



**MINISTER OF INDUSTRY  
OF THE REPUBLIC OF INDONESIA**

# **KEYNOTE SPEECH BY THE MINISTER OF INDUSTRY**

Presented at

**ITMF Annual Conference and IAF World Convention 2025**

Yogyakarta, 24 October 2025

# 1. INDONESIA'S TEXTILE AND APPAREL INDUSTRY PERFORMANCE



**GROWTH**  
**5,39%**  
(Q4 2024 – Q2 2025)



**GDP CONTRIBUTION**  
**0,98%**  
(Q4 2024 – Q2 2025)



**EXPORTS**  
**USD 8,07 BILLION**  
(JAN-AUG 2025)



**EMPLOYMENT**  
**3,76 MILLION / 19,18%**  
**MANUFACTURE**  
**WORKFORCE**



**INVESTMENT**  
**IDR 20,06 TRILLION**  
(Q4 2024 – Q2 2025)



**APPAREL TRADE SURPLUS**  
**USD 5,40 BILLION**  
(JAN-AUG 2025)

**IN THE U.S. MARKET**





**HS 61**  
KNITTED APPAREL  
AND ACCESSORIES

**USD 1.86**  
**BILLION**



**HS 64**  
FOOTWEAR

**USD 1.85**  
**BILLION**

**TRADE SURPLUS**

## 2. TOTAL COST COMPARISON



### TOP 5 MOST EFFICIENT TEXTILE PRODUCERS

According to the 2023 International Production Cost Comparison report, Indonesia ranks among the world's



#### PROCESS FLOW OF TEXTILE MANUFACTURE



- ❑ The textile and textile products industry is **demand-driven**.
- ❑ **Downstream industry** plays a crucial role in determining competitiveness and growth.
- ❑ Understanding **production cost factors by country** is essential for:
  - Industry players → to benchmark efficiency
  - Investors → to assess competitiveness
  - Market analysts → to evaluate trends
  - Policymakers → to design strategic interventions

