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Logistic Cost Need Gov't Attention

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

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

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

Best Regards,
Editorial Team

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SPECIAL ISSUE



Flood of Imported, Textile Industry Not Improving

The Covid-19 pandemic that has hit almost all countries in the world, including Indonesia, has yet to end. This pandemic not only causes health problems, but also triggers an economic recession in all aspects of life.

Various industrial sectors are unable to carry out normal activities. Likewise, the fate of the textile industry is still shadowed by uncertainty amid fears that consumer purchasing power has not yet recovered and the threat of imported products that will erode the share of domestic products. Not to mention that the export of textile goods is still limited in order because the Covid-19 situation in several destinations has not improved.

Based on BPS data, until the first quarter of 2021, public consumption is still falling or at minus 2.23 percent on an annual basis. This decline in consumption is predicted to continue until mid-2021 due to the difficulty of suppressing unemployment, where the Open Unemployment Rate in February 2021 was recorded at a high enough rate of 6.26.

In the first quarter of 2021, the Indonesian economy experienced a growth contraction of 0.74 percent, the processing industry was

also recorded to still have a red report card or minus 1.38 percent, although on a quarterly basis, this figure has shown improvement from the fourth quarter of 2020 which was minus 3.14 percent.

The economic contraction in the Manufacturing Industry category in the first quarter of 2021 occurred, among others, in the Textile and Apparel Industry, which experienced a growth contraction of 13.28 percent on an annual basis, because domestic and export demand had not improved. The problem has not been resolved, this industry still has to be suppressed by the onslaught of imported garments that are increasingly flooding the market.



Import Issues

The invasion of imported apparel products threatens the domestic textile and textile products (TPT) industry, because it will make it difficult for the marketing of domestic products. The current import of textile products from China and ASEAN countries can be carried out without import duties. This is a bad sentiment for investment and has an impact on the trade balance, which indirectly has the potential to weaken consumption. If that happens, the economic recovery from the effects of the pandemic will be slower.

The absence of additional import duties for garment products will significantly put more pressure on the domestic textile producing industry, especially for small and medium enterprises (IKM). The share that domestic products should be able to fill is getting narrower because they have to compete

directly with cheaper similar products. The absence of security measures has also resulted in the upstream industry's upstream industry's absorption of raw materials not optimal

Meanwhile, the textile industry in Indonesia involves a very large workforce, so there is a need for partisanship from the Government in terms of regulations. The government needs to provide protection for the domestic market from excessive imports. According to BPS data, in 2020 textile exports were worth US \$ 10.55 billion, while imports were valued at US \$ 7.20 billion. Despite the surplus, the composition of the textile import and export in 2020 is mostly dominated by apparel, compared to yarn, fiber and other textile raw materials.

Recovery

The profile of the domestic textile industry consists of two categories, namely large industries with export market orientation and the majority of which are in bonded zones. Then the majority of filling textiles for the domestic community are Small and Medium Industries (IKM). The domestic market is a portion of the market 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.

The government should apply a harmonized tariff structure from upstream to downstream for the textile and textile product industries. Ideally, downstream product import tariffs should be greater than the import tariff for upstream products.

However, the reality is that currently related to the imposition of raw materials, import duty is imposed, while for imported textile finished goods the same thing is not applied. If the government cannot protect the domestic market, these IKM will slowly die. Even though the textile industry's potential can grow the Indonesian economy in the midst of a pandemic.

The government must immediately make a policy in the textile industry so that the domestic market is protected. For example, with the imposition of tariffs for certain apparel commodities, so that the prices of imported products are not too cheap, so that consumers can switch to domestic products.

The key to the recovery of the textile industry depends on the readiness of the market for available products. Apart from that, people's purchasing power is also a driving factor for the rise of the domestic textile market.

The right trade policy will have a huge impact on the absorption of national labor. This is especially so when the economy is recovering, which requires a lot of work to accommodate the millions of workers who are victims of the pandemic. If it is difficult to create employment opportunities, it will also be difficult for the process of economic recovery. This is because the textile industry is a labor-intensive industry that can actually be a means of preventing unemployment from rising.

