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SURVEY OF THE INDONESIAN
TEXTILE INDUSTRY

Volume II

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S/T TEXTILE p. 184

\+ A

C/F INDONESIA

WERNER

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4.0.0.0 MARKETING

Introduction

This study has been prepared on behalf of the United Nations Industrial Development Organization to provide a marketing profile of the textile industry of the Republic of Indonesia. The initial stage of the Werner investigation was conducted in Indonesia by a senior marketing consultant ably assisted by a member of the department of industry who was instrumental in providing the necessary contacts and an insight into the conditions which prevail in the Indonesian textile market.

The fact finding mission was centered in Djakarta which can be considered the focal point of the Indonesian textile market. In order to examine the regional variables, visits were made through East Central and West Java and Sumatra. While on location, the primary concern was to assemble pertinent statistical information and to develop an understanding of the cultural and motivating forces which contribute to the mental attitude of the people of Indonesia.

To best amplify and verify available statistics compiled by the Central Bureau of Statistics, various government agencies were interviewed among which were the departments of:

Trade
Finance
Taxation
Customs
Industry
BAPINDO

The Chamber of Commerce of Djakarta as well as the director of the International Chamber of Commerce were very helpful in providing their time and collecting a number of representatives from knitting and weaving establishments for fruitful discussions.

Along with our interest in speaking to the various governmental agencies, it was considered important to make use of information collected in surveys conducted in the past. One such survey was done by the Economics department of the University of Indonesia with whom we spoke with hopes of further amplifying their market interpretations.

To establish a first hand knowledge of how the market operates, interviews with several importers, wholesalers, retailers, and machine manufacturers representatives were conducted. Their inputs were weighed carefully and contributed an in-depth perspective to the conclusions and recommendations formulated.

National organizations like Ginsi, the importers association, Printer's Club, G.K.B.I., P.N.Sandang, P.T.Sandang, and P.T.Kerta Niaga were very anxious to contribute.

A good part of the time was spent in the market itself visiting both retail and wholesale districts which provided first hand observation of over the counter practices. Considerable time was allotted for the inspection of the following market places:

Tanah Abang
Pintu Ketjil
Djatinegara
Pasar Pagi
Pasar Baru
Block M
Pasar Senen

Sarinah Department Stores

Pasar Klever

Gang Warong

Pasar Bong

Pasar Atoom

Pasar In Medan

Subsequent to these visits the meetings with the members of the Department of Industry, United Nations resident members and officials of the World Bank provided the balance of input which has with the other collected data, been carefully scrutinized.

In the preparation of the final report, a team of Werner marketing specialist have reviewed the findings and carefully analyzed the present market situation. The technical team has added valuable inputs especially concerning domestic manufacturing sectors. These facts have been weighed carefully and provide a sound basis for the conclusions and recommendations found in the text.

4.1.0.0 The Demand for Raw Material

4.1.1.0 Raw Cotton Sources

The textile industry of Indonesia must depend almost totally on imports for its raw cotton supply. The only available raw cotton that is home grown has come from the pilot program at Lombok and in East Java, which now has developed a cotton of the Delta pine variety with good spinning performance. Many problems still must be resolved before any substantial amounts of cotton can be grown at home. The farmer is leery of the risk involved because of the high probability of crop failure. There is only a small amount of experience and expertise developed and for him the elemental and pesticidal threats are great. Rather than grow cotton he can more easily plant his land with products that take less treatment and also provide better yearly income. Some efforts are presently being made by the government to make cotton growing more profitable.

The textile spinners, therefore, must depend on imports for their raw material needs. All of the cotton used by the spinners is provided by the United States through a long term credit agreement with the government of Indonesia as provided by U.S. Public Law 480. Currently loans made under this act are for a maximum credit period of 40 years with a grace period not in excess of ten years.

4.1.2.0 PL480 Procurement Program

Purchasing Procedure

"Purchase Authorization" hereafter called PA, for raw cotton is the allotment negotiated by various parties which finally determines the number of bales, grade and staple length of cotton which will be supplied to the spinners. The first step in the PL480 Program is the government to government agreement signed by both the United States and Indonesia currently in effect.

Each Spinner determines the requirement in numbers of bales by staple length and grade needed in the coming fiscal year to produce his planned yarn output. The recuest is then directed to the Planning and Procurement section of the Department Perindustrian Tekstil for revision or approval. This department then compiles the raw cotton requirements for the entire spinning industry for presentation to the PL480 Team of Indonesia.

This team is headed by the National Logistics Body and composed of members of the following:

The Bank of Indonesia

Ministry of Finance

Bureau of Trade

Indonesian Foreign Office

Department of Agriculture

Ministry of Industry

The PL480 Team is presented with the one year plan by the Director General of Textiles. It is then discussed and an agreement reached. Upon agreement the PL480 team negotiates with the U.S.Embassy in Indonesia and submits the budget requirement. Upon satisfactory approval of the U.S.Embassy in Indonesia, a formal request is forwarded for U.S.Government approval. When the U.S. government agreement is reached for the budget for the pursuant fiscal year from April 1 to March 31 the final agreement is signed by the Indonesian Minister of foreign affairs and the U.S. Ambassador in Indonesia.

When the agreement has been signed, the Consulate General in New York is notified by either the PL480 Indonesian Team or the Bureau of Foreign Affairs. The U.S. government notifies the Indonesian Embassy in Washington that the agreement has been secured for one year.

At this point, the Procurement branch of the Department Perindustrian Tekstil draws up the PA based on the allotted bales for the fiscal year. The entire allotment is not necessarily allocated in one PA but rather may be split into several PA's depending on the warehousing situation, stock on hand at various mills, U.S. Market fluctuations, financing arrangements, etc.

Once a purchase authorization is drawn up, the spinning mills and the Indonesian Consulate in New York are consulted simultaneously. The Indonesian Consulate in New York regarding the issuance of the first PA from the U.S. Department of Agriculture and the spinners for their requirements within the framework of the first PA. The U.S.D.A. issues the first PA to the Consulate General who notifies the Indonesian PL480 team of the amount of bales authorized in the PA. The spinners are then accordingly reapportioned and a listing of mills to be sent particular types of cotton is cabled to TOBEAS, the Economic Operational Team for Implementation of the U.S. Aid to Indonesia.

Implementation

The Implementation of the PA begins with the PL480 team in Indonesia. The Department of Trade appoints the importers who will handle the raw cotton. The importers approach BAPINDO, the Indonesia Development Bank, for a Letter of Credit which is approved by the Bank of Indonesia through a corresponding bank in New York. The PL480 team then notifies the Consulate General in New York, TOBEAS of the opening of the letter of credit as well as the handling importers.

Upon notification TOBEAS opens a tender for the cotton types requested and the amount of bales required. Bids are received from cotton merchants in the U.S. and TOBEAS negotiates for the best pricing arrangement and contracts are then signed which indicate shipment time, bale marking, and terms of purchase. The PL480 team is notified that the contracts are signed and in turn the spinners.

Shipment tender is then sent out coordinated by the American Trade Corporation and once schedules are fixed the PL480 team is notified as to date of expected arrival and port.

Exhibit 4-1

PL480 PURCHASING AGREEMENT PROCEDURE

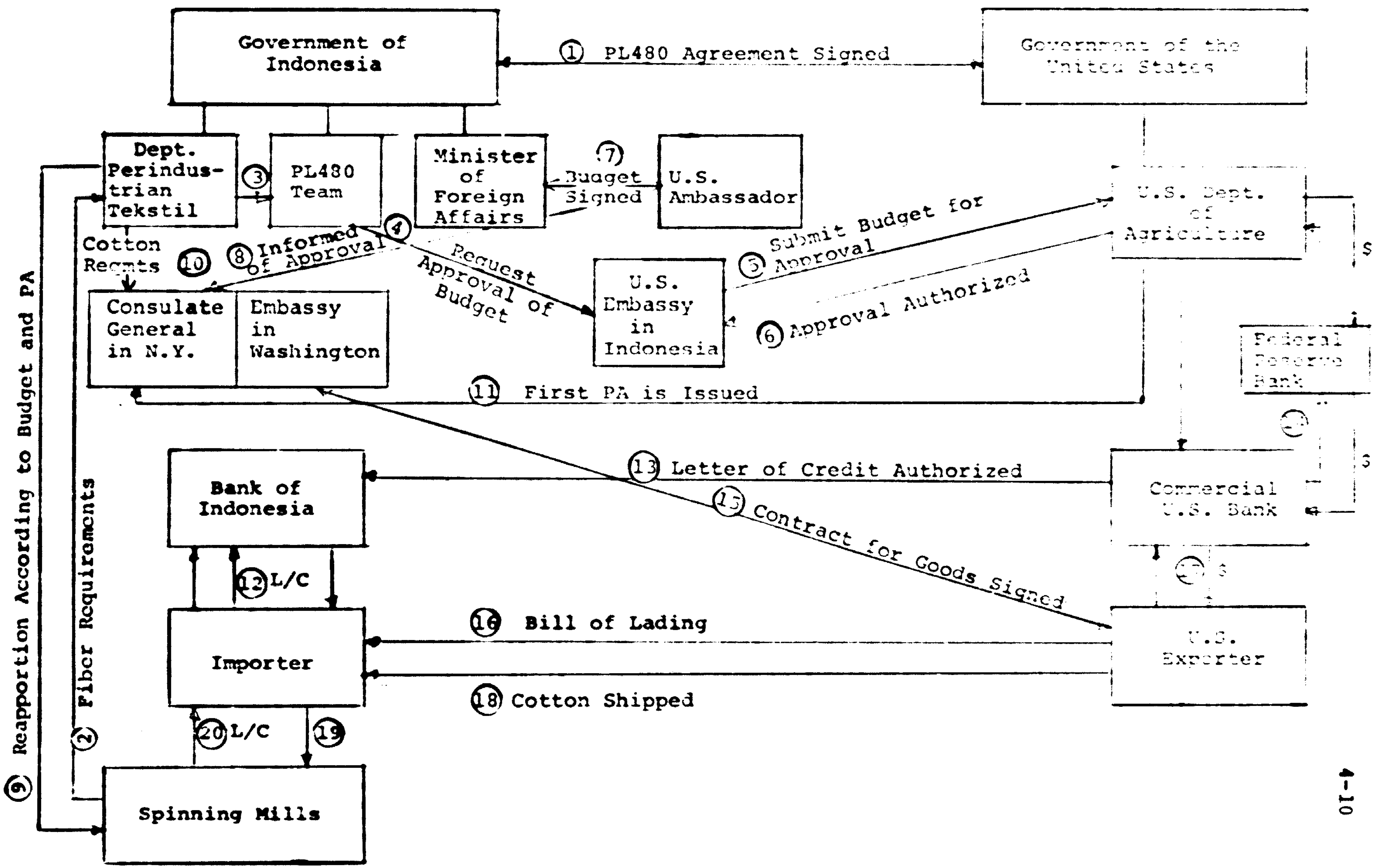


Exhibit 4-1 (Cont'd.)

1. Government Agreement Signed
2. Spinners requirements forwarded to Procurement Section
3. PL480 Team presented with request for cotton
4. U.S. Embassy negotiates approval
5. Submittal of budget to U.S.D.A. for approval
6. U.S.D.A. approves budget
7. Agreement signed by U.S.Ambassador and Minister of Foreign Affairs
8. Consulate informed of Approval
9. Procurement branch reapportions mills
10. Consulate is given requirements
11. U.S.D.A. issues PA
12. Importers obtain a letter of credit
13. Bank of Indonesia L/C opened with commercial U.S. Bank
14. Commercial bank receives funds for exporters
15. Contract for cotton obtained by exporter
16. Bill of lading obtained by Exporter
17. Commercial bank pays exporter presenting Bill of Lading
18. Cotton shipped
19. Importer receives cotton for distribution to mills
20. Spinning mills receive cotton on L/C to importers

Raw cotton once landed in Indonesia is distributed in accordance with the PA apportionment to each mill.

Handling

The bales of cotton are shipped directly to the designated parts marked for delivery to the respective spinning mills. P.T.Kerta Niaga is the central clearing agent handling the cotton clearance in cooperation with P.N.Sandang, P.N.Aduma Niaga and P.N.Tjipta Niaga as illustrated below:

*P. T. KERTA NIAGA

Semarang	**P.N.Sandang	**P.N.Adume Niaga	*P.N.Tjipta Niaga
Kerta Niaga(itself)	(own clearance)	(Tjil. and Tegal)	(Parded-Medan)

*P.T. = LTD.

**P.N. = State Enterprise

Payments

The payment for raw materials is made directly from the spinners to BAPINDO with whom they have credit relationships. The payment is not made before the yarn produced from the raw cotton is sold. The normal period is a six month payback with interest.

The revenue of the clearing agents is a handling fee collected from BAPINDO. The handling charge is fixed by the Minister of Trade at 1 1/2% of sales price of raw cotton. Transportation and clearance cost is paid by BAPINDO who in turn charges the spinner.

Government Subsidy on Imports of Raw Cotton

It has already been shown that apart from marginal amounts of locally produced cotton, Indonesia relies exclusively on imports of raw cotton from the United States under the long term credit arrangement operated under the PL480 program. Under this arrangement, Indonesia undertakes to purchase,and the United States undertakes to sell, mutually agreed quantities of raw cotton at the world market price within the credit conditions previously described. There is no provision for buying or selling at previously agreed price levels.

As an incentive to the spinning industry, the Indonesian government acting effectively as a central purchasing body for the spinning industry, buys raw cotton at the world price from the U.S. and supplies it to the spinners at a greatly reduced price. The subsidy is operated by fixing the rate of exchange of the Indonesian Rupiah for purchases of raw cotton by the spinners at Rp 215 to U.S.$ as against the normal commercial rate of Rp 415 (August 1971) which the government has to use in buying the cotton from the United States. The effective subsidy is therefore the difference between the two rates, currently Rp 200 ($0.48) (48%) for every dollar's worth of cotton purchased.

The level at which the exchange rate is fixed, i.e. the extent of the subsidy, is determined by the government's appraisal of the level of raw material costs which the spinners can absorb while remaining competitive with imported yarn and still have the profit incentive necessary for modernization and new investment. The starting point for their calculations is therefore, the market price for yarn. Manufacturing costs are estimated and a desirable profit level of around 10% is assumed. In this way, the government is able to calculate the maximum affordable raw material costs which the spinners can carry and it decides on the extent of the subsidy accordingly. The following example is illustrative:

Exhibit 4-2

METHOD OF CALCULATING RAW COTTON SUBSIDY

	U.S. ¢ Per Lb.
Selling Price of 20/1 Cotton Yarn (August 1971)	38
Desired Profit Level Assumed (10% on selling price)	04
Processing Cost of 1 Bale of Yarn (Werner Estimate)	13
Maximum Affordable Raw Material Cost	21
Current Market Price 1 lb. Raw Cotton (+ Freight)	38
Waste Factor 10%=Additional Cotton for 1 lb. of Yarn	04
Actual Raw Material Cost	42
Total Cost: Raw Material + Processing	55
Selling Price of Yarn	38
Minimum Subsidy Operating Non Profit	17
Subsidy Required to Operate at Desired 10% Profit	21
Actual Subsidy in Effect	21
ACTUAL PROFIT	04 (10%)

Source: Werner

Since the subsidy is based on a fixed exchange rate with the dollar rather than on a guaranteed price system, the spinners take the gains and losses associated with fluctuations in the world price for raw cotton. The government, on the other hand, absorbs the losses associated with changes in the normal commercial rate of exchange of the Rupiah against the dollar. Successive Rupiah devaluations have made it difficult to maintain the level of the subsidy. The most recent, in August 1971, whereby the commercial rate of exchange was changed from Rp 378/$ to Rp 415/$, increased the raw cotton subsidy from 43% to 48%. In recent years the level of the subsidy has been reduced dramatically:

	Cost to Spinner For Purchases of Raw Cotton
1966	Rp 10/$
1967	Rp 90/$
1968	Rp 170/$
1969	Rp 170/$
1970	Rp 215/$
1971	Rp 215/$

Type of Purchase Agreement

The purchase of cotton from the U.S. under PL480 is transacted under what is known as a Form A designation. Form A is a guarantee that the grade and staple length of the raw cotton purchased will be equal or better than the specifications required by the tender agreement. Under Form A cotton suppliers must submit the entire bale load to the U.S.Department of Agriculture for testing and approval. In most cases the cost of this treatment is considerably higher than that of other purchasing arrangements because the added cost of the U.S.D.A. testing, transportation and handling of the bales for acceptable bales, as well as for the quantity rejected and returned to the supplier, are added to the price when a bid is submitted. Unlike the majority of countries purchasing cotton from the United States, Indonesia uses Form A purchasing exclusively. This at the present time is considered to be the optimum procedure for two basic reasons.

The primary problem with other forms of purchasing arrangements is that there is no guarantee of the type of cotton being shipped by the supplier. Since there are very few qualified cotton graders in Indonesia who could verify the type of product being received it would be dangerous to purchase other than by Form A, even though initial cost would be considerably less.

The second reason for continuing Form A purchasing is that the planning and procurement of cotton is arranged by the Indonesian government with the supplier. In other countries the normal procedure involves spinners dealing directly with the U.S. supplier. In this case certain mills are allowed to develop certain expected standards which vary from one supplier to another. With experience the spinner learns what can be expected from certain suppliers and can often purchase a less expensive grade that will satisfy his requirements. With the Indonesian approach little advantage to specific mills could result.

The alternate approach to Form A purchasing under PL480 is "guarantee through arbitration". This procedure is most often used because of its economic advantage, possible by eliminating the additional charges connected with U.S.D.A. testing.

There are a number of arbitration boards set up in various world regions. These boards are manned by an expert approved by the U.S.D.A. and other qualified cotton classers.

Each board has a list of regulations which can be adapted to countries within its jurisdiction. Indonesia's arbitration board is the Osaka Arbitration Board in Japan.

Although some regulations vary, most countries operate on a similar basis. When goods are unloaded in the port of destination,a period of time is allotted wherein all the bales must be sampled and marked. Normally a small sample,usually ten per cent of the bale lot,is then sent to the buyer for his inspection. If the buyer agrees to the cotton quality as ordered he then authorizes the clearance of the bales. On the other hand should he disagree with the shipment as being under promised quality, two alternatives are open to him. Often a negotiation between the buyer and seller can result in a compromise of the payment price. Should both parties fail to agree the full sampling of the bales is sent to the arbitration board where a judgment is reached and an award made to the proper party.

This type of procurement, it must be stressed, should only be considered when qualified classers are available to the buyer. Otherwise there is a strong possibility that inferior cotton will be passed off as better cotton.

4.1.3.0 Commodity Credit Corporation Export Credit Sales Program

With the rapid expansion of demand for raw material by the spinners in Indonesia it is recommended that the government become aware of programs available outside of PL480. As Indonesia's needs increase, it is entirely possible that PL480 stocks will not be sufficient to satisfy the total requirement for raw cotton. As a supplement to the raw cotton from PL480 other stock can be purchased within the framework of another credit program labeled CCC Export Credit Sales Program under the auspicies of the United States Department of Agriculture. Purchasing in this form is also done on a credit basis, however, the payback period is considerably shorter than for PL480.

Under CCC Financing cotton may be financed on a deferred payment basis for a maximum period of 36 months although in general a limitation of 12 months applies. Although this program would necessitate freeing dollars for payback it would ensure a continuing supply to the mills of raw cotton should PL480 stocks not suffice.

4.1.4.0 Raw Material Requirements

Significant progress has been achieved within the framework of the first "Five Year Development Plan" in the spinning sector. The rise in production of yarn has expanded the demand for cotton purchased under the PL480 program. Since the inception of the agreement in 1967 demand has increased from just over 70 thousand bales to a level of about 180 thousand bales in 1970. This is an average yearly increase of over 50%.

An examination of the available statistics on imports of raw cotton reveal certain apparent discrepancies. The four organizations which publish such figures are:

1. The United States Department of Agriculture
   - Bales booked for shipping under PL480
2. The United States Department of Commerce
   - Shipments exported to Indonesia
3. The Department Perindustrian Tekstil in Indonesia
   - Bales received in accordance with PL480 procurements
4. The Indonesian Central Bureau of Statistics
   - Shipments received at port of entry

Exhibit 4-3

COMPARISON OF STATISTICS ON IMPORTS OF RAW COTTON
(Bales)

	1967	1968	1969	
United States Department of Agriculture	78,601	67,214	160,429	179,390
	(Del.6/30)	(Del.6/30)	(3 PA's)	(3 PA's)
Indonesian Department Perindustrian Tekstil	73,749	79,060	156,779	180,425
United States Department of Commerce	72,313	116,960	137,982	242,330
	(Prior to) (Dec.)	(4th quarter) (shipment was) (46,671)	(4th quarter) (shipment was) (10,220)	(4th quarter) (shipment was) (68,977) -Dec. 35,861

Note: Figures published by the Central Bureau of Statistics cannot be reconciled with any of the above. It is felt that the figures issued by the Department Perindustrian Tekstil which is closely associated with the PL480 program have greater validity.

Exhibit 4-4 shows the number of bales recorded by each organization between 1967 and 1970. These figures are not directly comparable since the time periods involved are different in each case. Our analysis of the situation has taken account of the scheduled delivery dates for specified PL480 lots under different purchase authorizations and of the timing of arrival of shipments at the ports as recorded by the Department Perindustrian Tekstil. By adjusting these two sets of figures to allocate particular positions to the years preceding and following the year in which they were recorded, the statistics from all three sources have been reconciled. The discrepancies between the sources are therefore, more apparent than real.

The situation with regard to the level of spun yarn production is somewhat more complicated.

Exhibit 4-4

IMPORTS OF RAW COTTON FROM PL480 BY SOURCE
(Bales)

1. DEPARTMENT PERINDUSTRIAN TEKSTIL

1968	66,438
1969	156,779
1970	180,425

2. U.S. DEPARTMENT OF COMMERCE

	1968	1969	1970
Under 1 inch:	22,898	15,083	22,296
1 inch to 1 1/8 inch:	92,098	106,566	220,034
1 1/8 inch and over:	1,964	1,250	-
Total:	116,960	122,899	242,330

3. U.S. DEPARTMENT OF AGRICULTURE

PA No.	Booked Exports	Scheduled Delivery
34-405	78,604	6-30-67
34-708	67,214	6-30-68
34-712	47,950	4-30-69
34-724	55,457	6-30-69
34-728	57,022	8-31-69
34-733	60,260	1-31-70
34-739	59,677	5-31-70
34-740	59,453	6-15-70

The Department Perindustrian Tekstil publishes figures relating to fiber consumption and spun yarn production as reported by the spinning mills. These figures are considerably lower than the representative production levels observed by Werner technical consultants during the industry survey. They are also much lower than the figures quoted by Dr. Oweiss in Part 6 of the report of the UNIDO Mission to Indonesia published in June 1971. It would appear from our analysis of the total amount of fiber available for consumption and of the normal cotton inventory levels as observed during our survey that there is a degree of under-reporting to the Department Perindustrian Tekstil. On the basis of their figures, total yarn production is given as approximately 80 million lbs. in 1970. The reported level of production on our mill sample, pro-rated to cover the whole industry is 105 million lbs. This reflects some over-reporting since in order to achieve this production level, the mills would have to be utilizing the whole of their fiber inventory. It is known that this is not the case, the average cotton inventory level being of the order of 1 1/2 months supply. It should also be pointed out that the figures reported during the survey relate to spindle operation on a particular yarn count pattern. These patterns are, of course, subject to change throughout the year and this also has an effect on the total volume of production achieved by the year end.

The key to the calculation of the real level of yarn production lies in the inventory of raw cotton held by the spinners. The figures derived by the Department Perindustrian Tekstil reflect a very low turn-over of inventory compared with that actually observed during the survey. We have therefore, taken their fiber consumption figures and made an adjustment for stock based on a 1 1/2 month average carry-over. Based on an assumed 10% total process wastage, this puts the "real" level of yarn production at 90 million lbs. This figure compares favorably with the "observed" level of production also adjusted for stock on the same basis. Exhibit 4-5 summarizes the situation.

Exhibit 4-5

CONSUMPTION OF RAW COTTON
(Thousands of Bales)

Raw Cotton	1968	1969	1970
Stock as at 1st of January	82.2	32.8	49.2
Imports	66.4	156.8	180.4
Available Supply	148.6	189.6	229.6
Estimated Consumption	115.9	142.3	183.1
Estimated Stock at 31 December	32.8	47.3	46.5
ESTIMATED FIBER CONSUMPTION	115.9	142.3	183.1

Source: Department Perindustrian Tekstil
Werner Estimates

4.2.0.0 The Demand For Yarn

There are three sources available to the weavers and knitters of Indonesia for purchasing yarn. It is produced by domestic spinners, purchased commercially from foreign countries, and available for import under the PL480 program from the United States. At present the only source of synthetic yarn is the commercial import from foreign countries. All yarn produced domestically and the quantity imported from the United States within PL480 is 100% cotton yarn.

4.2.1.0 PL480 Yarn Imports

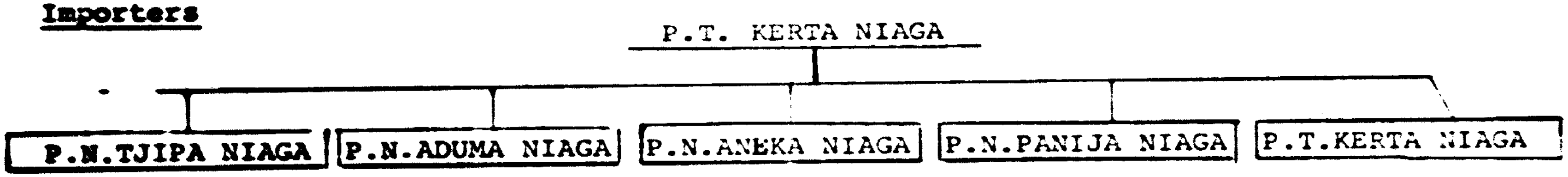
The purchasing agreement for PL480 yarn is negotiated in much the same way as the raw cotton purchasing agreement. For yarn the letter of credit is extended to the central handling agency P.T.Kerta Niaga through the Central Bank of Indonesia and a corresponding commercial United States bank. When the Consulate is informed of the approved L/C a tender is released to U.S. spinners who in turn contract to the Indonesian Consulate.

As shown in Exhibit 4-6 several handling agents distribute PL480 cotton yarn.

Exhibit 4-6

<u>COTTON YARN PL480 PURCHASING AGREEMENT</u>

<u>Importers</u>



Letter of Credit opening is same as for raw cotton.

Single opener of letter of credit = P.T.Kerta Niaga for its membership.

<u>CREDIT ARRANGEMENT</u> :

<u>Central Bank of Indonesia</u>	-	credit for F.A.S. (free along sight) interest rate = 1% per month
<u>Bank Bumi Daya</u>) or) **<u>Bank Negara 1946</u>**)	-	freight charges interest rate = 2 1/2% per month
Upon agreement	-	L/C is opened through the bankers of P.T.Kerta Niaga with the Bank of Indonesia who then opens an L/C with Consulate General in New York.

The five member units of P.T.Kerta Niaga Ltd. are given equal access to imported PL480 yarn for distribution to the mills, who are given first priority, and to yarn merchants. The yarn is handled as free goods, that is they are not channelized as is raw cotton to specific mills. Each clearing house has an established distribution channel and generally has its own credit arrangements with specific clients.

Importers exist outside the P.T.Kerta Niaga Ltd. group and specialize in Pakistan yarn. The majority of these importers operate with a merchant's letter of credit obtained via their established channels in other countries. They do not however, import PL480 yarn.

