

INTRODUCTION OF MR. SWAROOP J. CHAVAN

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Textile Trifecta Expert – Spinning, Weaving, and Fabric Processing | Operations and Business Development Leader

A seasoned industry expert with over 26 years of experience in end-to-end Fabric Production, Large-scale Textile Manufacturing Operations, Manpower Management, Environmental Sustainability, and Sales and Marketing.

A rare expertise in the textile trifecta, I have handled the entire fabric production life cycle within a manufacturing unit, from fiber to fashion with over 11+ years of dedicated experience in Spinning, another 13+ years' experience in Weaving and Fabric Processing.

I have successfully established fabric manufacturing processes from ground up, and scaled it to quality-driven international standards, while maintaining revenue and cost standards- even during the Pandemic. A thought leader in production process

improvement and problem solving, I have effectively implemented many technically, as well as techno-commercially sound

TEXTILE INDUSTRY DISTRIBUTION FROM FIBER MFG TO GAMENT MFG

Textiles Industry: Volume(%), by Textile Type, Indonesia, 2016 and 2024



Source: Mordor Intelligence



YEAR 2024 SEGREGATION MARKET TEXTILE

FIBER	35%
YARN	28%
TEXTILE FABRIC	8%
GARMENT & APPREAL	25%
OTHERS	4%

TEXTILE INDUSTRY MARKET INDONESIA

Indonesia is the largest economy in Southeast Asia, and Indonesia has an abundant labor force with low labor costs. **By the end of 2024, the population of Indonesia will be about 283,5 million**, which is the fourth largest population in the world, with about 70% of the population aged 15-64, and the working population will be about 140 million, which is a plentiful labor force and consumer market. According to *CRI's* analysis, the young population structure will bring 10 to 15 years of growth to the Indonesian consumer market.

Indonesia Population Projections

Based on the estimated birth rates, death rates, and migration rates, the projection of Indonesian population in the future as follows.

YEAR	2014	2015	2020	2025	2030	2035
Population (million)	250	255.5	271.1	284.8	296.4	305.6
Increase from 2014 population (%)	-	2.2	8.4	13.9	18.6	22.2