Hopefully, economic activity can increase as the vaccination program progresses. With this vaccination we hope that economic movements, community movements and movement of goods will no longer be limited. So that the economic recovery, especially in the textile industry, can be achieved more quickly.

LATEST NEWS

Sued by PKPU Maybank, Pan Brothers Gives Clarification



PT Maybank Indonesia Tbk filed a lawsuit for postponement of debt payment obligations (PKPU) to PT Pan Brothers Tbk to the Central Jakarta District Court (PN).

The textile issuer coded PBRX, in a statement to the stock exchange authority, said that currently the Company is requesting clarification from the Court regarding the PKPU lawsuit.

The company also wants to convince all parties that they will make every effort to face and complete the PKPU request.

"Pan Brothers has made every effort to negotiate with syndicated lenders and bilateral loans in order to achieve voluntary debt restructuring out of court," said the company's official statement.

Meanwhile, Pan Brothers also claimed that until yesterday most of the lenders were willing to negotiate well and would submit the terms for credit approval. It should be noted that Maybank's share of the Company's total syndicated and bilateral debt is less than 4.5 percent.

The PBRX also acknowledges that the pandemic presents unprecedented

challenges for apparel manufacturers due to the vulnerability of the garment supply chain caused by external demand and supply shocks.

However, the company continues to pay interest on its obligations and actively engages with creditors with the aim of restructuring the debt in a consensual manner.

As is known, after Sritex, one of the domestic textile and textile product giants, PT Pan Brothers (PBRX), is also facing court because of a lawsuit for postponing debt payment obligations or PKPU.

The PKPU lawsuit against PBRX was filed by PT Maybank Indonesia Tbk to the Jakarta District Court on Monday (24/5/2021). with case number 245 / Pdt.Sus-PKPU / 2021 / PN Jkt.Pst.

Maybank, in its lawsuit petition, asked the panel of judges to grant a number of its claims. First, grant PKPU to Pan Brothers (PBRX).***

28 Myanmar Citizens, Burn Chinese Textile Factory

A total of 28 Myanmar citizens who set fire to a textile factory owned by China were sentenced to 20 years in prison. They were found guilty by the Myanmar Junta court.

Massive demonstrations in Yangon led to the burning of dozens of Chinese textile factories in March. The arson caused considerable damage with a loss of around 37 million US dollars.

The Twitter account of the Myanmar pro-democracy group alleges that it was the

Myanmar Junta soldiers who set fire to the textile factory.



Because of the incident, two Chinese factory employees were seriously injured. In addition, the mob also burned down the Myanmar Rong Wei New shoe factory and the Yuan Hong Garment factory. Meanwhile, 19 other people who are suspected of being involved in the burning of the factory are still being hunted.

It is known that China and Myanmar are getting closer to establishing diplomatic relations. Several times China supplied military equipment to Myanmar.

In January, Chinese President Xi Jinping elevated Myanmar to the status of a 'country of shared destiny'. Its aim is to push Myanmar politically towards China, as well as away from the United States.

Cooperation between China and Myanmar regarding infrastructure projects has occurred several times, one of which is the oil and gas pipeline project.

Myanmar itself is still in chaos after military generals ousted Aung San Suu Kyi in February. Massive demonstrations took place across the country. As a result 800 civilians were killed.***

6 Sritex Companies Businesses on PKPU



The textile conglomerate from Solo, Sritex Group, seems to be struggling with the status of postponing debt payment obligations (PKPU).

The reason is, one of its business entities, namely PT Senang Kharisma Tekstil (SKT), has been decided by PKPU by the Semarang District Court (PN). The reading of the PKPU PT SKT decision was carried out in a hearing that was held this Tuesday afternoon.

"Have broken. Kabul," said Public Relations of Semarang District Court Eko Budi Supriyanto, Tuesday (25/5/2021).

