

INDOTEXTILES

The Indonesian Textiles, Apparel & Fashion Community Reference



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Everyday Excellence

**Indonesian Textile Industry
Towards Industry 4.0
with Taiwan Excellence
Textile Manufacturing Solutions**

Hard Time for Textiles Industry

In the midst of market stagnation due to a decline in purchasing power accompanied by a return to invasion of imported goods, the textile and garment industry still has to fulfill its obligations to pay employee holiday allowances. Market stagnation has resulted in delays in payments from downstream consumers, causing cash flow problems for most companies.

Here the association again urged the government to step in by providing guarantees for the domestic market and stimulus for small and medium industries as the spearhead of the textile sector value chain to break the stagnation that occurred in the market.

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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EXPERT PERSPECTIVE

Awakening the Economy of Eid



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Apart from encouraging people's purchasing power which has decreased due to the pandemic, it is no less important to protect the domestic market from the onslaught of imports in order to optimize the momentum of Eid to become an economic lever.

Ramadan and Idul Fitri or Lebaran are moments eagerly awaited by the public, both the general public as consumers and business actors. This is because workers are waiting and hoping to get holiday allowances. Likewise, business actors, from micro, small to medium-large, hope to reap profits during Eid. Traders usually target one month's sales turnover, where there is Eid, around 30-35 percent of the total sales for one year.

Eid does not only have a dimension of religiosity. The economic dimension of Lebaran is very thick. The economy of Eid has even started since the month of Ramadan. Most of the Muslim community will prioritize their consumption, starting from the smallest thing, the quality of food consumption during the fasting month. Not surprisingly, vendors of various kinds of food line the streets. The peak is of course during Eid, people are willing to dismantle all their savings or break

piggy banks for the joy of celebrating the holiday.

When Eid arrives, various special dishes are available for almost all families, including the tradition of "having to" wear new clothes during Eid. In fact, some people are willing to go into debt to be able to carry out the Lebaran tradition of homecoming. The homecoming tradition occurs throughout the archipelago, even going home to Indonesian workers who seek their fortune in a number of countries. Under normal conditions, Eid is always a huge economic lever.

In the midst of the Covid-19 pandemic, the economic luxury of Eid has certainly receded. The enthusiasm of the community to give priority to various iftar and sahur menus must be adjusted according to household financial conditions. In fact, the desire to buy Eid clothes had to be postponed. Whether or not there is a ban on going home, the passion for consumption is still low. The reason is, people's income is still dropping so that their purchasing power is still very limited.



Need Security

In the midst of weak people's purchasing power, the government must seriously take "safeguards" so that the Eid al-Fitri momentum is still able to leverage economic recovery. Most importantly, of course, to maintain price stability of basic necessities so that the low purchasing power of the people is not eroded by pressure from rising prices or inflation.

Another step that is no less important is protecting the domestic market from the onslaught of imports. The movement to increase public consumption must be optimized in order to absorb domestic products. Moreover, many business actors or micro, small and medium industries (UMKM / IKM) have gone out of business due to the pandemic. The economic momentum of Eid should be able to be used to encourage the revival of MSMEs and IKM.

The main thing is to safeguard labor-intensive industries so that they can immediately re-absorb the large unemployment rate. The textile and textile products (TPT) industry is an industry capable of absorbing more than 3.94 million workers. Moreover, the opportunity for people to buy clothes once a year during Eid must be enjoyed by IKM.

Unfortunately, imports of various types of clothing, such as casual and formal tops, bottoms, overalls, outerwear, headwear, and baby clothes are free to enter without the imposition of tariffs or non-tariffs. In fact, before Lebaran, the flood of Muslim clothes, including koko shirts, robes, hijabs, and prayer rugs, was extraordinary. As a result of the onslaught of imported clothes from China and Thailand at low prices, IKM is increasingly under threat. It is not surprising that in the fourth quarter of 2020, the textile and apparel industry fell by 8.8 percent and hundreds of thousands of people were forced to lose their jobs.

Regulatory Contradiction

This condition occurred not only because of the weak safeguard trade policy for the domestic market, but also the paradoxical policy. The government should have implemented a tariff structure that is aligned from upstream to downstream. Ideally, the imposition of import tariffs on downstream products must be greater than the import

tariffs for upstream products, including the imposition of temporary trade security tariffs in the form of safeguards or imposition of import duty on security measures (BMTP).

Thus, apparel producers (downstream) can more optimally absorb domestic raw materials as well as gain market certainty. This means, one policy, two benefits are fulfilled, namely encouraging the creation of added value because it encourages the use of local raw materials as well as import substitution.

However, in fact, the current structure of the textile import tariffs is reversed, the tariffs on the upstream and intermediate sides are higher than those on the downstream side. In fact, for downstream products originating from free trade partner (FTA) countries, such as China, there is no imposition of import tariffs. Almost all export destination countries for Indonesian TPT wear safeguards or BMTP to protect the domestic market because they are still allowed by the WTO.



In fact, the imposition of BMTP for apparel will certainly have a multiplier effect on national economic growth. The reason is, this will strengthen the domestic IKM because both large-scale industrial brand and non-brand clothing carry out the core and plasma system (makloon) to the IKM.

In addition, addiction to imports of raw materials is not entirely caused by

uncompetitive upstream products or domestic raw materials. This is because domestic raw materials are subject to Value Added Tax (PPn), while imported raw materials are VAT-free. Moreover, the imposition of BMTP for apparel will also not reduce the value of exports because the majority of export-oriented industries receive KB / KITE facilities that are free of import duties on raw materials and BMTP.

