

Facts on Indonesia's Garment Industry

Key statistics:

Population (2014): with 250,585,668 people¹ it is the world's fourth most populous country

Employment in garment industry: 1.3 million (2011)^{2 3}

Garment % of GDP: 1.56% (2012)^{4 5}

Garment % of export: 6% (2014);⁶ 8.9% (2010)⁷

Value garment export: 12.1 billion USD (2011)⁸ (9.5 billion EUR)⁹

Percentage of the world market for garment: 2.9% (2014);¹⁰ 1.7% (2005)¹¹

Minimum wage (2014): 2,441,000 Indonesian rupiah (212 USD; 167 EUR)¹² in Jakarta

Living wage calculation by Asia Floor Wage (2013): 4,048,226 rupiah (351 USD; 278 EUR)¹³

Background of Indonesia:

- **Geography:** Indonesia is a country in Southeast Asia and Oceania that consists of over 10,000 islands.
- **Politics:** Indonesia has a parliamentary democracy.
- **History:** In 1800 Indonesia became a Dutch colony after the Dutch East India Company was dissolved. During World War II Japan took over Indonesia. Indonesia declared independence in 1945 and it officially reached independence in 1949.

¹ <http://worldpopulationreview.com/countries/indonesia-population/>

² http://www.gbgingonesia.com/en/manufacturing/article/2012/indonesia_s_garment_and_apparel_sector.php

³ http://www.abrmmr.com/myfile/best_track/best_track_78218.pdf

⁴ <http://www.thecropstite.com/reports/?id=1832>

⁵ http://www.gbgingonesia.com/en/manufacturing/article/2012/indonesia_s_garment_and_apparel_sector.php

⁶ <http://www.tradingeconomics.com/indonesia/exports>

⁷ http://www.gbgingonesia.com/en/manufacturing/article/2011/overview_of_fibre_textiles_and_garments.php

⁸ http://www.gbgingonesia.com/en/manufacturing/article/2012/indonesia_s_garment_and_apparel_sector.php

⁹ <http://www.xe.com/currencyconverter/convert/?Amount=12100000000&From=USD&To=EUR>

¹⁰ <http://www.bvv.cz/en/styl-kabo/news/the-indonesias-textile-industry/>

¹¹ http://www.textileworldasia.com/Issues/2006/November-December/Features/Country_Profile-Indonesia

¹² <http://www.indonesia-investments.com/news/todays-headlines/24-indonesian-provinces-have-set-new-regional-minimum-wage-for-2014/item1314>

¹³ <http://www.xe.com/currencyconverter/convert/?Amount=352&From=USD&To=EUR>

- **Economy:** Indonesia's economy is the 16th largest by nominal GDP.

Biggest issues in Indonesia's garment industry:

- **Suppression of trade unions**
- **Low wages**

General economic data:

Producing factories, trading companies and retailers

<i>Production</i>	2,980 garment factories (2011); ¹⁴ 90% of the factories are located in Java. ^{15 16}
<i>Trade</i>	
<i>Retail</i>	There are more than 170 foreign brands and companies active in Indonesia's garment industry. ¹⁷

Exports

The top export destinations for Indonesia's garments and textiles are the US, Japan and Turkey;¹⁸ about half of the country's garments and textiles are exported.¹⁹

	Textile or Garments?	Total exports	Exports to US	% of total exports to US	Exports to EU	% of total export to EU
2015	Textiles and garments	19 billion USD (expected) ²⁰ (15 billion EUR)				

¹⁴ http://www.gbgindonesia.com/en/manufacturing/article/2012/indonesia_s_garment_and_apparel_sector.php

¹⁵ http://betterwork.org/indonesia/?page_id=45

¹⁶ <http://www.nla.gov.au/openpublish/index.php/lmd/article/viewFile/1296/1583>

¹⁷ <http://www.ukessays.com/essays/economics/competitive-advantage-of-the-indonesian-textile-industry-economics-essay.php>

¹⁸ <http://fashionatingworld.com/new1-2/item/779-indonesia-hopes-for-higher-textile-exports.html>