The six companies include PT Sri Rejeki Isman Tbk (SRIL), PT Rayon Utama Makmur (RUM), PT Sinar Pantja Djaja, PT Bitratex Industries, PT Primayudha Mandirijaya, and PT Senang Kharisma Textile.

Interestingly, the lawsuit filed against the six Sritex Group companies was filed by four different parties ranging from PT Swadaya Graha, CV Prima Karya, Bank QNB Indonesia, PT Nutek Kawan Mas and a cargo company namely PT Indo Bahari Ekspres.

SRIL and its three business entities, namely PT Sinar Pantja Djaja, PT Bitratex Industries, and PT Primayudha Mandirijaya, officially became PKPU on 6 May. Likewise with its

rayon fiber raw material factory, PT RUM, which had PKPU status on the same date.

Meanwhile, the last Sritex business entity with PKPU status is PT Senang Kharisma Textil. Having escaped the lawsuit of PT Bank QNB Indonesia, PT SKT was unable to withhold PKPU's request from Nutek Kawan Mas.

Sritex management, especially from SRIL, in various reports to the stock exchange authorities, ensures that the company will resolve the PKPU issue properly and in accordance with applicable legal corridors.***



Aiming for Export, TRIS Textile Issuer Aims for 5% Growth

PT Trisula International Tbk. (TRIS) is targeting sales growth of 5 percent on an annual basis by intensifying a number of strategies this year.

Trisula International Marketing Director Kartono Budiman said one of the strategies was to increase the target export market to increase to 5 percent this year. According to him, currently Indonesia is the 22nd largest garment exporter in the world and the 8th largest garment producer in the world.

The contribution of exports to the company's revenue also increased by 3.4 percent in the last pandemic year. This makes the

contribution of exports which in 2019 amounted to 48.7 percent to 50.3 percent in 2020.

"Our biggest export destination countries are America and Australia. Export potential can still be explored and developed to improve our performance," he said.

Kartono explained a number of positive catalysts to increase the export market, including the controlled pandemic, causing customers to start placing orders and to resume product development with the company.

In addition, the company's cooperation with existing and new customers is still running well. It is also hoped that this will increase new orders from new brands this year.

"This has given us a lot of confidence that the market can come back at least in the second semester of 2021," he said.

Last year, the PUMA clothing manufacturer also exported products for handling the pandemic, namely Personal Protective Equipment (PPE) and non-medical masks.

For information, TRIS's performance in the first quarter of 2021 has improved by recording sales of IDR256.5 billion or an increase of 2.7 percent from the fourth quarter of 2020. In addition, TRIS is targeting profit growth of 3 percent from this year's sales. The company also budgeted a capital expenditure of Rp 21.8 billion for the purchase and maintenance of machines.***



PLB is the culprit for leaking e-commerce imports



Cheap imported products are widely circulating in e-commerce with products priced at unreasonable prices, even classified as too very cheap. This indicates that there is a price subsidy to kill domestic MSME players.

E-commerce that trades cheap products that are traded enters through the Bonded Logistics Center (PLB). Business circles also admit that PLB is a gateway for imported goods to enter the market.

PLB is a bonded storage place to store goods originating outside the customs area and/or goods originating from other places within the customs area, may be accompanied by 1 (one) or more simple activities within a certain period of time to be re-issued.

"It's true that PLB is often used to enter illegal goods. In fact, the purpose of the PLB facility is to speed up and facilitate the checking of imported goods," said General Chairperson of the Indonesian Exporter Entrepreneurs Association (GPEI) Benny Soetrisno.

The entry of illegal goods certainly needs attention. There is the potential for the state to lose large taxes because the incoming goods escaped without clear procedures. If this continues, it is not impossible that the loss of state revenue will increase.

Two aspects that need attention are the matter of system tightening and supervision

of officers in the field. It is not impossible that there are officers who flirt to get personal gain, Benny did not deny that these two factors caused the PLB to leak.

"It is very possible (system factors and officers)," he said.

This PLB is a customs area and is fully under the supervision of the Directorate General of Customs and Excise, Ministry of Finance.