Indonesia with a population of more than 270 million people is certainly a big target market for world textile producers, especially during the Eid al-Fitr momentum. In the midst of the low purchasing power of the people, it must be optimized to protect the market from the onslaught of cheap products, including closing the entry of used clothing imports which are widely traded through online shopping platforms and social media. In fact, the import of used goods has been prohibited in the Regulation of the Minister of Trade (Permendag) Number 51 of 2015.

So, if the government argues that the entry of cheap imported goods without BMTP is expected to spur an increase in public consumption, this is a misguided logic. Especially now that imports of apparel are dominated by cheap products that are IKM's competitors, only about 5 percent of classy or branded products.

The people's purchasing power will soon recover if jobs are available. This only happens if the products of MSMEs players, which are 99 percent of which are sold, are purchased by the public. Thus, in order for economic recovery to occur, it is not cheap products that are needed by the community, but to create jobs immediately. If labour-intensive industries arise (including the textile industry), people's purchasing power will certainly also be increased.***

ADVERTORIAL

Indonesian Textile Industry Towards Industry 4.0 with Taiwan Excellence Textile Manufacturing Solutions

Taiwan's textile machinery industry has an outstanding global reputation for its ability to produce exceptional products. With its emphasis on high quality and reliable service, the industry excels in providing flexible technology and textile integrated systems. To show the latest developments in Taiwan's textile machinery to Indonesian companies, a webinar was held on March 30, 2021.



Organized by the Bureau of Foreign Trade (BOFT), MOEA, Taiwan, ROC, and the Taiwan External Trade Development Council (TAITRA), representatives of four machine companies Taiwan's leading textiles, namely: LOGIC ART AUTOMATION, PAILUNG MACHINERY MILL, ACME MACHINERY INDUSTRY, and HSING CHENG MACHINERY, presented their sophisticated products. The event attracted more than 792 viewers.

The chairman of the Indonesian Textile Association (API), Jemmy Kartiwa Sastraatmaja, stated in his introduction that the Indonesian textile industry was reviving from the downturn of Covid-19. A gradual recovery has begun with the assistance of the Government of Indonesia. The Indonesian

textile industry, from upstream to downstream, is heading towards Industry 4.0. When textile companies start replacing old equipment with the latest innovations, Taiwanese textile machines will be of great help in Indonesia's digital transformation. He believes that the event will provide a glimpse into Taiwan's newest textile machine technology and also provide valuable information to viewers and Indonesian textile companies.



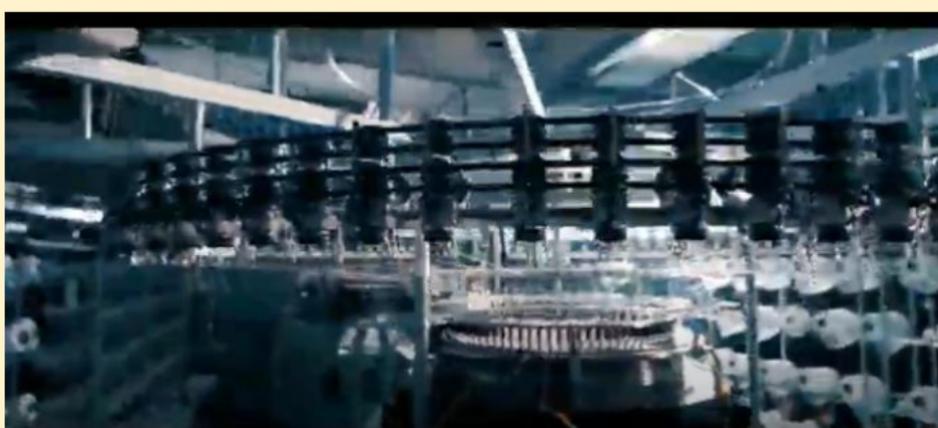
Former chairman of API, Ade Sudrajat highlighted the fact that the Indonesian textile industry is experiencing a recovery in the first quarter of 2021 with a growth rate of 14% YoY. The Indonesian textile industry is getting hope because textile companies follow industry trends. In the fourth quarter of 2020, there was a continuous increase in the import value of textile machinery from Taiwan. Taiwan's advanced technology is expected to continue to provide benefits to the Indonesian textile industry in the new era of Industry 4.0.

In the main part of the webinar, Taiwan Excellence Award-winning companies introduce their latest solutions and technologies:

LOGIC ART- Dye-House Total Solution

Logic Art, the only integrated company providing the only "Dye House-Total Solution" in the world, offers total solutions for the textile dyeing industry. They carry out and integrate the colouring processes, such

as dye storage, lab for colour management, central control for stenter machines and dyeing machines. Solutions include an Automatic Powder Dyestuff Weighing System, an Automatic Chemical Distribution System (Supplement), an Automatic Dyestuff Dissolution and Distribution System with RFID, a Lab Dispenser System, and a Control Centre. Logic Art is making significant efforts to enhance their complete solution and support the textile dyeing industry to achieve smart and integrated production.



PAILUNG- Why Smart Knitting?

Bankruptcy, which for several years focused on smart knitting projects, has changed due to the wave of Industry 4.0. Pailung has launched MES (Manufacturing Execution System) and POMS (Pailung Online Monitoring System) to respond to a varied market and complex data management. Their smart knitting machines provide services including optimizing adjustment time and machine accuracy, increasing the effectiveness of stock management and machine maintenance, accelerating the response from the manufacturing side to market needs, increasing product repeatability in production, effective data management in database knitting, and management and communication. effective remote control in the post-pandemic era.