¹⁹ <http://www.nla.gov.au/openpublish/index.php/lmd/article/viewFile/1296/1583>

²⁰ <http://www.bvv.cz/en/styl-kabo/news/the-indonesias-textile-industry/>

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2013	Textiles and garments	12.68 billion USD ²¹ 22(9.9 billion EUR) ²³	4.1 billion USD (garments) ²⁴ (3.2 billion EUR)			
2011	Garments		3.9 billion USD ²⁵ (3 billion EUR) ²⁶	36% ^{27 28}	897.3 million EUR ²⁹ (1.1 billion USD) ³⁰	16% ^{31 32}
2010	Textiles	11.32 billion USD ³³ (9 billion EUR)		37.6% ³⁴		19.4% ³⁵
2005	Textile and garments	8.6 billion USD ³⁶ (6.7 billion EUR) ³⁷	3.1 billion USD ³⁸ (2.4 billion EUR) ³⁹ but other sources say 8.5 billion USD ⁴⁰ (6.7 billion EUR)	36% ⁴¹		16% ⁴²

Imports

²¹ http://www.fibre2fashion.com/news/textile-news/indonesia/newsdetails.aspx?news_id=162210

²² <http://www.marketresearch.com/Emerging-Markets-Direct-Reports-v3814/Indonesia-Textile-8141560/>

²³ <http://www.xe.com/currencyconverter/convert/?Amount=12600000000&From=USD&To=EUR>

²⁴ <http://fashionatingworld.com/new1-2/item/779-indonesia-hopes-for-higher-textile-exports.html>

²⁵ <http://betterwork.com/indonesia/wp-content/uploads/Indonesian-Garment-Industry-Review-Dec-2011-en.pdf>

²⁶ <http://www.xe.com/currencyconverter/convert/?Amount=3900000000&From=USD&To=EUR>

²⁷ <http://www.fashionunited.co.uk/fashion-news/fashion/indonesia-an-apparel-force-to-reckon-with-2013112019117>

²⁸ http://www.gbgindonesia.com/en/manufacturing/article/2012/indonesia_s_garment_and_apparel_sector.php

²⁹ <http://betterwork.com/indonesia/wp-content/uploads/Indonesian-Garment-Industry-Review-Dec-2011-en.pdf>

³⁰ <http://www.xe.com/currencyconverter/convert/?Amount=897100000&From=EUR&To=USD>

³¹ <http://www.fashionunited.co.uk/fashion-news/fashion/indonesia-an-apparel-force-to-reckon-with-2013112019117>

³² http://www.gbgindonesia.com/en/manufacturing/article/2012/indonesia_s_garment_and_apparel_sector.php

³³ http://www.gbgindonesia.com/en/manufacturing/article/2011/overview_of_fibre_textiles_and_garments.php

³⁴ http://www.gbgindonesia.com/en/manufacturing/article/2011/overview_of_fibre_textiles_and_garments.php

³⁵ http://www.gbgindonesia.com/en/manufacturing/article/2011/overview_of_fibre_textiles_and_garments.php

³⁶ http://www.textileworldasia.com/Issues/2006/November-December/Features/Country_Profile-Indonesia

³⁷ <http://www.xe.com/currencyconverter/convert/?Amount=8600000000&From=USD&To=EUR>

³⁸ http://www.textileworldasia.com/Issues/2006/November-December/Features/Country_Profile-Indonesia

³⁹ <http://www.xe.com/currencyconverter/convert/?Amount=3100000000&From=USD&To=EUR>

⁴⁰ <http://www.nla.gov.au/openpublish/index.php/lmd/article/viewFile/1296/1583>

⁴¹ http://www.textileworldasia.com/Issues/2006/November-December/Features/Country_Profile-Indonesia

⁴² http://www.textileworldasia.com/Issues/2006/November-December/Features/Country_Profile-Indonesia

	Textile or Garments?	Total imports	Imports from US	% of total imports to US	Imports from EU	% of total imports to EU
2011	Fabric Garments	4.45 billion USD ⁴³ (3.5 billion EUR) 350,000 USD ⁴⁴ (178,000 EUR)				
2008						

Local dependency on garments/ textile export

Indonesia is among the ten biggest garment supplier countries and the garment and textile industry contributes significantly to the country's wealth. Moreover, the textile and garment sector is the source of employment for nearly 2 million Indonesians. This creates some sort of dependency; however, Indonesia's garment sector can generally be classified as competitive and strong.⁴⁵

Turnover/profit:

Indonesia's annual turnover from garment exports is 12.1 billion USD (2011)⁴⁶ (9.5 billion EUR).⁴⁷

Investment figures:

There is mainly local investment by local manufacturers, but also foreign investors are investing.⁴⁸ An investment from the Indonesian government came in the form of a revitalisation programme that was launched in 2007 in order to increase productivity.⁴⁹ In 2011 there was a total investment of 151.77 trillion RP (16.54 billion USD).⁵⁰ Local investors mainly invest in factories while foreign investors often invest in the structure of the garment industry, e.g. by giving trainings to workers, so there are mostly locally owned factories.⁵¹

