

**ANALYSIS OF THE COMPETITIVENESS AND COMPLEMENTARITY
OF GARMENT TRADE BETWEEN CHINA AND INDONESIA**



BY

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ABSTRACT

This research aims to analyze the competitiveness and complementarity of the garment trade between China and Indonesia. Using trade data from UN COMTRADE, this study outlines the characteristics and dynamics of garment trade from three main aspects: competitiveness, complementarity, and proximity of trade relations through in-depth and comprehensive analysis. The Net Export Index (NEI) and Revealed Comparative Advantage (RCA) values for garment exports from China to Indonesia have fluctuated over the years, indicating changing trade dynamics. The Intra-Industry Trade Index (IIT) and Trade Complementarity Index (TCI) reveal the degree of trade cooperation and import-export structure compatibility between the two countries. Market diversification strategies may assist China and Indonesia to expand their export reach and reduce dependence on traditional markets. Trade Convergence Divergence (TCD) analysis shows the evolving trade pattern between the two countries, with a trend towards a global trade pattern. To improve competitiveness, Indonesia needs to boost product quality and production efficiency through technology investment and labor training. Both countries also need to expand their market reach by seeking new markets to reduce dependence on traditional markets.

Keywords: *Garment Industry, China, Indonesia, Competitiveness, Complementarity*

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CHAPTER I. INTRODUCTION

1.1 Background

Global economies have become increasingly in recent decades, with international trade becoming one of the main drivers of economic growth in various countries. These phenomena have created increasingly close ties between countries, including between China and Indonesia. As two significantly growing economies, China and Indonesia have a strong trade relationship, covering a wide range of sectors including textile and garment trade.

China has become one of the world's largest economic powers, with rapid economic growth over the past few decades. As a leading producer in various industrial sectors, including the garment industry, China has a significant role in the global trade market. Indonesia, in contrast, also has great potential in the garment industry, with abundant natural resources and a large population as a consumer market.

Garment exports from China to Indonesia have become one of the important aspects of trade relations between the two countries. Along with the development of globalization and market integration, textile and garment trade has become one of the most dynamic and competitive sectors in the world. Considering this context, analyzing the factors affecting China's garment exports to Indonesia has significant relevance in understanding the dynamics of international trade as well as in formulating appropriate policy strategies.

China has been the only country that has lowered its lending rates, and even experienced deflation. This was revealed by Jemmy Kartiwa Sastraatmaja, Chairman of the Indonesian Textile Association, who highlighted the significant impact of China's economic policies on the global trade market, particularly the textile and textile products sector. According to Jemmy, on Sunday, 18th February 2024, China experienced a significant change with an increase in the price of textile raw materials such as cotton and viscose. This increase has the potential to affect the market as a whole, causing a 'wait and see' attitude in trade, which results in demand for garment exports from China to Indonesia tending to stagnate. Harmonizing to this concern, Jemmy expresses his concern that Indonesia could become a dumping market for Chinese textile products, potentially displacing Indonesia's own textile product market. This has raised concern about the increasing number of Chinese textile products circulating in Indonesia, signaling the complex dynamics of international trade and its impact on the textile industry in Indonesia.

World trade patterns have changed dramatically since entering the twenty-first century (Zhang et al. 2014). Fundamentally, trade development depends highly on competitiveness and complementarity among countries. As a result of trade liberalization, if the trade exporting structure between two countries is similar, then trade competition is

more likely and there is less opportunity for trade cooperation (Blázquez-Lidoy et al. 2006). Contrarily, if the trade exporting structure of one country is similar to the importing structure of another, the complementarity between these two countries will be strong and present more opportunities for trade cooperation. Accordingly, apart from analyzing traditional international trade, the competition and complementary pattern of trade warrants further exploration (Brakman and Van Marrewijk 2016; Frederick et al. 2015). Clarifying the relationship of competitiveness and complementarity in garment trade among different countries will enable stakeholders to better understand garment trade laws and develop garment product export strategies that enhance competitiveness and create a healthy environment for garment trade. To shed light on this topic, we will highlight the characteristics of garment trade between China and Indonesia. Using trade data from UN COMTRADE, this paper illustrates the characteristics and dynamics of competitiveness and complementarity of garment trade from three aspects: competitiveness, complementarity, and proximity of trade relationship and the analysis is in-depth and comprehensive.