ACME- New Generation Eco-Friendly Intelligent Conveyor Drive Dyeing Machine

ACME introduces their revolutionary product, the AM-ICD Intelligent Conveyor Drive High Pressure Constant Speed Dyeing Machine. It is equipped with a conveyor to

drive fabrics instead of floating dye fluids and is able to save more than 65% of water, steam, electricity and additional energy, as well as reduce wastewater and CO2 emissions by up to 65%. This machine has obtained more than 20 invention patents worldwide and a total of more than 200 patent certificates.

HSING CHENG- Continuous Washing Range in Rope Form

HSING CHENG launched a new product, the Continuous Washing Machine, which provides a wide range of applications that can save 379 tons of water, 335.7 kilowatts of electricity, 33.1 tons of steam than many conventional dyes in the reduction cleaning process. This substantially reduces production costs in response to increased sustainable development.***

Worker Application Against COVID-19

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LATEST NEWS

The Ministry of Industry Appreciates Wiska Innovation



The Ministry of Industry appreciates PT Wiska's innovation in producing cleaning tools made from crayon cotton in Indonesia.

PT Wiska partners with Asia Pacific Rayon (APR) in providing raw materials for sustainable rayon fiber with the 3S concept (sustainable, strong and soft).

Elis Masitoh, Director of the Textile, Leather and Footwear Industry at the Ministry of Industry

appreciates PT Wiska's step in making product innovation that is right on target as well as stimulating the potential of the home textile product industry in Indonesia.

"We appreciate PT Wiska's steps in supporting the government's commitment to advancing the national textile and textile product (TPT) sector as a priority industry," said Elis.

"Products made in Indonesia are also in line with the government's program for realizing the import substitutes program of up to 35 percent in 2022 as well as being the

embodiment of the roadmap making for Indonesia 4.0 for the textile sector, "said Elis.

Until the end of 2020, Elis explained that home textile products contributed 10% exports of the Indonesian Textile and Textile Product Industry (TPT) which reached 10.55 billion USD.

There are 205 home textile companies with a workforce of 35,720 people with superior product types, namely towels, bed linen, curtains and so on.

"Not only supporting the trend of sustainable textiles, quality collaboration between APR and Wiska also supports the government's commitment to using original domestic products Proud of Indonesia and in line with the spirit of "Everything Indonesia" is encouraged by APR, "said the Director of APR, Basrie Kamba.

For the first stage, the Eco Pure S product variants launched were towels, bathrobes, turbans, headbands, blankets and house slippers.

All of these products are marketed in Shopee and Tokopedia online stores as well as Yogya offline stores.

Until 2021, PT Wiska targets to market its products to 50 retail stores throughout Indonesia.

PT Wiska has been known as a producer and exporter in the home textile segment.

The presence of Eco Pure S is currently considered appropriate to be used as protection during the Covid-19 pandemic.

The antimicrobial properties in towel products can ward off microbes, bacteria and fungi from various potential diseases that can withstand up to 30 x washes.

Besides being able to ward off potential diseases, Eco Pure S uses raw materials APR rayon fiber is environmentally friendly due to its renewable and biodegradable properties.

In accordance with the 3 S concept, the Eco Pure S has strong but permanent endurance provides the softness characteristic of the rayon-cotton material used.

"In the midst of the world's demands for sustainable products, we launched Eco Pure S products that use sustainable and own APR rayon fiber many advantages," said Andrew Haryanto, owner of PT Wiska.

He explained that Eco Pure S could ward off potential disease during a pandemic.***

Sritex (SRIL) and Pan Brothers (PBRX) Struggled to Face the Maturing Debt



The textile industry in the country is still plagued by various negative sentiments. Apart from the invasion of imported textile products from China which in recent years has flooded the domestic market, the Indonesian textile industry has also been increasingly depressed due to the impact of the Covid-19 pandemic.

Since the third quarter of last year, the demand for textile products has actually started to increase. The Indonesian Textile Association (API) noted that the utility of the textile industry in the midstream has started to rise to the level of 70%.

However, since the beginning of this year, the textile industry has had to face new challenges from rising raw material prices. API Secretary General Rizal Tanzil said that the increase in crude oil prices would automatically increase the price of textile raw materials, which are petroleum derivative products.

As a result, Rizal said, the increase in prices upstream was rolling like a snowball downstream. Due to rising raw material costs, textile manufacturers will automatically raise the selling price of textile products.

"The problem is that the market is not ready to absorb the new prices due to weak purchasing power due to the pandemic," said Rizal.

The problem is getting worse because the textile industry does not receive a working capital stimulus from the government. In addition, banks are also more selective in channeling working capital loans to textile companies.

The impact of the crisis in the textile industry varies from company to company. Most issuers in the textile industry which listed their shares on the Indonesia Stock Exchange (IDX) experienced a decline in sales. The sales of several listed companies even fell quite sharply.

Meanwhile, several closed companies earlier this year also had to face Postponement of Debt Payment Obligations (PKPU). Call it, for example, PT Rayon Utama Makmur, PT Indah

Jaya Textile Industry, and PT Ramagloria Sakti Tekstil Industri.

Large-scale textile companies such as PT Sri Rejeki Isman Tbk (SRIL) and PT Pan Brothers Tbk (PBRX) were still able to record performance growth last year.

Sri Rejeki Isman alias Sritex's income during the first nine months of last year still edged up by 1.34%. Its net profit also rose 2.18% to US \$ 73.8 million. Meanwhile, Pan Brothers posted an increase in revenue of 6.5%. Its net profit shot up 32.5% to US \$ 20.6 million.

Even though the performance is still growing, it does not mean that the two largest textile companies in Indonesia do not face any problems at all.

