will be made, or 25 percent for domestically produced machines/equipment.

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.

In 2022, citing data from the Indonesian Employers' Association (Apindo), the total garment factory workers who lost their jobs until early November 2022 reached 79,316 people from 111 companies.

South Korea and Taiwan Dominate Indonesia's Textile Sector Investment

Amid the decline in investment in the Indonesian textile sector, foreign investors from South Korea and Taiwan are still loyal to invest in this sector. The Director General of the Chemical, Pharmaceutical and Textile Industry (IKFT) of the Ministry of Industry Ignatius Warsito said that in the first quarter of 2023 the TPT sector was still being looked at by foreign investors, with a comparison of foreign investment (PMA) which was more dominant than domestic investment (PMDN). The majority of foreign investors in the textile sector come from South Korea and Taiwan.

"In the first quarter of 2023, the FDI will actually increase in textile investment," said Warsito, some time ago.

Looking at the investment data on the BKPM (Investment Coordinating Board) National Single Window for Investment (NSWI) website, textile FDI in the first quarter of 2023 was recorded at US$74.34 million or the equivalent of IDR 1.10 trillion (at an exchange rate of IDR 14,892). . Meanwhile, PMDN was recorded at IDR 2.57 trillion.

This US$74.34 million FDI figure increased by 84.13 percent from US$40.35 million in the same period last year. Meanwhile, when compared to the previous quarter or quarter IV/2022, the FDI figure for the textile industry was also observed to have increased by 81.49 percent, from the previous US$40.96 million.

Based on the same data, it is known that South Korea is the biggest investor investing in Indonesia for textiles. In the first quarter of 2023, South Korea invested US$28.6 million in 125 projects.

Followed by Taiwan with FDI of US$13.96 million in 27 projects, India with five projects with a total capital of US$11.28 million.

Then Hong Kong (People's Republic of China/PRC) amounted to US$6.28 million with 35 projects, Japan with 58 projects totaling US$5.93 million, China with 52 projects with an investment of 5.27 million.

Then neighboring Singapore with 43 projects worth US$1.61 million, British Virgin Islands with nine projects worth US$518,500, Anguilla one project with US$481,200.

In addition, there are the Netherlands windmill countries with a total of two projects of US$188,400, Belgium with three projects of US$70,500, Qatar with one project with a figure of US$60,600, as well as Seychelles four projects of US$46,000. There is also Italy one project worth US$14,000, Germany two projects US$1,700, Pakistan one project, Afghanistan one project, Liberia four projects, Panama one project, Brunei Darussalam two projects, Cayman Islands, Turkey and Malaysia one project.

Eid al-Adha Long Holiday Becomes 5 Days, Dizzy Entrepreneurs!

The government through amendments to the Joint Decree (SKB) regarding National Holidays and Joint Leave in 2023. Where there is an addition of joint leave holidays in the framework of Eid al-Adha 1444H to 28-30 June 2023. The addition of this holiday seems to be a separate burden for businesses. Chairperson of the Indonesian Filament Fiber and Yarn Association (APSyFi), Redma Gita Wirawasta, said that increasing holidays would increase the burden of overtime due to employees working on holidays. "We, as a manufacturing industry, work a lot 24 hours, which is divided into several shifts. With the addition of this holiday, we have to increase costs with overtime pay," said Redma.

With this additional holiday, manufacturers in the manufacturing industry have to pay more to pay overtime workers. On the other hand, the manufacturing industry is struggling as a result of global conditions and the domestic market, which imports a lot.

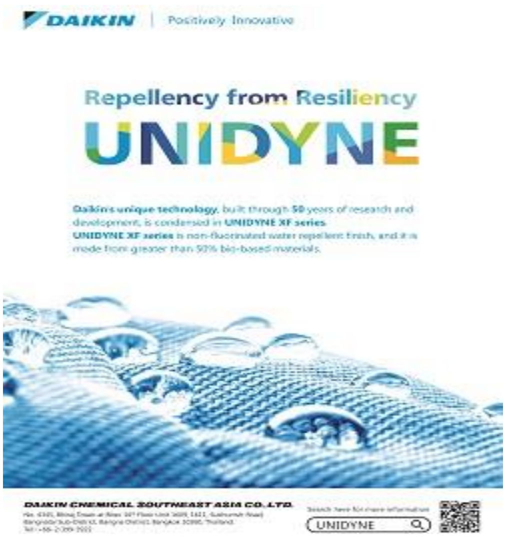
"Actually, workers need work more than holidays at this time." he said.

Production costs have increased, overtime wages have also increased. There is already a calculation of what percentage of production costs will be incurred by manufacturers in the manufacturing industry. There are differences between the upstream and downstream industries, as upstream is more of a 24-hour industry, apart from that there are other obstacles such as tracing regulations, while downstream it can still be regulated meaning that even if there is an order upstream, overtime will be taken while downstream will choose a holiday.