PL480 Cotton Yarn Requirements

Central Bureau of Statistic figures portray a smaller amount of PL480 yarn received in 1969 than figures reported from the U.S.Department of Agriculture. Since under PL480 purchase authorization #34-713 there were recorded 17.6 million lbs. of yarn booked for export in 1969 it must be assumed that this is the lowest amount that would have been received. At the same time it is very likely that a segment of PA34-729 was also allocated for 1969 and received within that year. This amount from 34-729 can be determined from an inspection of the statistics on exports from the U.S.Department of Commerce which show total shipments of 26.1 million pounds in 1969. Of this total 4 1/2 million lbs. were scheduled for export in December and it is not likely that this yarn was received in Indonesia before 1970. Since 21.6 million pounds were recorded as exported, the balance of 4 million pounds of yarn is drawn from PA34-729. Our conclusions from this analysis are that the statistics recorded by the central Bureau of Statistics do not reflect the total amount of yarn actually imported in 1969. We estimate that the figures are low by some 8 million pounds.

In 1970 imports of yarn under PL480 amounted to 12 million pounds. This figure represents yarn exported from the U.S. during 1970 plus the yarn exported in December 1969 due to arrive in Indonesia in early 1970 as reported by the U.S.Department of Commerce. From the analysis of the 1969 figures it follows that the remainder of yarn available under PA 34-729 was received in Indonesia during 1970. This amounted to 12 MM lbs. There were no other PA's applicable in the period 69-70.

All statistical sources available for imports, the U.S. Dept. of Commerce, the U.S.Department of Agriculture and the Indonesian Central Bureau of Statistics, report the same total yarn import figures for the period 1969-1970 at 33 million pounds. Apparent discrepancies relate to differences in allocating the imports to particular periods of time.

From PA 34-729 purchases totalling 11,281,000 pounds there have been 3,928,000 pounds allocated to 1969. The yarn count breakdown has been pro-rated from the poundage of each count as a percentage of the total given in U.S.D.A. statistics for the entire purchases under PA 34-729.

The percentage breakout was as follows:

70s	1.6%
50s	2.5
40s	11.7
30s	10.6
20s	41.7
16s	3.8
12s	1.1
42/2	13.5
40/2	13.5
20/2	-
Total	100%

Exhibit 4-7

Procurement Authorization 34-713

Contracted : Oct. 16, 1968
Deliver : June 30, 1969
Extended to: Sept. 1969

Yarn Count	Thousand Lbs.
70s	242
50s	252
40s	1658
30s	1247
20s	5317
42/2	4089
40/2	4410
20/2	430
Total:	17,645

Source: U.S. Department of Agriculture

Exhibit 4-8

Procurement Authorization 34-729

Contracted	Aug. 12, 1969
Delivery	Dec. 31, 1969
Extended to:	June 30, 1970

1969

Yarn Count	Thousands Lbs.
70s	180
50s	284
40s	1320
30s	1188
20s	4693
16s	435
12s	135
42/s	1520
40/2	1526
Sub-Total	11,281

1970

30s	207
40s	835
42/2	3545
Sub-Total	4,587
TOTAL	15,868

Source: U.S. Department of Agriculture

Exhibit 4-9

DEPARTMENT OF COMMERCE YARN EXPORTS TO INDONESIA
(Thousand lbs.)

	1969		1970
	Dec.	Total	Total
Carded	3,029	14,471	6,323
Combed	715	8,017	881
Finished	447	2,210	60
	351	1,414	
	4,542	26,112	7,264

Source: U.S. Department of Commerce

Exhibit 4-10

COTTON YARN PURCHASES THROUGH PL 480 IN 1969
(Thousands of Pounds)

Yarn Count	PA 34-713	PA 34-729	Total of 2 PA's
70s	242	63	305
50s	252	98	350
40s	1658	459	2117
30s	1247	416	1663
20s	5317	1636	6953
16s	-	153	153
12s	-	43	43
42/2	4089	530	4619
40/2	4410	530	4940
20/2	430	-	430
TOTAL	17,645	3,928	21,573

Source: Werner

Exhibit 4-11

COTTON YARN PURCHASES THROUGH PL 480 IN 1970
(Thousands of Pounds)

Yarn Count	PA 34-729
70's	117
50's	186
40's	1696
30's	979
20's	3057
16's	282
12's	92
42/2	4535
40/2	996
20/2	-
TOTAL	11,940

Source: Werner

4.2.2.0 Commercial Yarn Imports From Foreign Countries

Because domestic spinning production cannot fulfill the entire demand for yarn used in the domestic woven and knitted sectors, yarns are purchased commercially from foreign sources. The Central Bureau of Statistics records imports by country of origin and therefore, these are a basis for establishing quantities of yarn being brought into Indonesia. For this section the estimates for imported U.S. yarns have been eliminated since they are reported in the PL480 coverage.

Cotton Yarn Commercial Imports

The majority of commercially imported yarn is purchased from India/Pakistan. In 1970 it is estimated that approximately 70% of the commercially imported cotton yarn was purchased from Pakistan consisting of 20 c.c. or 40/2 ply yarn counts. The Pakistan yarn is inferior in quality to domestically produced yarn but with Pakistan export subsidies the price is well under that of domestic product.

Exhibit 4-12

COMMERCIALLY IMPORTED COTTON YARN
(Kilograms)

	1967	1968	1969
SINGLE UNBLEACHED			
Japan	71,170	121,714	173,027
Hong Kong	1,405,689	1,889,782	704,614
Taiwan	2,690,909	54,968	328,894
China	956,248	3,370,429	3,174,353
Thailand	-	-	37,469
Singapore	-	676,438	365,483
Asia	-	450	-
India	3,632	1,417,275	751,311
Pakistan	1,330,983	8,417,986	14,440,240
Burma	-	-	145,751
Netherland	-	500	-
Germany	-	38,636	-
Italy	-	476	-
Total	6,458,631	15,988,654	20,121,082
SINGLE BLEACHED			
Japan	1,500	-	2,582
Hong Kong	-	9,500	13,000
Pakistan	-	-	19,500
China	60,300	-	-
Total	61,800	9,500	35,082
2 PLY UNBLEACHED			
Japan	73,040	248,233	70,955
Hong Kong	661,665	890,490	349,406
Taiwan	547,547	180,835	519,034
China	1,394,917	1,745,851	1,184,375
Thailand	-	4,836	-
Singapore	13,169	99,041	46,840
Malaysia	-	-	9,700
India	-	54,508	214,474
Pakistan	-	505,965	908,302
Burma	-	12,187	-
Poland	-	30,290	-
Portugal	220	-	-
N.Korea	17,200	-	-
Total	2,707,758	3,772,236	3,303,086

Exhibit 4-12 (cont'd)

COMMERCIALLY IMPORTED COTTON YARN (cont'd.)

	1967	1968	1969
2 PLY BLEACHED			
Hong Kong	63,683	-	-
Japan	13,703	600	1,008
China	18,360	-	-
Total	95,746	600	1,008
DYED YARN			
Hong Kong	8,575	-	-
Germany	1,863	-	-
China	-	-	3,829
Total	10,438	-	3,829
OTHER N.E.S.			
Japan	-	9,534	-
N.Korea	-	25,969	-
Singapore	704	-	-
Hong Kong	13,330	-	-
Total	14,034	35,503	-
TOTAL COTTON YARN	9,348,407	19,806,493	29,396,677

Source: Central Bureau of Statistics

Exhibit 4-13

IMPORTS (EXCLUDING PL480) BY COUNTRY OF ORIGIN FOR 1970
(Pounds)

Singles:

	%	Lbs.
Japan	0.9	397,196
Hong Kong	3.5	1,544,649
Taiwan	1.6	706,125
China	15.8	6,972,983
Singapore	1.8	794,391
India/Pakistan	75.5	33,320,272
Other	0.9	397,196
	100	44,132,812

Doubles:

Japan	2.1	141,942
Hong Kong	10.6	716,575
Taiwan	15.7	1,061,193
China	35.8	2,419,789
Singapore	1.4	94,628
India/Pakistan	34.0	2,298,124
Other	0.4	27,057
	100	6,759,308

Single Bleached: 184,543

Source: Werner Estimates

Imports of Cotton Yarn By Count

The country of origin of yarn being imported is the only indicator of the breakdown of yarn into categories of yarn size. In the field work the yarn imported from various countries was examined for common count useage. By the fact that certain countries like Pakistan exports are largely specific yarn counts such as 20/1 c.c., it is possible to derive a calculated quantity of yarn being imported in each count range. This breakdown is shown in Exhibit 4-14.

Exhibit 4-14

IMPORTS OF COTTON YARN BY COUNT (EXCLUDING PL 480)
(Thousands of Pounds)

Yarn Count	Thousand Lbs.
50s	184,543
40s	3,604,180
30s	7,208,360
20s	33,320,272
42/2	3,041,688
40/2	3,041,688
20/2	675,931
Total	51,076,662

Source: Werner Estimates

Commercial Imports of Other Than Cotton Yarn

Only a very small amount of synthetic yarn can be presently produced by the domestic spinners and therefore, synthetic yarn needs must be supplied by foreign markets. In 1970 it is estimated that imports from Japan of more than 20 million pounds were received in Indonesia accounting for 64% of the other than cotton yarn market. The branded fiber names of Teterex and Teteron have become the standard labels for polyester cotton and viscose blends in Indonesia.

The Central Bureau of Statistics reports the arriving quantity of other than cotton yarn by country of origin. These quantities are recorded in Exhibit 4-15 al ng with the Werner estimate for 1970 in Exhibit 4-16.

Exhibit 4-15

COMMERCIALLY IMPORTED YARN OTHER THAN COTTON
(Kilograms)

WEAVING YARN:	1967	1968	1968	*1970
SYNTHETIC FILAMENT				
Singapore	30,638	109,018	-	
Hong Kong	263,863	117,910	61,218	100,000
Japan	327,010	990,412	627,875	840,000
China	877,577	828,393	358,127	480,000
U.S.	14,825	-	-	
Taiwan	-	85,296	440,611	580,000
Pakistan	-	1,500	-	
Australia	-	-	1,000	
France	-	12	-	
Total	1,513,913	2,132,541	1,488,831	2,000,000
SYNTHETIC STAPLE				
Singapore	825	19,864	56,803	60,000
Hong Kong	255,013	215,628	264,500	280,000
Japan	603,430	744,851	990,256	1,040,000
China	1,431,026	1,677,185	1,674,307	1,760,000
Korea	-	-	46,989	40,000
Taiwan	-	1,228,322	789,541	820,000
Israel	-	14,000	-	
Italy	-	28,832	-	
Total	2,290,294	3,928,682	3,822,396	4,000,000
OTHER (BLENDS)				
Japan	15,737	709,911	6,194,805	7,350,000
Hong Kong	-	23,705	118,242	147,000
N.Korea	-	-	2,880	
S.Korea	-	-	40,768	49,000
Taiwan	-	28,780	1,294,132	1,568,000
China	-	11,474	455,536	539,000
Singapore	-	-	47,551	49,000
Phillipines	-	-	37,643	49,000
Asia	-	30	-	
Pakistan	-	-	18,600	49,000
Australia	-	-	12,692	
Selandia Baru	-	-	54	
U.S.	-	-	1,084	
U.K.	-	-	3,718	
Netherlands	-	11,180	105	
Total	15,737	785,080	8,227,810	9,800,000
TOTAL SYNTHETIC	3,819,944	6,846,303	13,539,037	15,800,000

Source: Central Bureau of Statistics

*Werner Estimates

Exhibit 4-15 (Cont'd.)

COMMERCIALLY IMPORTED YARN OTHER THAN COTTON NOT USED IN WEAVING
(Kilograms)

	1967	1968	1969	1970*
JAPAN	2,625	7,296	14,124	25,800
HONG KONG	1,942	1,000	750	1,500
TAIWAN	-	-	75	100
CHINA	2,500	80	-	
SINGAPORE	-	42	-	
INDIA	-	-	250	400
U.S.	972	54	1,136	2,100
U.K.	80	86	-	
FRANCE	-	-	75	100
NETHERLANDS	250	-	-	
TOTAL	8,369	8,558	16,410	30,000

SOURCE: Central Bureau of Statistics
*Werner Estimates

Exhibit 4-16

COMMERCIALLY IMPORTED YARN OTHER THAN COTTON IN 1970

	PERCENT	THOUSANDS OF POUNDS
Synthetic Filament		
Hong Kong	5	220
Japan	42	1,848
China	24	1,056
Taiwan	29	1,276
	100%	4,400
Synthetic Staple		
Singapore	1.5	132
Hong Kong	7	616
Japan	26	2,288
China	44	3,872
Korea	1	88
Taiwan	20.5	1,804
	100%	8,800
Other		
Japan	75	16,170
Hong Kong	1.5	323
South Korea	0.5	107
Taiwan	16	3,450
China	5.5	1,186
Singapore	.5	107
Phillippines	.5	107
Pakistan	.5	107
	100%	21,557
Other Than Weaving		
Japan	86	57
Hong Kong	5	3
U.S.	7	5
Other	2	2
	100%	67
TOTAL:	All	34,824

SOURCE: Werner Estimates

Imports of Other Than Cotton Yarn By Type

The Central Bureau of Statistics gives only a general breakdown of artificial fiber imports as listed below.

YARN OF ARTIFICIAL TEXTILE FIBERS
(Millions of Pounds)

	1970
Wholly of artificial silk	4.4
Wholly of staple fibers	8.8
Other, N.E.S.	21.5
TOTAL	34.7

In order to better understand the pattern of demand for artificial fibers it would be helpful to have a more precise categorization of the types of materials being used. In order to arrive at that categorization certain assumptions must be made based on the observed capability of the industry to handle certain fibers, the observed quantity of fiber types being used by manufacturers, and the observed availability of fabrics produced domestically from particular fiber types in the market.

The total imported artificial fiber reported has been segregated into three categories. The filament class is intended to include 100% artificial fiber in continuous form. The second class will include all spun yarns which are made up of one particular artificial fiber. In the third class all blended spun yarns containing two or more artificial fibers or combinations of artificial and natural fiber will be included.

Each class includes different fiber types about which assumptions are made to arrive at the best possible estimate of quantity employed.

From observations of the weaving industry it has become apparent that the most suitable synthetics that can be processed on existing equipment are blends of polyester and cot.on and polyester and rayon. Yarns of 100% artificial staple fiber were being used in both the woven and knitted sectors and were found to be either acrylic or rayon.

Filament fiber poses a problem for the majority of the weaving mills with the exception of those mills that had been equipped for silk weaving. Knitting is a natural area where filament goods are being best utilized. The acrylics, polyester, nylon and rayon filament have been introduced to the Indonesian textile industry.

The estimated demand for synthetic fiber by fiber type is shown in Exhibit 4-17 .

Exhibit 4-17

ESTIMATED SYNTHETIC FIBER DEMAND BY TYPE IN 1970
(Millions of Pounds)

FILAMENT	Polyester	2.0
	Acrylic	0.5
	Rayon	2.0
	Nylon	3.0
	Total	7.5
100% SYNTHETIC STAPLE	Rayon	4.0
	Acrylic	1.0
	Nylon	.5
	Total	5.5
BLENDED SPUN	Polyester/Rayon	10.5
	Polyester/Cotton	11.0
	Acrylic/Nylon	.5
	Total	22.0
	Grand Total	35.0

SOURCE: Werner

4.2.3.0 Total Yarn Imports

Yarn imported from all sources into Indonesia in 1970 is estimated at 98 million pounds. The PL480 imports of approximately 12 million pounds (all of 100% cotton) represent just over 12% of the total import figure. Commercial imports are the remaining 88% with that 86 million pounds being composed of 51 million pounds of cotton and 35 million pounds of other than cotton yarn.

As shown in Exhibit 4-18 the other than cotton imports have shown considerable volume increases from 15 million pounds in 1968 to an estimated 35 million pounds in 1970.

Exhibit 4-18

TOTAL YARN IMPORTS TO 1970
(Millions of Pounds)

From USA under PL480

	MMlbs. 1968	1969	1970
Cotton	-	21	12
Synthetic	-	-	-
Total	-	21	12

From all other Sources

	1968	1969	1970
Cotton	44	52	51
Synthetic	15	30	35
Total	59	82	86

Total Imports all Sources

	1968	1969	1970
Cotton	44	73	63
Synthetic	15	30	35
Total	59	103	98

4.2.4.0 Domestic Yarn Production

The spinning sector of the Indonesian textile industry is discreet and well defined. There are 18 spinning mills in Indonesia with 485 spindles in place producing less than half of the quantity of yarn required in weaving and knitting at the present time. Nine of these spinning mills with a spindleage of 242 thousand are part of P.N. Sandang which is the central government agency responsible for management of these facilities. The P.N. Sandang group therefore operates 50% of the spindles in place in Indonesia. A second government agency, this one provincial, Pinda Sandang, operates another 27% of the equipment.

The private sector consists of four units with a combined spindleage of approximately 97 thousand which is 20% of the industry. The private mills are cooperative, joint-venture and private ownerships.

Two mills with a small number of spindles are special considerations. The Rami mill is concerned with the spinning of hard fibers and is not in the same category with the other mills under discussion. On the other hand Intitex is very much a part of the spinning picture because it is a production facility located at I.T.T., the textile institute in Bandung. While this facility is intended as a training ground for students of the institute, its 8000 spindles operate as a production facility. The list of spinning mills is presented in Exhibit 4-19 .

The Werner technical representatives observed 90% of the spindles while in Indonesia, almost all of which were producing cotton yarn. The few mills capable of producing other than cotton yarn with the exception of the hard fiber plant were just getting started with developments in blended yarn production. The portion of the 1970 production of other than cotton yarn except hard fiber is negligible and the estimates given are for 100% cotton yarn.

Exhibit 4-19

SPINNING MILLS IN INDONESIA

Company	Location	Number of Spindles
P.N. SANDANG		
Banajaran	Bandung	30,784
Bekasi	Bekasi	30,384
Palembang	Palembang	30,384
Tjipadung	Bandung	30,132
Setjang	Magelang	30,132
Grati	Pasuruan	30,132
Senajang	Djakarta	30,000
Lawang	Malang	15,200
Tohpati	Bali	15,200
		242,348
PINDA SANDANG		
Tjilitjap	Tjilitjap	60,000
Texin	Tegal	37,072
Djantra	Semarang	31,528
		128,600
Intitex	I.T.T. Bandung	8,000
Rami Siantar	Pematang Siantar	6,000
PRIVATE		
G.K.B.I. Medari	Jogjakarta	34,000
T.D. Pardede	Medan	30,000
Inbritex	Pasuruan	22,376
P.T. Wisma Oesaha	Bandung	10,600
		96,976
	TOTAL	481,924

Source: Department Perindustrian Tekstil
Werner Technical Survey

Production reports from the spinning mills were examined and carefully balanced for count pattern based on the observations by Werner technical specialists in each plant observed. Those mills with questionable production estimates have not been included in this calculation. Also excluded was the 6000 spindle hard fiber processing mill.

Based on the spindle productivity figures provided by the mills, it was calculated that the 398,832 spindles * observed produced 91 million pounds* of yarn in the count pattern shown below.

Exhibit 4-20

OBSERVED DOMESTIC YARN PRODUCTION BY AVERAGE COUNT
(Thousands of Pounds)

Average Yarn Count (Singles)	Observed Productions	Count Group	Observed Production	%
20 c.c.	12,981	20	28,791	32
21 c.c.	15,810			
24 c.c.	3,219			
25 c.c.	9,828	26	35,022	38
27 c.c.	21,975			
29 c.c.	6,145			
30 c.c.	12,845	30	25,740	28
32 c.c.	6,750			
40 c.c.	1,954	40	1,954	2
Total	91,507		91,507	100

Source: Werner

*See explanation of reconciliation of production of 91 million pounds with 398,822 spindles given on page 4-26.

The yarn count pattern for the 399 spindles observed is considered an excellent model which can be applied as the basis of the yarn count pattern of the entire 476 cotton spindles. Special weight has been applied to the 26 count range which is considered the mean range of yarn counts produced. The yarn count pattern explosion is shown below.

Exhibit 4-21

DOMESTIC PRODUCTION OF COTTON YARN BY COUNTS
(Thousands)

	Observed	Total Industry	%
Spindles (Units)	399	476	
Yarn Count (Lbr.)			
20	28,791	28,791	27
26	35,022	49,191	47
30	25,740	25,740	24
40	1,954	1,954	2
Total:	91,507	105,646	100

Source: Werner

Raw material consumption data indicates an availability of less fiber for yarn spinning than would be used in preparing this 105 million pounds of yarn unless most of the stock were to be consumed. Mill observations indicated that this was not the case. It is also likely that some over reporting was received because: managers could feel that they were being rated for their performance by production output, raw material allocations to specific mills might depend on reported production figures, and some mills reported early 1971 figures which may have been significantly higher than for 1970.

The corrective adjustment has been made and the count pattern is reported below.

Exhibit 4-22

ACTUAL PRODUCTION OF COTTON YARN IN INDONESIA IN 1970
(Millions of Pounds)

Yarn Count	Production	%
20	24.6	27
26	41.8	47
30	22.0	24
40	1.6	2
Total	90.0	100

The basis for this adjusted 1970 figure and parallel calculations for 1968 and 1969 are shown below.

Exhibit 4-23

Estimated Production of Spun Yarn
(000 Bales of 500 Pounds Gross Weight)

RAW COTTON	1968	1969	1970	
Stock as at 1st Jan.	82.2	32.8	49.2	
Imports	66.4	156.8	180.4	
Available supply	148.6	189.6	229.6	
Est. Consumption	115.9	142.3	183.1	
Est. Stock at 31st Dec.	32.8	47.3	46.5	
Est. Fiber Consumption	115.9	142.3	183.1	
Waste Factor (10%)	11.5	14.2	18.3	
Derived est. of yarn production	104.4	128.1	164.8	
(Millions Lbs.)				
Derived est. of yarn production	50.1	61.5	79.1	(stock adjustment + 11)
Observed est. of " "	n.a.	n.a.	105	(stock adjustment - 13)
Estimated real " "	57	70	90	

SOURCE: Department Perindustrian Tekstil
Werner Estimates

The statistics available from the Department Perindustrian Tekstil show the 1970 level of yarn output at 79 million pounds. This level of production would seem low when the stock turnover pattern is given consideration. As previously stated, mill observations would indicate a higher turnover rate for raw cotton stock.

The real yarn production has therefore been derived from an adjustment to the reported production and a like adjustment to observed production estimates.

4.2.5.0 Total Yarn Consumption in 1970

Knitting and weaving requirements for yarn in 1970 are estimated at 188 million pounds of which approximately 48% is produced domestically. Domestic cotton yarn production has increased significantly both in 1969 and 1970 as shown in Exhibit 4-24 resulting in a drop in demand for imported yarn over 1969. While imports of cotton yarn have decreased an increasing amount of other than cotton yarn is being imported.

Exhibit 4-24

TOTAL YARN AVAILABILITY
(Millions of Pounds)

	1968	1969	1970
Domestic			
Cotton	57	70	90
Other	-	-	-
Total	57	70	90
Imported			
Cotton	44	73	63
Other	15	30	35
Total	59	103	98
Total			
Cotton	101	143	153
Other	15	30	35
Total	116	173	188

Source: Werner

Cotton retains the major share of the market, however some 19% of the market now belongs to other fibers, principally synthetics.

Domestically produced, PL480, and commercially imported cotton yarns have been combined into yarn count categories in Exhibit 4-25. The PL480 yarn is considered to be the highest quality and is also most expensive. The count distribution of PL480 yarn is quite widespread with a substantial quantity of two ply yarn imports. Although, due to cost, it would seem that the 3 million pounds of 20 singles cotton count yarn would be high, some manufacturers prefer the better quality yarn since they claim savings in processing over domestics and commercial imports.

The commercial cotton yarn imports are largely 20 single cotton count purchased from Pakistan at a low cost. This yarn is considered very low quality and despite low initial cost, in the final analysis the poor yield and high processing cost make the yarn more expensive than what might be expected.

Exhibit 4-25

COTTON YARN COUNTS AVAILABLE IN 1970
(Thousands Lbs.)

Yarn Count	Dom.	PL 480	Other Imp.	Total
70s		117	-	117
50s		186	184	370
40s	1600	1696	3604	6900
30s	22000	979	7208	30187
26s	41800			41800
20s	24600	3057	33320	60977
16s		282	-	282
12s		92	-	92
42/2		4535	3042	7577
40/2		996	3042	4038
20/2		-	676	676
TOTAL	90,000	11,940	51,076	153,016

Source: Werner

The domestic cotton yarn is not competitive in quality levels with world standards and varies in degree by mill. The cost of the yarn is in the middle of PL480 and commercial imports from Pakistan. The average count produced domestically is 26 single cotton count.

Artificial fiber in filament form is measured by denier, explained below.

DENIER SYSTEM

Filament Yarn

The size of filament is called denier and refers to the relationship of weight to length. The higher the number the coarser the yarn.

Standard:	1 gram in 9,000 meters (9842 yds.) = 1 denier
Example:	150 grams in 9,000 meters = 150 denier
	@ 453.6 grams per pound = 29,764 yds./lb.

Filament yarn is normally made of a multiple of single filaments which is noted after the denier:

> 150/40 where 40 is the number of filaments which combine to make a total yarn size of 150 denier with an average denier per single filament of 3.75.

The filament deniers observed in use in Indonesia were:

Acrylic:	70/24 denier 2 ply
	100/24 denier
Nylon:	70/34 denier 2 ply
Rayon:	150/33 denier
Polyester:	70/34 denier 2 ply
	150/34 denier

Spun yarns of acrylic were typically 2/52 worsted count which is a cotton count equivalent of approximately 17 singles. Rayon was about in the same range.

Polyester blended with cotton or rayon, depending on end use, was imported as singles and two plied. Plied yarns were between 30/2 c.c. and 40/2 c.c. Blends in the single form ranged from 18/1 c.c. to as high as 26/1 c.c.

No more detailed breakdown of yarn count quantities for specific fiber types is available and neither can it be estimated any more precisely.

4.3.0.0 The Demand for Fabric

For the most part textile fabrics appear at the retail level as piece goods in the Indonesian market and very little garment retailing is carried on. It is very difficult to determine the actual fabric consumption in Indonesia because very little is available in the way of fabric statistics. The legal import situation is reported in somewhat vague categorizations of fabric areas by the Central Bureau of Statistics. This is the best source for fabric imports however when considering these statistics it must be remembered that reporters at the unloading sights may not always have the ability to differentiate between certain fabrics that may actually fit into a specialized category. Another difficulty the reporters face is inaccurate description of goods, mislabeled packages and under-invoiced materials. The C.B.S. does strive to correct reported data and it is considered that the information from the Bureau can be used to good advantage.

The large grey area that can only be estimated from observation and discussions with importers and marketers is the area of unrecorded imports. Indonesia's geographical make up with islands numbering in the thousands is a prime market for illegal entries. Naturally there are no statistics available that estimate the amount of smuggled textile products but during the market investigation by Werner, opinions from various sources put the level of smuggling at 15 to 70% depending on product types coming into the country in different quantities. Smuggled textiles are higher quality goods with healthy price tags that provide a larger margin of profit.

Domestic production is estimated by the Department Perindustrian Tekstil however these figures are reported in linear meters with no standard width available. For this report the government estimates were used as a guideline in estimating fabric production for both knits and wovens.

4.3.1.0 Legal Imports of Textiles

The amount of imports recorded by the Central Bureau of Statistics shows a decrease in the overall amount of textiles coming into Indonesia. Since 1968 when the reported number of licensed importers numbered approximately 1400 the total today is said to be less than 100 still legally entering textiles. Importers claim that tariffs are too high to allow competition, especially with the unrecorded imports.

The area of largest decline has been in apparel piece goods dropping some 15 million pounds since 1968. The majority of this decrease has come from the shirting, sheeting and cambric areas while the only substantial increases have come in the voile and synthetic fabric areas. In home furnishing fabrics a slight increase has been recorded especially in fabrics for curtains, upholstery and wall coverings.