Minister of Cooperatives and SMEs Teten Masduki explained that even before it went viral in the public, this problem had been sought for a joint solution with the Ministry of Trade regarding predatory pricing in e-commerce so that it did not continue. In addition, in several regulations the Minister of Trade also had electronic system rules to prioritize MSME products rather than foreign products.

He confirmed that there were cases where the sale of imported Chinese goods on one of the digital platforms at very cheap prices, which made domestic MSME products less competitive.

"This is a dangerous time bomb for digital market trading. We have communicated with the digital platform earlier and with the trade it looks like we need to arrange the matter of price discounts. Currently, there is a regulatory vacuum," explained Teten.***

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The rise of cheap imported products threatens the existence of the local textile industry
Details
Written by Admin1
Published: 14 June 2021
The existence of the local textile and textile products (TPT) industry is increasingly threatened by the proliferation of cheap imported goods flooding the domestic market. This is evidenced by the drop in the average utilization of the textile industry to around 55% from the previous 70% at the end of 2020.
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Batik and Textile Crafts Vocational High School Attracts Students



The first time it was held at PPDB 2021, the Zoning for SMK level received high interest. The Head of SMKN 12 Surabaya, Biwara Sakti Pracihara said that as a school with a specialty in the arts, many students come from outside East Java. Last year, for example, for the Academic score line, his party even accepted students from Probolinggo, Lumajang Tulungagung, Trenggalek, and Banyuwangi. Those whose domicile is outside Surabaya are mostly majoring in musical, dance and puppetry.

"For the textile department, the enthusiasts are pretty good. But usually, the quota hasn't been fulfilled yet. Every year there are sometimes 4 empty seats. Likewise with this leather craft, the enthusiasts are also good. It's just that there is a small number of enthusiasts for the wood craft department every year," he explained.

Meanwhile, for the metal craft department, Praci admitted that every year it has tough competition in PPDB.

The acceptance of new students (PPDB) 2021 East Java phase two with high school level academic achievement was announced on 23 May online. Of the 69,173 registrants, it was recorded those 27,440 new students were admitted to this route. However, this number still does not meet the 25 percent quota or around 29,804 seats from the East Java PPDB.

So that 2,360 seats will be transferred to the PPDB SMA zoning route which will start on May 27.

"This difference is due to the fact that there are schools that are pointing out prospective students and schools that are less interested in registering. This is the difference. Now, schools that lack applicants' interest will be transferred to SMA zoning," explained the Head of TIKP, Dindik Jatim, Alfian Majdi.

As for students who are accepted, they only need to download the proof of acceptance on the ppdbjatim.net portal. In his statement on the PPDB website, students who are declared accepted can download a Pass Certificate or diploma from May 14 to June 19, 2021.

Meanwhile, on June 21 to 30, students who are declared accepted can come to school with proof of registration or acceptance, a certificate of graduation, family card and other supporting documents.

"So many students do not yet understand the matter of this acceptance confirmation. Even though they only need to download the proof of acceptance. Which evidence will be attached at the time of re-registration to the destination school," he concluded.***

CCI has prepared programs for textile industry

Cotton Council International (CCI), a non-profit organization that promotes United States (US) cotton fiber and cotton products produced worldwide under the brand name Cotton USA™, is preparing a number of programs to help the textile industry rise from the Covid-19 pandemic.

For information, this non-profit organization with more than 60 years of experience works with spinning mills, fabric and garment manufacturers, brands, retailers, textile organizations, governments and the USDA to facilitate the use of US cotton. CCI currently has reached more than 50 countries through 20 offices around the world, including Indonesia.

CCI provides solutions and services for global garment industry players and customers as part of Cotton USA Solutions® - five business development programs to enhance expertise are already provided to more than 1,500 factories in 50 factories in the country. "As a form of support for these textile industry players, the US cotton industry has launched Cotton USA Solutions® as an innovative idea that offers added value to how industry players do business and increases productivity." said Anh Dung (Andy) Do, CCI Representative.