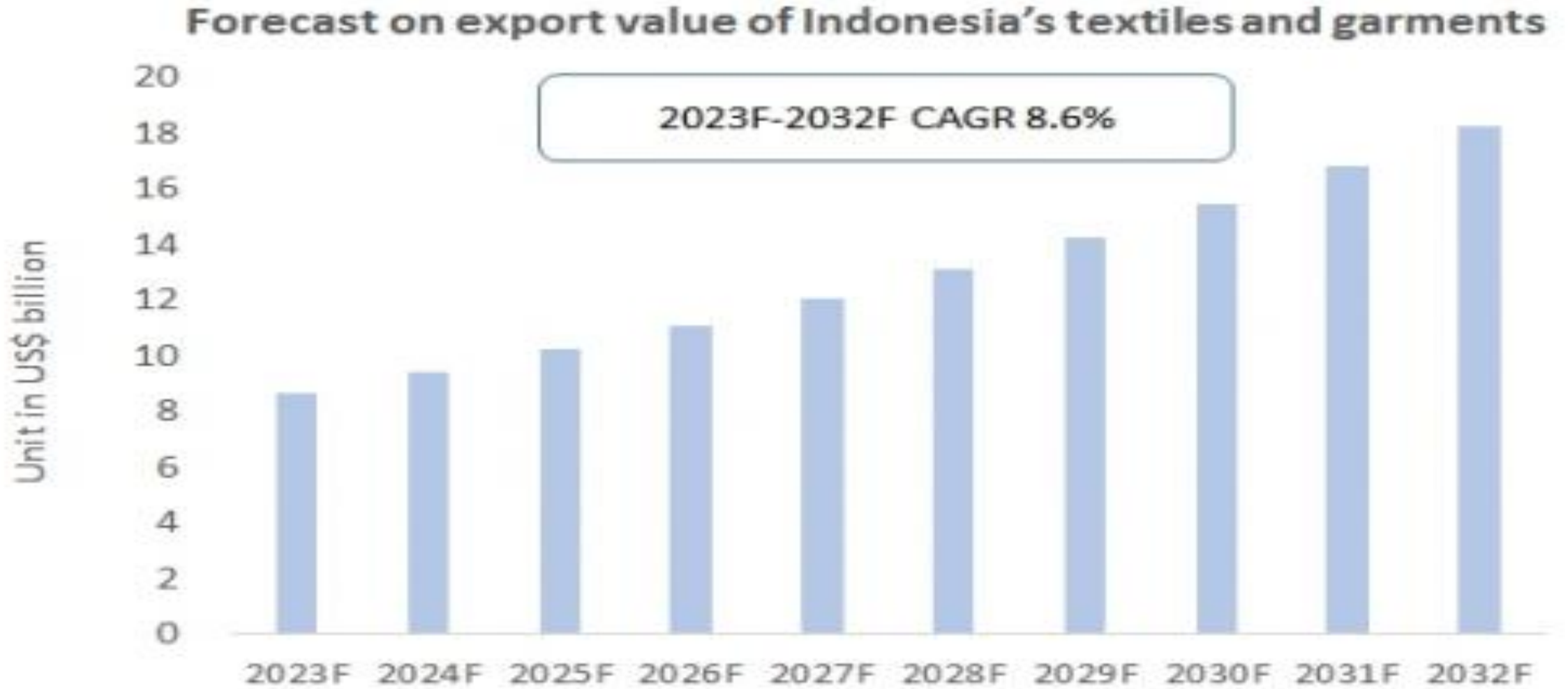
Indonesia's garment industry is concentrated in West Java, Central Java, East Java and Banten, which together account for more than 85 percent of all garment, textile and footwear employment. The garment industry is labor-intensive and easy to relocate, and employers have been relocating factories to areas with lower minimum wages.

Indonesia Textiles Market Analysis

- The Indonesian textile industry is rapidly expanding. There are several reasons why Indonesia's textile and garment industry is now attractive to international investors and operators.
- At the same time, the Indonesian Government was constantly striving to build a productive, connected and sustainable textile ecosystem. **By 2030, the country is expected to become one of the top five global textile manufacturers and one of the world's top 10 economies in the Industry 4.0 era.**
- **In 2023, there were about 5,000 active large and medium textiles and garment companies (SMEs) in the Indonesian market, while about 500,000 active small and micro businesses (SMEs).**
- The Indonesia **Textiles Market size is estimated at USD 39.84 billion in 2025**, and is expected to reach **USD 45.72 billion by 2030**, at a **CAGR of 2.79%** during the forecast period (2025-2030).
- In the coming years, Indonesia's textile and apparel exports will continue to grow due to its low-cost advantage. *CRI* expects the export value of **Indonesia's textiles and garments to reach US\$ 18.2 billion in 2032**, representing a compound annual growth rate (CAGR) of about 8.6% from 2023-2032.
- The growth of e-commerce and the improvement of domestic logistics is also driving local demand. Indonesia's domestic apparel market was estimated to be worth USD 21.7 billion by 2023, with an annual growth rate of 3.5%.

Every Indonesian is spending USD 78.14 on clothing this year.