The fabric group with the most apparent gain is the industrial area most of which is finished fabric used for the growing industrial development in Indonesia.

Made up articles, again with the greatest gains in industrial products, have increased in volume.

The combined total of imports was down some 10 million pounds from 1969 with recorded imports showing 117.9 million pounds for 1970. A summary of the end use areas for which imports have been recorded is shown in Exhibit 4-26.

Where possible a further breakdown has been shown to help identify the areas responsible for the end use patterns. This is given in Exhibits 4-27 and 4-28 .

The imports are listed in the following categories:

- Apparel
- Home Furnishings
- Industrial

The listing has a breakdown of these categories by type of product namely piece goods for sale and made up goods.

Exhibit 4-26

LEGAL IMPORTS OF TEXTILES BY END USE
(Thousands of Pounds)

Apparel	1968	1969	* 1970
Apparel	80,521	70,961	55,204
	1,862	2,274	2,700
	82,383	73,235	57,904
Home Furnishings	550	714	1,600
	254	333	400
	804	1,047	2,000
Industrial	10,449	13,977	17,000
	37,644	39,734	41,000
	48,093	53,711	58,000
Sub-Total Fabrics	91,520	85,652	73,80
Sub-Total Made up	39,760	42,341	44,100
Total Imports	121,280	127,993	117,904

Source: Central Bureau of Statistics

*Werner estimates

Exhibit 4-27

IMPORTS OF TEXTILE FABRICS
(Thousands of Pounds)

APPAREL FABRICS	1968	1969	* 1970
Sarongs	20	42	1,474
Long Cloth	4	2	-
Velvet and Plush	1,073	496	670
Lace and Trim	315	84	95
Ribbon and Lace	55	139	194
Voiles	390	231	974
Shirting/Sheeting	17,672	14,322	8,536
Bleached Cambric/Shirting	20,576	13,054	8,020
Finished Goods	17,434	16,691	12,102
Other Greige Goods	551	209	278
Other Bleach Goods	4,902	7,383	3,361
Sub Total	62,992	52,653	35,704
All Other N.E.S.	17,529	18,308	19,500
TOTAL (Apparel Fabrics)	80,521	70,961	55,204

Cont'd...

Exhibit 4-27 (Cont'd.)

IMPORTS OF TEXTILE FABRICS
(Thousands of Pounds)

HOME FURNISHING FABRICS	1968	1969	1970
Blankets and Coverlets	68	84	269
Curtains/Upholstery/Wall Cover	278	128	798
Carpets	189	469	500
Sub-Total	535	681	1,567
Other N.E.S.	15	33	33
Total: (Home Furnishing Fabrics)	550	714	1,600
INDUSTRIAL FABRICS			
Felts:			
Sheets or rolls	13	7	10
Other	9	24	30
Rope and Cordage:			
Rope	1,250	2,367	3,150
Fish Nets	163	251	350
Other N.E.S.	99	-	-
Coated Felt and Fabric			
Linoleum	62	15	20
Waxed or Oil Cloth:			
Furniture Upholstery	198	368	500
Other N.E.S.	3,438	5,117	6,500
Asphalt or Tar Impreg.			
Upholstery & Roof Cover	13	9	10
Other N.E.S.	-	108	100
Rubber Impregnated	985	919	950
Bookbinding	90	73	75
Elastic Fabric from Rubber	48	302	500
Other:			
Surgical & Sanitary Dressing	90	383	500
Other	2	5	-

Cont'd....

Exhibit 4-27 (Cont'd.)

IMPORTS OF TEXTILE FABRICS
(Thousands of Pounds)

	1968	1969	*1970
Hosing	121	148	180
Bolting/Belts/Filters	44	68	80
Mantles	13	75	80
Canvas/Shoecloth/Canvas	635	1,062	1,400
Filter/Shade Cloth/Partially Made up for Industry and Agriculture	88	55	60
Other N.E.S.	3,088	2,621	2,505
TOTAL	10,449	13,977	17,000

Source: Central Bureau of Statistics

* Werner estimates

Exhibit 4-28

IMPORTS OF TEXTILE MADE-UP GOODS
(Thousands of Pounds)

	1968	1969	1970
TEXTILE CLOTHING IMPORTS			
Stocking/Socks	88	117	130
Underwear	260	1,086	1,265
Raincoats	31	29	30
Men's/Boys' Outerwear	1,096	645	700
Women/Girls Outerwear	216	147	200
Headwear	81	52	65
Handkerchiefs	64	117	150
Other N.E.S.	26	81	160
TOTAL	1,862	2,274	2,700
HOME FURNISHINGS			
Bath Towels	115	132	150
Table/Kitchen/Bed Linen	64	148	200
Curtains/Tablecloths & other	75	53	50
	254	333	400
INDUSTRIAL PRODUCTS			
Bags & Sacking	37,530	39,556	40,770
Sails/Tarps/Tents/Awnings	114	178	230
	37,644	39,734	41,000

Source: Central Bureau of Statistics

* Werner estimates

Since the goal of domestic manufacturing will be to service areas of demand including those goods which are currently imported in both the piece good and made up categories, estimates have been made for fabric usage in each fabric category including fabric imported in the made up products.

Fabric categories have been listed and estimates of each category are shown in Exhibit 4-29. Allocations were made to certain fabric categories for specific made up articles that would likely be produced from these fabrics. Since no specific breakdowns exist it was necessary to base the assumption on market observations and opinions of responsible persons interviewed during the market survey.

Exhibit 4-29

IMPORTS OF FABRIC BY TYPE FOR 1970

Fabric Type	Thousand Lbs.	Apportioned for Other Areas
Sarong	1474	
Velvet & Plush	710	(+40 from headwear)
Ribbon & Lace	194	
Voile	974	
Shirting	8536	
Cambric	8020	
FINISHED FABRIC:		
Nylon crepe	2067	(+50 from w. outerwear)
Sateen	2042	(+25 from w. outerwear)
Crepe de Chine	2092	(+50 from w. outerwear +25 from headwear)
Fancy (Dobby)	2042	(+25 from w. outerwear)
Broadcloth	2267	(+100 from m. outerwear) (+150 from handkerchief)
Nylon Taffeta	2067	(+50 from w. outerwear)
Greige n.e.s.	278	
Bleached n.e.s.	3361	
OTHER N.E.S.		
Poplin	3620	(+30 from Rainwear) (+80 from other n.e.s. clothing)
Drill	4520	(+75 Book) (+835 other Ind.) (+100 from m.outerwear)
Duck	4525	(+20 from Linoleum) (+60 Agriculture) (+835 other Ind.) (+100 m.outerwear)
Polyester/Cotton	3850	(+300 from m.outerwear) (+40 from other n.e.s. clothing)
Polyester/Rayon	3650	(+100 from m.outerwear) (+40 from other n.e.s. clothing)
Blankets	269	
CURTAIN & UPHOLSTERY		
Print Cloth	449	(+50 from Curtains)
Duck	1639	(+950 from Rubber) (+10 Roof) (+100 other Roof) (+180 Hosing)
Carpets	500	
N.E.S.		
Towels	165	(+150 from Towels)
Sheeting	7853	(+500 from upholstery) (+6500 from other waxed) (+835 from other Ind.)
Felt	48	
Rope & Cordage	3500	

Exhibit 4-29 (Cont'd.)

Elastic Fabric	500	
Bandage	500	
Canvas	1710	(+230 from sails) (+80 Belts)
Linen	200	
Bagging	40770	
	114384	
KNITS		
Lace & Trim	95	
Other n.e.s. cloth	1950	(10% Knit)
Mantles	80	
Socks	130	
Underwear	1265	
	3520	

Source: Werner Estimates

4.3.2.0 Unreported Imports

Naturally no foolproof formula is available which can guarantee an estimate of smuggled goods coming into the country to be 100% accurate. On the other hand, the total consumption of textiles in Indonesia is a concern to the domestic manufacturer. To identify the total market it therefore becomes necessary to make some assumptions about smuggled goods.

The basis for assumptions must come from the market survey, an analysis of areas most susceptible to smuggling, and an awareness of the balance of goods which are in demand in the Indonesian textile market.

The assumptions made for illegally entered goods are listed in Exhibit 4-30.

Exhibit 4-30

UNREPORTED IMPORTS IN 1970
(Thousands of Pounds)

WOVEN	
Cambric	2,000
Shirting	2,000
Sarong	3,000
Heavyweight Goods	-
Home Furnishings	10,000
Specialty Goods	37,000
TOTAL	54,000
KNITTED	
Half Hose	070
Underwear	7,700
Outerwear	10,000
Other N.E.S.	230
TOTAL	18,000
TOTAL UNREPORTED =	72,000

4.3.3.0 Domestic Production:

The weaving and knitting industries of Indonesia are comprised mainly of small manufacturing units using both power driven and hand machines. An appraisal of the production output especially for the hand sector is difficult to estimate for the entire industry because of the uncertainty in the number of machines actually in production.

Two methods have been used to calculate the woven fabric production. The first is the yarn consumption which is given and the second is based on the actual observed production prorated to the industry.

Weaving

For the power weaving sector the Department of Textile Industry indicates that there are 33,550 automatic looms in place, the majority of which are grouped in small weaving complexes. During the field survey the Werner technical team visited over 10,000 of the power looms. To achieve the most representative sampling possible, mills of varying sizes were visited. All of the mills with the greater number of looms were seen. Exhibit 4-31 shows the mills visited with their corresponding sizes.

The total number of looms observed for which coinciding production statistics were available came to 28.4% of the total power woven industry. This representative sample has been prorated for the total industry as follows:

Looms with given production observed = 9510
Looms in place = 33550

Percentage observed of total industry = 28.4%

Total production observed $\frac{108,709,082}{28.4\%}$ Yards

Prorated total industry production = 382,778,450 Yards

Exhibit 4-31

WEAVING MILLS OBSERVED IN POWER SECTOR BY SIZE

Company	No. Loom	Yards Produced/Year
Garut	1244	7561603
Texin	1192	16473462
G.K.B.I.	500	11662000
P.T. Bandung	367	1046667
N.V. Kesono	328	1533438
B.T.N.	326	667254
Tjimaggis	322	3925000
Kuasa Pabrik	307	3138750
Dayamanuniggal	300	1265250
Inbritex	296	8200000
Kamajaja	291	5155000
Semarang	284	1801575
P.T. Pabrik Tekstil	261	2594254
Dayamulia	250	2955857
Wisma Oesaha	226	45731
Sukuntex Kudus	220	3822000
Kantjil Mas Bangil	205	832860
Damatex	200	4284000
Indotex	200	4080000
Sandratex	200	4800000
P.T. Sangidae	200	2943750
T.D. Pardede	200	612000
Tjandi Djaya	200	1570000
Batari	170	1925000
Simatupang	160	1962500
Naintex	160	2751592
NOT AVAILABLE	144	1267200
C.V. Hadikarta	124	1604171
Kasa Husada	124	1641850
Lugal Dyaya	122	NOT AVAILABLE
Asaka	112	840000
Wandertex	100	1362847
Pinta Dijap	100	1274556
Simandjuntak	80	523332
Infitex	71	1700322
Fadjar Makmur	30	50000
Wonosari	16	120732
	9632 (looms seen)	
Total Looms with given Production	9510	108,709,082

Source: Werner

Exh : 4-32

OBSERVED FABRIC TYPES BY COUNT IN WEIGHTED AVERAGE POUNDS

	Actual Width	Yarn Count	Yds/ Lb.	Linear Yards	Square Yards	Sq. Yds/ Lb.	Lbs.
Sarong	36"		3.46	7,316,373	7,316,373	3.46	
	38"		5.15	643,500	679,250	5.44	
		30s		7,959,873	7,959,873	3.62	2,198,860
	36"	20s	3.62	2,185,250	2,185,250	3.62	603,660
	27"	40/2 x 40	6.00	1,102,500	826,875	4.50	183,750
Total					10,971,998		2,986,270
Drill	28"	20s	2.64	4,828,197	3,755,264	2.05	1,831,836
	55"	42/2	3.13	1,570,000	2,398,611	4.78	501,801
Total					6,153,875	2.64	2,333,637
Cambric	42"		5.27	543,624	634,228	6.15	103,154
	42"		4.64	4,827,625	5,632,229	5.41	1,040,436
		30 x 40		5,371,249	6,266,457	5.48	1,143,590
	42"		4.61	6,424,650	6,424,651	5.38	1,393,633
	42"		3.09	11,662,000	13,605,665	3.60	3,774,110
	43"		3.68	3,822,000	4,565,166	4.40	1,038,587
	42"		4.45	3,063,680	3,575,293	5.19	688,467
	43"		[illegible].63	120,732	144,208	5.21	26,076
		30s		25,093,062	28,313,983	4.09	6,920,873
	42"		3.91	4,800,000	5,500,000	4.56	1,227,621
	36"		3.33	2,955,858	2,955,858	3.33	887,645
	42"		3.63	4,080,000	4,760,000	4.23	1,123,967
	42"		3.12	1,274,556	1,486,982	3.64	408,512
		20 x 30		13,110,414	14,802,840	4.05	3,647,745
Total					49,383,280	4.21	11,912,208
Greige Shirting	36"	20s	3.74	4,165,026	4,165,026	3.74	4,165,026
	52"		3.60	1,801,575	2,602,275	5.20	500,438
	42"		4.46	4,975,719	5,805,005	5.20	1,115,632
		30s		6,776,294	8,407,280	5.20	1,616,070
Total				10,941,320	12,572,306		5,781,096

Exhibit 4-32 (Cont'd.)

OBSERVED FABRIC TYPES BY COUNT IN WEIGHTED AVERAGE POUNDS

	Actual Width	Yarn Count	Yds/ Lb.	Linear Yards	Square Yards	Sq.Yds/ Lb.	Lbs.
Greige Fabric N.E.S.	42"		2.97	2,638,143	3,077,921	3.47	888,264
	36"		3.46	10,354,925	10,354,925	3.46	2,992,753
	35"		3.36	1,200,000	1,166,640	3.27	357,143
	32"		3.07	962,500	855,566	2.73	313,518
	30"		2.88	962,500	802,051	2.40	334,201
		20s		16,118,068	16,257,103	3.33	4,885,879
Canvas Sailcloth	28"	20 x 12	3.82	1,102,500	857,525	2.97	288,613
Batik	42"	32s	4.22	6,424,650	7,495,639	4.92	1,522,429
Yarn Dye Cotton	36"	20s	2.88	523,332	523,332	2.88	181,713
Netting	56"	30s	4.00	763,768	1,188,118	6.22	190,942
Flannel	36"		2.00	488,534	488,534	2.00	244,267
Blanket	70"		1.50	612,000	1,189,973	2.92	408,000
Bandages	36"		12.00	1,641,850	1,641,850	12.00	136,821
Towels	24"		1.43	284,428	189,628	.95	198,901
Polyester/Rayon	58"	40/2	2.38	6,957,013	11,208,521	3.83	2,926,507
Polyester/Cotton	39"	40/2 x 30/2	3.23	4,381,667	4,746,806	3.50	1,356,553

Source: Warner

The observed loomage has been allocated by fabric type and the 383 million yards converted to square yards in Exhibit 4-33. The allocation for this representative sample provides a conversion factor of 3.09 yards of fabric per pound. The resultant estimate of yarn consumption is then 124 million pounds for 1970 in the power woven sector.

Exhibit [illegible]-33

WOVEN FABRIC PRODUCTION

PRO-RATING OF OBSERVED FABRIC TYPES

		Linear Yds.	Square Yds.	Yds.2 /Lbs	Pounds	%	Pro-Rated Lbs.
Sarong	30s	7,959,873	7,959,873	3.62	2,198,860		
	20s	2,185,250	2,185,250	3.62	603,660		
	40/2x40	1,102,500	826,875	4.50	183,750		
Total		11,247,623	10,971,998		2,986,270	8.5	10,529,504
Drill	20s	4,828,197	3,755,264	2.05	1,831,836		
	42/2	1,570,000	2,398,611	4.78	501,801		
Total		6,398,197	6,153,875		2,333,637	6.6	8,175,850
Cambric	30x40	5,371,249	6,266,457	5.48	1,143,590		
	30s	25,093,062	28,313,983	4.09	6,920,873		
	20x30	13,110,414	14,802,840	4.05	3,647,745		
Total		43,574,725	49,383,280		11,712,208	33.3	41,250,882
Greige Shirting	30s	6,776,294	8,407,280	5.20	1,616,070		
	20s	4,165,026	4,165,026	3.74	4,165,026		
Total		10,941,320	12,572,306		5,781,096	16.5	20,439,627
Greige Fabric n.e.s.	20s	16,118,068	16,257,103	3.33	4,885,879	13.9	17,218,837
Canvas Sail Cloth	20x12	1,102,500	857,525	2.97	288,613	0.8	991,012
Batik	32s	6,424,650	7,495,639	4.92	1,522,429	4.4	5,450,567
Yarn Dye Cotton	20s	523,332	523,332	2.88	181,713	0.5	619,383
Netting	30s	763,768	1,188,118	6.22	190,942	0.5	619,383
Flannel		488,534	488,534	2.00	244,267	0.7	867,136
Blanket		612,000	1,189,973	2.92	408,000	1.2	1,486,518

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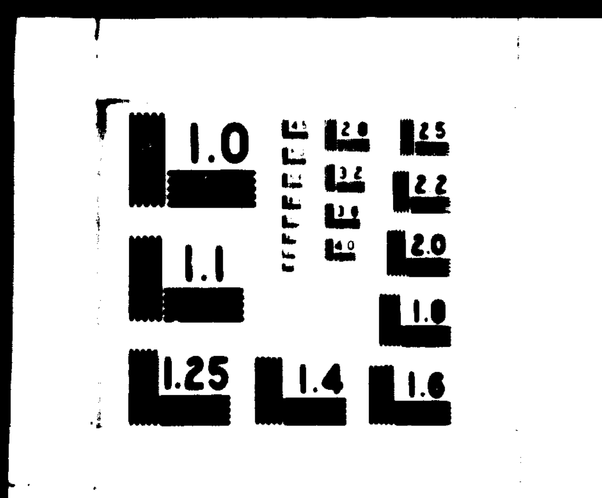


Exhibit 3 (Cont'd.)

PRO-RATING OF OBSERVED FABRIC TYPES
(Con't)

		Linear Yds.	Square Yds.	Yds2 /Lbs.	Pounds	%	Pro-Rated Lbs.
Bandages		1,641,850	1,641,850	12.00	136,821	0.4	495,506
Towels		284,428	189,628	0.95	198,901	0.6	743,259
Polyester/ Rayon	40/2	6,957,013	11,208,521	3,83	2,926,507	8.3	10,287,752
Polyester/ Cotton	40/2x30/2	4,381,667	4,746,806	3,50	1,356,553	3.8	4,707,308
TOTAL						100%	123,876,524

Source: Werner

The hand woven sector is recognized as having 166,000 looms available by the Department of Textile Industry. Estimates vary widely but this estimate is considered to be the most well founded based on the published List of Enterprises of Textile Industry in Indonesia 1970 Weaving (Hand Loom) Book III.

A large number of the hand machines are placed in homes which creates an even more difficult task of estimating fabric output. The hand units are often run very sparsely since the owners do not have the capital to purchase yarn. The observations of the technical team indicate a low utilization factor of the machines as well, but it cannot be fully determined what an average usage might be.

The fabric being manufactured by the hand sector is generally four linear yards per pound.

Exhibit 4-34

NUMBER OF HAND LOOMS IN INDONESIA

Province	No. of Enterprises	No. of Looms
Atjeh	5	175
North Sumatra	52	1,288
Djambi	5	185
Riau	2	50
West Sumatra	134	4,625
South Sumatra	93	1,084
Lampung	1	10
Djakarta	9	289
West Java	167	58,922
Central Java	586	16,102
Jogjakarta	45	18,249
East Java	513	45,193
West Kalimantan	2	40
East Kalimantan	5	58
South Sulawesi	590	15,236
South East Sulawesi	44	614
Bali	158	2,513
West Nusa Tenggara	11	597
East Nusa Tenggara	1	6
Maluku	2	100
TOTAL	2,425	166,056

Source: Directorate General of Textile Industry

Exhibit 4-35

PRO RATED WOVEN GOODS OBSERVED

Domestic Production, 1970

Type	Pounds
Cambric	41,250,882
Greige Shirting	20,439,627
Greige Fabric	17,218,837
Sarong	10,529,504
*Polyester/rayon n.e.s.	10,287,752
Drill	8,175,850
Batik	5,450,567
*Polyester/cotton n.e.s.	4,707,308
Blanket	1,486,518
Canvas (S cloth)	991,012
Flannel	867,136
Towels	743,259
Yarn Dyed Cotton	619,383
Netting	619,382
Bandages	495,506
Total	123,876,524 Lbs.

*Where specified is purely synthetic; other categories include synthetic fibers as well.

Source: Werner

. Knitting

Knitting equipment must be classified into industrial machines and home industry units. This distinction is made because some hand equipment may be used in factories in conjunction with power equipment. The Department of Textile Industry publishes a list of knitting machines by category which is segregated into the two sectors as shown below.

Exhibit 4-36

LIST OF KNITTING MACHINES BY TYPE

1970

INDUSTRIAL MACHINES		
Circular Knit	40+RPM	242
Circular Knit	40RPM	2770
Stocking Knit		274
NET		56
Hand Flat		40
Tricot		10
	Total	3,392
HOME INDUSTRY MACHINES		
Hand Circular		929
Circular Collar		1617
Hand Stocking		1488
Shoestring		587
Hand Shoestring		34
Lampwick		66
Hand Lampwick		1
Wick		101
Zig Zag Ribbon		130
	Total	4,953

Source: Department of Textile Industry

The industrial machines numbering 3,392 are the main concern because their products are textile oriented as opposed to wicks for example that fit mainly into other categories of end uses.

During the field survey 1,300 machines were observed. Corresponding production was given for 1,100 machines which is representative of 1/3 of the industry. The 7.6 million pounds of reported production prorated for the 3,392 machines totalled 23 million pounds for the entire industry. Generally the estimate of knitted production is given in pounds but for the sake of continuity we have assumed a four yards per pound conversion rate to yield 93 million yards.

Exhibit 4-37

KNITTING MILLS OBSERVED IN POWER SECTOR BY SIZE

Company	No. of Machines
Slamet Widodo	215
P.T. Pabrik Daos Aseli Djakarta	136
N.V. Siliwangi Kaitting	99
P.T. R.G.M. Knitting	80
P.T. Pabri Kaos Asele Durabaja	76
T.D. Pardede	71
P.T. Mulia	70
Bandung Indah	66
P.T. Sima Concern	52
N.C.H. & MY	50
N.V. Java Knitting	46
N.V. Matraco	46
P.T. Colombo	42
P.T. Radjut Djatim Baru	38
Edy Sudarso-Sin London	35
Pusat Koperasi Angkatan Darat	34
P.T. Pabrik Rajut Persodjo	20
N.V. Tongam Knitting	20
Tong Am Knitting	20
Shang Knitting	18
Saluyu	14
P.T. Bandung	13
No Name	12
P.T. The N w Asia Ind. Co. Ltd.	10
Gloria Knitting	10
N.V. Pantja Tunggal Knitting	9
Perad Jutan Cv. Lavg Sung	8
27 Mills (39%)	1,310
*22 Mills (33%)	1,104
Total Industrial (100%)	3,392

*NOTE: Mills for which production was given.

SOURCE: Werner

The home sector is, as in hand wovens, extremely difficult to estimate particularly because of the narrow wick machines. An estimate of 4.5 million pounds based on production of machines in place is considered reasonable. Naturally a yardage calculation is possible but not considered meaningful because of the narrow products being manufactured.

Exhibit 4-38

DOMESTIC KNITTING PRODUCTION FOR 1970
(Pounds)

INDUSTRIAL SECTOR:			
	Observed 1970	%	Pro-Rated 1970
Half Hose	137,148	1.8	417,371
Underwear	6,786,000	88.7	20,567,111
Outerwear	729,000	9.5	2,202,791
Total	7,652,148	100.0	23,187,273
HOME INDUSTRY SECTOR:			
Ribbon/Lace/Collars/Wicks	4,500,000		
TOTAL DOMESTIC PRODUCTION 1970			
Half Hose	417,371		
Underwear	20,567,111		
Outerwear	2,202,791		
Other N.E.S.	4,500,000		
Total	27,6[illegible],273		

Source: Werner

4.4.0.0 Consumption of Textiles

The amount of fabric consumed in Indonesia in 1970 amounted to 360 million pounds. The consumption figures have been calculated by derivation from raw material use and also by using reported and observed production and import quantities as a means of establishing the most accurate estimate of total market size. The former method is shown in Exhibit 4-39. The total amount of cotton available for consumption was 127 million pounds which when adjusted for waste and stock carryover produces 90 million pounds of cotton yarn for domestic consumption. An import of 98 million pounds of yarn together with the 90 million domestic product is 188 million pounds of yarn available to produce fabric.

According to Werner observations, yarn loss, theft, and waste will be approximately 10% and therefore in 1970 amount to 18 million pounds. The resultant domestic production is therefore 170 million pounds of woven and knitted fabric. Imports are recorded at 118 million pounds including the fabric allocated from made up goods. The assumption is made that

Exhibit 4-39

CONSUMPTION OF TEXTILES IN INDONESIA IN 1970
(Millions of Pounds)

FIBER:	
Imported	104
Stock on Hand	23
Available Supply	127
YARN:	
Domestic Production	90
Imports	98
Available Supply	188
FABRIC:	
*Domestic Production	170
Imports	118
Recorded Supply	288
Unrecorded Imports	72
Total Fabric Supply	360

*Note: Assumed waste factor of 10% = 18 mm lbs.

Source: Werner

fabric entering the country illegally is approximately 20% of the total market or some 72 million pounds. The combined fabric from all sources is then estimated at 360 million pounds.

The alternate method used to establish fabric consumption is obtained by using reported statistics where available and estimates of unreported areas based on observation and opinions from surveys and government officials. Since areas of reporting have fabrics classified into different categories it is necessary to group fabric types in order to provide comparison. The make up of the selected groupings are presented in Exhibit 4-40 . Particular types such as greige, bleached, finished goods. etc. have been apportioned into more than one grouping when necessary.

Exhibit 4-40

FABRIC GROUP COMPOSITION BY TYPE

CAMBRIC

Batik
Greige Goods (%)
Bleached Goods (%)

SHIRTING

Greige Goods (%)
Polyester Cotton (%)
Yarn Dyed Cotton (%)
Broadcloth (%)
Bleached Goods (%)
Print Cloth (%)

SARONG

Polyester/Rayon (%)
Polyester/Cotton (%)
Yarn Dyed Cotton (%)

HEAVYWEIGHT GOODS

Drill
Canvas
Poplin
Duck
Upholstery Duck
Sheeting (Industrial)
Greige Goods (%)
Print Cloth (%)

HOME PRODUCTS

Blanket
Towel
Carpet
Elastic Fabric
Felt
Flannel
Bandages
Netting

Exhibit 4-40 (Cont'd.)

FABRIC GROUP COMPOSITION BY TYPE
(Cont'd.)

SPECIALTY PRODUCTS

Velvet and Plush
Ribbon and Lace
Voile and Semi-Voile
Crepe
Crepe de Chine

Sateen
Fancy Dobby
Broadcloth (%)
Taffeta

ROPE AND CORDAGE

BAGGING

HAND WOVEN

KNITTED

Half Hose
Underwear
Outerwear
Ribbon/Lace

Wicks
Collars
Trimmings

Source: Werner

4.4.1.0 Legal Imports by Group in 1970

The import statistics for 1970 were only available in broad categories and therefore breakdowns of those categories are Werner estimates. The largest quantity of incoming goods were in the heavier weight and lighter weight areas where domestic goods are available in only small quantity. If rope and cordage and bagging are omitted from total imports a more representative 74 million pounds is available for fabric consumption. Of this, 58% are imported in the heavyweight and specialty fabric categories. These groups have shown a growth while other areas were declining. The 1970 imports for each group are shown in Exhibit 4-41 with the allocations made from given categories.