Both Sritex and Pan Brothers still have to face maturing debts which are quite large in value.

Pan Brothers has a syndicated loan worth US \$ 138.5 million. This loan should have matured on 27 January. Meanwhile, Sritex has a syndicated loan worth US \$ 350 million. The due date is still in January 2022.

The debt maturity that Pan Brothers and Sritex have to face is not a serious problem if both companies have sufficient liquidity.

Unfortunately, the liquidity of Pan Brothers and Sritex is currently at a drag. That is why the two companies are still struggling to face the risk of refinancing amidst tight liquidity.



Asia Pacific Rayon obtained a syndicated loan of IDR 4.5 trillion



Asia Pacific Rayon (APR), an integrated rayon fiber producer, obtained a syndicated loan facility worth Rp 4.5 trillion (US \$ 300 million) from a number of national and international affiliated banks.

The funding is used to support the capital expenditures of companies operating in Pangkalan Kerinci, Riau Province, Sumatra.

Asia Pacific Rayon's operations are directly integrated with its supply chain, in the same complex as renewable industrial plantations to produce high quality textile products.

Starting to operate in 2019 and inaugurated by President Joko Widodo in February 2020, APR plans to increase the production capacity of rayon fiber in the next few years to meet the growing potential demand for viscose staple fiber (VSF) and strengthen the Indonesian market and export markets abroad.

Asia Pacific Rayon is part of the RGE Group, which manages a group of resource-based manufacturing companies operating globally.

Banks participating in this loan syndication are PT Bank Rakyat Indonesia Tbk, PT Bank

Central Asia Tbk, PT Bank Pan Indonesia Tbk, PT Bank Pembangunan Daerah Jawa Barat, PT Bank Woori Saudara Indonesia 1906 Tbk, and PT Bank KEB Hana Indonesia. PT Bank Rakyat Indonesia Tbk, PT Bank Central Asia Tbk, and PT Bank Pan Indonesia Tbk were appointed as joint mandated lead arranger and bookrunner (JMLAB) for the loan syndication.

Director of Asia Pacific Rayon Basrie Kamba said this funding will be used to continue investment in the production of rayon or viscose fiber, which is textile raw material that comes from sustainable management of industrial plantations (HTI).

As a textile raw material, rayon fiber has advantages including being a renewable and biodegradable source, which supports sustainable fashion trends in Indonesia and the world fashion market.

The Asia Pacific Rayon expansion plan is also in line with the government's strategy to increase investment and encourage job creation to support economic recovery due to the Covid-19 pandemic. Following the passing of the Omnibus Law in October last year to boost investment and job creation, President Jokowi said last month that investment would be key to achieving economic growth of 5% by 2021.

“This loan facility and ongoing investment in our business activities are clear evidence of the potential growth of the viscose-rayon industry in Indonesia and the world. We are committed to continuing to support the Indonesian Government's efforts to improve the investment climate in the export-oriented manufacturing industry, creating jobs in the upstream industry, namely in industrial plantation forest processing (HTI) and processing of raw materials, as well as employment in the downstream industry,

namely the textile and business industries. related, "said Basrie.

Heri Setiawan, Executive Vice President of BRI as a representative of JMLAB and all creditors hopes that this collaboration can support Asia Pacific Rayon in increasing production and developing its operations as well as supporting the recovery of increased exports in Indonesia.

Susiana Santoso, Executive Vice President of BCA, said that the support of BCA and all participating banks in the syndication reflects trust in the Asia Pacific and contributes to supporting a sustainable and environmentally friendly industry.***

BKPM inaugurated the expansion of the cotton spinning mill



The Investment Coordinating Board inaugurates the expansion of the PT Indorama Synthetics factory located in Purwakarta Regency, West Java. The investment value of this factory expansion is estimated at IDR 510 billion.

The expansion is intended to accommodate the production of yarns from cotton,

polyester, nylon, acrylic, spandex, rayon, and blends.

BKPM Head Bahlil Lahadalia said the government will continue to ensure that investment continues when the factory expansion is inaugurated.

"Our presence is a form of government concern in ensuring that even in the era of the Covid-19 pandemic, industries will continue to run. Especially for Indorama, he is indeed carrying out an expansion program for his industry because they already dominate the world market," said Bahlil.

Furthermore, he explained, the expansion of investment is also expected to have an impact on the communities around the location. Because, the same investment also does not escape the fiscal incentives by the government.

"They submitted a fiscal incentive in the form of a tax allowance and I have given it. Our presence is also to ensure that it (positive impact) runs," said Bahlil.

The Head of BKPM also appreciates Indorama, a company that can be used as a concrete example in the framework of how to ensure environmental sustainability, vocational activities for the community, workforce absorption is going well in accordance with government programs.

BKPM noted, throughout 2020, in general, investment in the textile industry was contributed by domestic investment of IDR 2.103 trillion with projects reaching 1,350 throughout Indonesia. Meanwhile, foreign investment in the same sector managed to reach US \$ 279.8 million with 1,782 projects in Indonesia.

The contribution of both foreign and domestic investment has made the textile

industry sector ranked 17th in the highest business fields in the country.

On the same occasion, President Director of PT Indorama Synthetics Saurabh Mishra expressed his appreciation for the support that has been given by the government, especially BKPM.

"I would like to thank the Head of BKPM who has taken the time to be here despite the busyness involved. We feel motivated and feel happy because we have the support from the government," explained Mishra.

Additional information, PT Indorama Synthetics was founded in 1975 and started commercial production in 1976. Indorama Synthetics is a cotton spinning factory in Purwakarta which is continuously diversifying, expanding the spun yarn business and increasing production of polyester manufacturing.

