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NANDAN TERRY

Huge **INDONESIAN** market for Indian textile products

Indonesia is one of the key exporters of textile and apparel (T&A) products. Over the last five years, its T&A exports and imports remained stagnant. Whereas its exports have declined to \$12.4 billion in 2017 from \$12.6 billion in 2013, its imports have also come down to \$7 billion from \$7.1 billion during the same period.

Indonesia's textile and apparel trade balance recorded a surplus of around \$5.4 billion in 2017.

Man-made textiles is the largest imported category in Indonesia, representing about 47% of its total textile and apparel imports (2017). This is followed by cotton textiles, others and apparel with a share of 31%, 14% and 7% respectively. Top 10 suppliers accounted for around 88% of textile and apparel imports by Indonesia. China and Hong Kong are the largest suppliers accounting for 42% share, followed by the Republic of Korea and the US with a share of 11% and 8% respectively.

India's exports to Indonesia

India is amongst the top suppliers of T&A products to Indonesia. India's exports stood at around \$230 million in 2017. It has registered a growth at a CAGR of 7% over the last five years. There was a decrease in India's exports in 2015 due to mounting competition from other countries

Table 1: Indonesia's Total T&A Trade (In US\$ Bn.)

Year	Imports	Exports	Trade Balance
2013	7.1	12.6	5.5
2014	7.2	12.6	5.4
2015	6.6	12.1	5.5
2016	6.8	11.7	4.9
2017	7.0	12.4	5.4
CAGR	-1%	-0.4%	

Data Source: UN Comtrade

like China, Korea, the US, etc. However, since last three years India's exports to Indonesia are again increasing.

Cotton textiles is the largest category with a share of 65% in India's T&A exports to Indonesia. This is followed by

Figure 1: Category-wise T&A Imports by Indonesia (2017)

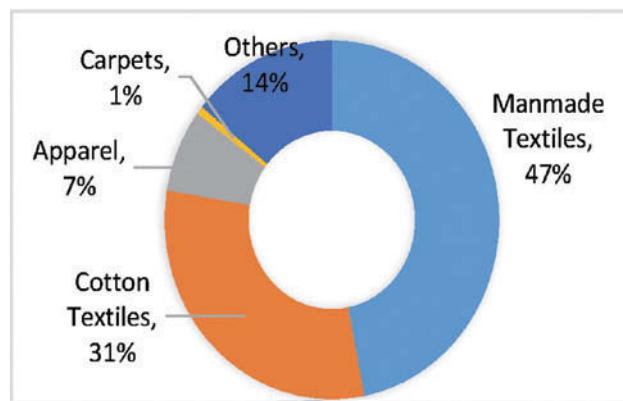
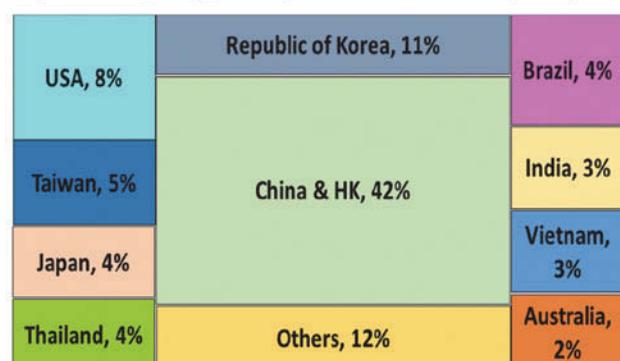


Figure 2: Top Suppliers of T&A to Indonesia (2017)



Note: Textiles comprises of fibre, yarn, fabric and home textiles

GLOBAL MARKET WATCH

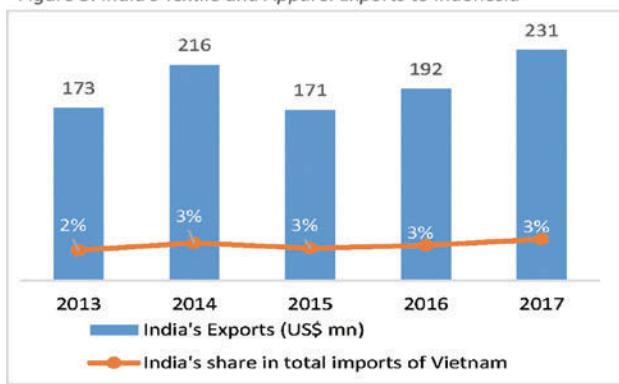
Table 2: Indonesia's Top 10 textile and apparel imported commodities

Values in US\$ bn.