## 2.1. Spinning Sector

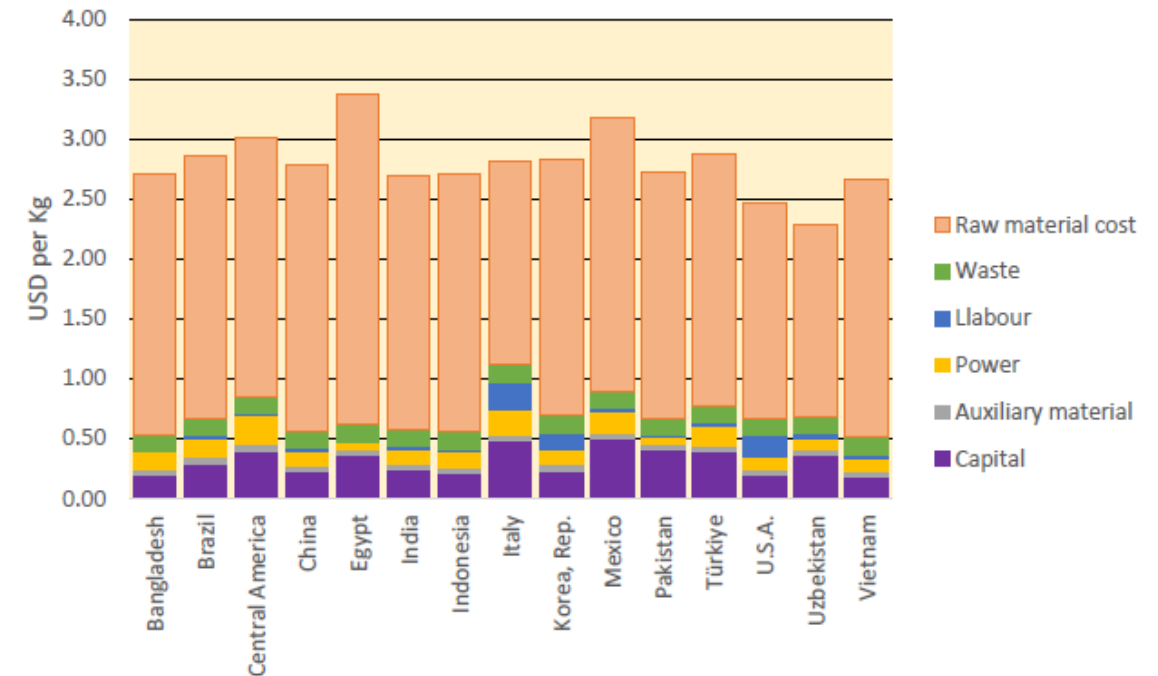
Total Cost 2023: Spinning Rotor/NE20

Product	Unit	Bangladesh	Brazil	Central America	China	Egypt	India	Indonesia	Italy	Korea, Rep.	Mexico	Pakistan	Türkiye	U.S.A.	Uzbekistan	Vietnam
Waste	USD per kg of Total	0.14 5%	0.14 5%	0.14 5%	0.14 5%	0.14 4%	0.14 5%	0.14 5%	0.14 5%	0.14 5%	0.14 4%	0.14 5%	0.14 5%	0.14 6%	0.13 6%	0.14 5%
Labour	USD per kg of Total	0.01 0%	0.03 1%	0.01 0%	0.03 1%	0.01 0%	0.02 1%	0.02 1%	0.24 9%	0.13 5%	0.03 1%	0.01 0%	0.03 1%	0.17 7%	0.05 2%	0.03 1%
Power	USD per kg of Total	0.15 5%	0.15 5%	0.26 8%	0.12 4%	0.05 2%	0.13 5%	0.13 5%	0.21 8%	0.13 5%	0.19 6%	0.06 2%	0.16 6%	0.11 4%	0.09 4%	0.11 4%
Auxiliary material	USD per kg of Total	0.05 2%	0.06 2%	0.05 2%	0.05 2%	0.05 2%	0.05 2%	0.05 2%	0.04 2%	0.05 2%	0.05 2%	0.05 2%	0.05 2%	0.05 2%	0.05 2%	0.05 2%
Capital	USD per kg of Total	0.20 7%	0.29 10%	0.40 13%	0.23 8%	0.36 11%	0.24 9%	0.22 8%	0.48 17%	0.23 8%	0.49 16%	0.41 15%	0.39 14%	0.20 8%	0.36 16%	0.18 7%
Raw material	USD per kg of Total	2.17 80%	2.19 76%	2.16 72%	2.22 80%	2.76 82%	2.13 79%	2.15 79%	1.71 60%	2.14 76%	2.29 72%	2.05 75%	2.09 73%	1.80 73%	1.60 70%	2.16 81%
<b>Total</b>	<b>USD per kg of Total</b>	<b>2.71 100%</b>	<b>2.86 100%</b>	<b>3.01 100%</b>	<b>2.79 100%</b>	<b>3.37 100%</b>	<b>2.70 100%</b>	<b>2.71 100%</b>	<b>2.82 100%</b>	<b>2.83 100%</b>	<b>3.18 100%</b>	<b>2.72 100%</b>	<b>2.87 100%</b>	<b>2.47 100%</b>	<b>2.28 100%</b>	<b>2.66 100%</b>
Index: Italy		96	101	107	99	119	96	96	100	100	113	96	102	87	81	94

\*depreciation & interest

Source : IPCC-2023

Total Cost 2023: Spinning Rotor/NE20



Source : IPCC-2023

Based on IPCC 2023, Indonesia's total cost in spinning section is approximately USD 2.71/kg, still **below** country of Brazil, Central America, China, Egypt, Italy, Korea Republic, Mexico, Pakistan, Türkiye. This average spinning cost indicates that Indonesian products are **highly competitive** in the international market.

## 2.2. Weaving Sector

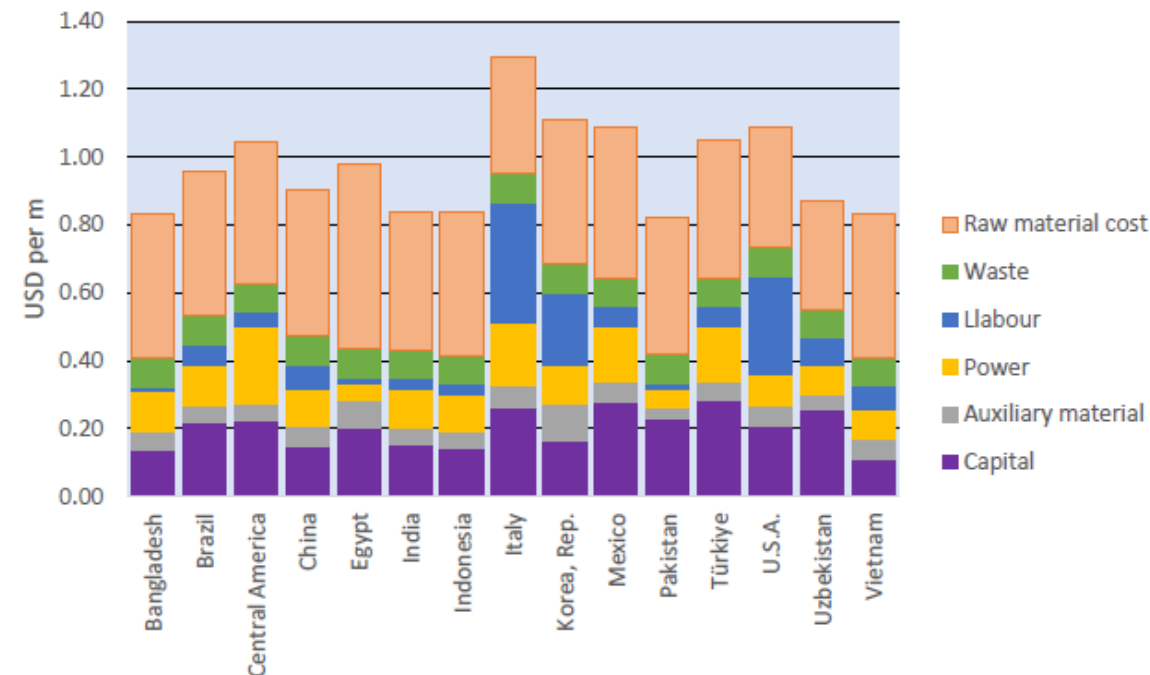
Total Cost 2023: Weaving Ring Yarn Fabric