INDONESIA TEXTILE & GARMENT EXPORT PREDICTION IN USD BILLION FROM 2023 TO 2032

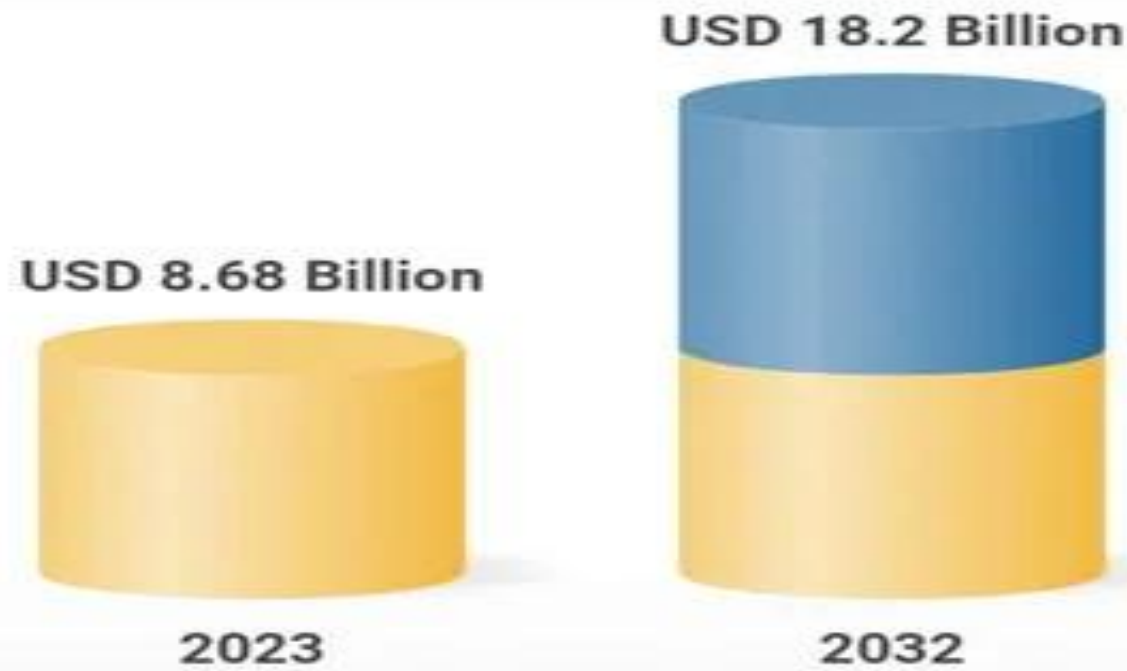


INDONESIA GARMENT MANUFACTURING PREDICTION IN USD BILLION FROM 2023 TO 2032

EXPECTING TREMENDOUS INVESTMENTS IN GARMENT INDUSTRY IN INDONESIA – SHIFTING MARKET TO INDONSIA TO SUPPORT US & EU BRANDS .

Indonesian Garment Manufacturing Industry Market

Market forecast to grow at a CAGR of 8.6%



MARKET SHARE DISTRIBUTION IN INDONESIA

Jabotabek (20%)
Jakarta –Bogor - Tangerang - Bekasi

Mid & East Java (30%)

Bandung (50%)



Future customer shifting operation to mid & east of Java, due to cost pressure (labor and raw mat cost) in the traditional production area, eg: Jabotabek.

- Labour cost : 15-25% of the total prod cost (Raw material : 65 % of the total prod. cost)
- Mid & east Java labour cost is approx. 50% lower than in Jabotabek & Bandung area

Indonesian Textile growth and Constraints

Same old constraints remain

Despite various positive indicators, the Indonesian garment and textile industry is still hampered by external as well as domestic problems. On the internal side, the same old constraints that have always plagued Indonesian textile companies have not been fully addressed by the government. Gas and electricity prices in Indonesia, for instance, are still one of the highest among textile producing countries (See [Investment in Indonesia's Electricity Sector; Sparks of Life](#)). This has greatly reduced the sector's competitiveness.

1

ENERGY COST – GAS & ELECTRICITY

2

CONTINUOUS RISING LABOUR COST

Daftar 10 Daerah Sentra Industri dengan Upah Minimum Tertinggi

(Rupiah per bulan)