1.2 Research Significance

This research has important significance in understanding the dynamics of the garment industry between Indonesia and China. This research can provide in-depth insights into opportunities for economic and trade cooperation by analyzing the competitiveness and complementarities of the garment industries of the both countries. It is expected to provide insights into the opportunities for economic and trade cooperation by analyzing the competitiveness and commonalities of the garment industry between the two countries. Additionally, this research can also identify opportunities and challenges faced by the garment industry in both countries, which in turn can contribute to a sustainable economic development.

1.3 Research Purpose

The purpose of this study is to analyze the competitiveness and complementarity of the garment industry between China and Indonesia through a quantitative approach by calculating Trade Competitiveness (TC), Revealed Comparative Advantage (RCA), Intra-Industry Trade (IIT), Trade Complementarity Index (TCI), and Trade Convergence and Divergence. The aim of this research is to find the strengths and weaknesses of the garment industry in Indonesia and China and evaluate the factors that affect the competitiveness of the garment industry in both countries. Additionally, the purpose of this study is to evaluate the potential for cooperation and cooperation between the apparel industries of China and Indonesia. Therefore, it is expected that this research will provide practical suggestions that can enhance competition and cooperation in the garment industry between the two countries.

CHAPTER II. LITERATURE REVIEW

2.1 Current Situation of Garment Trade

The results of the study (Semendawa et al., 2020) found that strengthening national defense through fashion policy involves aspects of identity and domestic industry. Such measures as the selection of military uniforms, increased local textile production, and the use of national symbols in design can increase the effectiveness of this policy. In this way, fashion policy can be a powerful tool in supporting national defense, strengthening self-reliance, and building awareness of the role of fashion in the defense context. The global economic recovery is showing a slowdown as seen from the unbalanced growth rate of the global economy in the third quarter of 2023 (Lawder, 2023). Some of the influencing factors include the tight financial conditions, weak trade growth, low levels of optimism from both businesses and consumers, rising geopolitical tensions after the Russia-Ukraine war, the Palestinian-Israeli conflict, tightening monetary policy, and the extreme weather (Nandi & Chauhan, 2022). More specifically, the US economy has grown by 2.9 percent (YoY), China by 4.9 percent (YoY), Japan has been slower by 1.2 percent (YoY), South Korea grew by 1.4 percent (YoY), and Singapore by 1.1 percent (YoY). Majority countries' central banks have tended to keep their interest rates on hold, in line with the falling inflation rate. Although energy commodity prices are experiencing a positive trend, they are still lower than in 2022. While agricultural commodity prices are still low and base metal prices are mixed with precious metal prices strengthening. Indonesia's economic growth also experienced a slowdown in the third quarter of 2023 at 4.9 percent (YoY), which was influenced by the seasonal factors and the lack of religious holidays in the quarter. Government consumption, exports, and imports contracted, while household consumption remained a significant source of growth. The manufacturing sector was the highest contributor to growth, although the educational services and government administration sectors experienced a decline. Indonesia's fiscal condition remained well maintained, with state revenues growing positively and the level of debt being under control. The realization of state expenditure reached 64.3 percent of the State Budget (APBN), while the realization of the Regional Independence Rate (TKD) increased by 3.3 percent (YoY) driven by the growth in the realization of the General Allocation Fund (DAU), Physical Special Allocation Fund (DAK), Non-Physical Special Allocation Fund (DAK), and Special Privileges Fund for the Special Region of Yogyakarta. Therefore, the budget until September 2023 still had a surplus of Rp67.7 trillion or around 0.3 percent of Gross Domestic Product, and the position of government debt reached Rp7,891.6 trillion or 38.0 percent of GDP (Rifa'i et al., 2023).