Product	Unit	Bangladesh	Brazil	Central America	China	Egypt	India	Indonesia	Italy	Korea, Rep.	Mexico	Pakistan	Türkiye	U.S.A.	Uzbekistan	Vietnam
Waste	USD per m of Total	0.08 10%	0.08 9%	0.08 8%	0.09 10%	0.09 9%	0.08 10%	0.08 10%	0.09 7%	0.09 8%	0.08 8%	0.08 10%	0.08 8%	0.09 8%	0.08 9%	0.08 10%
Labour	USD per m of Total	0.01 2%	0.06 6%	0.04 4%	0.07 8%	0.02 2%	0.03 4%	0.03 4%	0.36 27%	0.21 19%	0.06 6%	0.02 2%	0.06 6%	0.29 26%	0.08 10%	0.07 8%
Power	USD per m of Total	0.12 14%	0.12 13%	0.23 22%	0.11 12%	0.05 5%	0.11 14%	0.11 13%	0.18 14%	0.11 10%	0.16 15%	0.05 7%	0.16 15%	0.09 8%	0.09 10%	0.09 11%
Auxiliary material	USD per m of Total	0.06 7%	0.05 5%	0.05 5%	0.06 7%	0.08 8%	0.05 6%	0.05 6%	0.06 5%	0.11 10%	0.06 5%	0.03 4%	0.06 6%	0.06 6%	0.04 5%	0.06 7%
Capital	USD per m of Total	0.14 16%	0.22 23%	0.22 21%	0.15 16%	0.20 21%	0.16 19%	0.14 17%	0.26 20%	0.16 15%	0.28 26%	0.23 28%	0.28 27%	0.21 19%	0.26 29%	0.11 13%
Raw material	USD per m of Total	0.43 51%	0.42 44%	0.42 40%	0.43 47%	0.54 55%	0.41 49%	0.42 50%	0.34 26%	0.42 38%	0.44 41%	0.40 49%	0.41 39%	0.36 33%	0.32 37%	0.42 51%
<b>Total</b>	<b>USD per m of Total</b>	<b>0.83 100%</b>	<b>0.96 100%</b>	<b>1.05 100%</b>	<b>0.90 100%</b>	<b>0.98 100%</b>	<b>0.84 100%</b>	<b>0.84 100%</b>	<b>1.29 100%</b>	<b>1.11 100%</b>	<b>1.09 100%</b>	<b>0.82 100%</b>	<b>1.05 100%</b>	<b>1.09 100%</b>	<b>0.87 100%</b>	<b>0.83 100%</b>
Index: Italy		65	74	81	70	76	65	65	100	86	84	63	81	84	67	64

\*depreciation & interest

Source : IPCC-2023

Total Cost 2023: Weaving Ring Yarn Fabric



Source : IPCC-2023

The total cost of producing woven fabric per meter in Indonesia is the **lowest** price overall, this implies that Indonesia's weaving sector is **fully efficient** and **cost effective**, and has very **competitive weaving costs** compared to many countries producing woven fabrics.