Andy said that all these initiatives and programs aim to help and support local entrepreneurs in industries in Indonesia in developing their businesses, especially in the midst of a pandemic. In this program, garment industry players in Thailand, Vietnam, Indonesia and Turkey can participate in this program and share experiences and education.

One of the programs is the Mill Exchange Program which has been implemented in seven countries, namely Vietnam, Thailand,

Indonesia, India, Bangladesh, Pakistan and Turkey with 50-100 participants in each country. Research carried out by Yehia Elmogahzy and David Sasso for Cotton Council International illustrates that companies participating in the Mill Exchange Program experience 18.5% efficiency in terms of production and processing costs for US cotton fiber.

In the Mill Exchange Program, participants will be invited to take a tour of factory facilities that already have the capacity to carry out production so they can show their every process, from warehouse to spinning facility which can later be applied to their businesses in their respective countries.

The next program is the Mill Mastery Course is a CCI solution in partnership with so many factories around the world, CCI has gathered important knowledge that will be made into courses, textbooks, or both for industry players.

In the 1 to 1 Mill Consults program, the technical team from CCI can make virtual remote visits and make recommendations to help increase efficiency, lower costs. In addition to Technical Seminars - training on purchasing, spinning, handling and more, using the latest US cotton techniques - which have been routinely conducted in various countries including Indonesia, CCI also has a library for Mill Studies which has a lot of information and knowledge about Mill.

Five solutions from CCI are ready to deploy free of charge for Cotton USA™ licensees and U.S. members Cotton Trust Protocol®. On the other hand, licensees can also use Cotton USA™ licenses to promote US cotton products throughout the supply chain and in retail. To be eligible for the Cotton USA™ license, the product must contain more than 50% US cotton.***

When Wood Fiber Is Supporting Sustainable Fashion



As an effort to minimize global emissions, businesses around the world are required to be committed to reducing the carbon footprint of their production activities. One of the highlights is the textile and fashion industry.

Based on a report from UNEP, the fast fashion industry is said to be one of the industries that contributes significantly to carbon emissions, namely around 8-10% of world carbon emissions or greater with emissions from the combined global aviation and shipping industry.

In response to this, the trend of sustainable fashion is growing and is considered to be a solution to this problem.

Various labels have made various ways to ensure responsible fashion, for example using minimizing fashion waste by utilizing remnants of clothing manufacturing, using natural coloring techniques to re-recycling used clothes to become trendy fashions.

Not only that, textile raw materials originating from sustainable forest management can be one of the solutions in supporting a reduced carbon footprint in the fashion industry, for example viscose or rayon fibers.

This was explained by the sustainable forest management certification institution,

Program for the Endorsement of Forest Certification (PEFC).

Speaking at the Innovation Forum for Sustainable Apparel and Textiles Conference, PEFC International Board Member Eduardo Rojas Briales said that with current technological advances, wood-based fibers can be used to produce textile products that are recyclable, renewable and biodegradable, with a low carbon footprint. from regenerative sources.

"As long as it comes from sustainable raw materials, viscose (rayon), acetate, lyocell and other forest fibers have great potential to make the fashion industry more sustainable," said Eduardo.

In Indonesia, rayon fiber has been able to be produced domestically, one of which is through the Asia Pacific Rayon (APR) operation which was inaugurated by President Joko Widodo in February 2020.

The largest integrated rayon production facility in Asia is also a driving force for the development of industry 4.0 in Indonesia.

This rayon fiber factory with a capacity of more than 240,000 tonnes / year is located in the same production complex as the raw material supplier, APRIL Group in Pangkalan Kerinci, Riau Province.

This joint location guarantees the quality of the integrated operation, whereby APRIL's supply of industrial pulpwood goes directly to APR for rayon production.

Meanwhile, pulp produced for raw materials can be traced and legally certified by PEFC which proves that the management of rayon raw materials is carried out in a sustainable manner.

Not only that, with its nature that comes from renewable and biodegradable raw materials, it makes rayon fiber attractive as a raw material for clothing that supports the concept of sustainable.

