SUMMARY

ANDI SUSANTO. Analysis of Competitiveness and Industrial Development Strategy of Textile and Clothing in Indonesia. Supervised by ARIEF DARYANTO and BAGUS SARTONO.

Textile industry playing a key role in Indonesian economy as foreign exchange earner of non-oil exports, employment, and domestic fulfillment needs. But in the last few years, the competitiveness of the industry declining and had the negative stigma as a sunset industry. It is figured by a negative growth, declining of export value and amount of labor is reduced. The development of the industry is not in line with the domestic and global consumption world that continue to rise. Therefore, the negative stigma as a sunset industry should be eliminated because of it’s role the main employer in Indonesia and source of income for capital development. Therefore, it is necessary to analyze associated with this industry's competitive position, so as to capital to convince banks.

Based on the description above, the problems that will be studied in this research is to determine how the position of competitiveness Indonesia's textile industries today? what factors there are affecting the competitiveness of the textile industry? and what strategy to improve the competitiveness of the textile industry?. The analytical method used RCA, CMS and gap analysis using the factors of competitiveness of International Institute for Management Development (IMD) to determine the competitiveness of the industry today. Strategic Assumption Surfacing and Testing (SAST) with the diamond porter’s to analyze the factors, and formulating strategies with Analytic Network Process (ANP).

The results of the condition analysis of the industry obtained from RCA calculation, indicates competitiveness of Indonesia textile industry is still quite good with RCA> 1, but for the world market and several major destinations such as the US and European, competitiveness Indonesian textile products tend to decrease. As for the Japanese market and value trends, RCA Turkey has increased. When viewed from the type of industry in general value of RCA in each sector of the value chain of the textile industry had RCA pretty good, but the weakest sector was the others textile industry.

The results of the calculation using CMS shown for the world market, US and the European Union 28, import growth effect is as well as the competitiveness effects have negative values which indicates the competitiveness of textile products began to decline in imports of such key markets also decreased in the period 2011-2015. As for the Japanese market and Turkey, competitiveness effect is positive. Likewise, if seen from the types of products in the value chain of the textile industry shows that the effect of the import demand is negative in the period 2011-2015 but the effects of commodity composition and competitiveness effect tends to be negative, especially for fabric, apparel, and other textiles, whereas for fibers and yarns, the effect of competitiveness and commodity composition generally is positive. The results of the analysis with the model IMD shows that the gap biggest found in 10 (ten) sub-factors and the inequalities biggest contributions from the domestic economy (33.33%) and 9 (nine) sub other factors and the inequalities 28.57%, ie contribution to international trade, contributing in attracting foreign investment, public financing (the budget for financing such infrastructure, R & D, etc.), fiscal
policy (tax incentives in building/plant development, export incentives, etc.),
business rules (stability of exchange rates, interest rates, capital costs,
transparency of policy government, bribery, corruption, etc.), the
institutional framework (laws and business regulations with regard to licensing,
investment, competition, employment, customs duties etc.), HR productivity
(efficient production), financial (banking efficiency and market share, financing
requirements, the level of corporate debt, investment risk, etc.), infrastructure,
research and development (R&D budgets, availability and quality of researchers,
collaborative R&D institutions, etc.).

Meanwhile, the results SAST, known that there major strategic indicators
related with competitiveness of textile industry were availability of both quantity
and quality and the ease of obtaining raw materials and auxiliary materials and the
development of the industry, quality, price and on-time delivery as well as
customer satisfaction, machining technology and process technology textiles, aged
machinery/equipment production largely aging an obstacle to competition,
productivity and skills of human resources and support educational institutions,
capital, including markets and financial institutions, consumption and protection
of the domestic market, growth export, linkages among sectors in the textile
industry and R&D including support R&D institutions, government's role in trade
policy, incentives, policies and other relevant regulations, investment climate.

The best strategy alternative according to four scenarios in ANP-BOCR
are business climate improvement and investment incentives for raw materials,
accessories and machinery/equipment for standard, optimistic and
pessimistic scenarios; also increase in exports and expansion of markets policies
through trade and cooperation abroad for the realistic scenario. The lowest
strategy alternative being chosen by the experts and/or practitioners
is an improvement of innovation, R&D, and improvement to access sources of capital
and strengthening support markets and financial institution.

Keywords: ANP-BOCR, CMS, competitiveness, diamond Porter’s, IMD, RCA,
SAST, textile, textile and clothing