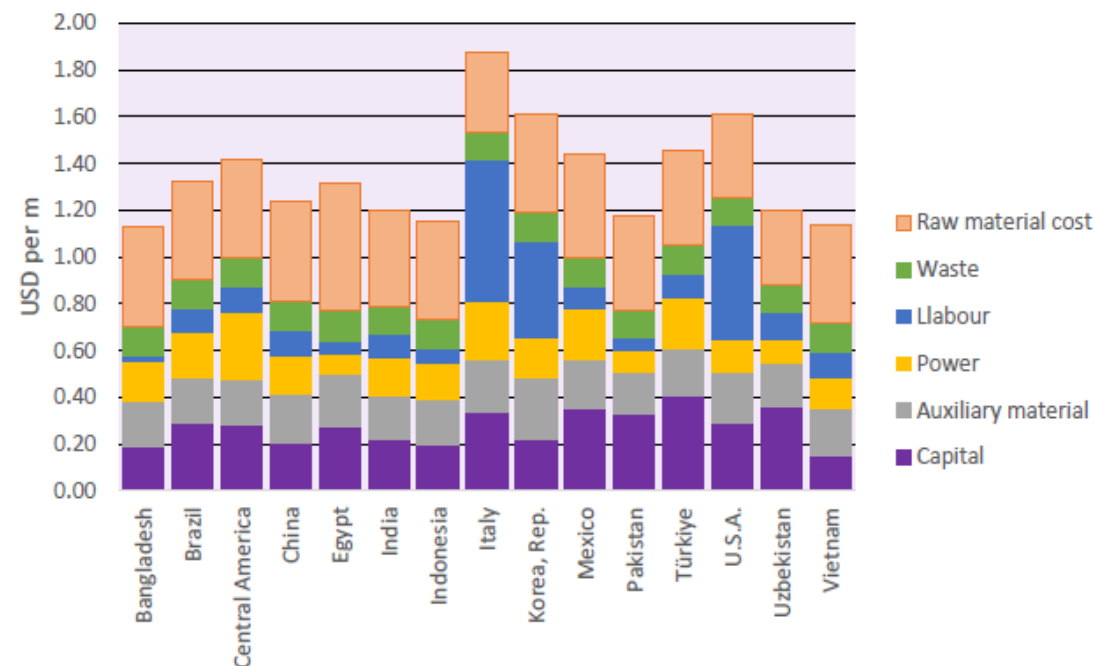
## 2.3. Finishing Sector

Total Cost 2023: Finishing - CO - Woven - Continuous Open Width (COW)

Product	Unit	Bangladesh	Brazil	Central America	China	Egypt	India	Indonesia	Italy	Korea, Rep.	Mexico	Pakistan	Türkiye	U.S.A.	Uzbekistan	Vietnam
Waste	USD per m of Total	0.12 11%	0.12 9%	0.12 9%	0.12 10%	0.14 10%	0.12 10%	0.12 10%	0.12 6%	0.12 8%	0.12 9%	0.12 10%	0.12 8%	0.12 7%	0.11 9%	0.12 11%
Labour	USD per m of Total	0.03 2%	0.10 8%	0.11 7%	0.11 9%	0.05 4%	0.10 8%	0.07 6%	0.61 32%	0.41 26%	0.10 7%	0.05 4%	0.10 7%	0.49 30%	0.12 10%	0.11 9%
Power	USD per m of Total	0.17 15%	0.19 14%	0.29 21%	0.16 13%	0.09 6%	0.16 13%	0.16 13%	0.25 13%	0.17 10%	0.22 15%	0.10 8%	0.22 15%	0.14 9%	0.10 8%	0.13 12%
Auxiliary material	USD per m of Total	0.20 17%	0.19 15%	0.19 14%	0.21 17%	0.23 17%	0.19 16%	0.19 16%	0.22 12%	0.26 16%	0.21 14%	0.18 15%	0.21 14%	0.22 14%	0.18 15%	0.20 18%
Capital	USD per m of Total	0.19 17%	0.29 22%	0.28 20%	0.20 17%	0.27 21%	0.22 18%	0.20 17%	0.34 18%	0.22 14%	0.35 25%	0.33 28%	0.40 28%	0.29 18%	0.36 30%	0.15 13%
Raw material	USD per m of Total	0.43 38%	0.42 32%	0.42 30%	0.43 35%	0.54 41%	0.41 34%	0.42 37%	0.34 18%	0.42 26%	0.44 31%	0.40 34%	0.41 28%	0.36 22%	0.32 27%	0.42 37%
<b>Total</b>	<b>USD per m of Total</b>	<b>1.13 100%</b>	<b>1.33 100%</b>	<b>1.41 100%</b>	<b>1.24 100%</b>	<b>1.32 100%</b>	<b>1.20 100%</b>	<b>1.16 100%</b>	<b>1.88 100%</b>	<b>1.61 100%</b>	<b>1.44 100%</b>	<b>1.17 100%</b>	<b>1.46 100%</b>	<b>1.61 100%</b>	<b>1.20 100%</b>	<b>1.14 100%</b>
Index: Italy		60	71	75	66	70	64	62	100	86	77	63	78	86	64	61

Source : IPCC-2023

Total Cost 2023: Finishing - CO - Woven - Continuous Open Width (COW)



