

Indonesia : Mixed Reactions to Eased Textile Imports

Manufacturers warn that it would lead to unfair competition between foreign and local textile suppliers

JAKARTA, JAVA, INDONESIA, October 26, 2017 /EINPresswire.com/ -- The Indonesian Association of Synthetic Fiber Producers (APSyFI) has opposed the proposed relaxation of restrictions on the import of textiles, warning that it would lead to [unfair competition](#) between foreign and local textile suppliers, as the latter still suffers from high production costs such as high gas prices and wages.

This was reported in the Jakarta Post in an article by Stefani Ribka on 17 October 2017.

<http://www.thejakartapost.com/news/2017/10/17/mixed-reactions-eased-textile-imports.html>

From an industrial point of view, this would lead to unfair competition as the local textile industry is burdened with higher production costs compared to other countries like India, China, and Bangladesh. “The impact is (garment) producers who usually used local textile could shift to import materials,” said APSyFI executive member Prama Yudha Amdan. Any decline in local textile use consequently leads to decline in factories’ utility rate.

APSyFI data shows local industry utility rate plunged last year due to high production costs. National fibers producing plants utility rate dropped to 81% from 83.8% (2015), yarn plants to 76,7% from 79% and fabrics to 52.6% from 54.5%. Only the utility rate of garment plants increased to 80% from 75.7%

The textile producers demanded that the government continue the Finance Ministry’s strict monitoring on high-risk bulk import practice (PIBT) (Penertiban Importir Berisiko Tinggi) that has shown positive results in the form of declining imports.

Textile upstream industry utility rate has increased by 10% to 15% during PIBT’s implementation, APSyFI recorded.

The intention to simplify import procedure was meant to help small and medium manufacturers (IKMs) in getting raw materials.

“But now, why does the government allow traders to also import? This raises a question: does the government want to make Indonesia a country of importers or an industrial country?” Yudha said.

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