Exhibit 4-41

LEGAL IMPORTS BY GROUP IN 1970
(Thousand Lbs.)

CAMBRIC	8,020	
Bleached	1,120	(1/3)
Synthetic	1,875	(25%)
	11,015	
SHIRTING	8,536	
Greige	278	
Synthetic	750	(10%)
Bleached	1,120	(1/3)
	10,684	
SARONG	1,474	
Synthetic	3,000	(40%)
	4,474	
HEAVYWEIGHT		
Drill	4,520	
Canvas	1,710	
Poplin	3,620	
Duck	4,525	
Print	449	
Upholstery Duck	1,639	
Sheeting	7,853	
Felt	40	
	24,356	
HOME GOODS		
Towel	165	
Bandage	500	
Carpet	500	
Linen	200	
	1,365	
SPECIALTY		
Velvet	710	
Ribbon	194	
Voile	974	
Crepe	2,067	
Sateen	2,042	
Crepe de Chine	2,092	
Dobby	2,042	
Broadcloth	2,267	
Taffeta	2,067	
Bleached	1,120	(1/3)
Elastic Fabric	500	
Synthetic	1,875	(25%)
	18,950	
Rope & Cordage	3,500	

Source: Werner

4.4.2.0 Unrecorded Imports By Group In 1970

Smuggling is known to be a profitable business in Indonesia primarily because the textiles that are brought in are higher priced items. The textiles with higher profit margins naturally have the largest appeal as do products like singlets or T-shirts because of their light weight which provides for volume shipments if not high pricing. Smuggled goods also have appeal because the merchandise is considered to be superior quality to domestic fabric. With these assumptions given, the breakdown of smuggled fabric presented in Exhibit 4-42 can be better understood.

Exhibit 4-42

UNRECORDED IMPORTS IN 1970 BY GROUP
(Thousands Lbs.)

Cambric	2,000
Shirting	2,000
Sarong	3,000
Heavyweight	--
Home Goods	10,000
Specialty	37,000
Rope & Cordage	--
	54,000
Knit *	18,000
Assume over 1/3 of knits smuggled	
TOTAL UNRECORDED	72,000

Source: Werner

4.4.3.0 Domestic Production by Group in 1970

There are three major categories of domestically manufactured woven goods, cambrics, shirting and sarongs. These fabrics have traditional appeal and can be produced from available yarns. Quality standards in these groups are less demanding than for finer goods and less competition exists from imports. Some heavy weight goods are made locally, primarily for the armed forces uniforms. However, only a small portion is utilized for industrial products where imports are being consumed primarily because the finished produc.s cannot be made in Indonesia.

The knitted sector is primarily composed of underwear which often is consumed as outerwear with singlets and T-shirts being the only top worn. Few brands are considered competitive with imports which are still being brought in illegally. Exhibit 4-43 gives the breakdown.

Exhibit 4-43

DOMESTIC FABRIC PRODUCTION BY GROUP IN 1970
(Pounds)

Cambric	41,250,882	
Batik	5,450,567	
Greige	2,008,864	(35% remainder)
Synthetic	5,998,024	(40%)
	54,708,337	
Shirting	20,439,627	
Greige	11,479,225	(65%)
Yarn Dyed Cotton	619,383	
Synthetic	2,999,012	(20%)
	35,537,247	
Sarong	10,529,504	
Greige	3,730,748	(65% remainder)
Syn.	5,998,024	(40%)
	20,258,276	
Heavy Weight		
Drill	8,175,850	
Canvas	991,012	
	9,166,862	
Home Goods		
Blanket	1,486,518	
Towels	443,259	
Netting	619,383	
Bandages	495,506	
	3,344,666	
Fancy Flannel	867,136	

Source: Werner

4.4.4.0 Total Consumption by Group in 1970

Because rope and cordage and bagging must be considered to determine raw material needs, the imported quantities have thus far been included in the total consumption estimates. A more realistic appraisal of domestic volume in relation to textile demands can be presented if these total volume figures are presented excluding these two categories.

The real textile demand is now reduced to 316 million pounds of fabric of which domestic is 54%. Legal imports are now reduced to 74 thousand pounds about equal to the 23% of illegal entries. The composition of each category is presented in Exhibit 4-44 .

Exhibit 4-44

CONSUMPTION OF TEXTILES IN INDONESIA FOR 1970
(Millions of Pounds)

TOTAL FABRIC CONSUMPTION 360 MM LBS.

Domestic Production (170) | Imports (190)

Domestic 170 MM Lbs.

- Woven (142.5)
  - Woven 117.5
  - Hand Woven 25
- Knit (27.5)
  - Knit 23
  - Home Knit 4.5

Legal Imports 118 MM Lbs.

- Woven 114.5
- Knit 3.5

Unrecorded Imports 72 MM Lbs.

- Woven 54
- Knit 18

	Domestic	Import	Unreported	Total
Cambric	50	11	2	63
Shirting	34	11	2	47
Sarong	20	4	3	27
Heavyweight	9	24	--	33
Home Goods	3	1	10	14
Specialty	1	19	37	57
Rope and Cord	--	3	--	3
Bagging	--	41	--	41
Hand Woven	25	--	--	25
Knitted	28	4	18	50
Total	*170	118	**72	360

*Domestic -- adjusted from pro-rated 176 million lbs. to 170 million lbs.

**BASED ON MARKETING FIELD STUDY 20% is considered a conservative estimate for smuggled goods. Knitters were estimating at higher rates, therefore, the estimate of just above 1/3 of all knit goods is also conservative.

4.4.5.0 Finished Goods Consumption in 1970

Textiles in the fabric form and in made up articles are sold in the Indonesian market in the greige state, bleached, dyed and finished, and printed and finished. Both domestic and imported goods are treated domestically to achieve a finished product for consumption. Illegally entered items are generally in "items for sale" form but must be considered when assessing the total consumption of finished articles.

Fabrics consumed in the greige will be defined as greige piece goods which are unbleached and are not processed further in dyeing or finishing. This category may include yarn dyed fabrics and fabrics that are coated or given some treatment other than bleaching, dyeing or printing.

Bleached goods will be defined in two separate categories i.e. bleached goods for consumption and required fabric bleaching. The differences being the former category is consumed in the bleached state at retail while the latter fills the requirements of printed and dyed goods needs.

Dyed fabrics and printed fabrics are treated as two distinct categories and will be measured by given statistics and adjusted according to observations from the Werner technical survey.

Exhibit 4-45 is a summary of the consumption of finished goods by process.

Exhibit 4-45

TOTAL CONSUMPTION OF FINISHED GOODS BY PROCESS IN 1970
(Millions of Pounds)

FABRIC TYPE	GREIGE	BLEACHED	DYED	PRINTED	TOTAL
Cambric	-	6	12	45	63
Shirting	20	-	8	19	47
Sarong	4	-	13	10	27
Heavyweight	24	-	9	-	33
Home Goods	-	-	11	3	14
Specialty	-	-	43	14	57
Rope & Cordage	3	-	-	-	3
Bagging	41	-	-	-	41
Hand Woven	13	-	7	5	25
Knitted	3	29	10	8	50
Total	108	35	113	104	360

Source: Werner

Consumption of Greige Fabric

Greige fabric is available for consumption from only domestic and legally imported sources. It is unlikely that the price tag on these items is of any interest to the smuggling element. The 108 million pounds consumed in 1970 was largely imports of rope and cordage, bagging, and heavyweight goods for industrial uses. The heavyweight goods although rubber tar or plastic impregnated are included here because they should not be considered dyed or printed finished products.

The domestic goods included in greige goods consumed are both greige fabrics and yarn dyed filling fabrics. Greige good shirting is often distributed in the mills to the employees as part of their wage, and is the largest greige good area.

The greige products from the knitted sector are wicks and mantles manufactured in the hand knitted sector.

The yarn dye filled fabrics make up the largest part of the sarong and hand woven consumption.

The breakdown of each type by size is given in Exhibit 4-46.

EXHIBIT 4-46

TOTAL CONSUMPTION OF GREIGE FABRIC IN 1970

Fabric Type	Domestic	Imported	Total
Shirting	17	3	20
Sarong	4	-	4
Hand Woven	13	-	13
Knitted	3	-	3
Heavyweight	-	24	24
Rope	-	3	3
Bags	-	41	41
Total	37	71	108

Source: Werner

Consumption of Bleached Goods

Bleached goods must be considered in two forms i.e. consumption of bleached goods for sale and consumption of bleached goods for further processing. The amount of bleached goods sold for consumption is confined to cambric and knitted underwear.

CONSUMPTION OF BLEACHED GOODS IN 1970
(Millions of Pounds)

FABRIC TYPE	DOMESTIC	IMPORTED	UNRECORDED IMPORTS	TOTAL
Cambric	6	--	--	6
Knitted Underwear	21	--	8	29
Total	27	--	8	35

SOURCE: Werner

This is not to say that only 35 million pounds were bleached in 1970 but rather that this amount was sold as finished in this form. Exhibit 4-47 shows the breakdown for total bleaching requirements in 1970.

Exhibit 4-47

BLEACHING REQUIREMENTS IN INDONESIA IN 1970
(Millions of Pounds)

FABRIC TYPE	BLEACHED DOMESTIC	BLEACHED IMPORTS	TOTAL
Cambric	50	13	63
Shirting	20	7	27
Sarong	20	3	23
Heavyweight	--	--	--
Home Goods	--	3	3
Specialty	--	14	14
Hand Woven	5	--	5
Knitted	24	13	37
TOTAL	119	53	172

NOTE: Fabrics listed in this table will be finished by other processing.

Source: Werner

Consumption of Dyed Goods

The only statistical source available reporting dyeing and printed production combined is given by the Department Perindustrian Tekstil in millions of linear meters, and without a standard width. These figures are a basic guideline for Werner estimates which were derived from observation of the dyeing and printing sectors.

Assumptions have been made in allocating the amount of fabric actually dyed according to estimates from market contacts and also a survey of the wholesale and retail markets. The total consumption of dyed fabric includes imported fabric which comes in finished as well as illegal imports that have all been treated as finished outside of Indonesia. Exhibit 4-48 represents our estimates of goods dyed in Indonesia and entered as dyed.

Exhibit 4-48

TOTAL CONSUMPTION OF DYED GOODS IN 1970
(Millions of Pounds)

FABRIC TYPE	DOMESTIC	IMPORTED	UNRECORDED	TOTAL
Cambric	10	--	2	12
Shirting	7	--	1	8
Sarong	8	2	3	13
Heavyweight	9	--	--	9
Home Goods	3	1	7	11
Specialty	1	17	25	43
Hand Woven	7	--	--	7
Knitted	3	2	5	10
TOTAL	48	22	43	113

Source: Werner

Consumption of Printed Goods

The Printers Club is a group of printers who have organized to promote internal harmony to help compete against imports of printed goods. This group has fixed the total industry printing production for 1970 at 250 million yards. Indonesia's printing industry uses both domestic and imported fabric as the printed substrate. The Printers Club statistics and government estimates have been used as the basis of estimated printing production for 1970. Also considered have been the imports of goods printed outside of Indonesia when combined with domestic production to yield the total consumption of print goods shown in Exhibit 4-50.

Exhibit 4-49

THE MAJOR PRINTING MILLS OF INDONESIA
(Units in Place)

Name	Roller	Rotary Screen	Flat Screen	Hand Print
P.T. B.T.N.	One	Double Width	Two Single	144
P.T. Daja Manunggal	Two	-	-	-
P.T. Danarmas	One	-	-	-
P.T. Impoma	-	Single Width	-	60
P.T. Lontjeng	-	Three Single	-	-
P.T. Masmitex	One	-	-	-
P.T. Okatex	-	-	One Double	-
P.T. Ratatex	Three	-	-	-
P.T. Sandratex	-	Double Width	One	-
P.T. Sumber Sandang	-	-	One	-
P.T. Usaha Batunuggal	-	-	One Double	158
P.D. Taxsin	-	Single Width	-	-
P.D. Kamadjaja	-	Single Width	-	-
P.T. Indosinga	-	Single Width	-	-
P.T. Delima	-	-	One	-
P.T. Margasandang	-	-	One	-
Djawa Barat	-	-	-	N/A
Djawa Tengah	-	-	-	N/A
Djawa Timur	-	-	-	N/A
Luar Djawa	-	-	-	N/A
TOTAL:	7	9	8	(362)

Source: Indonesia Printer's Club
Werner Technical Survey

Exhibit 4-50

TOTAL CONSUMPTION OF PRINTED GOODS IN 1970
(Millions of Pounds)

FABRIC TYPE	DOMESTIC	IMPORTED	UNRECORDED	TOTAL
Cambric	34	11	--	45
Shirting	10	8	1	19
Sarong	8	2	--	10
Home Goods	--	--	3	3
Specialty	--	2	12	14
Hand Woven	5	--	--	5
Knitted	1	2	5	8
TOTAL	58	25	21	104

Source: Werner

4.5.0.0 Prospective Demand for Textiles

4.5.1.0 Factors Influencing Prospective Demand

There are various considerations which will have an impact on the future development of demand for textiles in Indonesia.

The first is the overall long-term demand trend which implies that demand growth will continue as it has in the past if all the underlying conditions remain the same but which will change with changes in conditions.

The second and third factors are closely related and are the major influences on demand. These are population growth and changes in the amount of disposable income.

There are a number of other economic, social and commercial considerations where the major influence is on the development of different demand patterns other than on the growth of total demand as such. It should be recognised, however, that changes in the nature of demand, such as a move to western style clothing or to synthetic fibers for both western and traditional clothing, can also affect the level of total textile consumption. This type of consideration has been taken into account both in the forecast of total textile consumption and, more particularly, in the estimates of the different types of fabrics, yarns, and fibers which will be in demand in the future.

The Demand Trend Factor

From the data available, it is estimated that the demand for textiles in Indonesia has been growing at an average compound rate of just over 5% per year since 1964. It must be stated at the outset however, that there is considerable doubt as to the comparability of the data. The figures showing the historical trend of consumption between 1964 and 196[illegible] are taken from the series published annually by the FAO. On the basis of these figures taken in isolation, the annual average growth rate is less than 1% compound. The 1970 figure is Werner's estimate, the basis for which has already been discussed in detail.

The most significant aspect of the situation is the fluctuating nature of the level of demand from year to year. According to the FAO figures, the high

Exhibit 4-51

HISTORICAL TREND OF FABRIC CONSUMPTION

	Total Consumption (MM Lbs.)	Population (MM)	Per Capita Consumption (Lbs/Capita)
1964	238.3	104.4	2.4
1965	296.3	106.9	2.9
1966	260.0	109.6	2.4
1967	269.3	112.3	2.6
1968	258.1	115.1	2.2
1969	249.1	118.0	2.0
1970	360.0	121.0	2.9

Sources:

Consumption	1964-1969	U.N. Food & Agricultural Organization
	1970	Werner Estimate
Population	1964-1969	Central Bureau of Statistics
	1970	Werner Estimate

point of the series was reached in 1965 and from that point on, consumption has decreased with the exception of 1967 which showed a slight increase over 1966. The 1968 figure, however, fell below even the 1966 level. Our estimate of consumption in 1970 is 360 million pounds which represents a per capita consumption of 2.9 pounds, the level recorded by the FAO for 1965.

It is obvious that this type of trend pattern does not provide a realistic base for forecasting future demand levels. At best it will only show an average growth rate which must be placed into context with the events which shaped the consumption patterns for each year.

The Werner 1970 estimate of consumption will appear somewhat large in comparison to prior years and it should be remembered that this estimate contains a conservative allotment of unrecorded imports, not likely to be included in other years.

With the new government stability and its success in curbing inflation rates as well as the improvement of the textile industry under the "Five Year Development Plan" the future yearly consumption will likely be more predictable and such an analysis will be more of a factor in forming the guidelines for establishing the future trend.

Population

The population of Indonesia is estimated to have been growing at about 2.2% per annum over the last two decades. The government figures for the period 1950-1969 are given in Exhibit 4-52.

Indications are that this rate of increase in population will continue through the present decade to 1970. The birth rate may be slowed slightly by government and internationally sponsored birth control programs but the net effect of these is likely to be marginal, at least over the next ten years. Any falling off in the birth rate as a result of such programs will probably be offset by social and medical advances which will lower both the infant and adult mortality rates.

The population forecast to 1980 is therefore based on the projection of a rate of increase of 2.2% compound per year.

In terms of its effect on the level of demand for textiles, population growth must be considered along with movements in the level of purchasing power.

Exhibit 4-52

POPULATION OF INDONESIA

Year	Number (in Thousands)
1950	77,207
1951	78,741
1952	80,329
1953	81,973
1954	83,676
1955	88,440
1956	87,267
1957	89,160
1958	91,122
1959	93,153
1960	98,259
1961	97,450
1962	99,580
1963	102,007
1964	104,445
1965	106,972
1966	109,593
1967	112,340
1968	115,130
1969	118,054
*1970	120,698
*1975	134,571
*1980	150,039

Source: Central Bureau of Statistics
* Werner Estimates (Based on 2.2% annual compounded rate of growth)

Disposable Income

There are various difficulties associated with the measurement of disposable income in Indonesia. Distortions in the national accounts are inevitable in this type of economy and these have been further complicated by a monetary system based until recently on a floating rate of exchange and by successive devaluations. The best available indicator of movements in the level of purchasing power or disposable income is the Gross National Product but this can only be an approximate measure since it does not take account of taxation or of internal price movements. The table which follows shows GNP and GNP/Capita at factor cost i.e. at constant prices. No figures are available for 1969, 1970 or 1971.

Exhibit 4-53 shows that although GNP has been growing at about 3% per annum in total the relative level of individual wealth has been increasing much more slowly, the rapid rise in population offsetting the benefits of increased national wealth.

Exhibit 4-53

GROWTH OF GROSS NATIONAL PRODUCT AT FACTOR COST

	GNP ($US Million)	GNP/CAPITA
1958	7.567	85
1963	7.949	79
1964	n.a.	n.a.
1965	8.749	83
1966	9.202	86
1967	9.541	87
1968	10.509	93
1969	n.a.	n.a.
1970	n.a.	n.a.
Average Annual Growth	3.8%	0.8%

Source: United Nations

A realistic forecast of Indonesia's GNP would obviously encompass factors outside the scope of this study. It would appear evident however, that given the expected rise in population the growth of per capita income is not likely to be very high in the foreseeable future. A precise forecast of GNP would in any case be academic without a parallel forecast of the income elasticity of demand for textiles. All that can be said with regard to this is that since current expenditure on textiles already accounts for a substantial part of total expenditure, the income elasticity of demand is likely to be fairly low so that the net effect on textile demand of any increase in per capita disposable income will probably not be very significant.

In the projections of total textile demand it has been assumed that the minimum rate of growth will be reflected by the increase in population with no income effect and that the maximum growth rate which could be expected will be this minimum percentage rate plus an income effect of 1% per year.

The Demand/Supply Pattern

In the past textiles were manufactured with little concern for quality but rather with emphasis on quantity. A ready market existed for goods regardless of their appearance, performance, or durability. With import barriers lifted, consumers began to recognize quality merchandise and although low quality domestic products could still be sold the impact of better grade goods was not unfelt.

The domestic goods were fashioned to supply the traditional Indonesian clothing items, but with the imports came a new look in fashion that began the trend to more western style dress. It is impossible to quantify the shift from traditional garb to western-oriented fashion however there can be given a qualitative assessment of the current and future trends in this regard.

During the research of the market it became clear that foreign goods are in popular demand largely because they have been associated with quality. Imports are generally finer goods that can be used in a wide range of clothing for such garments as shirts, suitings, dresses, blouses, etc. They do not however lend themselves as well to traditional garments such as long clothes, sarongs, etc., and they are also more expensive. Since traditional garments require a greater amount of fabric than western clothing, it is more in keeping with the consumer's means to buy less of an expensive fabric suitable for making a garment of western influence.

At the same time, the practicality of the non-traditional garb also is a factor in its acceptance in Indonesia. It is not only more practical for wearing in warm climates but also from a durability viewpoint. With an increasing urban population the practicality is certainly good reason for the change. Another longer term aspect is the planned development of industry which is creating a need for mill workers who have little desire for more cumbersome traditional garments.

The pace of change varies depending on region and occupation. In the wealthier community the trend is definitely present and traditional clothes are more typically used for more formal occasions. The youth have accepted the new style quickly, even to the point of being seen in western style jeans. On a visit to the bowling center in Kabajoran many young people were active participants and the vast majority were in slack and shirt and skirt and blouse combinations. Naturally this is not the norm however it is indicative of the trend.

As would be expected Djakarta had the largest amount of western wear on the market and being worn. Surabaja was also a large western wear market and this garb was in evidence in the city. The same market offered a large amount of traditional material for the East Java agrarian population. In Central Java the taste seemed very different with more subdued patterns and very much less bright color work. Batik was the predominant traditional fabric and is likely to have a firm market in this region for some time to come.

The present situation has been stated as being moderately changed in garment use and for the future it must be said that an increasing trend to western wear is apparent with growth linked closely with the pace of industrial development and the ability of the domestic textile industry to supply the materials, of acceptable quality, that lend themselves to western style clothing.

As part of the changing demand pattern of textiles the trend to more western style clothing has also created a ready market for other than cotton fabrics. As in all developing countries, synthetic fibers and man-made fibers are becoming a larger part of the market. Here again imports have introduced a new product which the consumer has discovered and found desirable. One must admit that the large amounts of nylon tricot available in the market for consumption in a tropical climate does seem rather peculiar, however, wholesalers and retailers alike have confirmed that these items are in sizable demand. For the most part the available synthetics are polyester/cotton and polyester/viscose blends which do indeed have every reason for selling well. Perhaps the single most important reason why polyester fits the consumers' needs best is because of its strength which contributes an excellent durability to the garments for which they are used. Polyester blends, too, offer a good hard shiny finish which is a mark of distinction with the consumer. These factors combined with polyester's good general performance will continue to be a growing fabric market.

4.5.2.0 Forecast of Fabric Demand

In forecasting the yearly consumption of fabric the factors of population and increase in disposable income have the greatest bearing. The demand/supply pattern has also been considered but it is more of a factor in the specific fabric categorizations which make up the total demand.

Because of the inconsistency of the historical trends, a meaningful growth pattern is not available for application to the future consumption estimate. The best estimate can then be given by indicating the maximum and minimum expected levels of demand and by use of the factors explained previously to arrive at a conservative estimate of demand. The low forecast assumes that the current demand rate will continue to apply and grow in conjunction with the increased population. This would be the minimal growth expected but it is likely that with an increasing amount of industry being developed that the employment will increase and with it a greater amount of disposable income will be generated. The estimated one percent increase is considered a feasible gain, however, the high forecast will depend on how quickly industrial development can be achieved.

The domestic share of market is also given in a high and low range and is dependent upon how effectively it can penetrate the share of market now supplied by the imports. The minimal growth is expected to be a 2% increase in share of market for the next five years until quality and efficiency are sufficiently improved and also the necessary equipment brought in to compete in new fabric categories and 4% per year after 1975. The high forecast assumes 3% for 1971 to 1975 and 5% thereafter.

Exhibit 4-54 details the estimated growth of fabric demand to 1980.

Exhibit 4-54

FORECAST OF FABRIC DEMAND BY YEAR
(Millions of Pounds)

	LOW				HIGH			
	TOTAL	DOMESTIC	%	IMPORTS	TOTAL	DOMESTIC	%	IMPORTS
1971	369	181	(49)	188	373	186	(50)	187
1972	378	193	(51)	185	386	204	(53)	182
1973	387	205	(53)	182	399	223	(56)	176
1974	397	218	(55)	179	413	244	(59)	169
1975	407	232	(57)	175	427	265	(62)	162
1976	417	250	(60)	167	442	292	(66)	150
1977	427	269	(63)	158	457	320	(70)	137
1978	438	289	(66)	149	473	350	(74)	123
1979	449	314	(70)	135	489	386	(79)	103
1980	460	340	(74)	120	495	415	(84)	80

Assumptions

1. Low forecast assumes that demand will grow in line with population.

2. High forecast assumes that increased disposable income will boost normal growth (population) by an average of 1% per year over whole period.

   Domestic production will penetrate import market on following basis.

   - Low forecast - 2% per annum for first 5 years rising to 4% per annum at end of second.

   - High forecast - 3% per annum for first 5 years rising to 5% per annum at end of second.

FABRIC FORECAST BY FABRIC TYPE

Each fabric group given in Exhibit 4-55 has been carefully analyzed as to its potential in the total market by year to 1980. Changing trends and patterns of demand have all been considered in determining the fluctuation of each fabric's growth pattern. Many factors are involved in fixing the forecast levels by fabric and a summary of the reasoning is given below.

Cambric: A gradual market decline in hard finished goods is anticipated primarily due to a shift in taste partially accounted for by the trend to western style clothing.

With increasing weaving and finishing competition the hand industry will be hurt and the Batik demand will likely drop off gradually with the trend to printed synthetics and western type clothes.

Shirting: With a more urbanised populace the demand for greige shirting and lower quality goods will not grow. The agrarian population will continue to be sufficiently large to demand Blatjo and black jeans in quantities sufficient to hold the market share.

Sarong: As more industry demands workers less homegoods will be made. Also, the trend will force out some of the demand having shifted to more practical western garments.

Heavyweight Goods: Two categories in this area should experience growth. The need for military uniform material should increase and the need for industrial products for the developing industry should bring this group to approximately 10% of the market.

Home Goods: Only the basics are now in homes. With any increase in disposable income this area will flourish.

Specialty Fabrics: It is necessary for domestic mills to undertake the manufacturing of some of the finer materials to displace imports. Certain areas are very fancy and should be avoided. Some growth will be gained with trend to western clothes. Production of synthetics domestically at reasonable cost should open this area to consumers who could not buy imports.

Rope and Cordage: Slight gain

Bagging: Slight gain

Hand Weaving: Some fluctuation can be anticipated here with adjustment of working force. Large integrated mills should provide difficulties. Change in dress will have a negative affect.

Knitting: The trend in most countries has knits on the rise. Outerwear is a major area of growth and underwear and socks will help push knitting to 15% of the market.

Exhibit 4-55

FABRIC FORECAST BY FABRIC TYPE 1970-1980
(Millions of Pounds)

		70	71	72	73	74	75	76	77	78	79	80
Cambric		63	65	65	67	67	69	71	71	73	75	76
	%	17.5	17.5	17	17	16.5	16.5	16.5	16	16	16	16
Shirting		47	48	50	51	53	54	56	58	59	61	62
	%	13	13	13	13	13	13	13	13	13	13	13
Sarong		27	28	29	28	28	29	28	29	27	26	24
	%	7.5	7.5	7.5	7.0	7.0	7.0	6.5	6.5	6.0	5.5	5.0
Heavyweight		33	33	34	35	38	40	41	42	43	46	48
	%	9.0	9.0	9.0	9.0	9.5	9.5	9.5	9.5	9.5	10.0	10.0
Home Goods		14	15	15	18	18	19	21	22	25	27	29
	%	4.0	4.0	4.0	4.5	4.5	4.5	5.0	5.0	5.5	5.5	6.0
Specialty		57	59	63	65	69	71	75	79	83	87	91
	%	16.0	16.0	16.5	16.5	17.0	17.0	17.5	18.0	18.0	18.5	19.0
Ropes, etc.		3	4	4	4	4	4	4	4	4	4	4
	%	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Bags		41	41	42	43	43	44	45	45	46	47	48
	%	11.0	11.0	11.0	11.0	10.5	10.5	10.5	10.0	10.0	10.0	10.0
Hand Weaving		25	26	27	25	26	27	26	26	27	26	24
	%	7.0	7.0	7.0	6.5	6.5	6.5	6.0	6.0	6.0	5.5	5.0
Knitting		50	52	53	57	59	60	62	66	68	70	71
	%	14.0	14.0	14.0	14.5	14.5	14.5	14.5	15.0	15.0	15.0	15.0
Total		360	371	382	393	405	417	429	442	455	469	477
	%	100	100	100	100	100	100	100	100	100	100	100

SOURCE: Werner

Finished Fabric Demand

By 1980 the principal change in finished goods for consumption will be an increased amount of dyed goods with a corresponding decrease in greige goods for sale. In 1970 the greige category accounted for 30% of fabric consumption with dyed goods at 31%. With improved dyeing capability the domestic supply of dyed fabrics will be in greater demand. The increase in disposable income will allow the consumer to afford a little better grade of material in dyed rather than greige form.