Source : IPCC-2023

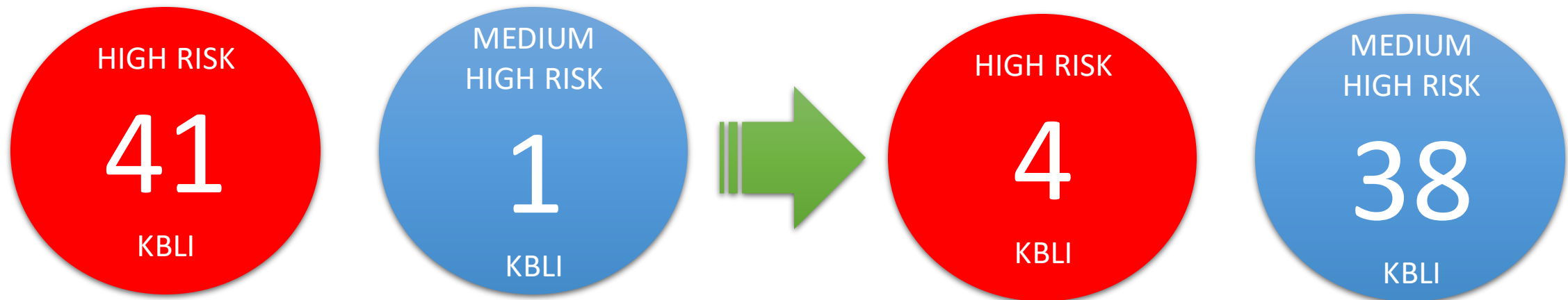
In the Finishing/Dyeing sector, the total cost also shows that production costs in Indonesia are still relatively **cheaper**, with a cost of 1.16 USD/kg, below China, India and also Turkey.

### 3. POLICIES FOR THE TEXTILE AND TEXTILE PRODUCTS INDUSTRY

#### 3.1. Types Of Business Licensing Based On Risk And Investment Value (Government Regulation Number 28 / 2025)

**GR 5 / 2021**  
Large Enterprise

**GR 28 / 2025**  
Large Enterprise

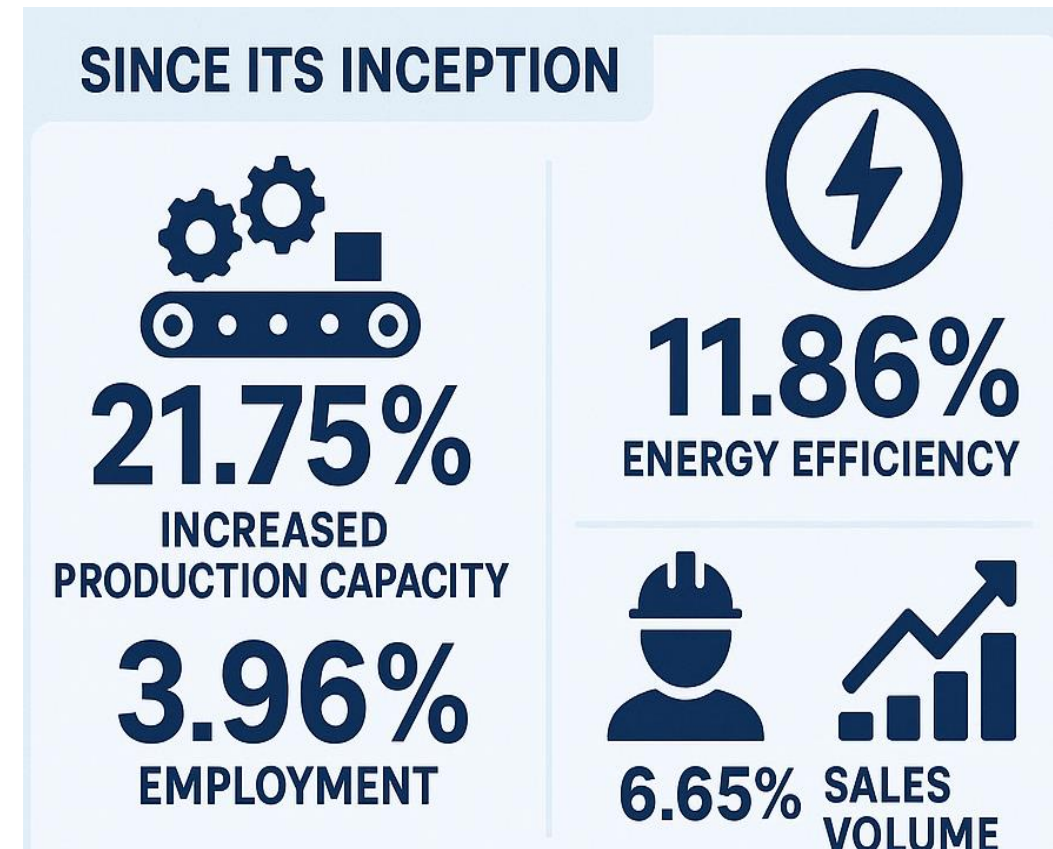


Investment Value	Category
≤ 1 Billion	Micro
> 1 Billion - 5 Billion	Small
> 5 Billion - 10 Billion	Medium
> 10 Billion	Large

Risks	Business Licensing
Low	Business Registration Number (NIB)
Medium Low	Business Registration Number (NIB) + Standard Certificate (SS)
Medium High	Business Registration Number (NIB) + Standard Certificate (SS)
High	Business Registration Number (NIB) + Bussiness License(Izin)