*GSP*⁵²

⁴³ <http://www.thejakartapost.com/news/2013/01/09/textile-producers-expect-recovery-year.html>

⁴⁴ <http://www.thejakartapost.com/news/2013/01/09/textile-producers-expect-recovery-year.html>

⁴⁵ <http://www.ukessays.com/essays/economics/competitive-advantage-of-the-indonesian-textile-industry-economics-essay.php>

⁴⁶ http://www.gbgindonesia.com/en/manufacturing/article/2012/indonesia_s_garment_and_apparel_sector.php

⁴⁷ <http://www.xe.com/currencyconverter/convert/?Amount=12100000000&From=USD&To=EUR>

⁴⁸ http://www.gbgindonesia.com/en/manufacturing/article/2012/indonesia_s_garment_and_apparel_sector.php

⁴⁹ http://betterwork.org/indonesia/?page_id=45

⁵⁰ http://www.gbgindonesia.com/en/manufacturing/article/2012/indonesia_s_garment_and_apparel_sector.php

⁵¹ http://www.gbgindonesia.com/en/manufacturing/article/2012/indonesia_s_garment_and_apparel_sector.php

⁵² <http://www.strongandherd.co.uk/news/2013-11-06/eu-gsp-scheme-from-january-2014/>

Indonesia does not enjoy duty free export to the EU under the GSP program.

Cotton

Indonesia is on the ninth rank for global cotton consumption and on rank five of global cotton importers.^{53 54} Indonesia itself produces only 0.3 %⁵⁵ to 2%⁵⁶ of the domestic demand for cotton. Indonesia mainly imports raw cotton from Brazil, the US and Australia.⁵⁷ China and South Korea are Indonesia's main suppliers of fabric to make garments from.⁵⁸

Workers:

- **Textile workers:** 344,000 workers (2004)
- **Garment workers:** 1.3 million (2011)⁵⁹ are directly employed (e.g. in factories) and about as many people are indirectly employed in the garment industry (e.g. home workers);⁶⁰ 78% of them are female.⁶¹
- **Garment workers as percentage of total workforce:** some sources say that about 1.5% (2013)⁶² of the total workforce are garment workers, others say about 10%, but this could also include the textile workers (2012).^{63 64}

Trade Unions

The vast majority of textile workers in Indonesia are not members of trade unions out of fear to get suspended.^{65 66}

⁵³ <http://www.cottoninc.com/corporate/Market-Data/MonthlyEconomicLetter/pdfs/English-pdf-charts-and-tables/World-Cotton-Consumption-Imp.pdf>

⁵⁴ http://www.textileworldasia.com/Issues/2006/November-December/Features/Country_Profile-Indonesia

⁵⁵ <http://www.thecropsite.com/reports/?id=1832>

⁵⁶ <http://www.cottonguide.org/cotton-guide/market-profiles-supply-and-demand-in-the-national-market-indonesia/>

⁵⁷ http://www.gbgindonesia.com/en/manufacturing/article/2014/indonesia_s_textile_and_clothing_industry.php

⁵⁸ http://www.gbgindonesia.com/en/manufacturing/article/2014/indonesia_s_textile_and_clothing_industry.php

⁵⁹ http://www.gbgindonesia.com/en/manufacturing/article/2012/indonesia_s_garment_and_apparel_sector.php

⁶⁰ <http://www.nla.gov.au/openpublish/index.php/lmd/article/viewFile/1296/1583>

⁶¹ <http://betterwork.com/global/wp-content/uploads/Impact-Research-Indonesia-Baseline-Report-Worker-Perspectives-from-the-Factory-and-Beyond.pdf>

⁶²

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Cotton%20and%20Products%20Annual_Jakarta_Indonesia_4-23-2014.pdf

⁶³ <http://www.thecropsite.com/reports/?id=1832>

⁶⁴ http://www.abrnr.com/myfile/best_track/best_track_78218.pdf

⁶⁵ <http://www.ituc-csi.org/IMG/pdf/ITGLWFSportswearReport2011.pdf>

⁶⁶ <http://betterwork.com/global/wp-content/uploads/Impact-Research-Indonesia-Baseline-Report-Worker-Perspectives-from-the-Factory-and-Beyond.pdf>