Printing will hold at about the same share of market with an increase of 31 million pounds as the market grows.

Sale of bleached goods will fall slightly in share of market but will increase by some 10 million pounds represented by the growth in underwear.

For specific categories which will be affected by the demand/supply pattern, changes in trends have been anticipated and applied according to their effect on finished fabric form.

. Cambric	- In printed goods a slight falling off of batik will be countered by gains in machine printed types. The remainder of the cambric demand will be in hard finished, much of it synthetic, dyed fabric.
. Shirting	- Greige goods will still account for a significant part of shirting sales but the real change will be to dyed goods. Prints will have about the same demand.
. Sarong	- With the trend to western clothes there will be a decline in all finished forms.
. Heavyweight	- This area will almost double in dyed goods remaining important for military fabrics. As the development of industry progresses the amount of greige fabric for industrial use will also improve.

. Specialty Fabric	- Prints and dyed goods will increase in relation to over all growth. Quality products produced locally should boost demand.
. Rope and Cordage	- Slight gain.
. Bagging	- Slight gain in griege goods.
. Hand Woven	- Market share will drop with increased competition and urbanization. All areas of demand will stay at current level.
. Knitted Goods	- Increased consumption of underwear will require bleached goods in greater proportion. The growth in outerwear especially domestic production will boost demand in dyed and printed fabric.

Exhibit 4-56

FINISHED FABRIC DEMAND ESTIMATES FOR 1980
(Millions of Pounds)

			PRINTED	DYED	BLEACHED	GREIGE
Cambric:	1970	63	45	12	6	--
	1980	76	56	20	--	--
Shirting:	1970	47	19	8	--	20
	1980	62	20	18	--	24
Sarong:	1970	27	10	13	--	4
	1980	24	9	11	--	4
Heavy:	1970	33	--	9	--	24
	1980	48	--	15	--	33
Home:	1970	14	3	11	--	--
	1980	29	8	21	--	--
Specialty:	1970	57	14	43	--	--
	1980	91	26	65	--	--
Rope:	1970	3				3
	1980	4				4
Bags:	1971	41				41
	1980	48				48
Hand:	1970	25	5	7	--	13
	1980	24	5	7	--	12
Knitted:	1970	50	8	10	29	3
	1980	71	11	15	45	--
Total:	1970	360	104	113	35	108
	1980	477	135	172	45	125

Yarn Demand

Based on the forecast of total fabric demand for 1980, it has been estimated that demand for yarn will reach 415 million pounds in that year. This includes filament yarn.

Local production has been projected to 361 million pounds, representing 87% of total requirements. The bulk of the 54 million pounds of imports will consist of filament, only a small amount of specialty spun yarns to come in from outside. The situation is summarized in Exhibit 4-57.

In order to successfully reach the 1980 target it will be necessary for the Indonesian spinning sector to increase the capacity for synthetic yarn processing. Another factor to be considered is the displacement of filament yarn imports by domestically produced synthetic filament yarn. At present the synthetic fiber market in Indonesia is recorded at 35 million pounds which approaches 19% of the yarn market demand. There is a growing trend to synthetics which will continue to grow in market share. As the finer goods now entering as imports become feasible for domestic production the demand for synthetic yarn will increase significantly. The anticipated growth of the synthetic yarn market is presented in Exhibit 4-58.

Exhibit 4-57

FORECAST OF YARN DEMAND
BASED ON MEDIAN FABRIC FORECAST
(Millions of Pounds)

YEAR	MEDIAN FORECAST	YARN FORECAST TOTAL	LOCAL	IMPORTED
1970	170	188	90	98
1971	184	202	99	103
1972	197	216	112	104
1973	214	235	129	106
1974	231	254	147	107
1975	248	272	169	103
1976	271	298	197	101
1977	295	324	230	94
1978	320	352	267	85
1979	350	385	312	73
1980	378	415	361	54

Includes all of the continuous filament requirement.

SOURCE: Werner

Exhibit 4-58

THE DEMAND FOR MAN-MADE YARN 1970-1980
(Millions of Pounds)

	BLENDS	100% MAN-MADE STAPLE	100% MAN-MADE FILAMENT	TOTAL
1970	22.0	5.5	7.5	35.0
1980	90.0	15.0	40.0	145.0

	DOMESTIC			IMPORT			TOTAL		
	SPUN	FILAMENT	TOTAL	SPUN	FILAMENT	TOTAL	SPUN	FILAMENT	TOTAL
1970	-	-	-	27.5	7.5	35.0	27.5	7.5	35.0
1980	72.0	19.0	91.0	33.0	21.0	54.0	105.0	40.0	145.0

SUMMARY OF POSITION OF MAN-MADE YARN IN TOTAL MARKET FOR 1980

415

	IMPORTED SPUN	DOMESTIC SPUN	DOMESTIC FILAMENT	IMPORTED FILAMENT
	33	342	19	21
Man-made	33	72	19	21
Other	-	270	-	-
	375		40	

415

SOURCE: Werner

Fiber Demand

In 1970 the real spun yarn production was estimated at 90 million pounds which was produced from a total fiber usage of 100 million pounds, having assumed a factor for waste, loss, and theft of 10%. The projected 1980 production level for spun yarn is set at 342 million pounds which will require some 376 million pounds of fiber in 783 thousand bales at 480 pounds per bale net weight, assuming that the 10% waste factor remains constant. The yearly estimates for the interim period are shown in Exhibit 4-59. In order to achieve the projected forecast, many conditions will have to be met. Perhaps the most important of these is the investment in spinning as proposed and secondly the achievement of optimum efficiencies in production coupled with the steady operation of the spindles for the required time periods each week without disruptions caused especially by the lack of a sufficient fiber inventory.

An important difference is apparent in the 1980 quantity of yarn as opposed to the 1970 production

Exhibit 4-59

FORECAST OF DOMESTIC STAPLE FIBER DEMAND

	Estimated Production of Spun Yarn (MM Lbs.)	Fiber Requirement MM Lbs.	Fiber Requirement Thousands of Net Bales 1 B = 480 Lbs.
1970 Actual	90	100	208
1971	99	109	227
1972	108	119	248
1973	121	133	277
1974	136.5	149	310
1975	156.5	171	356
1976	183	201	419
1977	214.5	235	489
1978	250	275	573
1979	294	323	673
1980	342	376	783

SOURCE: Werner

in that the forecast includes a significant quantity of man made staple fiber. The total man made spun yarn of 72 million pounds when combined with the 19 million pounds of domestic filament yarn supplied will account for 25% of the 361 million pounds of total domestic yarn produced. Of the total 72 million pounds of man made spun yarn requirement, an estimated 66 million pounds will be in blends, the majority of which will be 65/35 blends of either polyester cotton or polyester rayon. The 65% will be staple fiber, some of which will be produced locally and the remainder imported. Exhibit 4-60 shows the make up of the man made spun yarn by type with an indication of the adjustment made for blends.

Having established the amount of man made staple fiber needed the figure is subtracted from the total staple requirements to yield the amount of raw cotton fiber demand and translated into bales (net) as shown in Exhibit 4-61.

Exhibit 4-60

DOMESTIC MAN-MADE YARN PRODUCTION
(Millions of Pounds)

	100% Filament Yarn	Total Man Made Spun Yarn		100% Man Made Spun Yarn		Blended Yarn	*Rayon & Cotton Element 35% Adj.	Polyester Element 65% Adj.
1970	--	--		--		--	--	--
1971	--	5	=	1.0	+	4.0	1.4	2.6
1972	4	7.5	=	2.0	+	5.5	1.9	3.6
1973	8	10	=	2.5	+	7.5	2.6	4.9
1974	10.5	14.5	=	3.5	+	11.0	4.0	7.0
1975	12.5	20	=	4.0	+	16.0	6.0	10.0
1976	14	28	=	5.0	+	23.0	8.0	15.0
1977	15.5	38	=	6.0	+	32.0	11.0	21.0
1978	17	49	=	7.0	+	42.0	15.0	27.0
1979	18	62	=	7.5	+	54.5	19.5	35.0
1980	19	72	=	8.0	+	66.0	23.0	43.0

*Note: The assumption is made that the rayon and cotton portions are equal in amount.

SOURCE: Werner

Exhibit 4-61

FORECAST OF STAPLE FIBER REQUIREMENTS

YEAR	COTTON *MM LBS.	COTTON 000 NET BALES	MAN-MADE **MM LBS.	TOTAL ***MM LBS.
1970	100	208	-	100
1971	104	217	5	109
1972	111	231	8	119
1973	123	256	10	133
1974	135	281	14	149
1975	152	317	19	171
1976	175	365	26	201
1977	199	415	36	235
1978	229	477	46	275
1979	266	554	57	323
1980	307	640	69	376

*NOTE: After adjustment for blended fiber. Included is 35% cotton of blends of polyester/cotton content.

**NOTE: Includes 100% man-made synthetic staple plus the 65% polyester of blends of polyester/cotton content and all the polyester and rayon in the 65/35 polyester/rayon blends.

***NOTE: Fiber requirements are adjusted to include 10% waste used in processing to produce yarn.

SOURCE: Werner

4.6.0.0 Tariffs and Taxation

Imported textile materials have two disparate influences on the economy of Indonesia. Goods arriving from other countries entering through legal channels provide revenue to the government in the form of tariff duties and sales taxes but on the other hand have a negative effect on the demand for domestically produced materials. The ultimate goal would naturally be to strike a balance of imports that would supply revenue and provide goods either not available from domestic suppliers or competitive products that would act as a price stabilizer. Unfortunately, there is no easy balance to be targeted because of another factor in the market, i.e. goods entering illegally.

Indonesia is a country of islands, many just a short distance from Singapore where goods may be loaded on a small boat and within four hours, be unloaded on the shore of one of the accessible islands. No duty is paid and no tax is collected for these goods which enter the market at prices well below legal imports and domestic goods.

Recommended Policy

The long term goal of tariff policy should be to adopt tariff rates which will equate the prices of imported and domestically produced goods in the market place. This will have two important functions:

- To maintain the competitive incentive in the domestic industry.
- At the same time it will not allow lower cost competition.

This policy applied today would result in generally increased prices since the cost base for domestically produced goods is such that the price of imports would have to be raised substantially to bring about a price equalization.

In the current situation, however, any fiscal policy which would raise the price of either imported or of domestically produced textiles would bring about an inevitable, totally undesirable and virtually uncontrollable surge in illegal and unrecorded imports.

Short term tariff policy should therefore have the objective of reducing the incentive to smuggle goods, while at the same time maintaining a level of protection for the domestic textile industry which will allow it to compete with more efficient external producers and have a margin of profitability conducive to the modernization of existing equipment and an increase in total productive capacity. It is very important that only a minimum of protection be provided in order to force modernization and expansion. Domestic producers should be made aware that the level of tariff will be continually decreasing and that in a short time unless they have become efficient and productive they will not be competitive either with imports or other domestic producers.

There are specific woven fabrics that are the mainstay of the present domestic industry, which if made totally vulnerable would not allow even some well-run domestic factories to compete. The areas of concern are:

- Cambric
- Shirting
- Sarong

It is time to force these manufacturers to improve or be faced with the competition from integrated operations otherwise they will be content to remain small, low productive, and non-efficient producers - not in the best interest of development.

The government's role in helping the weaver should be to educate and provide an allotment of credit for modernization and increase of productivity, with a minimum level of tariff which will be gradually reduced. The efficient entrepreneurs given the management tools through education and a realistic amount of capital will then become competitive while the weaker members will be forced out of competition. This phasing out of non-competitive operations is inevitable if the industry is expected to become competitive in the world market, which must be the ultimate goal of manufacturing.

Illegal imports will always be a threat until domestic production reaches the point of being competitive with external producers. At present much of the illegally entered total is in finer goods. In this area the tariff level should be reduced to very low levels to remove the incentive for smuggling and cause a shift to legal entries which will create revenues and also stabilize the market price of these goods, providing a realizable target for domestic producers who must penetrate this specialty area to displace imports in the longer term.

Tariffs are now based on the F.O.B. price plus freight in general. To help reduce illegal entry through underinvoicing the system of check prices found in Exhibit 4-62 have been established. The check price is an attempt to establish a floor price for goods at the world market price which could otherwise be underpriced on the bill of lading. These prices generally appear low and should be adjusted continually to keep them current with prices at the world level.

Exhibit 4-62

CHECK PRICES OF IMPORTED FABRICS

No.	Item	Construction	Type	Country of Origin	FOB Per Yard
1.	**Grey Cotton Shirting 39"**	$\frac{30 \times 36}{72 \times 69}$	100% Cotton	China	US $ 0.104
2.	**Grey Cotton Shirting 39"/40" (art. 588)**	"	"	Russia	" 0.078
3.	**Grey Cotton Shirting 42" (art. 589)**	"	"	"	" 0.095
4.	**Grey Cotton Shirting 38"**	"	"	Taiwan	" 0.094
5.	**White Cotton Cambrics 42"**	"	"	Pakistan	" 0.126
6.	**White Cotton Cambrics 42"**	"	"	China	" 0.135
7.	**White Cotton Prima 42" (Great Wall)**	$\frac{40 \times 40}{96 \times 82}$	"	"	" 0.16
8.	**White Cotton Prima 42"**	$\frac{36 \times 40}{94 \times 72}$	"	Singapore	" 0.15
9.	**White Cotton Shirting 36" (art. 71/106)**	$\frac{32 \times 38}{77 \times 54}$ & $\frac{32 \times 38}{79 \times 66}$	"	Russia	" 0.068
10.	**Printed Cotton Shirting 36" (Jumping Fish)**	$\frac{30 \times 36}{72 \times 69}$	"	China	" 0.723
11.	**Printed Cotton Shirting 36" (Green Peony)**	$\frac{36 \times 42}{68 \times 63}$	"	"	" 0.112
12.	**Printed Cotton Shirting 31"**	$\frac{32 \times 38}{80 \times 66}$	"	Russia	" 0.069
13.	**Printed Cotton Shirting 36"**	"	"	"	" 0.081
14.	**Printed Cotton Shirting 36"**	$\frac{30 \times 32}{68 \times 68}$	"	Singapore	" 0.09

CHECK PRICES OF IMPORTED FABRIC (Contd)

Exhibit 4-62 (Cont'd.)

No.	Item	Construction	Type	Country of Origin	FOB Per Yard
15.	Printed Cotton Imitation Voile 36"	40 x 40 / 58 x 52	100% Cotton	Japan	US $ 0.135
16.	Printed Cotton Imitation Voile 36"	"	"	China	" 0.113
17.	Printed Cotton Half Voile 36" ("Kanebo No. 9400")	-	"	Japan	" 0.18
18.	Printed Cotton Full Voile 36" ("Kanebo No. 9200")	-	"	"	" 0.27
19.	Dyed Cotton Full Voile 36" ("Kanebo No. 9200")	-	"	"	" 0.252
20.	White Cotton Mull 44"	40 x 40	"	China	" 0.099
21.	White Cotton Mull 44" (Chemist 8181)	40 x 40 / 62.5x 50	"	Japan	" 0.10
22.	Printed Cotton Flannel 36" (166 gr.)	24 x 13 / 42 x 44	"	Singapore	" 0.342
23.	Printed Cotton Flannel 36"	42 x 44	"	Taiwan	" 0.147
24.	Black Rayon Velveteen 40"	-	100% Rayon	India	" 0.378
25.	Black Rayon Velveteen 36"	-	"	Japan	" 0.36
26.	Black Cotton Velveteen 40"	-	100% Cotton	U.S.A.	" 0.504
27.	White Cotton Poplin 36" (Green Peony)	40 x 40 / 133 x 72	"	China	" 0.157
28.	White Cotton Poplin 36" (Three Peaches No. 4000)	"	"	Japan	" 0.17
29.	White Cotton Poplin 36"	"	"	Taiwan	" 0.148
30.	White Cotton Poplin 36" (Double Crane)	30 x 40 / 100 x 60	"	China	" 0.122

CHECK PRICES OF IMPORTED FABRIC (Contd.)

Exhibit 4-62 (Cont'd.)

No.	Item	Construction	Type	Country of Origin	FOB Per Yard	
31.	Dyed Cotton Poplin 36"	$\frac{40 \times 40}{133 \times 72}$	100% Cotton	Taiwan	US $	0.153
32.	Black Cotton Poplin 36" (Green Peony)	"	"	China	"	0.183
33.	Printed Cotton Poplin 36" (SW 2015)	$\frac{30 \times 38}{100 \times 60}$	"	Japan	"	0.179
34.	Printed Cotton Poplin 44"	-	"	"	"	0.216
35.	Dyed Cotton Drill 28"	$\frac{20 \times 20}{84 \times 48}$	"	HongKong	"	0.126
36.	Dyed Cotton Drill 36" (Water & Moon)	$\frac{20 \times 20}{108 \times 58}$	"	China	"	0.189
37.	Dyed Cotton Drill 36"	$\frac{20 \times 20}{128 \times 60}$	"	China	"	0.207
38.	Grey Cotton Drill 39"	$\frac{20 \times 20}{128 \times 58}$	"	HongKong	"	0.162
39.	White Cotton Interlining 36" (Kanebo 7920)	"	"	Japan	"	0.171
40.	White Polyester Cotton Interlining 36"	"	Polyester/Cotton	"	"	0.234
41.	White Cotton Sheeting 90" ("Three Peaches")	"	100% Cotton	"	"	0.405
42.	White Cotton Sheeting 90" (ML-15000)	"	"	"	"	0.46
43.	White Cotton Sheeting 90" (M-16500)	"	"	"	"	0.44
44.	White Cotton Sheeting 90" (11500)	"	"	"	"	0.48

CHECK PR[illegible]S OF IMPORTED FABRIC (Contd)

Exhibit 4-62 (Cont'd.)

No.	Item	Construction	Type	Country of Origin	FOB [illegible] / Yard	
45.	White Cotton Sheeting 80"	$\frac{20 \times 20}{128 \times 58}$	100% Cotton	Japan	US $	0.44
46.	White Cotton Sheeting 90" (Corona Camel 8900)	-	"	"	"	0.46
47.	White Nylon Tricot 36"	-	100% Nylon	Korea	"	0.077
48.	Dyed Nylon Tricot 36"	-	"	"	"	0.085
49.	Two Tone Tricot 36"	-	"	"	"	0.094
50.	Three Tone Tricot 36"	-	"	"	"	0.102
51.	Pleated Nylon Tricot 44"	-	"	"	"	0.166
52.	Printed Nylon Crepe de Chine 44"	-	"	Japan	"	0.221
53.	Printed Nylon Crepon 44"	-	"	"	"	0.204
54.	Flock Nylon Crepon 44"	-	"	"	"	0.187
55.	Printed Nylon Embossed Crepon 44"	-	"	"		0.187
56.	Flock Nylon Printed Crepon 44"	-	"	"	"	0.204
57.	Printed Nylon Coal de Chine 44"	-	"	"	"	0.204
58.	Yarn dyed Cashmilon Shirting 36" (CA 7106)	$\frac{50D \times 52}{108 \times 72}$	Tetron/Viscose	"	"	0.306
59.	Yarn dyed Polyester Shirting Toyobo (YX 800)	-	32% Polyester 48% Exland 20% Viscose	"	"	0.272
60.	Cotton Bed Ticking 48" ("Flower Brand")	$\frac{20 \times 20}{90 \times 40}$	100% Cotton	China	"	0.203
61.	Printed Cotton Pique 44"	-	"	Japan	"	0.315

CHECK PRI[illegible] OF IMPORTED FABRIC (Contd.)

Exh[illegible]t 4-62 (Cont'd.)

No.	Item	Construction	Type	Country of Origin	FOB Per Yard
62.	Dyed Cotton Flannel 36"	42 x 44	100% Cotton	Taiwan	US $ 0.126
63.	Dyed Rayon Muslin 36"	30 x 32 / 61 x 64	100% Rayon	China	" 0.09
64.	Printed Rayon Muslin 36"	"	"	"	" 0.098
65.	Printed Rayon Muslin 36"	30 x 32 / 68 x 68	"	"	" 0.102
66.	Dyed Spun Rayon Muslin 36" (Kabilon 3000)	D30 x D30 / 89 x 60	"	Japan	" 0.155
67.	Dyed Spun Rayon Muslin 36" (D-83)	-	"	"	" 0.109
68.	Printed Rayon Fuchun 36"	103 x 60	"	China	" 0.102
69.	Dyed Rayon Sateen Twill 54"	-	"	Japan	" 0.17
70.	Dyed Rayon Sateen 36" (3600 Threads)	-	"	"	" 0.139
71.	Dyed Rayon Sateen Twill 36" (No. 2800)	-	"	Korea	" 0.108
72.	Dyed Rayon Sateen 36" (8000 threads)	-	"	Japan	" 0.187
73.	White Tetoron Cotton Blended Broad-cloth 36" (T 68 brand)	-	65% Tetoron 35% Cotton	"	" 0.225
74.	Dyed Tetoron Cotton Blended Broad-cloth 36" (T 68)	-	"	"	" 0.216
75.	White Tetoron Cotton Blended Broad-cloth 36" (M 2000)	45 x 45 / 136 x 72	"	"	" 0.206
76.	Dyed Tetoron Cotton Blended Broad-cloth 36" (M 2000)	-	"	"	" 0.226
77.	White Tetoron Cotton Blended Broad-cloth 36" (Diamond KT 4000)	44 x 44 / 136 x 72	"	"	" 0.206

CHECK PRI OF IMPORTED FABRIC (Contd.)

Exhib.. 4-62 (Cont'd.)

No.	Item	Construction	Type	Country of Origin	FOB Per Yard	
78.	Dyed Tetoron Cotton Blended Broad-cloth 36" (KT 4000)	44 x 44 / 136 x 72	65% Tetoron 35% Cotton	Japan	US $	0.226
79.	White Tetoron Cotton Blended Broad-cloth 36" (Three Peaches to 40)	40 x 40 / 136 x 72	"	"	"	0.20
80.	White Tetoron Cotton Blended Broad-cloth (36" Unitka TC 420)	"	"	"	"	0.20
81.	White Tetoron Cotton Blended Broad-cloth (Toyobo S 1400)	-	"	"	"	0.20
82.	Dyed Tetoron Cotton Blended Broad-cloth 36" (Toyobo S 1400)	-	"	"	"	0.218
83.	White Tetoron Cotton Blended Broad-cloth 36" (KT 3000)	65S x 65S	"	"	"	0.20
84.	White Tetoron Cotton Blended Broad-cloth 36" (KT 45000)	45S x 45S	"	"	"	0.20
85.	Dyed Tetoron Cotton Blended Lawn 36" (KT 3000)	65S x 65S	"	"	"	0.22
86.	White Tetoron Cotton Lawn 36" Toyobo (S 5500)	-	80% Polyester 20% Cotton	"	"	0.232
87.	Dyed Tetoron Cotton Lawn 36" (Toyobo S 5500)	-	"	"	"	0.252
88.	White Tetoron Cotton Blended Broad-cloth 36" (Omilon SC 1100)	45 x 45 / 136 x 72	65% Polyester 35% Cotton	"	"	0.192
89.	White Trueren Blended Poplin 36"	-	" "	China	"	0.176
90.	Dyed Trueren Blended Poplin 36"	-	"	"	"	0.196
91.	Yarn Dyed Tetoron Cotton Blended Gingham 36" (Omilon 80 1100)	45 x 45 / 88 x 70	65% Polyester 35% Cotton	Japan	"	0.184

CHECK PRI[illegible] OF IMPORTED FABRICS (Contd)

Exhib[illegible] 4-62 (Cont'd.)

No.	Item	Construction	Type	Country of Origin	FOB Per Yard
92.	White Tetoron Cotton Blended Broadcloth 36"	40 x 40 / 108 x 74	65% Polyester 35% Cotton	Singapore	US $ 0.18
93.	Dyed Tetoron Cotton Blended Broad-cloth 36"	"	"	"	" 0.198
94.	Yarn Dyed Spun Rayon Gigham 36"	68 x 81	100% Polyester	Japan	" 0.171
95.	White Cotton Checked Imitation Voile 40" (Elephant Brand)	-	100% Cotton	China	" 0.0513
96.	Dyed Pylen Jersey 72"	-	100% Nylon	Japan	" 0.36
97.	Dyed Nylon Tiany 72" (Pique Tricot)	-	"	S "	" 0.25
98.	Dyed Nylon Fancy Tricot 36"	-	"	Korea	" 0.09
99.	Fancy Nylon Shirting 36"	-	"	"	" 0.135
100.	Nylon Sheer Emboidery 44"	-	"	"	" 0.333
101.	Dyed Cotton Embroidery 44"	-	100% Cotton	"	" 0.36
102.	Dyed Nylon Taffeta 36"	-	100% Nylon	Japan	" 0.104
103.	Wooly Lace 44"	-	100% Nylon	Japan	" 0.36
104.	Black Cotton Sateen Drill 28" (Four Season)	42/2 x 21 / 90 x 61	100% Cotton	China	" 0.19
105.	Printed Cotton Poplin 36"	40 x 40 / 136 x 72	"	Japan	" 0.216
106.	Hair Cloth Interlining 29"	-	"	"	" 0.162
107.	White Nylon Crepe 44"	-	100% Nylon	"	" 0.198
108.	Dyed Cotton Corduroy 36"	-	100% Cotton	"	" 0.324

Exhibit 4-62 (Cont'd.)

No.	Item	Construction	Type	Country of Origin	FOB Per Yard
109.	Dyed Turabo Tetoron Cotton Blended Weather Poplin 58" (KT 67 510)	65/2 x 65/2	65% Tetoron 35% Cotton	Japan	US $ 0.60
110.	Polyester Viscose Suiting 58" (Tetrex 3269 berat 154,6 gr berat 179,8 gr/ Tetrex 3241)	75D x 30/2 120 x 63	75% Polyester 25% Viscose	"	" 0.57
111.	Dyed Suiting 58" (Tetrex 6000)	-	Toray Tetoron Viscose	"	" 0.62
112.	Kuartex Suiting 58" (No. 1000)	-	65% Polyester 35% Viscose	"	" 0.53
113.	Dyed Suiting 58" (No. 666")	-	75% Polyester 25% Viscose	"	" 0.53
114.	Vonel Suiting 58"	-	-	"	" 0.513
115.	Cashmilon Viscose Suiting 58" (CA 50.000/CA 60.000)	75D x 52/2 124 x 64	50% Cashmilon 35% Polyester Viscose 10% Rayon 5% Nylon Spark	"	" 0.57
116.	Shipe Suiting 58" (Berat 129,9 gr.)	-	Polyester Viscose	"	" 0.57
117.	Dyed Polyester/Viscose Suiting 58" (Kuratex SW 3241 Berat 139,5 gr)	-	-	"	" 0.54
118.	Tetoron Viscose Suiting 58" (Berat 160 gr.)	-	-	"	" 0.56

SOURCE: Directorate General
Department of Customs

Exhibit 4-63

MADE UP ITEMS SUBJECT TO CHECK PRICE BY COUNTRY

CHINA

Cotton Honeycomb Quilt
Cotton Terry Quilt
Bedspreads
Blankets
Table Lace
Tablecloths
Pillowcases
Mufflers

R.R.T.