"Because of the high cost of 25% it will be very expensive if you take overtime for the downstream part because if you take overtime it means you have to give 50%, especially now that there are not many orders," said Redma.

"But the point is not that, this holiday is for the lower class people who need more income while companies are having a hard time" he continued.

Orders can't hit the average for additional holiday policies, maybe for the capital city it might be suitable because the average office worker, but for factory areas it's not quite right because it will disrupt production activities.



Legally, Textile Stocks Have Stuck on Fifty Thousand

Textile producer issuers, PT Ever Shine Tex Tbk (ESTI), were observed to have touched the gocap level in trading session I on Friday (23/6/2023). As of 11:30 WIB, ETSI shares had fallen 1.91% to Rp 50/share. With this, ESTI shares have officially joined the gocap level shares. ESTI shares have been traded 5 times with a volume of 105,100 shares and the transaction value has reached IDR 5.26 million. The current market capitalization is Rp 100.76 billion. Until 11:30 WIB, in order to offer or sell, there were 3,755 lots queuing at a price of IDR 51/share or around IDR 19 million. This price position is also at the same time the largest number of selling queues in session I today.

Meanwhile, in bid or buy orders, there are 7,630 lots queuing at today's lower limit price of IDR 50/share or around IDR 38 million.

For information, ESTI was founded on December 11, 1973, as a textile company headquartered in Jakarta. The company produces synthetic yarns, fabrics and garments.

The company's products are woven, knitted (warp and circular), dyeing, finishing and coating.

Has a trademark known as Ever Shine Tex, through PT Primarajuli Sukses as a subsidiary company which produces polyamide nylon 6 yarn, textured yard, twisted yarn and micro filament yarn for various types of woven and knitted fabrics which are marketed domestically and globally.

Apart from clothing, Ever Shine is also known for producing fabrics used in home decor, furniture, outdoor tents, sleeping bags, car seat covers and more.

The company is also accredited with quality certifications including from Marks & Spencer , Gemex Trading, and Oko-Tex standard 100 from TESTEX.

Ever Shine has the motto "Serving Your Lifestyle Needs" carrying out the company's mission, namely To increase shareholder value through operational efficiency, management effectiveness and profitable business activities as well as building a viable business that thrives in favorable economic conditions.

The company holds a vision to be recognized internationally as an integrated textile company in Indonesia.

The Minister of Industry's Move to Boost the Performance of the National Textile Industry

The Minister of Industry (Menperin) Agus Gumiwang Kartasasmita prepared a number of steps to anticipate a slowdown in the performance of the textile and textile product (TPT) industry due to world economic conditions and the invasion of imported products from China. "The policies adopted in the framework of securing the domestic market which will be taken, are expected to minimize the impact of the global recession on the national economy in the form of reduced demand and protect the domestic market from attacks on goods originating from imports, especially from China," said the Minister of Industry in a statement in Jakarta , Friday.

The Minister of Industry revealed that the global economic situation, especially in the European region and other export destination countries, had an impact on the performance of the national textile industry, which has the main export destinations to the United States and Europe. The decline in the value of TPT exports in the January-April 2023 period was recorded at US$3.7 billion, down 28.44 percent compared to the same period the previous year of US$5.1 billion.

On the other hand, the TPT product market has also experienced a rush of imports from China, which has experienced stockpiling due to reduced demand from the United States and Europe, so it has begun to look for new market countries to accommodate its production, including Indonesia.

"Moreover, Indonesia has a stable economic growth and a large population. This makes us a potential market destination for TPT products from China," he added.

This situation is also considered to threaten the domestic TPT industry, so the government needs to immediately adopt policies to safeguard the domestic market to minimize the impact of declining demand and potential dumping from China.

"We have received reports that the fiber industry has begun to reduce its production. This is due to imports of synthetic fibers and filaments, as well as fabrics which have begun to flood the domestic market," explained the Minister of Industry.

For this reason, the Ministry of Industry will take a number of steps. First, follow up on the proposed incentives for reducing electricity payments for industry. The incentives requested by the industry are in the form of relaxation in the payment of electricity bills, setting the amount of late payment fines at a fair price, setting one electricity tariff (rates outside peak load times for industries that operate 24 hours), providing electricity tariff relief, and easing the use of solar power plants (PLTS) roof.

The Ministry of Industry has also adopted policies through programs to increase exports, control imports, and increase industrial competitiveness. The program to increase exports is carried out by encouraging free trade agreement (FTA) cooperation with the European Union and the United States. Furthermore, strengthening promotions to find markets and control imports.

To increase industrial competitiveness, the government is developing and training industrial human resources, restructuring industrial machinery and equipment, and subsidizing certain natural gas prices (HGBT), in this case for the upstream textile industry. In the records of the Ministry of Industry, in the first quarter of 2023, the TPT industry's GDP growth rate was 0.07 percent, slowing compared to the previous year of 3.61 percent (yoy).