## 3.2. Machinery/Equipment Restructurization on Textile Industry

**THIS PROGRAM SUPPORTS THE REPLACEMENT OF OLD MACHINERY WITH MODERN, ENERGY-EFFICIENT EQUIPMENT**



This programs is focusing on **incentive** for textile companies who **invest on fabric industry (dyeing/printing dan finishing), weaving industry, dan knitting industry** that **utilize 4.0 technology/information system**

## 3.3. Labor-intensive Industry Credit (KIPK)

SUBSIDIZED  
LOAN INTEREST

**5%**

budget ceiling

**20 Trillion**

allocation

for interest subsidies

**260 Billion**



**2.000 – 10.000**  
Labor-intensive Industry

### Program Beneficiaries Target



**Purchase of New Machinery and/or Production Equipment**



**Purchase of New Machinery and/or Production Equipment and Working Capital**



**Refinancing of Machinery and/or Production Equipment Purchases not older than 2 Years**

### Down Payment



At least 25% (twenty-five percent) of the purchase value shall be financed from the prospective KIPK recipient's own funds.

### Origin of Machinery



**Priority: Domestic Machinery and Production Equipment**

## 3.4. Import Duty Exemption Facility for Machinery, Goods, and Materials (**MASTERLIST**)



### MACHINERY

Any machinery, equipment, factory installation, tools, or appliances, whether attached or detached, used for industrial construction and/or development.

#### PERIOD OF 2 YEARS + 2-YEAR EXTENSION

Additional extensions may be granted according to the planned investment value (Article 88 of BKPM Regulation 4/2021):

- IDR 500 million – 1 trillion : additional 1 year
- IDR 1 trillion – 5 trillion : additional 2 × 1 year
- Above IDR 5 trillion : additional 5 years”\*\*



### IMPORT DUTY EXEMPTION



### GOODS AND MATERIALS

All goods and materials, regardless of type and composition, used as raw materials/components for finished products

#### PERIOD OF 2 YEARS + 1-YEAR EXTENSION

For production machinery with a Domestic Component Level (TKDN) of  $\geq 30\%$ , it may be granted for production needs for 4 years.

## 3.5. Fiscal Incentive

### 50% + 25% (2 Tahun)

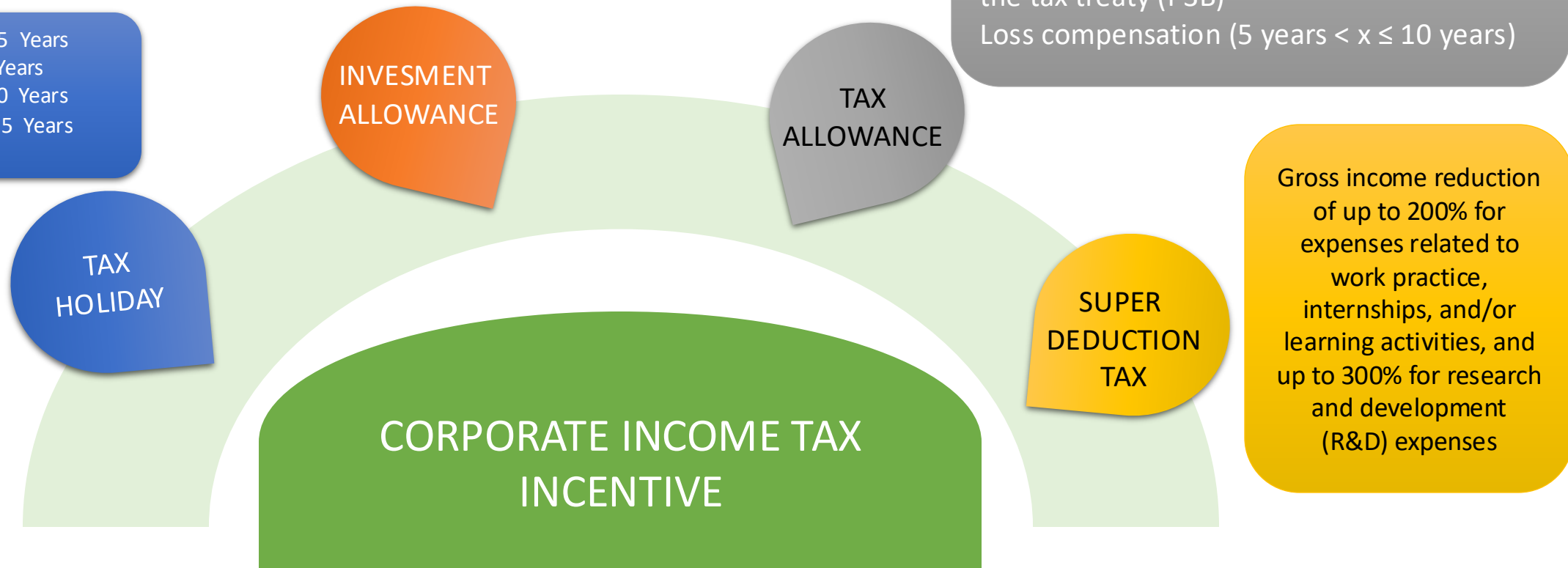
- $\geq 100$  M s.d.  $< 500$ M -> 5 Tahun

### 100% + 50% (2 Tahun)

- $\geq 500$  B s.d.  $< 1$  T -> 5 Years
- $\geq 1$  T s.d.  $< 5$  T -> 7 Years
- $\geq 5$  T s.d.  $< 15$  T -> 10 Years
- $\geq 15$  Ts.d.  $< 30$  T -> 15 Years
- $\geq 30$  T -> 5 Years

A net income reduction of 60% of the investment value over a period of 6 years.