"With a number of advantages such as sourced from Indonesia, its biodegradable nature, and originating from renewable raw materials, rayon fiber can be an alternative as well as the future of textile raw materials. We can achieve the dream of making Indonesia one of the strengths of the world's textiles and fashion," said the Director of APR, Basrie Kamba.

On the downstream side, APR initiated a collaboration platform to encourage the potential of the domestic children's fashion, textile and creative economy industries through the Jakarta Fashion Hub. This collaboration space allows fashion activists to innovate in producing fashion works that can support the development of the national textile sector.

In addition, APR also carries out various collaborations and partnerships, one of which is with Fashion for Global Climate Action from the UNFCCC, which is actively involved as a textile product producer company that supports sustainable fashion.

At the international level, APR is known to be the only textile company based in Southeast Asia, which signed the UN Fashion Charter for Climate Action, in August 2020.

Through this charter, more than 100 brands or institutions related to textiles and fashion commit to cutting greenhouse gas emissions from the supply chain by 30% by 2030, with a long-term target of achieving zero carbon emissions from the fashion industry by 2050.

Being more fashionable and in harmony with the preservation of nature is the key word for the future of the fashion industry.

It all starts with sustainably managed forests that play an important role in helping the world avoid the adverse effects of climate change, as well as supporting growth and development opportunities for economic growth in Southeast Asia.***



Income increased; Asia Pacific Fibers (POLY) net loss decreased in Q1-2021

PT Asia Pacific Fibers Tbk (POLY) earned total revenues of US \$ 88.64 million in the first quarter of 2021. This figure is divided into net income of US \$ 87.67 million and other operating income of US \$ 967,738.

The total revenue value for POLY was 1.38% (yoy) higher than the realization in the first quarter of 2020 amounting to US \$ 87.43 million.

Quoting financial reports on the Indonesia Stock Exchange (IDX), most of POLY's net income in the first quarter of 2021 came from sales of fiber, yarn, chips and fleece (spinning) in the local market amounting to US \$ 68.60 million. Meanwhile, sales of yarn, chips, fiber and fleece in the export market were recorded at US \$ 19.01 million.

In the same period, POLY posted other operating income through sales of auxiliary goods of US \$ 920,715 and non-standard products and others of US \$ 47,024.

Meanwhile, POLY recorded cost of goods sold of US \$ 81.03 in the first quarter of 2021 or a decrease of 1.87% (yoy) compared to the company's cost of goods sold in the first quarter of 2020 of US \$ 82.62 million.

That way, POLY's gross profit until the first quarter of 2021 reached US \$ 7.57 million or grew 57.70% (yoy) compared to POLY's gross profit in the same period last year of US \$ 4.80 million.

POLY posted a foreign exchange gain of US \$ 3.43 million in the first quarter of 2021. This figure is reduced by 57.65% (yoy) compared to the company's foreign exchange gain in the first quarter of 2020 of US \$ 8.10 million.

This result affects POLY's profit before income tax which is at the level of US \$ 2.99 million in the first quarter of 2021. This figure is 40.55% (yoy) lower than the realization in the first quarter of 2020 of US \$ 5.03 million.

On the other hand, POLY still suffered a net loss attributable to owners of the parent company amounting to US \$ 2.62 million in the first quarter of 2021. However, this number shrank by 39.21% (yoy) compared to the company's net loss in the first quarter of 2020 of US \$ 4.31 million.

Until the end of the first quarter of 2021, POLY had total assets of US \$ 233.10 million or an increase of 0.89% compared to total assets at the end of 2020 of US \$ 231.03 million.

As of the first quarter of 2021, POLY has total liabilities of US \$ 1.19 billion. At the same time, POLY posted a capital deficiency of US \$ 960.24 million.

Textile Industry Needs to Be Encouraged to Rise Up



The performance of the textile and textile products industry is still under pressure due to difficulties in competing with the invasion of imported products. To encourage the textile industry to rise amid the pandemic, measures to stem the penetration of imported products are being prepared.