The TPT industry's GDP contribution to national GDP in the first quarter of 2023 also decreased to 1.01 percent when compared to the first quarter of 2022 of 1.10 percent. The decline also occurred in the utilization of the textile industry in May 2023, namely to 67.59 percent. Likewise the apparel industry, whose utilization decreased by 74.79 percent.

API Waits for Realization of IDR 252 Billion Textile Machinery Rejuvenation Fund

The Indonesian Textile Association (API) responded to reports that the government will budget Rp 252 billion for the restructuring of textile industry machinery and textile products (TPT) next year. API Chairman Jemmy Kartiwa Sastraatmadja said that industry players have not yet heard of the news, which according to him is quite astonishing. Moreover, in 2023, the budget for machine restructuring will only reach IDR 4.7 billion, far from the IDR 252 billion figure. Thus according to him, the figure of Rp. 252 would certainly be very helpful for the textile industry which is currently experiencing a slump in both the domestic and global markets.

"I was actually shocked and just heard that today Rp. 252 billion is very large. If it is possible to really get Rp. 252 billion for the restructuring of the machine, I will be very happy," said Jemmy, quoted on Monday (26/6/2023).

Jemmy further explained that the figure of IDR 4.7 billion budgeted by the government for the restructuring of TPT machines this year is still far from the total funding requirement for rejuvenating machines in this sector. Especially in this sector, according to Jemmy, there are approximately 3,000 companies from upstream to downstream in Indonesia.

Even though this year, the machine restructuring is only for the fabric improvement and printing sectors.

"This year, it's only IDR 4.7 billion, which is very small, while the capital goods for the TPT industry are also very expensive, right? In the textile industry, there are around 3,000 companies, right from upstream to downstream in Indonesia," added Jemmy.

Even though the Rp252 billion figure budgeted by the Ministry of Industry (Kemenperin) is intended for rejuvenation of TPT industrial machines from upstream to downstream, not just targeting the upstream sector, Jemmy still said this would be very helpful. According to him, it would be very good if the policy makers also paid attention to the downstream sector, which is currently in the same slump as the upstream sector.

"If this is really realized, it will be very helpful for the TPT industry. We really hope that this will become a reality," concluded Jemmy.

The Ministry of Industry (Kemenperin) has budgeted funds of IDR 252 billion for the TPT industrial machine restructuring program in 2024. This machine rejuvenation assistance program has increased 5,261 percent from this year's machine restructuring budget of IDR 4.7 billion.

It even became the biggest since this program was held. The Director General of the Chemical, Pharmaceutical and Textile Industry (IKFT) of the Ministry of Industry Ignatius Warsito explained that next year this program is not only intended for the fabric perfecting and printing industry but will also involve the downstream textile industry.

"The industrial group was expanded not only to the fabric perfecting industry and fabric printing but also to the weaving, knitting and apparel industries," Warsito said, Wednesday (14/6/2023).

Ministry of Industry Calls National Textile Industry Still in Contraction Phase

The Ministry of Industry (Kemenperin) assesses that the national textile industry will still be quite challenging throughout 2023. As is well known, the textile industry sub-sector is one of the sub-sectors that has experienced a contraction based on June 2023 Industrial Confidence Index (IKI) data. Adie Rochmanto Pandiangan, Director of Industry, Textiles, Leather and Footwear at the Ministry of Industry, said the textile industry, especially for apparel products, had actually started to show improved performance recently. In the records of the Ministry of Industry, the volume of apparel exports increased on a monthly basis from 21.9 million tonnes in April 2023 to 32.5 million tonnes in May 2023. In terms of value, exports of apparel grew from US$ 480.2 million in April 2023 to US$ $700.7 million.

"There is a gap for apparel exports to the United States market by taking advantage of the trade war situation," he said in a June 2023 IKI presentation at the Ministry of Industry Building, Tuesday (27/6).

In addition, the performance of the textile industry, especially apparel, was also driven by increasing domestic market demand, especially for school clothes as the school year changed.

Apparel retailers are also competing to finish their remaining product stocks from the Idul Fitri season and then towards the school holidays.

Unfortunately, the textile industry is still overwhelmed by the threat of imported goods, thereby reducing the effect of increased domestic demand.

Adie said that apparel imports in May 2023 reached 133,000 tons, an increase from the previous month's import realization of 106,000 tons. Such conditions have resulted in part of the ready-to-wear stock owned by local textile producers not being maximally absorbed in the market.

On the same occasion, Spokesperson for the Ministry of Industry, Febri Antoni Arif, said that in general the national textile industry is still quite challenging this year due to the rampant import of illegal textile products.

In fact, according to information obtained by the Ministry of Industry, Febri said that the imported textile products entered through bonded logistics centers (PLB) in several regions of the country. Not enough, illegal textile products from abroad are also found in various online marketplaces.

This phenomenon clearly makes it difficult for local textile industry players to compete in the domestic market, so that their performance decreases.

"We have asked other ministries that are in charge of activities at bonded logistics centers and marketplaces to further tighten supervision of imported goods entering Indonesia," said Febri.