Polyester is the raw material used for everyday clothing, from t-shirts, shirts, coats, and so on. Apart from being used for clothing, polyester is also commonly used to support the production of furniture, the automotive industry, and household utensils.

PT Indorama Synthetics is one of the largest exporters in Indonesia to North America, Europe, South America, Asia, Australia and the Middle East.

Textiles Industry Urge Jokowi to Fix the Pro-Import Bureaucracy

Questioning President Jokowi's anger at the invasion of imported products in many goods trading sectors, the Association of Indonesian Textile Experts (IKATSI)

considered that it is necessary to reform the bureaucracy in several ministries related to the economy.

IKATSI assesses that the influence of the mindset of some pro-import bureaucracy is an obstacle to economic growth, especially in the manufacturing sector, including the textile and textile products (TPT) sector.



IKATSI Executive Director, Riza Muhidin highlighted the case of garment safeguards, where the results of the investigation by the Indonesian Market Protection Committee (KPPI) of the Ministry of Trade for almost a year and recommended that the imposition of safeguards on 134 HS (7 segments) apparel for 3 years actually tried to be investigated by the Research and Development Agency. Trade (BPPP).

"From the information we got, BPPP requested that 75 HS numbers only be subject to a 5% security measure (BMTP)," said Riza.

IKATSI considers the BPPP proposal to be very unreasonable because if you calculate the price of imported clothing that is sold around IDR 30,000, it means that the BMTP is only IDR 1,500 per piece.

Riza assessed that this proposal was playing on the results of KPPI's investigation, which recommended an average BMTP of Rp. 100,000 per cut.

"Here we can assess how the Ministry of Trade's BPPP really protects imported goods in order to keep flooding the domestic market, even though KPPI's investigation has proven that there have been injuries suffered by national apparel manufacturers over the flood of imported goods for years," said Riza.

The analysis conducted by IKATSI shows that if 130 thousand tons of imported garment can be substituted by domestic products, the country's economy will benefit greatly, because the impact is not only for the garment industry itself but also for producers in the mid-stream and in up-stream.

"We can see that the safeguards not only save USD 850 million in foreign exchange, but also encourage production activities of Rp. 22.6 trillion or USD 1.5 billion," said Riza. substitute goods, "he added.

IKATSI hopes that the Ministry of Trade's BPPP and Bappenas will immediately approve the implementation of this BMTP following the Ministry of Industry, Ministry of Finance and the Coordinating Ministry for the Economy who have already approved it.

Then Riza emphasized that President Jokowi should immediately act to fix bureaucrats and officials who do not share a vision of developing the country through domestic economic activities, especially in the manufacturing sector.

"The bureaucracy and officials who have different visions with the President will make us forever dependent on imported products, and continue to undermine foreign exchange," explained Riza.

Secretary General of the Indonesian Association of Fiber and Filament Yarn Producers (APSyFI), Redma Gita Wirawasta, responded that apparel safeguards are very

important for the entire value chain of the textile sector to national petrochemicals.

"Raw materials for apparel produced by Small and Medium Industries (IKM) are fabrics from the weaving and knitting industry, then yarn, fiber, terephthalic acid (PTA) to paraxylene (PX) produced by Pertamina," explained Redma.

"So this concerns the fate of the entire value chain involving more than 5 million direct workers and thousands of small, medium to large scale companies," he added.

Redma also questioned Bappenas' internal study which rejected the imposition of safeguards which she considered too superficial and compared it with the results of the IKATSI study. The Bappenas study only calculates the impact of inflation on consumers if they are subject to BMTP for apparel without calculating the impact of domestic production activities.

"The study on the impact of safeguard implementation carried out by IKATSI will certainly have an impact on economic growth and can pay for the impact of inflation," explained Redma.

"Even the IKATSI study has not taken into account PPH deposits, electricity payments, logistical use, and other economic impacts that occur if 130 thousand tons of garment are produced domestically and have not yet calculated the impact on the petrochemical sector as a raw material for fiber," he added.

Redma also questioned the conclusion of Bappenas that the imposition of BMTP will reduce export performance is a far-fetched thing and shows that Bappenas does not understand the business structure of the textile industry.

"85% of the export producers are in Bonded Zones which are not related to the safeguard rules, 15% of them use the KITE facility, try reading again the rules related to KB or KITE. And the producers of international brands are appointed by Buying Agents based in Hong Kong or Singapore and not. it has to do with importers who hold distribution licenses in the country," explained Redma.

"This is again an old song, every time we propose a pro-domestic producer policy, we are always afraid of falling inflation and exports, but if there is a proposal for import facilitation, well, it's really fast to implement," he concluded.

Indonesian textile industry are preparing to implement industry 4.0



The journey of the industrial sector in Indonesia in applying Industry 4.0 technology incised several important notes that will underlie further industrial developments.

In the chemical, pharmaceutical and textile sectors, a number of companies have implemented Industry 4.0 which enables efficiency and increased competitiveness.

"The 4th industrial revolution, which is a combination of technology by integrating technological, machine and human resources, has made a big difference in this sector," said the Director General of the Chemical, Pharmaceutical and Textile

Industry (IKFT) of the Ministry of Industry Muhammad Khayam.

The IKFT sector is a national priority for industrial development 4.0 because it has had brilliant performance so far. In 2020, exports of the chemical, pharmaceutical and textile industries will reach US \$ 33.99 billion. The investment realization in that period amounted to Rp. 61.97 trillion, which was dominated by the chemical and chemical industry. This sector also absorbs a workforce of up to 6.24 million people.