The textile and textile product (TPT) industry is one of the sectors most relied on to absorb labor. Based on data from the Central Statistics Agency, which is managed by the Ministry of Industry, from year to year, the labor absorption in this sector continues to increase, even in the midst of the Covid-19 pandemic situation. In 2018, there were 1.7 million workers in the textile sector, increasing to 2.8 million workers in 2019. In 2020, despite being pressured by the pandemic, the labor absorption in the textile sector has actually jumped to 3.9 million people.

Even though it is very reliable in absorbing labor, the growth of the textile sector has actually slumped more and more in the past year. The General Chairperson of the Indonesian Textile Association (API) Jemmy Kartiwa Sastraatmaja explained that the small and medium-sized textile industry is currently difficult to survive, both in domestic and global markets.

In the domestic market, they have to compete with cheaper imported products. Meanwhile, the export market is also difficult to penetrate due to competitiveness problems and constraints on logistical activities and supply chain restrictions with partner countries, including the imposition of safeguards by export destination countries.

The growth of the textile industry per quarter I-2021 is the lowest compared to other non-oil and gas processing sectors. This condition is ironic amidst the industrial sector's performance which is growing expansively. Indonesia's manufacturing Purchasing Managers' Index (PMI) was recorded at 54.6 in April 2021, touching its highest record since 2011.

Before the pandemic, the textile sector was growing. In 2017, this sector grew 3.83 percent, increased in 2018 to 8.73 percent, and in 2019 grew to 15.35 percent. However, due to the pandemic, the growth of the textile sector has plummeted to minus 8.88 percent on an annual basis.

During the past year, the growth rate of the textile industry has continued to contract. In the first quarter of 2020, this sector has grown by minus 1.24 percent. In the fourth quarter of 2020, conditions were increasingly depressed to minus 10.49 percent. In the first quarter of 2021, its performance decreased to minus 13.28 percent.

Jemmy estimates that in the second quarter of 2021, the textile and textile products (TPT) sector will still grow negatively.

Secretary General of the Indonesian Fiber and Filament Yarn Producers Association (APSyFI) Redma Gita Wirawasta said the performance of the textile industry actually improved in January and February 2021 with utilization of up to 85 percent. At that time, many imported products were held back

because of the scarcity of containers or containers.

However, as soon as March 2021 entered, textile imports began to flood again. "Imported goods in the form of fabrics and apparel put a lot of pressure on them at the beginning of the year. Finally, our industry does not enjoy the momentum of rising demand during Eid, because more people are running to imported products," said Redma.

According to Jemmy and Redma, what is currently needed by Indonesian industry players is certainty of domestic market access. "The export market is actually still not fully recovered, especially some countries are now starting to lockdown again. So, what we can control is the domestic market, and for that we need protective measures from the government," he said.

Stem imports

The Director of the Textile, Leather and Footwear Industry of the Ministry of Industry, Elis Masitoh, said that the government would immediately take protective steps to encourage the growth of the domestic textile industry, especially the small and medium industries. One of them is through controlling the sales of imported products in the e-commerce market.

This step has been initiated by the e-commerce platform Shopee Indonesia by prohibiting the sale of 13 imported products through their platform. Most of them are Muslim fashion textile products, such as hijab or head scarf, Muslim tops and bottoms, Muslim outerwear, batik, and kebaya.

The legal umbrella to control the sale of imported products on e-commerce is being drafted by the Ministry of Trade and will be enforced soon. "We are communicating with other domestic e-commerce platforms to

follow this step. We try from all fronts to protect the domestic market, "he said.***



Textile Industry Applause! Shopee Stop Selling 13 Products

The textile and textile products (TPT) industry welcomes the decision of the e-commerce platform Shopee to close the sale of 13 crossborder products following the government's decision to ban 13 crossborder or cross-border products from entering Indonesia.

The 13 cross-border products that are prohibited include hijab, female Muslim tops, female Muslim subordinates, Muslim dresses, male Muslim tops, male Muslim subordinates, Muslim outwear, mukena, children's Muslim clothing, Muslim accessories, prayer equipment, batik, and kebaya.