Net profit reduction of 30% from the investment value for 6 years  
Accelerated depreciation and amortization  
Dividend rate of 10% or lower according to the tax treaty (P3B)  
Loss compensation (5 years  $< x \leq 10$  years)



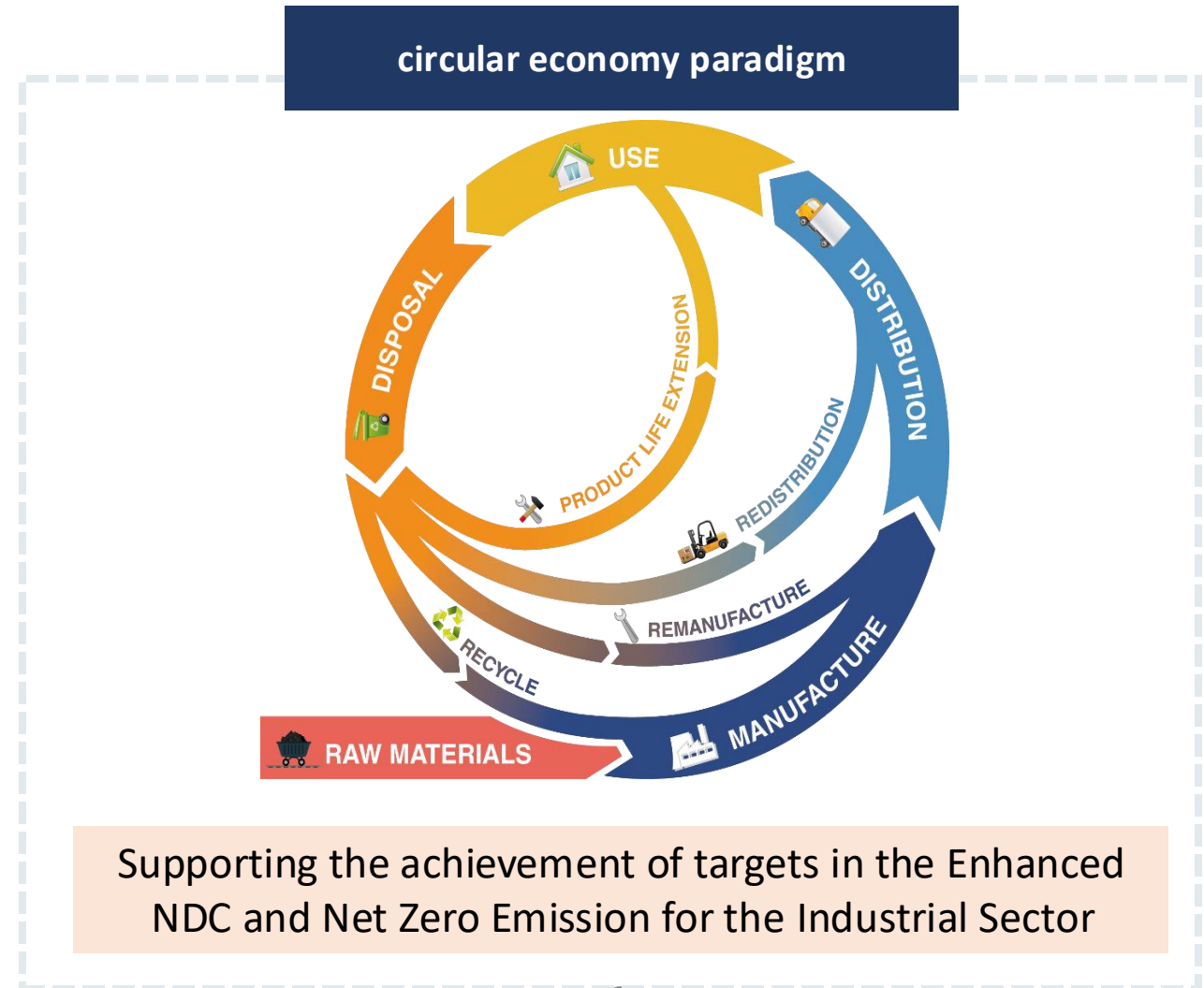
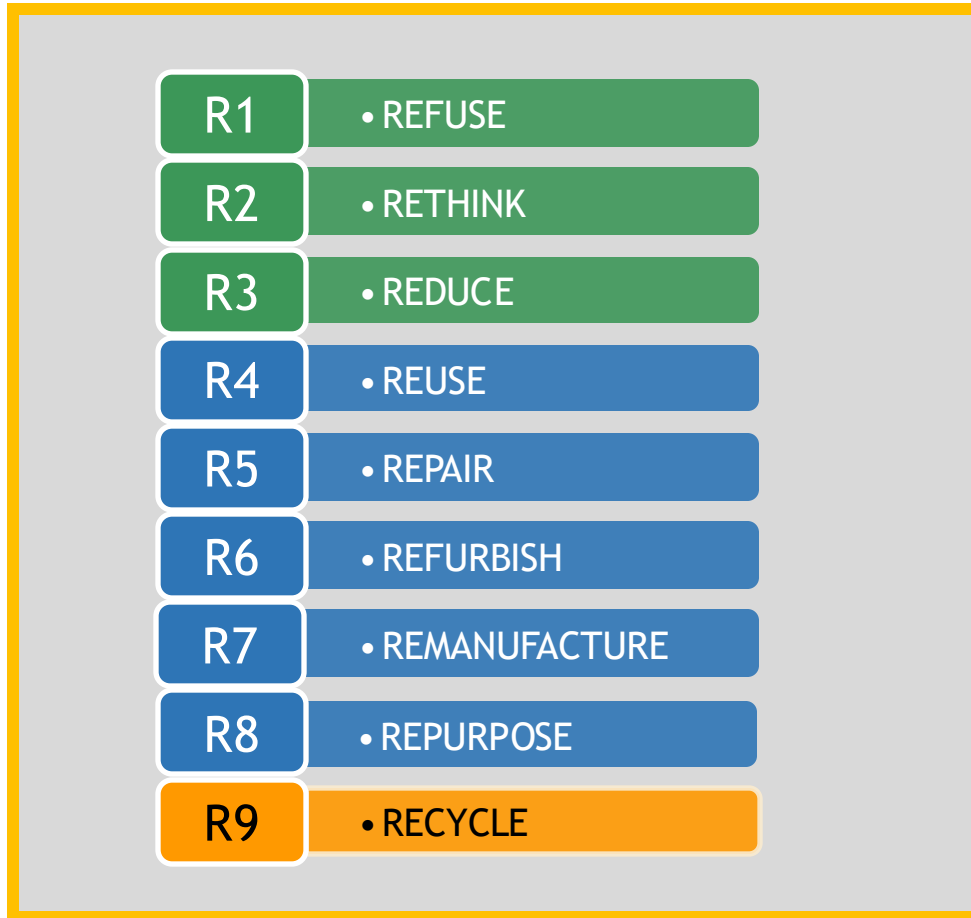
# Indonesia-European Union Comprehensive Economic Partnership Agreement (IEU-CEPA)