Pillowcases
Bed Sheets
Blankets
Handkerchiefs
Raincoats
Male Vests
Male Singlets
Male Knit Shirts
Male Cotton Terry Sport Shirts
Female Cotton Knit Shirts
Underwear:
    Ladies Nylon
    Ladies Cotton
    Men's Briefs

HONG KONG

Woolen Sweaters
Men's T-Shirts
  " Shorts
  " Briefs
  " Cotton Vests
  " Cotton Poplin Shirts
Singlets
Handkerchiefs
Men's Nylon Hose
Women's Nylon Hosiery
Men's Raincoats
Women's Raincoats

JAPAN

Men's Nylon Hose
Women's Nylon Hosiery

Note: These items appear in Custom's listings in a variety of sizes and types often with code numbers listed. Designated items are subject to the check price listed in the tables regardless of the invoiced price.

SOURCE: Department of Customs And Werner

The base price then for determination of tariff is either the F.O.B. or check price plus freight as shown in Exhibit 4-64 . The tariff as listed by the Department of Customs is given in two percentages. The first is a basic duty and the second is a surcharge which is continually raised or lowered without the rewriting of basic duty tables. The list of tariffs in effect are available in Appendix D. It is reported that the lowering or raising of the surcharge is a function of each custom chief at the harbor site. The given reason for fluctuating the surcharge is to allow the budget for revenue at that harbor to be met on a monthly quota set by the government. This is not in keeping with a sound textile tariff system and will naturally cause an instability of pricing of textile goods on the market. Some means must be found to provide a structured import landed cost.

Exhibit 4-64

DETERMINATION OF LANDED COST OF IMPORTED GOODS

TARIFF DETERMINATION:

Basic Price:

Freight on Board (F.O.B.) - Invoiced Price on Bill of Lading

OR

Custom's Check Price - Value Placed on Goods of Special Types Used as a Guard Against Under-invoicing.

Basic Price + Cost of Freight = C and F

Tariff =
Surcharge = % Import Duty
Tariff = Import Duty + Surcharge (C + F)
(Listed by Customs for Several Textile Categories)

IMPORT SALES TAX:

C.I.F. = 0.5% Insurance Charge x C and F

Tax Base = C.I.F. + Tariff

% Sales Tax = 0-20% Level Based on Types of Imported Goods by Department of Taxation

Import Sales Tax = Tax Base x % Sales Tax

FINAL LANDED PRICE OF IMPORTED GOODS:

C and F + Insurance + Tariff + Sales Tax

Exhibit 4-65

PERCENTAGE OF SALES TAX LEVIED ON TEXTILES

Item	1951-1970	*As of Aug. 1971
Cotton or Blended Yarn	0%	5%
Non-Apparel Textiles	5%	5%
Knitted Fabric	5%	5%
Ready-Made Garments	20%	10%

*Note: During the Marketing Survey final approval had not been given for the new rates. It is Werner's understanding that these new rates are now in effect.

Source: Department of Taxation

4.7.0.0 DISTRIBUTION

4.7.1.0 Channels of Distribution for Textiles

Yarn

Compared to the distribution channels involved for fabrics and made-up goods, the methods by which yarn goes from the spinners to the fabric producers are limited in number and fairly straight-forward in operation.

Most Indonesian spinners operate through agents. These are really salesmen paid on a commission basis. They are not of the "multi-card" type, but act exclusively for one spinner. They pass the yarn on to the fabric manufacturers either directly or through wholesalers/merchants.

Imported yarn can be brought in directly from the foreign country by the fabric manufacturer but the bulk of it comes in via importers who then sell it either direct to the fabric producers or to wholesalers/merchants.

From observations made during the field survey, it is estimated that some 90% of yarn sold by local spinners goes through their own agents, the remaining 10% being sold to wholesalers/merchants or direct to fabric manufacturers. Much less than 10% of imported yarn is bought directly from outside the country by the fabric manufacturers.

The situation is summarized in Exhibit 4-66.

Fabric

The distribution situation for fabric is much more complex and fragmentary than that for yarn. Distribution channels differ according to whether the goods are produced locally, imported or smuggled. The complexities are best illustrated schematically. Exhibits 4-67 and 4-68 show how locally produced woven and knitted fabrics find their way from manufacturer to consumer. In both cases, the role of the wholesaler is crucial, most of the traffic revolving around the larger wholesalers who feed smaller regional or local wholesalers.

The wholesaler is also the single most important element in the distribution of imported fabrics, both legal and smuggled. The larger wholesalers

Exhibit 4-66

1. Channels of Distribution for Domestic and Imported Yarn

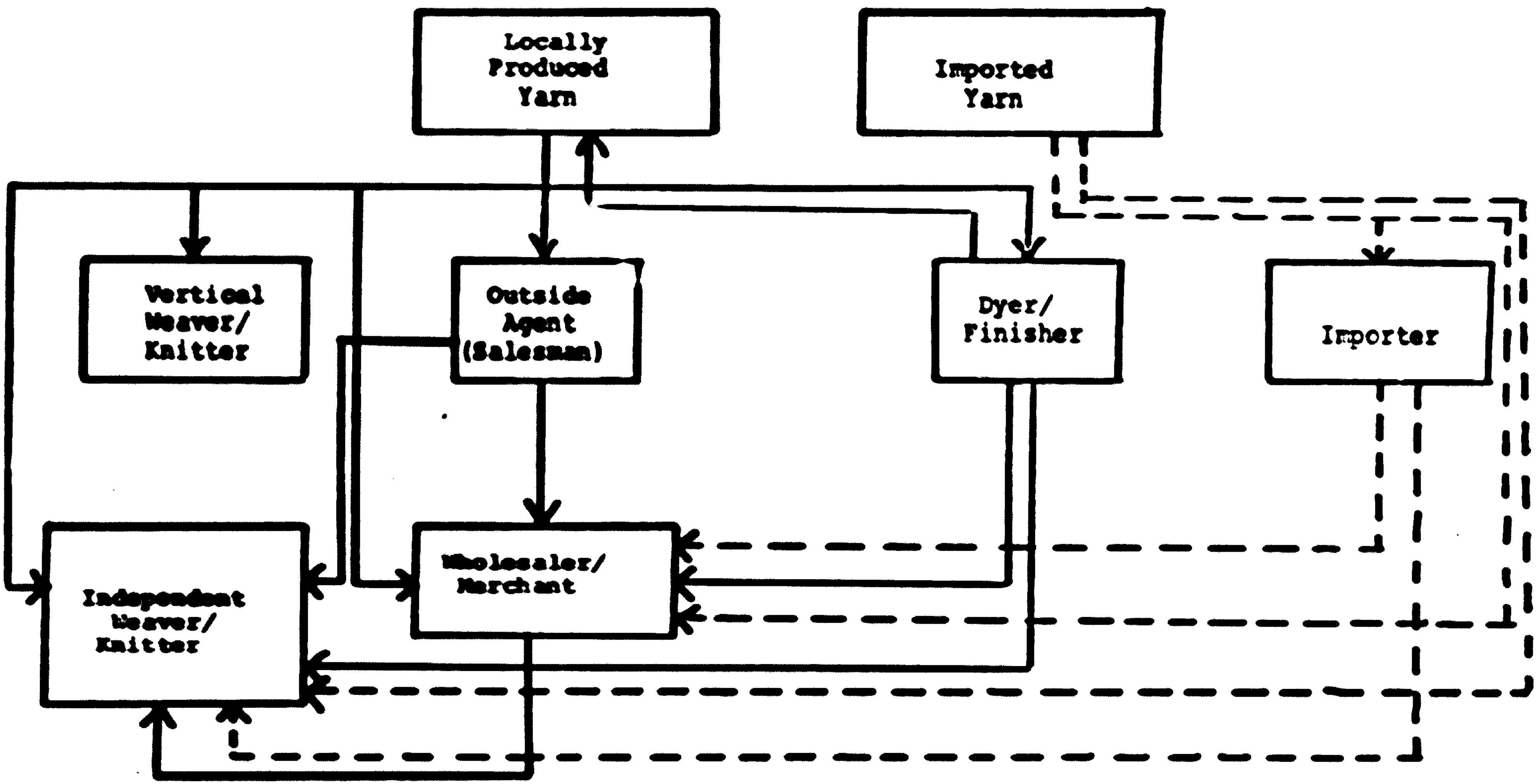


Exhibit 4-67

2. Distribution Channels for Locally Produced Woven Fabric

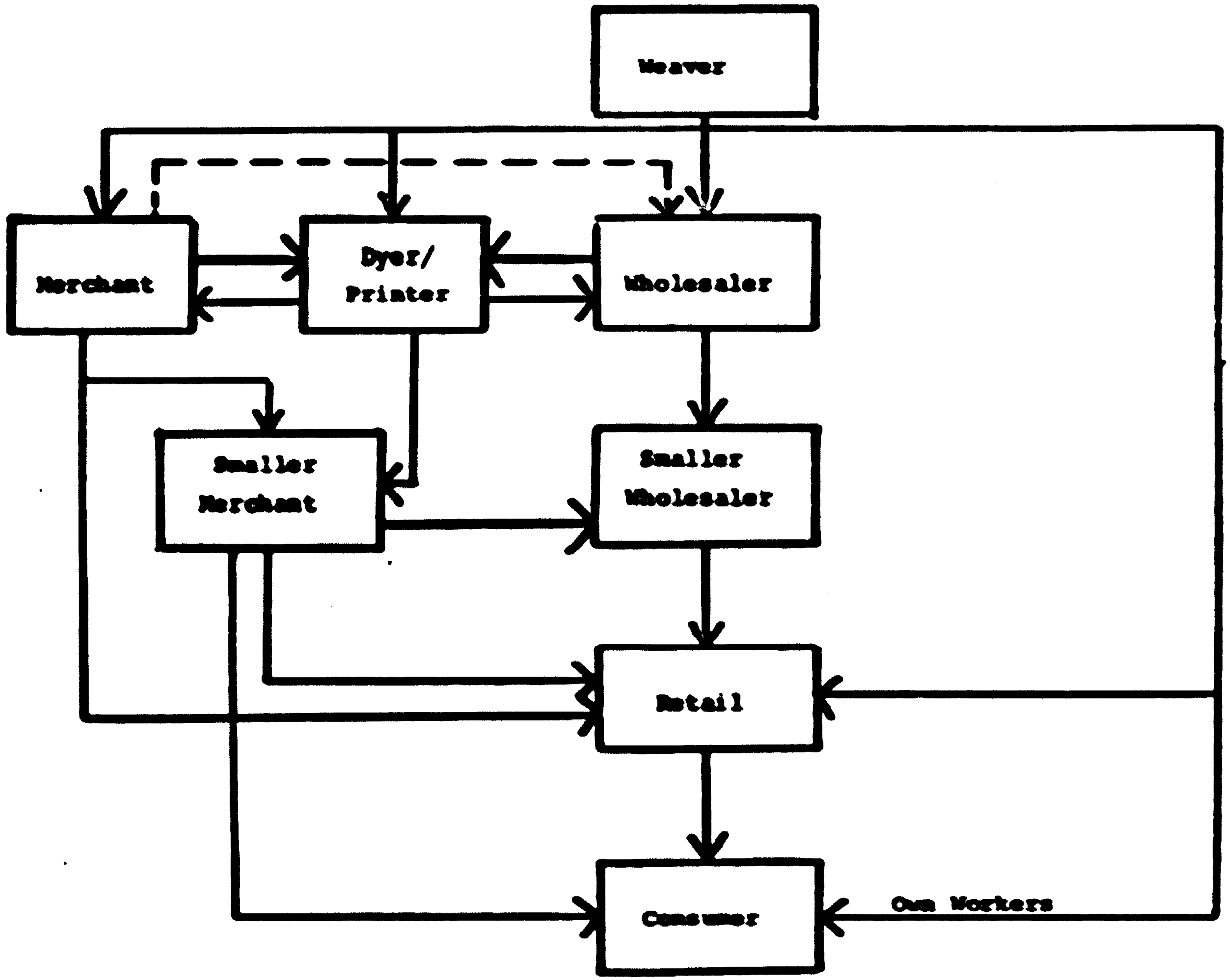
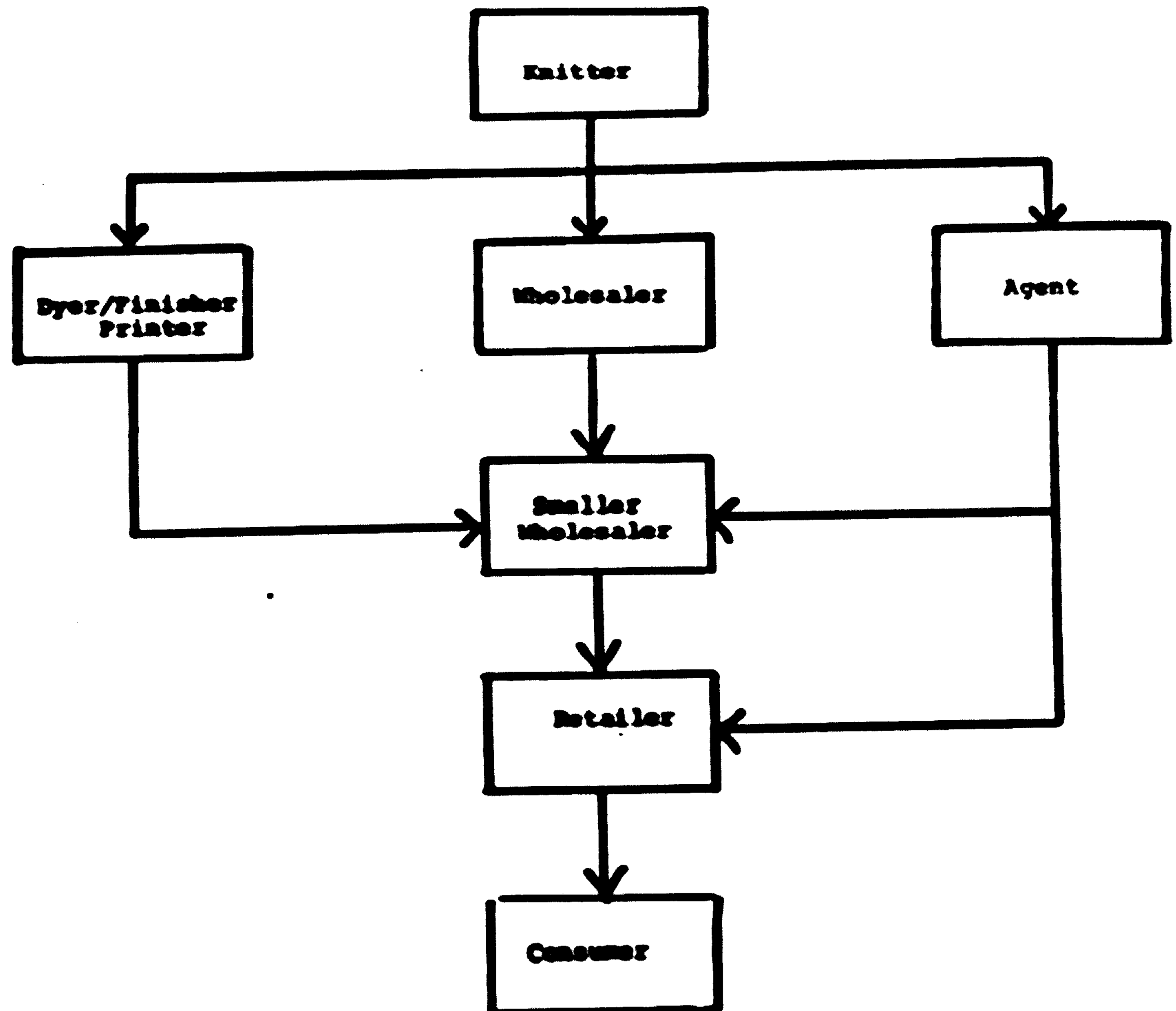


Exhibit 4-68

3. Distribution Channels for Locally Produced Knitted Goods



buy directly from outside the country and also from importers. From there the distribution pattern is similar to that for locally produced goods. Exhibits 4-69 and 4-70 summarize the situation.

The most obvious comment that can be made on this situation is that although the goods eventually get to the consumer, it is usually via an extremely circuitous and inefficient route. The basic cause of the complexity is that there is no well developed retailing sector in Indonesia. There are only three department stores in the whole country, all run by the Sarinah group. Many of the wholesalers, particularly the smaller ones, also operate as retailers. Most retail outlets take the form of stalls in more or less established market places according to the region of the country. Price bargaining is the order and any attempted measurement of the average retail mark-up would be meaningless.

Marketplaces are an integral part of the system. There are three good examples of wholesale markets having different characteristics. In Djakarta the Tanah Abang market is the major national wholesale market which attracts buyers from all over the

4. Distribution Channels for Locally Imported Fabric

Exhibit 4-69

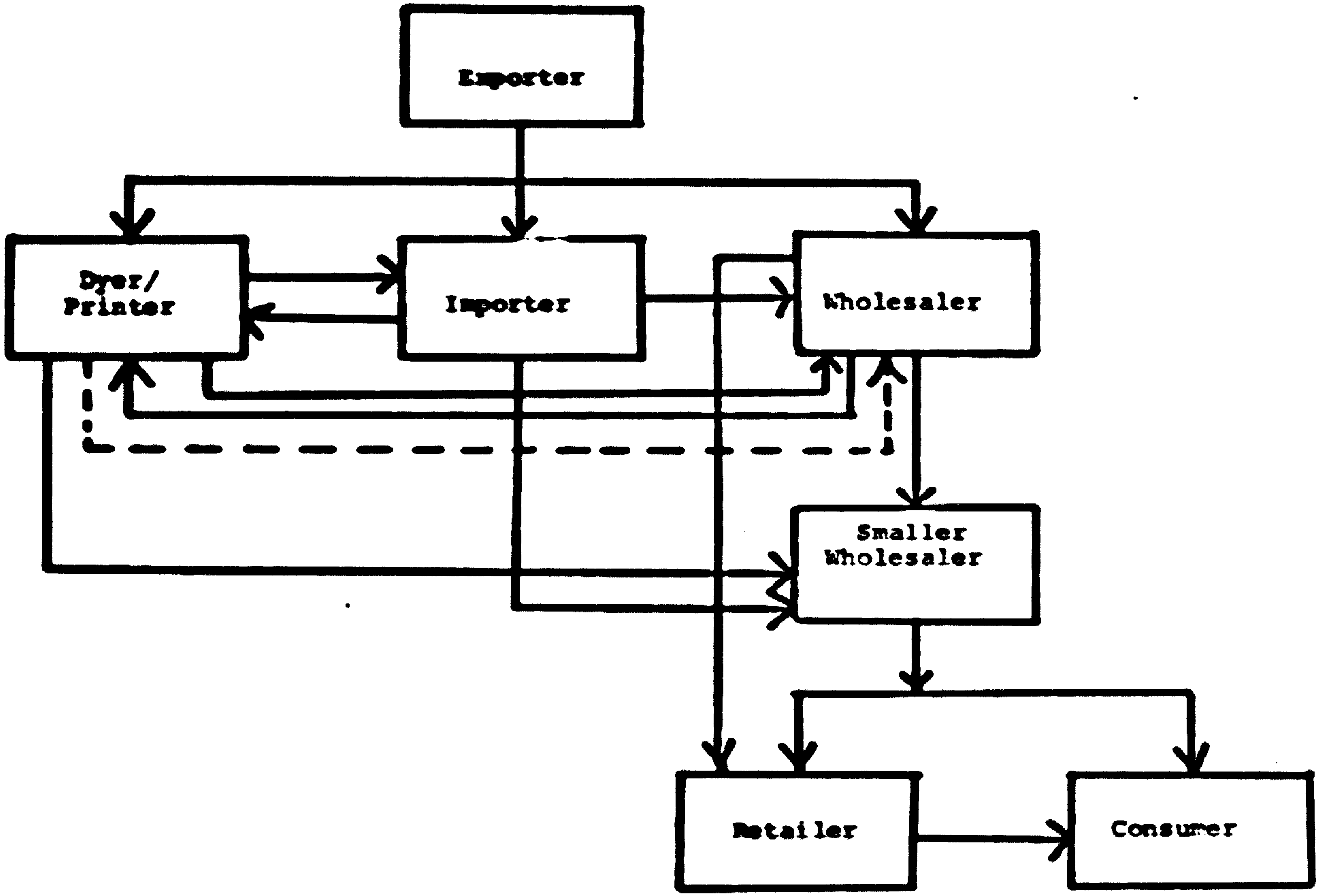
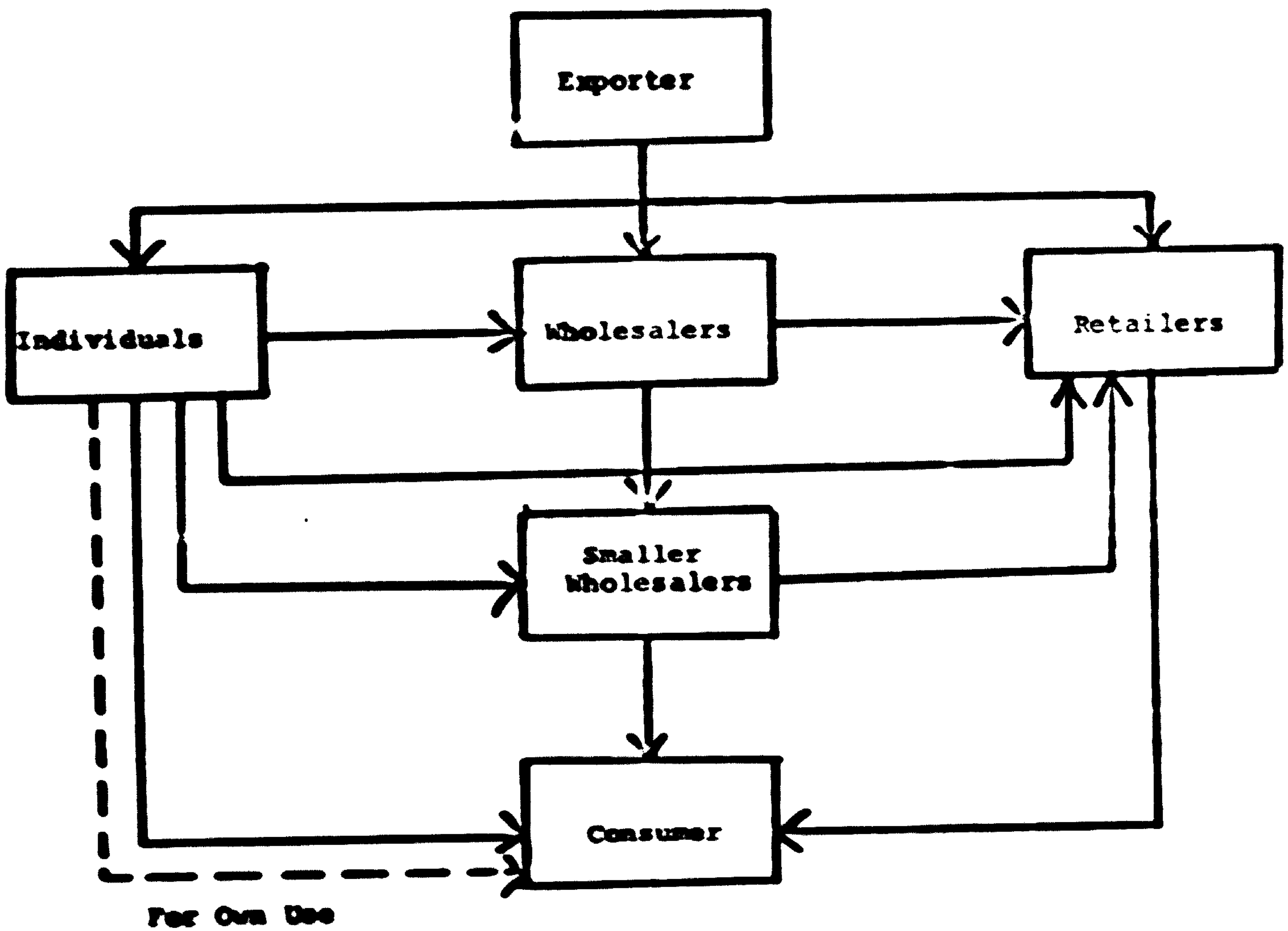


Exhibit 4-70

5. Distribution Channels for Smuggled Fabric



country. The Pintu Ketjil market in Djakarta is another wholesale market but it supplies mainly the Djakarta and West Java area. In Central Java there is a new wholesale/retail market, Pasar Klever, which is experimental in the sense that the merchants have a say in setting the conditions under which the market will be operated. This is a step forward in that it will help to bring about a degree of consolidation.

The major retail markets in the Djakarta area display a kind of natural distinction in their level of operation, even if not in their basic characteristics. The Pasar Boru is distinctly a higher priced market than the Pasar Senan while the Block M market falls somewhere in between the two. An idea of the diversity of buying and selling practices encountered is given by the fact that it is not uncommon to find fabric sold by the kilogram at one stall and by the meter at the next.

It is difficult to see how this situation can be improved. The power is in the hands of the capitalist class of merchants and wholesalers, basically Chinese, who effectively control the movement of goods. A policy of encouraging the development of larger retail units and national distribution where economically feasible by the fabric producers through selected wholesalers operating on a regional rather than on a purely local basis, would seem to have the best chance of cutting costs and inefficiency but this will have to be accompanied by an attempt to reduce the high percentage of smuggled goods currently on the market.

Levels of Profit in the System of Distribution

As raw fiber enters the country, it is handled by a clearing agent whose commission is 1½% of the invoiced price of the raw material. The fiber is delivered to the spinning mill for processing into yarn. The raw material is purchased from the government with the current subsidy of 2.5 RP/$U.S. value fixed and not payable until the yarn is turned over, usually a period of six months. The yarn is sold by the mills on a cash basis through their agents who will generally accept "soft cash" which is a credit without interest for a period of 15 to 21 days depending on market conditions. The first option is given to the weavers and knitters and the remainder of the lot is purchased under the same conditions by a yarn merchant. The profit margin will fluctuate slightly with yarn pricing and ranges from 7 to 10% of the selling price.

The yarn merchant can also buy imported yarn which is handled through an importer who requires a handling fee reported to be 2% of the selling price. The yarn merchant has many different points of distribution which he services often times on a credit

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3 OF 3

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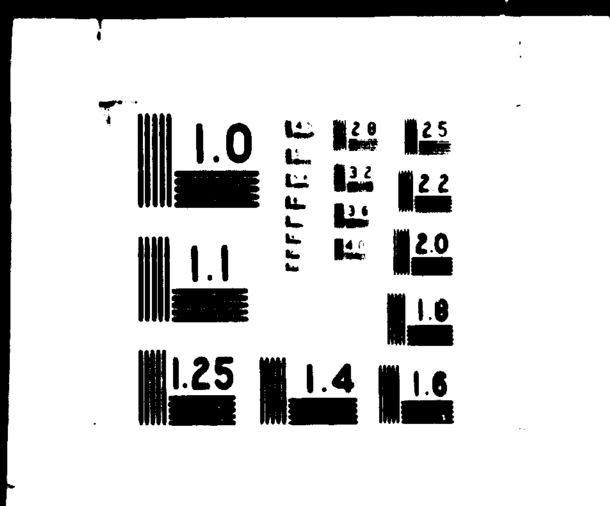

basis. The merchants may also from time to time hold off the market, a quantity of a particular count yarn until the demand causes a rise in price thereby increasing his profit margin. The merchant because of credit dealings has a variable profit margin but it normally ranges from 2 to 5% of the selling price or higher depending on the time period of the allotted credit.