Secretary General of the Indonesian Textile Association (API) Rizal Tanzil Rakhman said this was in accordance with the association's input to the Ministry of Cooperatives and MSMEs. He said the government had also provided a free delivery fee program so that this could be Shopee's step as an agreed form of negotiation.

"We applaud, because the products that Shopee closed have become strong competitors for IKM products so far.

Meanwhile, IKM is the spearhead of the textile industry which is important to maintain," he said.

Rizal said that although Shopee claims only 3 percent of imported products are sold, the condition of imported products that cannot be recorded poses a big threat to the local industry. The reason is, the price of imported products is far from providing a low price, even equivalent to the price of local raw materials to reach consumers.

Rizal described that currently the national garment exports are around US \$ 8 billion while Bangladesh is at US \$ 40 billion. As a result, if only 5 percent entered Indonesia, it would have flooded the country.

"This means it can't be calculated by share percentage alone, it could be 3 percent at Shopee but the value and quantity is large. Imports are real but dark goods, just check each price and label, it must be illogical from where the hijab can be sold for under Rp.10,000 while the raw material can be more than that," said Rizal.

For the textile industry, Shopee's decision is also a win-win solution when the garment safeguards that have been proposed and agreed upon by a number of parties have not been released immediately. Definitely, Rizal said that he had re-explained the importance of this safeguard to be immediately released to the Minister of Trade when Halal Bi Halal recently.

"Hopefully when it is released it can be as we expected and propose with a specific price scheme for each HS," said Rizal.

On the other hand, Rizal said that yesterday's Ramadan and Eid were generally concluded as lonely conditions. According to him, many IKM in Bandung Raya are still screaming. As a

result, the second quarter of 2021 is projected not to attract much growth.

The Central Statistics Agency (BPS) also assessed that the textile and apparel industry experienced the deepest growth contraction or minus 13.28 percent because domestic and export demand had not yet improved. In line with this, the increase in oil prices is enough to cause raw material prices to fall and production to decline.

"We remain optimistic by making every effort in this recovery but it is still difficult, it seems, from advancing positively this quarter from minus 13.28. Currently, the factory has also not opened again due to low orders so that it further extends the holiday period," he said.

Rizal also hopes that in the future positive confirmation cases of Covid-19 will not spike in the future so that things that are not desirable such as a national lockdown like in other countries are currently reoccurring. According to him, if that happens it will worsen the current condition.***

Indonesian Chamber of Commerce and Industry Launches Bio Sneakers, Shoes Made from Natural Fibers

The Indonesian Chamber of Commerce and Industry (Kadin) together with the Indonesian Fiber Council (DSI) launched bio sneakers, shoes made by the nation's children from small industries which are expected to trigger the rise of small and medium industries based on research and development (R&D).

Deputy Chairman of the Chamber of Commerce and Industry for Industry, Johnny Darmawan, revealed that these bio sneakers

were developed by young entrepreneurs with the support of the Post-Harvest Balitbang of the Ministry of Agriculture. Almost 100% of the raw materials for these shoes use local trees and natural fibers.



"These bio sneakers have the opportunity to host in the local market and then in the global market because the biological potential of fiber-producing plants is very easy to find in Indonesia," said Johnny Darmawan at the virtual launch of bio sneakers.

Johnny said, the potential for the use of natural fibers to support cellulose-based industries (the textile and footwear industry) is increasingly open after the issuance of one important issue, namely the reduction of synthetic fiber-based composite materials that can damage the environment and have an impact on global climate change.

"Kadin fully supports the efforts of creative industry players to continue to innovate in developing natural fiber-based footwear industries. Given the abundant potential of raw materials, we are sure that the alliance industry in Indonesia towards a sustainable national industry will soon be realized," he said.

Johnny revealed, the bio sneakers are planned to be exhibited at the world fashion event in Paris, France at the end of 2021, even though the plan will also be used during a fashion show at the event.