

# Export Perspective of Textiles Industry

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1. What do you think about the development of the national textile industry in the last 10 years that seems stagnant? The performance of our textile industry does look to have improved in the past two years, as seen from the Textile and Textile Products (TPT) export data which increased from 12.5 billion in 2017 to USD 13.5 billion in 2018, there was an increase of 8%. However, compared to five or ten years ago, there has not been a significant increase. As an illustration of our TPT exports in 2010 it reached USD 11.3 Billion, meaning that the export achievement per year was only around 1.9% in the last ten years. Moreover, if we look at last year's imports of our textile goods reached around USD 9.5 billion, this means that our textile trade balance is only around 4 Billion as compared to year 2012 where our TPT trade balance has reached 5.6 billion. By the issuance of Minister of Trade Regulation number 64 in 2017, TPT import is believed will increase in the coming year.

2. What has the most influence on the performance of the textile and textile products industry in the last 10 years? Honestly to say, since political reform in 1998, our textile industry has grown out of control, this industry has been developing without a proper right guidance, growing wild, unstructured, and no proper road maps, and does not even have a strong legal umbrella as a foothold. The illustration is like this: our textile industry has established for more than 70 years, but ironically in fact, almost 90% is still dependent on imports, not only imported raw material, but also in machineries or process technology. Up to now, we import cotton for spinning mills for almost 900.000 ton per year and accounted 42% of our total textiles raw materials. Let's say, the price of cotton is 70 cents per pound, then Indonesia loses foreign exchange of around USD 2 billion every year for cotton shopping alone. This is the weakness of our textile industry. We also imported petrochemicals products as feed material for polyester and nylon industries for almost 1.5 ton per year and accounted 50% of total our textile raw materials, our textile industry also imported dissolved pulp for rayon mills for almost 500.000 ton per year, and around 99.9% of our machineries were imported, and all of these imported things have absorbed foreign currencies from this country. Our textile industry relies on imports too much and it was created very small value added.

3. As selected IKATSI Chairman, what will IKATSI do to contribute for the improvement of the national textile and textile products industry? The next four years I will manage and implement some work programs in accordance with the mandate of the congress. There are two very important programs which we should immediately roll out, Firstly: initiating the Road map for the Development of the Textile Industry and Strengthening the National Higher Textile Education programs; Secondly: initiating and pushing on the Draft Law on Textile Industry Resilience. The two programs are very urgent, especially if we look at the deterioration of the national Textile Industry that is happening now, it is because we do not have a proper National Road maps of Textile Industrial development system and Higher Textile Education concern.

4. What is the readiness of textile experts in an effort to improve industrial performance? What future plans will be made by IKATSI regarding this matter? IKATSI plans to propose to the government to do massive textile restructuring by making policies that encourage to maximize in utilizing local competitiveness of raw material to reduce import dependency and to save our foreign currency. The choice is to develop cellulosic base material as a raw material for our textile industry. This choice has a dual purpose, on the one hand to replace cotton fiber which has now absorbed a lot of our foreign exchange, on the other hand is to improve local competitiveness. Rayon for example, is one of the emerging opportunities in nonwovens, regenerated and ultra clean rayon find new opportunities in the spunlace nonwovens sector. Spunlace or hydroentangling is a major process which is used to produce nonwovens wipes these days. Ramie, also widely used as high fashion clothing and international trends, as well as materials from bamboo and pineapple fibers. In the future, we should maximize the use of cellulosic base as sustainable raw materials which are many sources in our country. Since this policy will become our choice, it is believed that the value added of our textile industry will increase. This has been proven by the policy of batik products as our local competitiveness of our textile industry now.

Besides that, the government must also start thinking about the development of machinery and process technology which are used in textile industry - which during the burden of cost and caused low competitiveness of our textile and textile products. If we look at the role of textile industry so far which has proven to contribute significant foreign exchange saving in non-oil and gas sectors and has absorbed 32% of labor, the government should attach textile industry as a strategic sector. So that the development of raw materials, machinery, process technology and human resource in this sector will become a priority. We admit, the machineries used in textile industry are now largely out of date when viewed from the process and technology, resulting in environmental contamination and requiring large power consumptions. In the future, our textile industry should adopt Industry 4.0 concepts by applying environment friendship industries such as nano and plasma technologies, automation, and low power consumption.

5. What is your response regarding foreign workers who are currently entering Indonesia textiles business? Well ... We are all know, that foreign workers in our textile industry sector are now flooding our country, this is all due to the negligence of our government policies in our national higher education sector 20 years ago. Regarding to this situation, we will take at least three steps that IKATSI will take in the future. First, in the short term, IKATSI will propose to the government, so that the textile sector foreign workers need to carry out assessments and certifications of their competence level. IKATSI can carry out these assessments and certifications independently and/or in collaboration with an international independent certification institutions. Secondly, IKATSI will utilize the Transfer of Technology fund collected by the government from the foreign textile expert to the level up local labor competence in the industry sector by training and certification programs. Thirdly, in collaboration with textile industry player, IKATSI will hold training programs and the opening of higher education such as factory schooling or Polytechnic program which aim to improve the competence of their employees, both in engineering skill and leadership knowledge skills and attitudes, so that they will be able to replace foreign textile experts positions in the future. Moreover, with the issuance of a 200%

Tax Deductible policy from the Ministry of Finance towards industry players who provide education/training, this program is sure to be very attractive for textile industry owners. In the long run, IKATSI will promote the opening of the Textile Engineering Study Program at Higher Education, especially now that the Textile Engineering nomenclature has been recognized by Menristekdikti, so there will be no more problems for holding the Textile Engineering Study Program for either the S1 or S2 degree programs. The active commitment will help to compile the software needed, both in the form of academic curriculum and syllabus and/or lecture staff. Even IKATSI is ready to carry out an advocacy and guidance if there are textile engineering higher education institutions facing problems both in the fields of government regulation, administration and operational management.