HS Code	Commodity	2015	2016	2017	CAGR
5201	Cotton, not carded or combed	1.1	1.1	1.3	8%
5407	Woven fabrics of Synthetic filament yarn	0.8	0.9	0.9	5%
5402	Synthetic filament yarn (other than sewing thread)	0.4	0.3	0.4	1%
5208	Woven fabrics of cotton containing >=85% cotton & weighing < 200 gm per sqm	0.5	0.4	0.4	-12%
5903	Textile fabrics impregnated, coated, covered/laminated with plastics	0.3	0.3	0.3	4%
5603	Nonwovens, W/N impregnated, coated, covered/laminated	0.3	0.3	0.3	-3%
5503	Synthetic staple fibres, not carded, combed	0.2	0.2	0.2	8%
5502	Artificial filament tow	0.2	0.2	0.2	-4%
5209	Woven fabrics of cotton containing >=85% cotton & weighing >200 gm per sqm	0.2	0.2	0.2	-8%
5504	Artificial staple fibres not carded, combed	0.2	0.2	0.2	0%

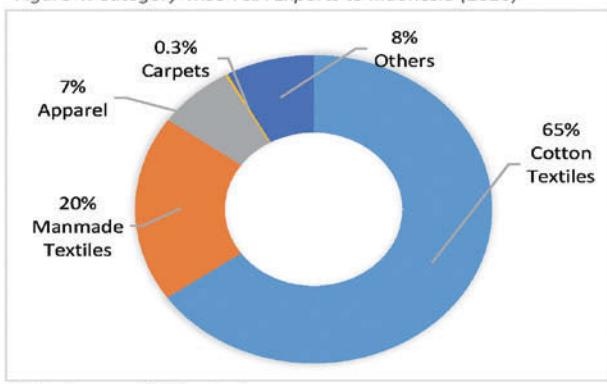
Data Source: UN Comtrade

Figure 3: India's Textile and Apparel Exports to Indonesia



Data Source: UN Comtrade

Figure 4: Category-wise T&A Exports to Indonesia (2016)



Data Source: UN Comtrade

Table 3 : India's potential categories of textile and apparel exports to Indonesia

S. No.	Market Segment	Existing Products	New Products
1	Cotton Textiles	<ul style="list-style-type: none"> Cotton not carded or combed Cotton yarn (Single yarn of combed fibre) measuring decitex between 192 - 232 Cotton yarn (Single yarn of uncombed fibre) containing >85% cotton Woven cotton fabrics containing > 85% of cotton and weighing < 200 gm per sqm 	<ul style="list-style-type: none"> Plain weave cotton fabrics containing > 85% cotton and weighing > 100 gm per sqm Dyed cotton fabrics containing > 85% cotton and weighing > 100 gm per sqm Denim fabrics
2	Manmade Textiles	<ul style="list-style-type: none"> Polyester staple fibre (not carded or combed) Polyester textured yarn 	<ul style="list-style-type: none"> Woven fabrics dyed/coated with > 85% of textured polyester filaments Viscose rayon staple fibres not carded not combed

Data Source: UN Comtrade and Wazir Analysis

man-made textiles and apparel having a share of 20% and 7% respectively.

India's exports to Indonesia have increased at a CAGR of 7% over the last five years. However, the share remained 2-3% during the same period of time.

With a share of about 42%, China is the leading T&A supplier to Indonesia, but it is now focusing more on the domestic market as manufacturing costs in China are

increasing. This gives India an opportunity to grab China's share and increase its exports to Indonesia.

Cotton has been the largest exported commodity to Indonesia from India, but Indonesia is now shifting its focus from cotton-based to man-made textile. India has the opportunity to increase its share of man-made textiles by focusing on export of polyester filaments and viscose staple fibre. ♦