Working Conditions

Each month I am paid a wage including overtime of IDR 1,541,000 (171 USD) whereas my routine expenditure each month is IDR 1,747,500 (194 USD). Nearly every month I go into debt by IDR 206,500 (23 USD) even though I limit what I spend by decreasing the quality and quantity of things which we need as a family”⁶⁷

Overview of relevant labour laws, international law and implementation:

Area	International Law	Ratified?	Lao Labour Law	Implementation

⁶⁷ <http://www.ituc-csi.org/IMG/pdf/ITGLWFSportswearReport2011.pdf>

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<p><i>General</i></p>	<p><i>There are several International treaties as well as International Labour Organisation (ILO) Conventions that grant individual rights and obligations. The treaties that will be regarded are:</i> ICCPR (International Covenant on Civil and Political Rights); ICESCR (International Covenant on Economic, Social and Cultural Rights); CEDAW (Convention on the Elimination of Discrimination against Women); CRC (Convention on the Rights of the Child).</p>	<p><i>These instruments oblige Indonesia to comply only if it has ratified them.</i></p>	<p><i>Rights and obligations also derive from national legislation.</i></p>	<p><i>The rights granted and the reality is not always the same; eventually, the situation depends on the implementation.</i></p>
<p><i>Forced Labour</i></p>	<p>ILO Conventions 29 (1930) 105 (1957)</p>	<p>Ratified (1950) Ratified (1999)</p>	<p>The Indonesian Constitution prohibits forced labour in Arts 27(2), 28D(2) and 28E(1).</p>	<p>Forced labour occurs in Indonesia when workers are not allowed to leave the factory and are forced to work overtime.⁶⁸</p>

⁶⁸ <http://www.refworld.org/docid/4fd8894730.html>

	ICCPR, Arts 7,8 (1966)	Ratified (2006)		
<i>Non-Discrimination</i>	100 (1951) 111 (1958)	Ratified (1958) Ratified (1999)	Art 6 of the Labour Law 13/2003 prohibits discrimination at the workplace. ⁶⁹	Gender discrimination happens in factories in Indonesia. ⁷⁰
	ICCPR, Arts 2, 26 (1966) ICESCR, Art 2(2) (1966) CRC, Art 2 (1989) CEDAW, Art 1 (1979)	Ratified ICCPR (2006) Ratified ICESCR (2006) Ratified CRC (1990) Ratified CEDAW (1984)		
<i>Women</i>	CEDAW	Ratified (1984)	Art 6 of the Labour Law grants equal treatment for everyone.	Women can find themselves in disadvantaged situations in the workplace; ⁷¹ mostly in regards to wages or dismissal due to pregnancy or getting married. ⁷²
<i>Child Labour</i>	ILO Conventions 138 (1973) 182 (1999)	Ratified (1999) Ratified (2000)	Art 68 prohibits child labour. Children from 13-15 years may be employed doing light work.	Child labour in the garment sector appears to be not common.
	CRC, Art 32	Ratified		
<i>Freedom of Association/Collective Bargaining</i>	ILO Conventions 87 (1948) 98 (1949)	Ratified (1998) Ratified (1957)	Art 104: every worker has the right to form and join a trade union.	Sometimes, the right to association is actively suppressed, for example many factories take measures to interfere

⁶⁹ <http://www.ilo.org/dyn/travail/docs/760/Indonesian%20Labour%20Law%20-%20Act%2013%20of%202003.pdf>

⁷⁰ http://www.fibre2fashion.com/news/textile-news/indonesia/newsdetails.aspx?news_id=165006

⁷¹ http://www.fibre2fashion.com/news/textile-news/indonesia/newsdetails.aspx?news_id=165006

⁷² http://www.europarl.europa.eu/hearings/19970617/droi/doc5_en.htm

				with the unions' activities. ⁷³ Many of the workers do not join unions because they fear to get fired. ⁷⁴
	ICCPR, Art 22 ICESCR, Art 8	Ratified Ratified		
<i>Living Wage</i>	ILO Conventions 26 131		Art 88 says that every worker has the right to earn a living.	There are cases in which the payment of the minimum wage has been suspended. ⁷⁵
	ICESCR, Art 7	Ratified		
<i>Reasonable Working Hours</i>	ILO Convention 1 (1919)		Art 77 of the Labour Law states that the maximum is 40 hours per week plus a maximum of three hours overtime per day. ⁷⁶	Overtime seems to be the norm in many factories. Sometimes, this overtime is forced. ⁷⁷
	ICESCR, Art 7	Ratified		
<i>Safe Working Conditions</i>	ILO Convention 155		Art 86 gives every worker the right to safety and health protection.	Not many factories have adequate health facilities.
	ICESCR, Art 7	Ratified		

Other regulations on the living conditions of workers:

The Social Insurance law

- Workers and their families are entitled to social security (Art 99 of the Labour Law)
- Women are entitled to 1.5 months of maternity leave after giving birth. (Art 82).
- Every worker is entitled to safety and health protection (Art 86).