Domestic fabric manufacturers sell fabrics to wholesalers and to further processing companies. The weaver's profit is estimated to be at 10 to 15% on the cost price of his fabric. Naturally the range given is representative of the many types of fabrics which are produced some will be in greater demand and profit margins will be higher. During June and July of 1971 while Werner was conducting the survey, prices of textile fabrics showed a rather stable level.

Legal imports of greige fabric are generally handled on a commission finishing basis, in other words the importer retains ownership of the goods and pays to have them finished. The wholesaler realizes his profit upon sale of finished goods and the finisher is said to make a profit of approximately 5% on the cost of processing commissioned goods.

For finished fabric the profit margin at the finishing level is generally 10% for the finisher based on selling price.

It is difficult to generalize concerning the profit levels because of the many different patterns of distribution, sources of material, and credit policies at different stages of distribution. The following are guidelines that will have application at most stages:

	Profit Margin
Spinning Mill	7 to 10%
Weaving Mill	10 to 15%
Finishing Mill	8 to 10%
Wholesaler	1.5 to 5%
Small middle man	2 to 3%
Retailer	Widespread

APPENDIX C

TEXTILE FABRIC IMPORTS
1963 to 1969
(Thousands Kilograms)

	1963	1964	1965	1966	1967	1968	1969
TEXTILE FABRICS:							
1. Silk and Silk +							
a. Sarongs							
1. 100% Silk							
2. Silk +							
b. Apparel Velvet	1	--	7	--	--	--	--
c. Trimmings	--	--	28	--	169	3	1
d. Apparel ribbon	--	1	1	--	--	1	1
e. Other n.e.s.	1	5	4,041	9	23	85	1
2. Synthetic + Blends							
a. Sarongs							
1. 100% Synthetic					4	5	--
2. Other							
b. Apparel Velvet	36	20	5	15	56	29	27
c. Trimmings	62	90	42	157	37	135	17
d. Apparel ribbon	7	6	14	7	30	6	17
e. Other n.e.s.	4,444	8,002	12,069	23,809	23,110	7,698	8,135
f. Polyester						3,463	1,037
3. Animal Hair							
a. Apparel Velvet							
b. Blankets	1	2	23	11	9	3	5
c. Trimmings			1		2		8
d. Apparel ribbons				1	--	--	--
e. Curtains/upholstery/w.c.		3			2	7	2
f. Other n.e.s.	133	129	130	138	43	3	7

TEXTILE FABRIC IMPORTS (Continued)
(Thousands Kilograms)

	1963	1964	1965	1966	1967	1968	1969
4. Cotton							
a. Sarongs:							
1. Imitation batik	--	1	--	--	6	--	--
2. Printed, n.e.s.	2	3	26	--	4	--	--
3. Mech. woven/col. fill.				3	23	1	12
4. Other n.e.s.				3	5	2	7
b. Kains Pandjang, Selendangs & Cloths							
1. Imitation batik							
2. Printed n.e.s.					2	--	--
3. Mech. woven/col. fil.					1	1	--
4. Other n.e.s.							1
c. Apparel Velvet	131	163	163	119	233	247	189
d. Blankets							
1. Carded cotton	16	33	41	134	123	27	30
2. Other n.e.s.	3	1	2	72	7	--	3
e. Trimmings	7	19	9	5	23	4	11
f. Apparel ribbons	1	8	7	6	34	19	45
g. Curtains/upholstery/w.c.	3	16	15	56	12	12	22
h. Voile and semi voile	33	81	32	130	241	139	58
i. Netting & tulle					38	38	46
j. Unbleached cotton, n.e.s.	117	62	11	17			
1. Calicots							
2. Shirting & Sheeting							
aa. 33" & less						29	26
bb. 34/36"	247	1,001	451	634	--	90	232
cc. 37" +	1,003	269	3,232	6,084	11,839	7,900	6,240
3. Other	182	15	186	30	419	250	95

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TEXTILE FABRIC IMPORTS (Continued)
(Thousands Kilograms)

	1963	1964	1965	1966	1967	1968	1969
k. **Bleached cotton n.e.s.**							
1. Cambric 38" +	2	5	9,084	7,253	10,559	7,471	4,206
2. Shirting 37" -	2,897	1,774	2,029	4,766	4,631	1,865	1,717
3. Other	2,784	2,953	2,982	5,468	4,277	2,224	3,350
l. Dyed cotton n.e.s.	4,300	4,454	2,071	5,523	8,151	2,893	2,282
m. Prints n.e.s.	11,663	6,388	5,112	10,358	10,298	4,935	5,242
n. Woven dif. col. fill. n.e.s.	239	539	215	350	924	83	49
o. Other n.e.s.	24	70	8	24	46	36	151
5. Flax/Hemp/Ramie + Cotton n.e.s.							
a. Drillings	--	5	--	--	--	--	--
b. Other n.e.s.	54	20	1	3	6	11	20
6. Other Vegetable Fibers n.e.s.							
a. Gunny packing cloth	340	1,135	1,446	--	129	304	4
b. Other	164	--	--	--	--	--	1
7. Apparel Velvet n.e.s.	9	--	4	--	4	210	10
8. Curtain/Upholstery/w.c., n.e.s.	2	16	2	31	27	108	61
9. Trimmings n.e.s.	--	1	83	--	1	1	2
10. Carpets							
a. Fine animal hair	4	4	4	66	3	30	36
b. Other	24	2	8	9	153	9	61

TEXTILE FABRIC IMPORTS (Continued)
(Thousands Kilograms)

	1963	1964	1965	1966	1967	1968	1969
11. Embroidery							
a. 100% Silk	51	--	--	--	--	--	--
b. 100% Cotton	--	5	11	1,218	4	--	--
c. Other fiber or mix	--	--	--	1	--	--	--
12. Fabrics & Articles + Metal	5	--	--	4	51	11	--

INDUSTRIAL TEXTILE FABRIC IMPORTS
1963 to 1969
(Thousands Kilograms)

	1963	1964	1965	1966	1967	1968	1969
INDUSTRIAL FABRICS							
1. Felts							
a. Sheets or rolls	5	5	43	1	6	10	3
b. Other exc. carpet & hats	9	9	5	7	11	4	11
2. Rope and Cordage							
a. Rope	536	644	728	312	1,326	567	1,074
b. Fish nets	50	21	54	2	40	74	114
c. Other n.e.s.	1	1	--	--	18	45	--
3. Coated Felts & Fabrics							
a. Linoleum					23	28	7
b. Waxed or oilcloth							
1. Furniture upholstery	301	159	74	209	213	90	167
2. Other	120	5	33	597	1,948	1,560	2,322
c. Asphalt or tar impreg.							
1. Upholstery & roof cov.					33	6	4
2. Other	14	28	364	5	--	--	49
d. Rubber impregnated	9	205	72	545	596	447	417
e. Bookbinding	26	42	8	2	26	41	33
4. Elastic Fabrics from Rubber	8	20	13	20	63	22	137

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INDUSTRIAL TEXTILE FABRIC IMPORTS (Continued)
(Thousands Kilograms)

	1963	1964	1965	1966	1967	1968	1969
5. Other Special Fabrics							
a. Cotton/wool and dressings							
1. Surgical & Sanitary	99	27	73	74	64	41	174
2. Other	--	2	--	2	17	1	2
b. Hoses liquid & gas	43	51	13	25	62	55	67
c. Bolting/filter trans. con. belts, n.e.s.	72	37	18	19	32	20	31
d. Mantles	48	30	30	76	25	6	34
e. Canvas/shoecloth/fabrics of tex. fibers n.e.s.	392	501	436	1,539	397	288	482
f. Filter/shade cloth part made-up tex. for agricul. & ind.	22	16	20	27	28	40	25
g. Other	1,929	724	968	662	1,182	1,401	1,189

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TEXTILE CLOTHING IMPORTS
1963 to 1969
(Thousands Kilograms)

TEXTILE CLOTHING	1963	1964	1965	1966	1967	1968	1969
A. Clothing & Headgear							
1. KNITS:							
a. Stockings & socks							
1. Silk & synthetic	67	49	44	102	247	35	39
2. Cotton (1 color)	--	18	--	--	--	4	6
3. Other	--	1	4	3	6	1	9
b. Underwear:							
1. Silk & synthetic	3	18	16	14	8	3	17
2. Other	25	54	24	--	144	58	349
c. Other	23	12	11	22	26	22	17
2. NON-KNIT/OUTER & UNDERWEAR:							
a. Rubber/oil/plastic							
1. Raincoats	22	18	14	28	30	14	13
2. Other	--	21	--	9	2	--	--
b. Outer clothing							
1. Men & boys	224	248	248	1,356	862	498	293
2. Other	69	98	62	456	279	98	67
c. Underwear							
1. Silk & synthetic	5	111	75	97	86	11	34
2. Other	36	67	46	189	112	24	77
3. HEADGEAR NON-KNIT							
a. Hats & parts							
1. Hood							
2. Female hats							
3. Male hats	5	10	2	6	8	7	11
4. Other	--	2	--	3	2	6	6
b. Other headgear							
1. Dive & smoke	4	12	1	2	--	14	1
2. Other	1	2	8	6	7	10	6

TEXTILE CLOTHING IMPORTS (Continued)
(Thousands Kilograms)

	1963	1964	1965	1966	1967	1968	1969
4. OTHER NON-KNIT							
a. Handerkerchief							
1. Silk & synthetic	182	6	4	13	3	--	8
2. Other							
aa. white	--	1	--	--	--	--	--
bb. other	22	58	31	117	68	29	45
b. Other	40	56	24	34	103	12	37
B. Footwear							
1. Textile material							
a. With rubber sole							
b. Other							

MADE-UP ARTICLES OTHER THAN INDIVIDUAL & APPAREL

1963 to 1969

(Thousands Kilograms)

MADE-UP ARTICLES OTHER THAN INDIVIDUAL & APPAREL	1963	1964	1965	1966	1967	1968	1969
1. Table/Kitchen/Toilet & Bed Linen							
a. Bath towels	19	5	14	139	268	52	60
b. Other							
1. Cotton	33	320	65	210	63	27	65
2. Linen & 1/2 linen							
3. Other	--	7	--	--	1	2	2
2. Bags & Sack for Packing							
a. Gunny bags	13,076	13,000	8,440	7,097	21,605	16,931	17,900
b. Other	206	136	89	112	18	128	80
3. Other							
a. Sails/tarps/tents/awnings/buckets/other made up canvas goods n.e.s.	82	20	6	90	14	52	81
b. Curtains/table covers & home furnishings	19	7	46	10	38	34	24

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1970 IMPORTS OF TEXTILES IN INDONESIA

	KILOGRAMS	POUNDS
SARONG: of silk and/or synthetic	655,251	1,441,552
SARONG: of cotton including: long cloths, headgear & similar	13,819	30,402
APPAREL PLUSH AND VELVET including: Lace; Embroidery; trimmings; ribbon	434,782	956,520
BLANKETS AND COVERLETS	122,007	268,415
CURTAINS, UPHOLSTERY, WALL COVERINGS including: voile; semi-voile, netting; tulle	803,808	1,768,378
PIECE GOODS/UNBLEACHED of cotton other than: shirting; sheeting; super sheeting	126,043	277,295
PIECE GOODS/BLEACHED of cotton other than: shirting and cambric	1,525,360	3,355,792
PIECE GOODS of cotton Dyed; Printed; or Yarn Dyed	5,490,886	12,079,949
CLOTHING AND UNDERWEAR of textile material	1,422,001	3,128,402
PIECE GOODS/UNBLEACHED of cotton Shirting; Super Sheeting; Sheeting	3,872,749	8,520,048
PIECE GOODS/BLEACHED of cotton Cambric and Shirting	3,639,205	8,006,251
INDUSTRIAL & ROPE	1,670,078	3,674,172

Source: Central Bureau of Statistics

APPENDIX D

TEXTILE MATERIALS AND WARES OF TEXTILE MATERIALS

General provisions concerning Chapters 46 to 52, inclusive of this Section.

1. For the application of the Tariff, the terms mentioned below shall have the following meanings:

   (a) The term "silk": as well silkworm silk as silk made by other insects, such as silk from wild silk, sea silk, floss silk and other silk wastes.

   (b) The term "artificial silk": all kinds of synthetics obtained by any manufacturing process, and raw materials used for the manufacture of artificial silk, such as nitro cellulose or collodien silk, cupric or Glansetoff silk, viscose silk, acetate silk, etc.

2. Unless specially provided for, manufactured goods (fabric, plaited wares, etc.), are classified without taking into consideration the finishing (sizing) or products or substances forming part thereof, with the exception of component threads, yarns and textile fibre; nor do selvedges of fabrics have any effect of the classification, unless they are used as decorations or unless they have a special signification in the use of the fabrics. In the same manner, stripes differently colored or differently composed, and made with one or several threads, clearly destined to be used only as indications for cutting purposes (i.e. to help in cutting up articles of fixed measurements, woven into

one single piece), or for sewing or as trade marks or sings used to distinguish the different products, are not taken into consideration; nor are trade marks, indications on fabrics as to type, weight, length, width and quality, or on other goods and having characteristics other than those of the forementioned stripes, including stripes of yarn or metal threads and all kinds of gummed bands used only to decorate fagends of fabrics or to decorate the upper external side of folded piece goods. Further, for the classification of finished products, no heed is given to thread used for seams, hems and button-holes. Finally, for the classification of manufactured products according to the component fibres, the textile threads or yarns contained therein are taken into consideration, regardless whether these threads or yarns are solely used for decorative purposes or not, or whether they form part of the actual fabrics, so that, for example, cotton fabrics having artificial silk threads woven therein or flowers, are classified, for assessment purposes, as fabrics partly composed of artificial silk.

3. For duty purposes, felt and felt goods are assimilated to woven goods of the same type, in so far as they are not specially assessed in the Tariff.

4. In so far as they are not specially assessed in the Tariff, combined textile wares, i.e., those made up with different kinds of fabrics, plaited wares, etc., held together, are dutiable according to that component article which, if

assessed separately, would pay the highest rate of duty.

5. Cloths and other manufactured products, simply cut into square or rectangular pieces, without any further workmanship, are treated as such goods imported as piece-goods.

6. Towels, handkerchiefs, etc., and other goods of fixed measurements, in quantities of more than 1 per piece of fabric are dutiable as similar goods which are not imported as piece-goods.

7. When applying the Tariff to goods stuffed with kapok, cotton, wool, horsehair, down and the like, the composition of the stuffing is not taken into consideration.

8. Ordinary cotton tulle for mosquito nets, not classified under No. 356, subsection I (a), is solely taken as being bleached or unbleached cotton tulle, of which each of the warp and weft threads consists of only one thread, twisted or not, with hexagonal meshes of uniform width in the whole piece, undecorated, in strips 180 cm. wide or more. For the application of the Tariff, this tulle is deemed to be exclusively intended for the manufacture of mosquito nets; thus, for assessment purposes, other goods wholly or partly manufactured from tulle are always considered as being composed of other tulle than used for the forementioned tulle for mosquito nets.

9. For assessment purposes, velvet and plush, as well as velvety and plushy fabrics (also known as pile fabrics), are not only taken as being fabrics whose obverse side (selvedges excluded) is entirely provided with flat or raised pile, threads or loops by means of separate threads in warp and weft, but are also taken as being these fabrics having stripes, figures, flowers, ornaments, designs, motifs and other decorations obtained in the same manner thereon. For the application of the Tariff, the following are also considered as being fabrics of the same style: chenille fabrics or fabrics composed of chenille, peach bloom fabrics and similar raised fabrics imitating velvet, as well as fabrics to which the addition of knops on the obverse side has given the appearance of velvet or plush and of velvety and plushy fabrics.

10. "Figured" cloths and other goods are deemed to be fini hed products which, by special weave or arrangement of the ground textured threads, are provided with figures, flowers, leaves, designs, motifs or other ornaments (damask, etc.), or with openworked ornaments, the term "ornaments" also included initials, badges and the like.

11. As "ribbed" fabrics are regarded fabrics woven by means of regularly alternating threads of different thickness, thereby presenting a ribbed surface.

12. As "applique" fabrics and other goods are regarded these whose ground texture is provided with decorations, designs or motifs, by means of internally or externally sewing or adhering parts of other textile fabrics thereon, such as embroidery, ornaments in leaf form, ribbons, gallons and the like.

13. As "open work" fabrics and other goods are regarded these whose threads have been omitted or removed and the which threads have subsequently been added in order to decorate or ornament the resulting open space.

14. "Specially decorated" goods (fabrics, etc.) are taken to mean:

(a) Embroidered and broche goods, as well as other goods provided with figures, flowers, leaves, designs, motifs and other ornaments by means of separate figuring threads,

(b) "Applique" and "open work goods" (see 12 and 13 above),

(c) Goods decorated with pearls, corals, ornamental stones, glass thread, glass powder, spangles, shells, mica, jet, mother-of-pearl and similar decorative articles, ever previously assembled in strips, motifs and the like,

(d) Goods decorated with metal threads, or metal thread fabrics or imitations thereof, or else goods covered or printed with metal dust or leaf metal,

(e) Goods decorated by painting or by the so-called "batik" process, or decorated in relief by means of paint and other substances,

(f) Goods having decorated edges, or indented edges, or the like, or else scalloped, bordered or fringed.

15. As embroidery wares are not only regarded completely finished goods, but also unfinished wares, including covers (kleeden), and similar articles, designed, painted or provided with motifs or indications, used for embroidery wares.

16. In order to distinguish between "close-woven" and "loose-woven" fabrics, loose-woven fabrics are considered as being those of which the space between warp threads is the same as or more than the thickness of the warp threads and the space between the weft threads is the same as or more than the thickness of the weft threads, however, fabrics, the spaces of which are filled with size, are not considered as being loose-woven. If the fabric is composed of regularly alternating threads of different thickness, the thinner threads are taken as a basis for examining the size of the spaces between the threads. Spaces made by faulty wearing are not taken into consideration.

17. The duty of fabrics (piece-goods of cotton and half-wool, batik imitations, cotton woven sarongs, kains pandjang and slendangs, bearverteen blankets, bags and packing objects, may, by Order be reduced by a maximum of 4% ad valorem

when the prices of these goods are such that the public would be too heavily burdened should the full duty be charged.

CHAPTER 46. - Silk, floss silk or waste silk and artificial silk; metal thread fabrics.

A. - Silk, floss silk or waste silk and artificial silk	Basic Duty	Sur-Charge	Total Duty	Import Sales Tax
343. Silk cocoons, silk waste and artificial silk fiber waste, also if combed, carded or pucked, but not spun; silk and artificial silk shoddy, mixed or not with other fibers..........................	--	--	--	--
344. Silk threads (including raw silk emptied from cocoons and threads and yarns manufactured from waste silk or from its by-products or from silk shoddy), thrown or not, degummed or not and/or dyed; artificial silk threads, also if coarse (artificial horsehair, "crinol", "crinoid"), or in strips or ribbons, twisted or not and/or dyed, as well as threads and yarns manufactured from artificial silk waste, or from artificial silk shoddy -- all these articles, including threads and yarns composed of the forementioned products combined with each other or with other fibers (cotton, wool, etc.):				
I. Weaving yarns.........................	--	--	50 Rp/$	5
Nylon stretch.........................			65 Rp/$	
II. Other..............................	30	50%	45%	5

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345.	Silk for tapestries (plusette), including the ingredients and implements belonging thereto, if packed with the silk in boxes, small cases and the like..	50	--	50	20
346.	Fabrics and other goods wholly or partly composed of silk or of artificial silk, n.s.m.:				
	I. Fabrics for curtains, hangings, carpets, runner carpets and for clothing, as well as all other fabrics........................	--	--	--	5
	a. Anyl for textile screen printing........................	10	--	10	5
	b. Other........................	30	--	--	10
	II. Woven or plaited strips and ribbons...........................	40	75	70	20
	III. Lacework, embroidery, insertions, scallops, edgings embroidered or otherwise decorated, ruche edgings, pleatings, fringes, trimmings, tattings, qalloons, braidings, setoffs, soutaches, chenille and similar articles used for trimming, finishing or decorating purposes, including cords for girdles, curtain loops and similar cords, as well as laces............	50	40	70	20

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IV. All kinds of articles manufactured to measure, prepared or not for immediate use, for ornamentation or decoration of apartments, carriages and furniture, such as carpets, rugs, runner-carpets and other floor carpets, curtains, curtain loops, lambrequins, altar covers, tapestries and wall hangings (Gobelins, etc.), kakemones, makimones, hatstand covers and divan covers, table cloths and table centers, piano keyboard runners, antimacassers, etc., including tray, dish, fingerbowl, washstand and like doilies, as well as pieces of fabric which have been embroidered, figured, painted, batikworked or otherwise trimmed for divan cushions, tea-cosies, wall adages and maxims, as well as for similar articles........	70	--	70	2(
V. Sarongs, kains pandjang, alendangs, head cloths, cloths for carrying, for keys, for praying as well as other similar kains and cloths, prepared or not for immediate use.............................	70	100	140	2(
VI. Lace and embroidery wares, not included above........................	70	--	70	2(

	VII. All other articles classified under this Number	70	--	70	20

B. - Metal thread Fabrics.

347.	Metal thread fabrics (of yarns or threads of textile materials wound or covered with a precious or base metal thread, rolled or not) and imitations thereof, such as the same threads or yarns covered with gilded or silvered animal membranes...............	50	100	25	5[illegible]
348.	Fabrics, plaited wares lace, ribbons, cords, galloons and other finished products, for apparel, furniture ornamentation and like purposes, of fabrics mentioned in the preceeding Number; even solely of metal thread, n.s.m....................................	50	40	70	2[illegible]

CHAPTER 47. - WOOL, horsehair and other animal hair.

349.	Wool, Horsehair and other animal hair (alpaca, goat, llama, vicuna, camel, rabbit, beaver, etc.) raw, washed, bleached, dyed, combed, carded or otherwise prepared, as well as working waste of all these articles and artificial wool (shoddy).................	--	--	--	5
350.	Curled hair (horsehair and other animal hair, whether or not mixed with natural vegetable fibers in plaited form and the like, for stuffing furniture, saddles and for similar uses.)..............	40	125	90	20
351.	Yarns of wool or of other products mentioned in No. 349, whether or not intermixed or mixed with other fibers, except silk and artificial silk:				
	I. Weaving yarns.........................	--	--	Rp35/US	5
	II. Other............................	30	50	45	20

352. **Fabrics and other wares of wool as well as other products mentioned in No. 349, whether or not intermixed or mixed with other fibers, except silk and artificial silk, n.s.m.:**

I. Tulle and net fabrics of the same

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of the same type as tulle, velvet and plush, as well as velvety and plushy fabrics - all these articles, also if figured or otherwise decorated; lace fabrics and fabrics composed of lace fabrics, of lace wares of lace.......	50	40	70	2(
II. Curtain, furnishing, carpet and runner-carpet fabrics, including billiard cloths, as well as covering and decorating stuffs, including fabrics which are figured, decorated in a special manner, woven in several colors and other fabrics of two or more colors, n.s.m. including fabrics for clothing........................	50	40	70	2(
III. Woven or plaited strips and ribbons..	50	40	70	2(
IV. Lacework, embroidery, insertions, scallops, edgings embroidered or otherwise decorated, ruche edgings, pleatings, fringes, trimmings, tattings, galloons, braidings, set-offs, soutaches, chenille and similar articles used for trimming finishing or decorating purposes, including cords for girdles, curtain loops and similar cords, as well as laces.............	30		72	1(
V. All kinds of articles manufactured to measure, prepared or not for immediate				

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	use, for ornamentation or decoration of apartments, carriaged and furniture, such as carpets, rugs, runner-carpets and other floor carpets, curtains, curtain loops, lambrequins, altar covers, tapestries and wall hangings (Gobelins, etc.), kakemones, makomines, hatstand covers and divan covers, table cloths and table centers, piano keyboard runners, antimacassars, etc., including tray dish, fingerbowl, washstand and like doilies as well as pieces of fabric which have been embroidered, figured, painted, batik-worked or otherwise trimmed for divan cushions, tea-cosies, wall adages and maxims, as well as for similar articles..................................	70	--	70	20
VI.	Sarongs, kains pandjang, slendangs, head cloths, cloths for carrying, for keys, for praying, as well as other similar kains and cloths, prepared or not for immediate use.......	70	100	140	20
VII.	Lace and embroidery wares not included above.........................	70	--	70	20
VIII.	All other articles classified under this Number.........................	70	--	70	20

CHAPTER 48 - Cotton.

353.	Cotton:				
	I. Raw, cleaned, carded, combed, combed or bleached, as well as cotton waste..............................	--	--	--	--
	II. Other..............................	--	--	--	--
354.	Machine cleaning cotton....................	20	100	40	5
355.	Cotton yarns:				
	I. Weaving, whether or not on cops, cones, bobbins or put up in a similar way, or in the form of sized warps impregnated or not with glue of starch.......	--	--	Rp35/US	5
	II. All other yarns:				
	a. sewing thread....................	20	100	40	5
	b. Other..........................	30	50	45	1(
356.	Fabrics and other articles, of cotton n.s.m.:				
	I. Fabrics classified under one or more of the following letters:				
	a. Tulle and net fabrics of the same type as tulle, whether or not figured or otherwise decorated (window nets, etc.) with the exception of ordinary tulle used for mosquito nets................	30	150	75	2(
	b. Velvet and plush, as well as velvety and plushy fabrics, with the				

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exception of bath towelling, plain, bleached or not:				
I. Velvet plain colored........	30	20	36	10
II. Other......................	30	20	36	10
c. Lace fabrics and fabrics composed of lace fabrics, of lace wares or of lace..........................	40	100	80	20
d. Damask fabrics and fabrics having initials, insignia and the like woven therein...................	40	100	80	20
e. Curtain and upholstery fabrics, ribbed or printed or figured on both sides......................	40	100	80	20
f. Fabrics for runner-carpets and carpets.........................	40	100	80	20
g. Embroidered or broche fabrics or other fabrics provided with figures, flowers, leaves, designs, motifs and other ornamentations by means or separate figuring threads, except mosquito net fabrics of plain weave, simply embroidered in chain stitch and except fabrics in which the above mentioned ornaments only consist of spots, thin waved lines, small crosses and similar small plain figures appearing at uniform distances.........................	50	60	80	20

h.	Applique and open work fabrics	50	60	80	2
i.	Fabrics provided with metal thread with fabrics of metal threads or imitations thereof, or else coated or metal foil.............	50	60	80	20
j.	Fabrics having pearls,corals ornamental stones, glass threads, glass powder, spangles, shells, mica, jet, mother-of-pearl and similar decorative objects applied thereon, even if they have previously been made up into galloons, motifs and the like....	50	60	80	20
k.	Fabrics which have decorated by painting or by the so-called "batik" process, or fabrics which have been decorated in relief by means of paint or other substances.............................	50	60	80	20
l.	Fabrics decorated at the edges or with jagged, indented or similar edges, or with scalloped, bordered or fringed edges..........	50	60	80	20

II. Fabrics, unbleached, bleached, dyed, woven in colors, printed, etc., other (for clothing, etc.):

a. blue cambrics, 100% cotton shirting in width 38" and more, usually 41"/42", bleached and unbleached, construction 141/142 per square inch (69 x 72 ingrey)	--		Rp220/US	5
b. Other:				
1. bleached and unbleached.......	20			5
2. other.........................	30			
III. Woven or plaited strips and ribbons, not included in IV below.............	30	100	60	20
IV. Imitations of ribbon in liber (bias-band) and other similar strips used for packing purposes, threads or filaments held together by means of glue or of another agglutinant substance, as well as strips for footwear loops.........................	30	--	54	20
V. Lacework; embroidery; insertions; scallops, edgings embroidered or otherwise decorated; ruche edgings; pleatings; fringes; trimmings, tattings, galloons, braidings; setoffs; soutaches; chenille and similar articles used for trimming, finishing or decorating purposes, including cords for girdles, curtain loops and similar cords.........	50	20	60	20

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VI.	All kinds of articles manufactured to measure, prepared or not, for immediate use, for ornamentation or decoration of apartments, carriages and furniture, such as carpets, rugs, runner-carpets, an other floor carpets, curtains, curtain loops, lambrequins, altar covers, tapestries and wall hangings (Gobelins, etc.), kakemonos, makimonos, hatstand covers and divan covers table cloths and table centers, piano keyboard runners, antimacassars, etc., including tray, dish, fingerbowl, washstand and like doilies, as well as all pieces of fabrics which have been embroidered, figured, painted, batik-worked or otherwise trimmed for divan cushions, tea-cosies, wall adages and maxims, as well as for similar articles..................................	50	40	70	2C
VII.	Sarongs, kains pandjang, slendangs, head cloths, cloths for carrying, for keys, for praying, as well as other kains and cloths, prepared or not for immediate use..	30	350	135	20
VIII.	Bath towels without having hems or fringes knotted or attached thereon (see No. 401).	40	250	140	20

IX.	Table linen (cloths, napkins and finger-wipers), woven to measure, unhemmed.....	40	75	70	20
X.	Household and toilet linen, woven to measure, unhemmed (see No. 401).........	40	75	70	20
XI.	Pocket handkerchiefs, woven to measure, unhemmed..............................	40	75	70	20
XII.	Laces for footwear and corsets..........	40	75	70	20
XIII.	Lace and embroidery wares not included above..............................	50	40	70	20
XIV.	All other articles classified under this Number..............................	50	40	70	20

CHAPTER 49. - Flax, hemp, jute, ramie and other vegetable textile materials.