Until 2021, a number of programs have been implemented by the Ministry of Industry to implement the Making Indonesia 4.0 road map in the IKFT sector, including the assessment (assessment) of the Indonesia Industry 4.0 Readiness Index (INDI 4.0), implementation of a road map for the implementation and adoption of industrial technology 4.0 in the textile and clothing sector, improving the flow of material in the petrochemical industry sector, as well as establishing a pilot project for the textile industry 4.0.

"We also organize technical guidance and training for transformation managers as well as the construction of the Indonesia Smart Textile Industry Hub (ISTIH)," said Khayam.

In 2020, there were seven companies in the IKFT sector that received the INDI 4.0 award and one company received the title of National Lighthouse Industry 4.0.

The seven companies are PT Kaltim Parna Industri, PT Biggy Cemerlang, PT Schott Igar Glass, PT Kimia Farma Sungwun Pharmacopia, PT Globalindo Intimates, PT TI Matsuoka Winner Industry, and PT Asia Pacific Rayon. Meanwhile, PT Pupuk Kalimantan Timur received the title of National Lighthouse Industry 4.0 in the chemical industry sector.

"The eight companies in the IKFT sector received an INDI 4.0 score of more than 3, which indicates a mature readiness stage," said Khayam.

The Director General of IKFT of the Ministry of Industry hopes that the Hannover Messe event can become a media for promotion, communication and information between industries and users so as to create a supply chain. In addition, the Hannover Messe also opens opportunities to conduct National Branding on Indonesia's position as a new power in the world economy and global manufacturing player.

"The digital transformation that is being implemented today can make sales prices more competitive, improve product quality and output, increase human resource capabilities, and make business processes more stable," explained Darkono.

Meanwhile, Sherlina Kawilarang, CEO of PT Excellence Qualities Yarn explained, the company he leads started implementing industry 4.0 when he bought a machine with quality that supports this technology in 2013.

This company is determined to align three important factors that support its successful implementation, namely machinery technology, fiber or visual technology, and human resources (HR). "One of them is by developing human resource capabilities through training in the basics of industrial technology 4.0," he said.



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"Monitor the health of your employees before work"

A holiday allowance of some shoe and textile have not been paid in full



The National Workers Union (SPN) which oversees the textile, garment and shoe industries noted that around 50 companies have not paid the 2020 holiday allowance (THR).

"The issue of how many companies have not paid the THR, there are still 50 companies that report internal SPN data, even though you know that not all of the problems have been reported to the central level," said General Secretary of the DPP SPN, Ramidi.

He revealed that the 50 factories in total employ 10,000 workers. His party estimates that workers who have not received the THR as they should be more than that, but they are not recorded.

"Well, there are 50 companies that did not pay, the number reached 10 thousand people, what about the others who did not report?" he said.

He explained that his party had submitted the matter to the Ministry of Manpower (Kemnaker) to the Presidential Staff Office (KSP).

"SPN has data, yes, there is COVID data that to this day, even February 2021 there are still many companies that have not paid the THR

installments in full. We have conveyed this to several parties, many parties, yes, to the Ministry of Manpower, then even through the Presidential Staff Office, we have also conveyed this to the parties," he explained.

On the same occasion, President of the Confederation of Indonesian Workers Unions (KSPI) Said Iqbal explained, seeing the conditions last year where many THR had not been paid by the company, his party asked the government not to allow this year's THR to be repaid again.

"Now do you want to be paid in installments again? when do you want to pay it back, when? Therefore, we ask that there are no more installments to pay the THR as conveyed by the Coordinating Minister for the Economy," he added.

On a previous occasion, Coordinating Minister for the Economy Airlangga Hartarto asked this year's THR to be paid in full because the government is considered to have provided support in various forms. He said government policies related to handling COVID-19 would be continued in addition to implementing a vaccination program.

As for entrepreneurs in the tourism sector, especially hotels, restaurants and cafes (Horeka), entrepreneurs can take advantage of the credit relaxation facility for additional working capital with a guarantee system that will be distributed through the Association of State-Owned Banks and Regional Development Banks (BPD).

"Last year, the THR was paid in installments, I ask this year to be paid in full. We have to commit," said Airlangga

Epson Changes the Future of the Garment Industry

The textile and clothing industries have always played an important role in forming a diverse culture. The success of this industry is greatly influenced by the creativity of its players. They not only produce unique designs, but also develop ways of production and operations to take advantage of opportunities is also important.

One of them is by utilizing technology through digitizing textile printing. For that, Epson printers are here to be the right solution to answer these needs. "Over the years, Epson has leveraged its experience and expertise to develop products such as digital textile printers that help businesses run their businesses more efficiently, productively and with less negative impact," said Epson Indonesia Head of Marketing Division Riswin Li.

Epson ink for dye-sublimation and direct-to-garment (DTG) printers has received Eco Passport certification by Oeko-Tex. The Eco Passport is a worldwide safety certification system where textile products are tested for harmful substances in them. By doing digital textile printing using Epson technology, consumers can save water up to 90 percent. Including saving energy consumed by up to 30 percent. This will certainly reduce operating costs and have a negative impact on the environment and make businesses more productive. "This is clear evidence of Epson's quality standards that are safe and sustainable for the environment," he explained.

Next up is Epson's SureColor™ F-Series which is capable of doing shorter mass customizations. This series features Epson's revolutionary PrecisionCore™ TFP printhead

which is considered one of the world's fastest inkjet technologies. With digital textile printing, consumers can accommodate sudden delivery requests in less time. This of course benefits the textile and garment industry players.