Housing

About 8% of the companies provide dormitories for the workers.⁷⁸ But often the facilities are hardly adequate

⁷³ <http://www.ituc-csi.org/IMG/pdf/ITGLWFSportswearReport2011.pdf>

⁷⁴ <http://www.ituc-csi.org/IMG/pdf/ITGLWFSportswearReport2011.pdf>

⁷⁵ http://www.fibre2fashion.com/news/textile-news/indonesia/newsdetails.aspx?news_id=165006

⁷⁶ <http://www.ituc-csi.org/IMG/pdf/ITGLWFSportswearReport2011.pdf>

⁷⁷ http://www.fibre2fashion.com/news/textile-news/indonesia/newsdetails.aspx?news_id=165006

⁷⁸ <http://betterwork.com/global/wp-content/uploads/Impact-Research-Indonesia-Baseline-Report-Worker-Perspectives-from-the-Factory-and-Beyond.pdf>

because they lack appropriate size, proper bathrooms and security.⁷⁹ Workers usually have to pay rent for the dormitories.

Medical facilities

25% of the work accidents in Indonesia happen in textile factories. However, there is still low awareness of the importance of the employer to register their workers for the social security programme (Jamsostek).⁸⁰ Most factories do not have medical facilities. Workers have to go to local hospitals and they usually get reimbursed by the factory for work accidents.⁸¹ Art 87 of the Labour Law, however, stipulates that the management of a business must apply an occupational health system.⁸²

Food arrangements

Sometimes lunch is included in the wages.⁸³ About half of the factories have areas for eating.⁸⁴

Living Wage vs Minimum Wage:

Area	Minimum Wage	Context	Living Wage
Jakarta	2,441,000 Indonesian Rupiah ⁸⁵ (212,11 USD; 167 EUR) ⁸⁶	12,000 Rupiah is the cost of one kilo rice, one kilo of chicken breasts is 40,000 and a kilo of oranges is 23,000 (2015). ⁸⁷	4,048,226 rupiah (335 USD; 264 EUR) ⁸⁸ is the living wage calculated by the Asia Floor Wage initiative. ⁸⁹
Nusa Tenggara B.	1,210,000 Indonesian Rupiah ⁹⁰ (105 USD; 83 EUR) ⁹¹		

⁷⁹ http://www.europarl.europa.eu/hearings/19970617/droi/doc5_en.htm

⁸⁰ http://www.europarl.europa.eu/hearings/19970617/droi/doc5_en.htm

⁸¹ http://www.europarl.europa.eu/hearings/19970617/droi/doc5_en.htm

⁸² <http://www.ilo.org/dyn/travail/docs/760/Indonesian%20Labour%20Law%20-%20Act%2013%20of%202003.pdf>

⁸³ <http://www.ukessays.com/essays/economics/competitive-advantage-of-the-indonesian-textile-industry-economics-essay.php>

⁸⁴ <http://betterwork.com/global/wp-content/uploads/Impact-Research-Indonesia-Baseline-Report-Worker-Perspectives-from-the-Factory-and-Beyond.pdf>

⁸⁵ <http://www.indonesia-investments.com/news/todays-headlines/24-indonesian-provinces-have-set-new-regional-minimum-wage-for-2014/item1314>

⁸⁶ <http://www.xe.com/currencyconverter/convert/?Amount=212&From=USD&To=EUR>

⁸⁷ http://www.numbeo.com/cost-of-living/country_result.jsp?country=Indonesia

⁸⁸ <http://www.xe.com/currencyconverter/convert/?Amount=4048226+&From=IDR&To=USD>

⁸⁹ <http://www.cleanclothes.org/livingwage/asia-floor-wage-in-local-currency>

⁹⁰ <http://www.indonesia-investments.com/news/todays-headlines/24-indonesian-provinces-have-set-new-regional-minimum-wage-for-2014/item1314>

⁹¹ <http://www.xe.com/currencyconverter/convert/?Amount=105&From=USD&To=EUR>