- The Indonesia-European Union Comprehensive Economic Partnership Agreement (IEU-CEPA) is the most comprehensive bilateral trade agreement with the highest level of market access for Indonesia.
- The IEU-CEPA negotiations were substantially concluded in Jakarta on September 9-12, 2025.
- Substantive completion was announced on September 23, 2025, in Bali.
- The Indonesia-European Union Comprehensive Economic Partnership Agreement (IEU CEPA) is planned to come into force no later than the **first quarter of 2027**. This process includes the ratification stage by Indonesia and the 27 European Union member states, which is estimated to take approximately one year after the official signing.

## Trade Performances Indonesia-EU 2024



## National Circular Economy Roadmap And Action Plan 2025-2045



## CURRENT INDUSTRIAL ESTATE UPDATES

- In the current development, the industrial estates has reached the **basic design** stage, especially in dyeing/finishing sector.
- Major industrial estates in Central Java that are already operational and are currently developing, including large industrial estates, Special Economic Zones (KEK) Kendal, as well as new industrial areas that are currently being developed :



1. Kawasan Industri Terpadu Batang (Batang Regency, occupancy 66.6%)
2. Batang Industrial Park (Batang Regency, occupancy 45.4%)
3. Kawasan Industri Kendal (Kendal Regency, occupancy 63,9%)
4. Jawa Tengah Land Industrial Park Sayung (Demak Regency, occupancy 64.8%)
5. Kawasan Industri Wijayakusuma (Semarang City, occupancy 68,5%)
6. KI Aviarna (Semarang City, occupancy 17,2%)
7. KI Candi (Semarang City, occupancy 73.3%)

## WEST JAVA

The Subang and Jatiluhur-Purwakarta industrial areas:



offer access to renewable energy sources such as solar and hydropower

- certified through Renewable Energy Certificates (REC) issued by the state utility PT PLN




PLN

“Let us weave the future together, and ensure that the next chapter of the world’s textile industry is written right here, in **Indonesia**”



# THANK YOU

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