Epson digital textile printers are powered by Precision Core printheads with self-diagnosing piezo elements. This means that businesses using Epson technology for digital textile printing don't have to worry about regular maintenance. Because this printer is reliable and more cost effective. "More and more companies are realizing digital printing affects production and operating costs by using less electricity, water and even human resources than traditional analog printing," he added.

Switching to digital truly provides limitless creative freedom. The Epson F-Series gives designers the freedom to create with the best printing quality. That's because it is able to provide a more vibrant color finish. From basic CMYK printing to vibrant color printing needs, the Epson F-Series can produce a wide variety of colors with more accurately printed nuances, reflecting the ingenuity and uniqueness of designers.

"Consumers can find out more about textile printers through the official Epson website epson.com and blog or contact the local authorized Epson dealer," he added.



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Minister of Industry Encourages Manufacturing Industry to Apply Circular Economy



The Ministry of Industry continues to encourage the manufacturing industry sector to transform towards sustainable development. One of the steps is through the implementation of the green industry concept, with the principle of using resources that are efficient, reusable, environmentally friendly and sustainable, as well as utilizing waste as alternative energy.

"Since 2010, the Ministry of Industry has awarded green industry awards to industry players in the country," said Industry Minister Agus Gumiwang.

The Minister of Industry said, based on data from the 2019 green industry award, the achievements of the industrial sector energy efficiency program were equivalent to IDR 3.5 trillion and process water efficiency of IDR 229 billion. This shows that the application of this concept can also have a positive economic impact.

According to Agus, the recycling business has long been known in Indonesia. Various sectors of the recycling industry, such as plastics, lubricants, paper, textiles and metals, have contributed to efforts to create a circular economy process and help reduce waste.

"As many as 913,000 tons of plastic waste are processed annually into various value-added products with an economic potential of more than Rp 10 trillion per year and the potential for export of plastic recycled derivative products reaching US \$ 141.9 million," he said.

Agus said that the population of the plastic recycling industry in Indonesia is around 600 large industries and 700 small industries with an investment value of Rp. 7.15 trillion and a production capacity of 2.3 million tons per year.

Meanwhile, in the used lubricant processing sector, currently there is an installed capacity of 175,000 metric tons (MT) which is capable of reprocessing it into lubricant products to meet around 15% of domestic lubricant needs of 1.15 million MT per year.

"Therefore, the Ministry of Industry continues to encourage the implementation of circular economy through the application of the Guidelines for Recycled PET Production Procedures for food packaging," said Agus.

In addition, the Ministry of Industry has taken the initiative to implement Recycled Component Level regulations on plastic finished goods to be used in the procurement of goods and services by the government as well as VAT reduction incentives for the plastic recycling industry.

This effort is expected to encourage the creation of a circular economy concept in plastic products and is expected to be a solution to the waste problems facing Indonesia today.

The Minister of Industry asked industry players in the country to be able to continue to innovate, adapt quickly, be creative, and be able to elaborate on the concept of a

circular economy and digital technology, especially in facing the industrial era 4.0.

"Industrial development is one of the pillars of national economic development directed by applying sustainable principles and based on aspects of economic, social and environmental development," he concluded.

API Proposal to Optimize Textile Industry Performance

The Indonesian Textile Association (API) proposes two policies that at least can boost the performance of the textile industry and textile products or TPT in the current economic recovery period.

Chairperson of the Indonesian Textile Association (API) Jemmy Kartiwa Sastraatmaja said that the empowerment of the textile industry needs to be done in collaboration between the government and all stakeholders. Meanwhile, there are two policy steps that can be taken, namely the optimization of IKM performance and the use of Non-Tariff Measures (NTMs).

In order to empower and digitize Small and Medium Industries (IKM) through synergies between the government, banking institutions and industry players.

"The profile of the domestic garment industry consists of two categories, namely large industries which are export market-oriented and the majority are in bonded areas. Then the majority filling in textiles for the domestic community is LKM," he said.

According to Jemmy, the domestic market is the market portion for IKM. To increase the competitiveness of IKM in dealing with imported goods in the domestic market, innovation is needed to empower IKM, so that it is more accessible to the public as well

as administrative order and tax compliance through the IKM digitization system.

In this case, the government has a policy role and responsibility to empower the community's economy, facilitate the provision of controlled working capital, and increase compliance with taxation.

Meanwhile, banking plays a role in providing targeted working capital and releasing IKM from the trap of loan sharks, so that it becomes bankable and provides easy access to financing.

"Large industries have a role in absorbing domestic production and seeking to increase the competitiveness of Indonesian textile products at home and abroad. Not only that, IKM players are ready to develop more and order administration and taxation," he said.

Then, Jemmy continued to empower the second domestic textile industry, namely optimizing the use of NTMs. Related to this, as an effort to protect the economy and industry.

A number of countries currently implementing trade remedies policies include India, Turkey and the United States. The reason is, Indonesia faces many accusations of anti-dumping from these countries which then become a new obstacle for national textile exports.

"In this context, Indonesia can also take steps in the framework of protecting the domestic market, namely through the implementation of NTMs policies in accordance with the provisions of the WTO. For example, the Sanitary and Phytosanitary Measures (SP5) method for imported goods in order to comply with SNI standards applicable in Indonesia. This is like the provisions that apply to locally produced goods circulating in the territory of Indonesia," he said.

Asia Pacific Rayon Collaborated with Local Brand at MUFFEST 2021



Sustainable fashion is one of the focuses of the Muslim Fashion Festival (MUFFEST) 2021. In collaboration with a sustainable rayon fiber producer, Asia Pacific Rayon (APR), a fashion show themed "Sustainably Modest" was held, in Kota Kasablanka, Jakarta.