Daerah	2015	2016	2017	2018	2019	2020*
DKI Jakarta	2.700.000	3.100.000	3.355.750	3.648.035	3.940.973	4.276.350
Kab. Bekasi	2.840.000	3.261.375	3.530.438	3.837.939	4.146.126	4.498.961
Kota Bekasi	2.954.031	3.327.160	3.601.550	3.915.353	4.229.756	4.589.708
Kota Bogor	2.658.155	3.022.765	3.272.143	3.557.147	3.842.786	4.169.807
Kab Bogor	2.590.000	2.960.325	3.204.552	3.483.667	3.763.405	4.083.670
Kota Tangerang	2.730.000	3.043.930	3.295.075	3.582.076	3.869.710	4.199.022
Kab Tangerang	2.710.000	3.021.650	3.270.936	3.555.835	3.841.368	4.168.268
Kota Cilegon	2.760.590	3.078.057	3.331.998	3.622.215	3.913.078	4.246.081
Karawang	2.957.450	3.330.505	3.605.272	3.919.291	4.234.010	4.594.324
Surabaya	2.710.000	3.045.000	3.296.212	3.583.312	3.871.051	4.200.477

*Prediksi Nilai Upah berdasarkan angka acuan Kemnaker

Sumber: Kemnaker dan Riset KONTAN

Moreover, the annual increase in labour costs has further exacerbated the issue. Indonesia's labour wages, especially in West Java and Jakarta have risen considerably in the last several years (See [The Minimum Wage and Labour Competitiveness in Indonesia](#)). This has prompted global and regional investors to increase automation in order to reduce the number of workers or relocate their factories to cheaper provinces and in some cases other countries.

Indonesian Textile growth and Constraints

**NO INVESTMENTS IN LAST 1 DECADE.
NO AUTOMATION IN FACTORY .
EFFICIENCY LEVEL LOW**

3 Ageing machinery and equipment which lead to lower productivity and efficiency continue to be used, particularly by more traditional and small-scale players in the sector. Currently, 30% of textile factories in Indonesia use equipment that is over 25 years old. It is estimated that the revitalisation of the technology used across the textile and garment sector would amount to 400 billion IDR a year. Since 2007, the Indonesian government has provided incentives to buy new machinery, however, the allocated fund is inadequate to replace the equipment in use across the entire industry. Furthermore, a recent incentive offered to Indonesia's textile sector was an income tax cut of 30% for six years through the issuance of the Regulation of the Ministry of Industry No 1 of 2018.

External issues

The influx of illegal Chinese textile products also continues to place pressure on Indonesian textile manufacturers. In 2017, there were 310,000 tonnes of illegally imported textile from China in Indonesia.

On the external side, the plunge of the rupiah exchange rate which has fallen by around 10% to nearly 15,000 to the USD since the beginning of 2018 has significantly increased production costs (See Indonesia's Fragility & The Fed). This is due to the fact that a significant portion of Indonesia's textile sector's raw materials, such as cotton, are imported which are priced in US dollars. According to the Association of Indonesian Textile Manufacturers (API), raw material prices have increased by 5-6% since the beginning of the year. The rupiah depreciation has made matters worse because it caused some prices to soar up to 50%.

4

5

6

Highly dependent on raw material imports

An additional issue is the sector's strong reliance on imports. Currently, 99.2% of Indonesia's raw cotton needs are met by imports, particularly from the US, Brazil, and Australia, which makes the country one of the world's largest cotton importers. Moreover, nearly 80% of other raw materials such as dye, yarn, silk fabric still have to be imported, mainly from China. This makes the country's upstream textile industry, particularly yarn spinners, vulnerable to fluctuating global prices. In 2015, for instance, Indonesian textile industry spent \$8 billion USD to import raw materials (See Indonesia's Textile Industry – Testing Times Upstream).