357.	Flax, hemp, jute, ramie, Manilla hemp (abaca), New Zealand flax or hemp (phormium tenax), sunn or Bombay hemp (cretalaria juncea), agave fiber sisal, pineapple fiber, aloe fiber, coconut fiber, peat fiber, pine wool fiber, vegetable downs (vegetable silk, vegetable wool) and other natural vegetable textile materials n.s.m., raw, shelled, retted, bruised, scutched, hackled, carded, combed, bleached, dyed, as well as wastes thereof, including two obtained or not by ravelling cut ropes or by treating them in some other way..................................				
	I. Ramie fiber, jute, Manilla hemp...........	--	--	--	--
	II. Other....................................	5	100	10	5
358.	Trads of the fibers mentioned in the preceding Number, used for cleaning machines, etc........	10	100	20	5
359.	Flax (linen) yarns or yarns of the products mentioned in No. 357 or of paper, cellulose or tectilose, whether or not intermixed or mixed with other natural vegetable fibers, such as cotton:				
	I. Weaving yarns.............................	5	100	10	5
	II. All other yarns..........................	10	350	45	5

360. Fabrics and other goods of flax (linen) or of the other fibers mentioned in No. 357 or of paper, cellulose or textilose yarns, whether or not intermixed or mixed with other natural vegetable fibers, n.s.m.:

I.	Tulle and net fabrics of the same type, gauze and fabrics of the same type, velvet and plush, as well as velvety and plushy fabrics - all these articles, whether or not figured or otherwise decorated; lace fabrics and fabrics composed of lace fabrics, of lace wares or of lace; fabrics for curtains, upholstery, carpets, runner-carpets, not included in the fabrics indicated above..........	40	75	70	20
II.	Close woven fabrics not classified in I unribbed, not figured or decorated in a special manner (for clothing etc.), bleached or not, woven in several colors, dyed or printed.........................	40	75	70	20
III.	All other fabrics.......................	40	75	70	20
IV.	Woven or plaited strips and ribbons.....	40	75	70	20

V. Lacework; embroidery; insertions, scallops; edgings, embroidered or otherwise decorated; ruche edgings; pleatings; fringes; trimmings; tattings; galloons; braidings; set-offs; soutaches; chenille and similar articles used for trimming, finishing or decorating

purposes, including cords for girdles, curtain loops and similar cords, as well as laces.	40	75	70	20
VI. All kinds or articles manufactured to measure, prepared or not for immediate use, for ornamentation or decoration of apartments, carriages and furniture, such as carpets, rugs, runner-carpets and other floor carpets, curtains, curtain loops, lambrequins, altar covers, tapestries and wall hangings (Gobelins, etc.), kakemonos, makimonos, hatstand covers and divan covers table cloth and table centers, piano keyboard runners, antimacassars, etc., including tray, dish, finger-bowl, washstand and like doilies, as well as pieces of fabric which have been embroidered figured, painted, batik-worked or otherwise trimmed for divan cushions, tea-cosies, wall adages and maxims, as well as for similar articles				
a. Floormat, carpets of coconut fiber...	70	--	70	20
b. Other..............................	70	--	70	20
VII. Sarongs, kains padjang, slendangs, head cloths, cloths for carrying, for keys for praying, as well as other similar kains and cloths, prepared or not for immediate use.	70	100	140	20

VIII.	Lace and embroidery wares not included above................................	70	--	70	20
IX.	All other articles classified untuk this number................................	70	--	70	20

CHAPTER 50. - Wadding and felt; rope and ropemakers' wares; special fabrics and goods for technical use.

361.	All kinds of wadding, even cellulose and wool-wool wadding, whether or not cleaned, impregnated or covered with glue or watch:	30	--	30	1(
362.	Felt in sheets or rolls, n.s.m.				
	I. Weighing 750 grammes or more per square meter.................................	20	--	20	!
	II. Other................................	40	--	40	1(
	Special provision. - Stuffs of felt for carpets or runner-carpets, of felt decorated in any way, are not included in this Number.				
363.	Rope, cables, cordage, string, packing string, sail yarns and other similar rope or cordage articles manufactured by twisting together or plaiting yarns of natural vegetables or paper, with or without insertion of base metal wire, whether or not greased, tarred or tan-treated, etc., but not covered by weaving or plaiting, not wound not coated with finished articles of another composition, and excluding plaited cotton rope and cordage and bleached or colored office string.				
	I. Gunny rope............................	10	--	10	!

	II. Other.............................. Special provision. Office string excluded from this Number pays the duty of the linen yarns which are not weaving yarns (No. 359II).	20	--	20	
364.	Plaited cotton rope and cordage, as well as horsehair rope and cordage, generally used for technical purposes c.q. for belting...	10	--	10	5
365.	Wares of articles dutiable under No. 363, combined or not with wood or base metals:				
	I. Articles for ships and fire-brigade stations, such as shrouds, ships' rope ladders, loading and unloading nets, rope buckets, etc....................	10	--	10	5
	II. Other n.s.m. such as bands, braces, footwear, soles, nets, n.s.m.				
	a. bands and braces..................	30	50	45	20
	b. Other..............................	40	--	40	10
366.	Fishing nets, as well as materials knotted, including tan-treated, for making the same..	5	--	5	5
	Special provision. Angler's landing nets are not included in this Number, but are assured under Number 924, III.				
367.	Yarns for wounds and sutures, including catgut; dressing gauze, bandages (also if impregnated), plastered bandages, fluff,				

	lint and woven lint, dressing linen, ligatures, bandages, compresses, tents and other similar articles prepared for immediate use as dressing, first-aid and hygienic articles, n.s.m., including suture plasters (lucoplast and the like), as well as dressing boxes, drums, cases and the like composed of articles appertaining to this Number...........................					
	I. Yarns for wounds, sutures including catgut, plasters in bulk (lucoplast and the like).........................		5	--	5	5
	II. Other.................................		20	50	30	5
	Special provision. Articles not classified under this Number, put up into boxes, drums, cases and the like for dressing as indicated in this Number, pay duty according to kind, if they are subject to a duty higher than 50% ad valorem when separately imported.					
368.	Binding cloth (usually consisting of strongly prepared cotton or linen fabrics and used for covering books, cardboard boxes, fancy articles and the like), plain or pressed, but not subsequently worked, whether or not with paper or paper-pulp backing.........................		20	--	20	5
369.	Tracing cloth and painters' canvas...........		20	50	30	10

370.	Linoleum, as well as linorusta and similar articles, including wares of these materials, cut to measure, c.q. linoleum floor covering..............................	50	20	60	20
371.	Oilcloth, including pegamoid, and other similar materials n.s.m. made from natural vegetable fibers covered with a coat of oil or rubber foundation.............	40	50	60	20
372.	Silk fabrics waxed (corecloth) or covered with an oil base coating............	40	50	60	20
373.	Fabrics which are impregnated, coated, glued or covered with rubber, gutta-percha or the like or having inserted layers of these materials, intended particularly for use as waterproof clothing and automobile hoods..........................	40	100	80	20
374.	Elastic articles (fabrics, strips, trimmings and the like - not including knitted articles - combined with rubber threads, as well as rubber threads covered by weaving or plaiting or sheathed with textile fibers):				
	I. Threads for stockings manufactory.......	20	50	30	10
	II. Other................................	40	50	60	20
375.	Cotton for lamps, wicks for lamps and candles, including cut to measure wicks for paraffin lamps and other burners, including those provided with a metal appliance for easy use; incandescent mantles, whether or not impregnated or prepared or calcined................	40	50	60	20

376.	Felt and other fabrics, impregnated, coated or covered with asphalt, tarresin and similar substances, combined or not with paper or asbestos, with or without a sand, gravel, or similar coating; used for roofing or for anti-damp and industrial purposes (see No. 303)...............................	20	--	20	5
377.	Card fillets; felt or felted fabrics, mounted on rubber, on fabrics combined with rubber or on leather, for the manufacture of card fillets......................................	10	100	20	5
378.	Bolting gauze, filter cloths and other articles, n.s.m., manifestly used for the manufacture of industrial accessories such as bags, cloths or tissues for bolting, filtering or pressing, or strainers.	10	100	20	5
379.	Fabrics and other wares of textile fibers, not manufactured to measure, prepared for technical use c.q. for insulating or packing, n.s.m. such as micanite cloth, oil cloth, oil cotton hoses, oil wicks and cotton or hemp rope, coated with grease or graphite or filled with asbestos, plaster, mica cork, kieselguhr or with similar materials.				
	I. Fabrics and other wares of textile fibers not manufactured to measure, prepared for packing.................................	10	--	10	5
	II. Other..................................	10	--	10	5

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380.	Scouring cloths (emery, carborundum, glass, sand and similar cloths).....................	30	100	60	2(
381.	Jute tissue and fabrics made of other natural vegetable fibers, with the exception of cotton, or made of paper yarns; unbleached or in natural color, neither figured not otherwise decorated, nor felted, nor raised, nor having pile, nor prepared, but having the usual rough appearance of packing products; not containing more than 40 threads in a square of 2 centimeters side (when the warp and/or weft consists of two or more threads one beside the other or one above the other, each thread must be counted separately); whether or not rendered inflammable or coated or impregnated with pitch, cutch and similar substances..........	10	--	10	5
382.	Strips of the materials mentioned in the preceding Number, whether or not coated or impregnated with tar or asphalt, intended for covering steam piping, water piping, telegraph poles and the like.................	10	100	20	5
383.	All kinds of sailcloth (seildoek, karldoek, scheerdock), cloth for tarpaulin and other thick cloths made from natural vegetable textile fibers; unbleached, bleached, or of one single color; without pile, neither figures				

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	not otherwise decorated and not being cloths for carpets, runner-carpets or other floor coverings; neither combined, impregnated, covered, coated not glue with foreign substances, unless their technical possibilities are thus increased and provided that they do not thereby fall under any other Number of the Tariff; weighing 600 grammes or more per square meter (see No. 373)...........	20	100	40	1C
384.	Brake lining n.s.m..........................	30	--	30	1C
385.	Liquid, steam and gas hoses, woven or plaited whether or not tarred or impregnated or lined with rubber, combined or not with base metals (c.q. having copper joints) - all these articles in so far as they are not mentioned or included elsewhere:				
	I. Watering and spraying hoses, such as garden and fire hoses:				
	(a) Fire hose.........................	10	100	--	--
	(b) Other............................	30	50	45	2C
	II. All other hoses classified under the Number (see No. 233)..................	10	300	40	1C
	Special provision. Fire hoses are considered as including spraying hoses having an internal diameter exceeding 50 millimeters or, when measured flat on the outside, a section exceeding 80 millimeters				

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386.	Machine cylinder coverings (sleeves, felt covers) or felt or felted wool or cotton fabrics, as well as felted wool or cotton fabrics of a special texture, such as those woven into endless bands for paper and other factories................	10	--	10	5
387.	Transmission belts and conveyor bands, as well as their thongs and fastenings, n.s.m. including transmission ropes..........................	10	--	10	5
388.	Weaving heads, including eyes and similar accessories attached thereto.................	10	50	5	5
389.	Cloths for fire brigades and life weaving....	10	--	10	5
390.	Ships' fenders and life buoys, not combined with cork (see No. 289, 295).................	10	50	5	5
391.	Bolting, filtering and pressing fabrics, sheets or bags; polishing discs; lubricator wicks; packing rings and discs; covering nets to protect young shoots from insects and the like; other textile material wares n.s.m., cut to measure, generally employed for agricultural, industrial or technical purposes:				
	I. Packing rings and discs composed of textile materials.......................	10	--	10	5
	II. Other.................................	10	--	10	5

CHAPTER 51. - Knitted and crocheted articles.

General provision. - Knitted and crocheted articles are taken as being fabrics, clothing and other articles knitted or crocheted by hand or by machine, combined or not with rubber or metal threads, except articles assimilable to "lace".

392.	Knitted or crocheted articles to be sold by the matre - excluding articles manufactured to measure, even if there are more than one in the piece..............................	40	75	70	20
393.	Socks and stockings.........................	50	40	70	20
394.	Vests, pants, shirts and combinations thereof	50	60	80	20
395.	Knitted and crocheted articles n.s.m., such as gloves, mittens, shawls, mufflers, neckerchiefs, neck-wraps, capes, bodices, blouses skirts, coats, bathing costumes and swimming slips, jackets, sweaters, jumpers, cardigans, polo-jumpers, childrens' suits, ties, bonnets, table and other furniture covers, lamp shades, cushions and cushion covers, purses, etc.....	70	20	84	20

CHAPTER 52. - Outer-and under clothing as well as all kinds of made up clothing.

General provision. - This Chapter comprises all kinds of goods of textile products, wholly or partly made up, i.e., hemmed, stitched, over-stitched, bordered or sewn in another way by hand or by machine, including embroidery, lace and felt wares, rubber or elastic fabrics, oilcloth and other special products, but except articles mentioned elsewhere as finished products, such as knitted goods, hats, caps, berets, footwear, carpets, curtains, sarongs, fans, umbrellas, parasols, etc. This Chapter also consists of articles firstly cut to measure and then attached together by means of basting stitching, by means of hands or fastenings, as well as all kinds of textile products which have been cut otherwise than into squares or rectangles, and have, in this way, been given a certain amount of making up.

396. Outer-clothing, as well as parts and accessories thereof, n.s.m.

I. Outer clothing for ladies, young ladies and children....................	70	20	84	20
II. Other......:............................	70	20	84	20

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397.	Underclothing and independent parts thereof, n.s.m.	70	20	84	[illegible]
398.	Corsets, corselets, brassieres, belts, hip formers and similar articles for the esthetics of the figure; suspender belts, suspenders, garters, braces, arm bands and skirt holders, including trimmings composing, or combined with, these articles	70	20	84	2
399.	Shawls, mufflers, foulards, neckwraps, neckerchiefs, jo bots, tie-collars, veils and small veils, ties, bow-ties, stoles, all kinds of belts, scarves, detached shirt-fronts, collars and cuffs, neck ribbons cut to measure pochettes, serbans, spats, puttees, and other similar articles used for dressing and clothing including trimmings composing, or combined with, these articles	70	20	84	2
400.	Made-up or cut to measure articles used for decorating or finishing clothing, hats or footwear, such as collars, cuffs, bodice-fronts, jabots, chemises and similar finery (passes) for ladies' clothing, rosettes, bows, pompons, tassels, motifs, emblems, cockades, tfogs, insignia, etc. also trimmings composing, or combined with these articles	100	20	80	2

401.	Table, kitchen, bed and toilet linen (such as cloths, napkins, finger wipers, kitchen linen, dusters, tea linen, bedsheets, bed-sheets, pillow-slips and hand towels, as well as cloths and gloves for cleaning, and the like), including handkerchiefs and babylinen (swaddling cloths and the like),					
	I.	Cover handkerchiefs composed of cotton, linen or half linen and woven in several colors measurement 400 square inch or less............	70	20	84	20
	II.	Other....................................	70	20	84	20
402.	Bath-gowns and bathing sets..................		70	20	84	20
403.	Blankets, plaids, coverlets and counter-panes..		70	20	84	20
404.	Mattresses and pillows for beds, as well as sleeping-bags, paillasse and similar articles for beds and sofas, consisting of a sack filled with down, kapok, horsehair, wrack, straw, wood wool and similar materials.......		70	20	84	20
405.	Mosquito nets................................		50	60	80	20
406.	Wiping cloths for machine stokers and similar cleaning articles, of cotton, prepared or not		30	150	75	10
407.	Stamping pads, whether or not in base metal boxes (see No. 239)........................		20	300	80	5
408.	Gunny sacks for packing......................		10	50	5	5

409.	Suit cases, city bags, small travelling trunks, haversacks, schoolbags, travelling bags, knapsacks, linen bags as well as nets to be carried on the back; hat-boxes; game-bags, bandoleers and similar hunting articles; picnic cases; hammocks, with the exception of these made of sailcloth; articles, n.s.m. for harnessing, putting-to, riding, guiding, driving, training or dressing animals, such as shabracks, housings, covering nets, halters and girths for hourses, including leggings and the like; cases covers, holsters and bags for plaids, instruments, spy-glasses, writing requisites, arms, walking sticks, umbrellas and for sports requisites - all those articles also if they are provided with toilet, sewing, writing, picnic or camping sets......................	70	20	84	20
410.	National and ships' flags, as well as pennants..................................	30	100	60	20

Special provision. For the application of the Tariff, flags for automobiles and similar minature flags and pennants more especially intended for ornamenting or decorating, as well as children's flags, are excluding from this Number and are considered as articles for fetes and celebrations (No. 922)

411. Lamp shades, even if they have a mounting or suspending device; tea cosies, as well as cushions for divans, chairs and the like, bolsters, hassocks and poufs, as well as covers for those articles; ladies' and girls' handbags; bags, cases and requisites for toilet purposes; purses; powder boxes and puffs, toilet cushions, pincushions, hatstands, sock hangers, glove boxes, bags for handkerchiefs, night clothes and the like, handwork bags and similar articles, n.s.m., for ladies' toilet, for washstands or for professional use, wholly or partly manufactured from textile materials, or finished or decorated by means of these materials, including sponge-bags and similar articles of the same composition; collar and footwear bags and similar travelling articles, n.s.m.; hand-worked articles, such as newspaper holders, book protectors and covers, pen wipers and the like; egg-cosies, small bags and bands for napkins, hand guards for holding drinking and table articles, also dish covers; bracelets, straps for watches and ribbons cut to measure for wristwatches, even provided with in stoners and the like; boudoir, drawing-room and other dolls composed of textile materials; used as decorations

	(including automobile mascots), heads, hats and similar parts of these dolls, as well as other goods, n.s.m., wholly or partly composed of, or combined with textile materials, and having characteristics similar to the articles mentioned in this Number, including beer-glass mats of felt or other textile materials and similar products........................	100	20	80	20
412.	Screens for the room and screens for tea-lamps, as well as other screens stretched with fabrics................................	70	20	84	20
413.	Paintings on velvet or silk and other articles, n.s.m., used as decorations, including wall maxims and the like, as well as other similar objects, composed of, or combined with, textile fibers or products, in or on frames, supports or other framings or mountings......	70	20	84	2C
414.	Pieces of fabrics on which have been applied, for advertising purposes, colored designs or inscriptions, whether or not having metal or wooden strips on the upper or lower ends....	50	60	80	20
415.	Length and tape measures of natural vegetable fibers, with or without a metal insertion, even in boxes...............................	30	100	60	20
416.	All other articles classified under this Chapter (meal-bag, suspensoire).............	70	20	84	20

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CHAPTER 53. - Rags and waste of textile materials.

417.	Rags and remnants of fabrics and cloths to be considered as rags by reason of their kind and the state in which they are imported; old cordage and ropemakers' wares which can no longer be used as such, as well as other waste of textile articles more especially intended to be ravelled out or to be used in the manufacture of paper, etc.	20	300	80	2(

Source: Department of Customs Special Affairs and Declarations

CHANGES IN IMPORT TARIFFS 1969 TO 1971
(Duties represented in %)

**Tariff Item No.	1969 June	Sept.	Jan.	1970 Oct.	Nov.	1971 Jan.	Remarks
343	0	0	0	0	0	0	
*344.I	Rp25/US$	Rp35/US$	Rp35/US$	Rp50/US$	Rp50/US$	0	
346.I.a.	10	10	10	10	10	10	
346.I.b.	150	120	114	114	114	114	
			1.a. 96% b. 102% c. 114% 2.a. 54% b. 60% 3. 45%				
346.III	150	125	125	100	100	80	
346.IV	140	140	140	140	140	105	
346.V	210	140	245	245	245	210	Prohibited Import
346.VI	210		140	105	105	84	
346.VII			245	210	210	84	
*351.I	Rp25/US$	Rp35/US$	Rp35/US$	Rp35/US$	Rp35/US$	Rp35/US$	

CHANGES IN IMPORT TARIFFS 1969 TO 1971(cont'd.)

Tariff Item No.	1969 June	1969 Sept.	1970 Jan.	1970 Oct.	1970 Nov.	1971 Jan.	Remarks
352.II	150	125	125	125	125	90	
352.V	210	175	140	140	140	84	
352.VI	245	245	245	245	245	210	Prohibited Import
*355.I	Rp25/US$	Rp25/US$	Rp25/US$	Rp35/US$	Rp35/US$	0	
355.II.a.	40	40	40	40	40	40	
355.II.b.	60	60	60	60	60	40	
356.I.b.2	45 & 60	45 & 60	45	45	45	45	
*356.II.a.	Rp260/US$	Rp260/US$	Rp220/US$	Rp220/US$	Rp220/US$	Rp220/US$	
356.I.c.	100	100	100	100	100	100	
*356.II.a.2	Rp290/US$	Rp290/US$	Rp250/US$	Rp250/US$	Rp250/US$	Rp250/US$	
356.II.b.1	80	80	75	75	75	75	
356.II.b.2	105	105	96	96	96	96	
356.V	100	100	75	75	75	75	
356.VII	180	180	180	180	180	180	Prohibited Import

CHANGES IN IMPORT TARIFFS 1969 TO 1971(cont'd.)

Tariff Item No.	1969 June	1969 Sept.	1970 Jan.	1970 Oct.	1970 Nov.	1971 Jan.	Remarks
356.VIII	200	200	200	200	200	200	
356.IX	200	140	120	100	100	100	
356.X	200	140	120	100	100	100	
356.XI	120	120	120	100	100	100	
356.XII	120	120	120	100	100	80	
356.XIII	150	150	150	100	100	100	
356.XIV	150	150	150	125	125	125	
359.I	10	10	10	10	10	10	
359.II	45	45	45 (20%)	45	45	45	
360.I.s/d	80	80	80	80	80	80	
360.VII	280	280	280	280	280	280	
371	80	80	60	80	80	80	
383	40	40	40 (20%)	40	40	40	
385.I.a.	10	10	0	0	0	0	
391.I	10	10	10	10	10	10	

CHANGES IN IMPORT TARIFFS 1969 TO 1971(cont'd.)

Tariff Item No.	1969 June	Sept.	Jan.	1970 Oct.	Nov.	1971 Jan.	Remarks
392	140	140	120	120	100	80	
393	150	125	125	125	100	75	
394	150	125	125	125	100	100	
395	175	140	122 1/2	105	105	105	
396.I	175	140	140	105	105	105	
396.II	175	140	140	105	105	105	
397 s/d.							
399	175	140	140	105	105	105	
401 s/d.							
404	210	140	140	105	105	105	
409	280	280	280	280	280	105	
410	150	150	150	150	150	75	
728, 734	10	10	10	10	10	10	
755.I.a.	45	30	30	30	30	30	
I.b.	20	10	10	10	10	10	
170.II.b.			20	20	20	20	
181.I.			0	0	0	0	

**Note: Item numbers are referenced in Tariff tables
*Note: Item has no duty. Surcharge is given RP/$U.S.

Source: Direktorat Djendral Perindustrian Tekstil

APPENDIX E

UNIDO TEXTILE SURVEY OF INDONESIA - MARKETING

Marketing Specialist - Paul Dextraze

Government Counterpart - A.R.S. Djoemena

DATE	PLACE	COMPANY AND/OR DEPARTMENT
July 27, 1971	Djakarta	Department of Trade
" " "	"	Department of Taxation
" " "	"	Department of Customs
July 28, 1971	"	Department of Industry
" " "	"	Department of Customs
" " "	"	Central Bureau of Statistics
July 29, 1971	"	Bapenas
" " "	"	Ginsi
" " "	"	World Bank
" " "	"	P.T. Guna (wholesaler)
July 30, 1971	"	Department of Customs
" " "	"	Chamber of Commerce
" " "	"	S.H. Benson (Adv.)
" " "	"	English Calico Ltd.
July 31, 1971	"	Department of Industry
August 2, 1971	"	University of Indonesia
" " "	"	UNIDO
" " "	"	Pasar Ruonputa

DATE	PLACE	COMPANY AND/OR DEPARTMENT
August 4, 1971	Djakarta	Department of Industry
August 5, 1971	"	Printer's Club
August 6, 1971	"	Tanah Abung
" " "	"	P.T. Kerta Niaga (Ltd.) P.T. Rajud Djatim Baru
" " "	"	UNIDO Representative
August 7, 1971	Surabaja	P.T. Kerta Niaga, Ltd.
" " "	"	Ciba Chemical
" " "	"	Department of Industry
" " "	"	Joenuoes Mattalitti Corp., Ltd.
" " "	"	Loo Kien Wien (wholesaler)
" " "	"	Inbritex
August 9, 1971	"	Inbritex
" " "	"	Department of Industry in Surabaja
" " "	"	P.T. Rajud Djatim Baru
August 10, 1971	"	Pasar Atoom
" " "	Solo	Pasar Kiewer
" " "	"	Batik Keris Solo
August 11, 1971	Semarang	Pinda Sandang
August 12, 1971	"	Sumber Makmur
" " "	"	Ong Wholesaler

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DATE	PLACE	COMPANY AND/OR DEPARTMENT
August 13, 1971	Djakarta	Department of Industry
" " "	"	Central Bureau of Statistics Publications
August 14, 1971	"	UNIDO office
August 16, 1971	"	Chamber of Commerce
" " "	"	Department of Industry
August 18, 1971	"	UNDP
August 19, 1971	Medan	Director of Ind. N. Sumatra
" " "	"	Sima Concern P.T.
" " "	"	Pasar
" " "	"	N.V. H&J My Ofh E. Simanjuntak
" " "	"	T.D. Pardede Tex. Ltd.
" " "	"	Director of Ind. N. Sumatra
August 20, 1971	Djakarta	UNIDO office
August 21, 1971	"	Department of Ind.
August 23, 1971	"	P.N. Sandang
" " "	"	Affiliated Machinery Agency, Ltd.
" " "	"	Block M
August 24, 1971	"	Final Meeting
" " "	"	Pasar Baru

DATE	PLACE	COMPANY AND/OR DEPARTMENT
August 25, 1971	Djakarta	P.N. Kerta Niaga
" " "	"	Affiliated Machinery Agency, Ltd.
August 26, 1971	"	Bapenas

[redacted]

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