In this fashion show, APR collaborated with three Indonesian brands, namely Geulis, Inen Signature, and Salt n Paper. The three of them showcase sustainable fashion trends in their 30 ready-to-wear collections of Muslim clothing that can be a style inspiration during the month of Ramadan.

The entire collaboration collection uses the main raw material for viscose-rayon, which is produced by APR. Sheila Rahmat, Head of Marketing Communication for Asia Pacific Rayon, explained that viscose-rayon fiber has renewable, biodegradable and traceable properties.

"APR continues to support the potential of the domestic modest fashion market to revive the textile industry, creative industry, and SMEs in the midst of conditions due to this pandemic," he said.

With the passion to produce environmentally friendly works, Inen Signature displays 10 new collections that use materials from

natural and environmentally friendly fibers. Themed Secang Enchantment, Inen combines ecoprint with APR viscose-rayon fiber and uses natural dyes in the form of Secang wood and 10 kinds of leaves to produce a feminine collection.



Meanwhile, Geulis presented something different in a fashion show with the theme 'HARU' which means spring. Geulis combines APR viscose-rayon fiber with a touch of Japanese embroidery techniques and modern lines of patterns to create a collection of modern casual and classic styles.

"This collaboration challenges us to create a collection of viscose-rayon APR which has a good texture but still shows Geulis characteristics. This shows that there are more variations and innovations of rayon clothing for various style needs, from casual to formal," said Markus Happy Ganesha, Geulis Marketing and Communication Manager.

Meanwhile, a brand that focuses on the male segment, Salt n Paper features 10 ready-to-wear collections with casual to modern styles using fabrics made from APR viscose-rayon fiber. The theme of Everything Indonesia was carried out in the collection presentation, from the materials used to designs with a thick Indonesian nuance.

Pangkalpinang Customs Failed 1,605 Illegal Imported Fabrics



Customs and Excise of Pangkalpinang City, Bangka Belitung Islands Province succeeded in thwarting the smuggling of 1,605 rolls of imported cloth at Pangkalanbalam Port, as an effort to protect domestic industries from the circulation of illegal imported goods.

"Now there are 1,605 imported textile rolls that have been secured for further investigation," explained the Head of the Internal Compliance and Extension Section for Customs and Excise Pangkalpinang Suharyanto.

He explained that this action was the result of strict supervision of goods leaving and entering the customs area in order to protect the public from illegal and dangerous goods, as well as revenue collectors who played a role in optimizing state revenues.

"We do not currently know the estimated value of illegal imported textiles and which countries come from, because it is still in the process of being investigated," he said.

According to him, the Directorate General of Customs and Excise continues to strive for supervision and law enforcement as well as synergize with all elements of society to protect the domestic industry from the midst of the Covid-19 pandemic.

"Law enforcement against illegal imported textiles is a commitment and seriousness of the Directorate General of Customs and Excise in eradicating illegal goods which not only have the potential to endanger the community, but also to the stability of the domestic economy," he said.

He added that good coordination and synergy with law enforcement agencies and officials as well as the community have become Customs and Excise's commitment to continue in order to encourage and protect domestic industry and facilitate trade.

"With the support of all stakeholders, Pangkalpinang Customs and Excise will continue to be committed to increasing effective supervision to create better Customs and Excise in protecting the country from illegal goods," he concluded.

Solo Stakeholder are Working Together to Create Reliable Textile Industry Human Resources



The Ministry of Industry (Kemenperin) through the Industrial Human Resources Development Agency (BPSDMI) has increased cooperation with the Solo City Government (Pemkot) in the development of Solo Technopark to answer the high demand for labor in the Textile and Textile Product

(TPT) industry in Indonesia, especially Central Java .

"The extension of this cooperation is to improve the quality and competence of industrial human resources, especially the textile industry, through the development of the Solo Textile Community Academy (AK) which is under the guidance of the Ministry of Industry's BPSDMI and is located in the Solo Technopark complex," said the Head of BPSDMI Kemenperin Arus Gunawan.

Some time ago the Head of BPSDMI and the Echelon II officials of the Ministry of Industry had a meeting with the Mayor of Solo, Gibran Rakabuming Raka. "So far, we have been working with the Municipal Government of Solo, so now we need to increase this cooperation," said Arus.



He is optimistic that with a competent workforce the textile industry will be more competitive and will play an important role in making a significant contribution to the national economy.

"So far, the textile industry is one of the sectors that has contributed quite a lot of foreign exchange from its exports and has become a labor-intensive sector by absorbing a lot of labor," said Arus.

The Ministry of Industry noted that the export performance of the apparel industry in 2020 reached US \$ 7.04 billion. The textile

industry sector contributes 6.76 percent to the GDP of the non-oil and gas processing industry in 2020.

Arus explained that AK-Textile Solo is one of the education units owned by the Ministry of Industry which organizes an education program equivalent to Diploma II and consists of three study programs, namely Yarn Making Technique, Fabric Making Technique and Garment Making Technique.

Until now, AK-Tekstil Solo has graduated more than 1,000 students, with 300 graduates each year and 100 percent of them are absorbed by work in major textile companies in Indonesia, such as PT Pan Brothers, PT Mataram Tunggal Garmen, and PT Sritex Tbk.

"AK-Tekstil Solo has become a pioneer of vocational education as a reference, because it builds good collaboration between educational institutions and industry," said Arus.

This means that AK-Textiles Solo is able to supply skilled labour in accordance with the needs of the textile industry today.



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