4. ILLEGAL IMPORTS TO COUNTRY HAMPERING LOCAL INDUSTRY

5. EXCHANGE RATE DEPRICIATE

6. RAW MATERIAL PRICE FLCUTATIONS

IMPROVEMENT & DIVERSITY

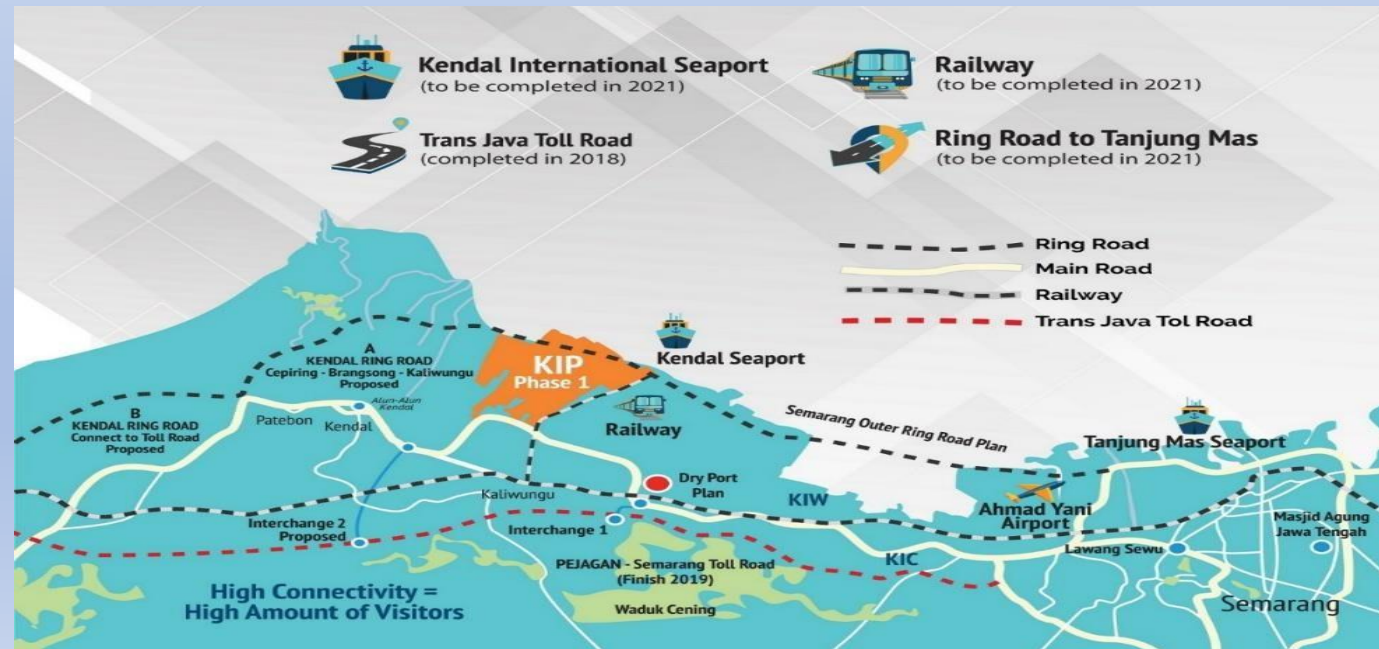
Improve and diversify

Despite the aforementioned challenges, the Indonesian government is still optimistic that the garment and textile sector will continue to show growth in 2019. The Ministry of Industry expects textile exports to soar to \$15 billion USD and help create 424,261 new jobs in Indonesia. Production capacity is estimated to increase to 1,638 thousand tonnes per annum with an investment value of 81.45 trillion IDR.

In order to achieve this, the Indonesian government must enhance its support to the garment industry. This includes improving law enforcement to curb illegal textile imports, accelerating industrial area development outside of Java to reduce logistics costs, and establishing vocational schools to prepare skilled human resources who are able to utilize new technology in the sector such as 3D printing.

Moreover, Indonesia must also diversify its export markets to improve its security against the economic turmoil being witnessed in China and the US. Currently, a number of textile manufacturers have already tapped into new, potential overseas markets such as Australia, New Zealand, Japan, and South Korea which show great potential for the future.

1. GOVERNMENT TRYING TO ENFORCE LAWS TO CONTROL ILLEGAL IMPORTS
2. INDUSTRIAL AREA DEVELOPMENTS OUTSIDE JAVA
3. DEVELOPING SCHOOLS TO GET WORK FORCE
4. POTENTIAL MARKET – AUSTRALIA / NEWZEALAND / JAPAN SOUTH KOREA



THANK YOU