2.2 Factors Affect Garment Trade

The garment trade is influenced by various factors that can significantly impact its growth and development (Staritz et al., 2019). These factors include: economic conditions, consumer demand, fashion trends, government regulations, labor costs, trade policies, production capabilities, supply chain efficiency, and technological advancements. (Kotāne, 2022) Additionally, factors such as environmental sustainability practices, ethical sourcing, and social responsibility also play a role in shaping the garment trade (Staritz et al., 2019). Furthermore, geopolitical factors, such as global conflicts or trade wars, can disrupt supply chains and impact the garment trade (Jung et al., 2020). It is crucial for businesses in the garment trade to carefully consider and adapt to these factors in order to thrive in a competitive industry (Mottaleb & Sonobe, 2014). The factors mentioned above are interrelated and can have both positive and negative effects on the garment trade. To remain competitive and sustainable in the garment trade, businesses must closely monitor and adapt to these factors, making strategic decisions that align with market trends, consumer preferences, and changing economic conditions (Jung et al., 2020).

The factors that influence garment trade include production costs, which encompass raw material costs, labor wages, energy costs, and infrastructure; product quality, where high standards can attract consumers; and advanced technology, which enhances competitiveness and efficiency in production through optimized resource use, reduced production time, and improved design and management. Trade regulations, such as tariffs and import quotas, significantly impact international garment trade, while changes in fashion and design trends drive global demand. Access to markets, influenced by transportation infrastructure and international trade policies, affects a country's export efficiency. Labor availability and costs also play crucial roles, with skilled and competitively priced labor providing an edge. Currency exchange rates can impact export and import prices, and fluctuations affect competitiveness. Global economic conditions, including economic growth, unemployment rates, and consumer demand, influence garment demand. Additionally, the growing emphasis on sustainable production and consumption affects trade, with countries adhering to strict environmental standards gaining a competitive advantage (Sumarsid et al., 2023; Cahyadi & Purwanti, 2020; Global Fashion Industry Statistics, 2020).

2.3 Garment Trade of China

The garment trade of China played a significant role in the broader context of transpacific trade during a specific period, as highlighted in the sources (Chen & Jiang, 2022). During the late 20th century, China emerged as a major player in the global garment trade. China's garment trade industry plays a significant role in the country's economy, with a focus on both production and export (Xu, 2009). The textile and garment sector in China has been a key player in the country's economic development, with a need to adapt to low-carbon economy standards to ensure sustainable growth (Chang & Zhu, 2022). The

trade patterns in garment, textile, and footwear industries have shown that China has a comparative disadvantage in low-technology imports, leading to a persistently restrictive import policy to support domestic employment (Yan & He, 2013). Additionally, China's garment industry faces challenges in creating its own international brands despite being a major producer, consumer, and exporter of clothing, highlighting the importance of establishing international brands for long-term growth and competitiveness in the global market (Moin et al., 2022). Efforts to enhance trade competitiveness with countries like Bangladesh involve analyzing market share, trade competitiveness index, and revealed comparative advantage to improve bilateral garment product trade relations (Rundassa et al., 2019).

2.4 Garment Trade of Indonesia

Indonesia's garment industry has developed significantly over the years, with a shift from small tailor shops to factory-based production, especially since the mid-1970s (Thee, 2009). The garment industry in Indonesia plays an important role in the country's economy by providing employment, especially for low-skilled female workers, and contributing to export earnings (Martini et al., 2023). However, challenges such as declining competitiveness after the Asian economic crisis and increasing competition from other countries such as China and Vietnam have impacted Indonesia's garment exports (Dhewanto et al., 2018). Gender inequality within garment factories is also a concern, with female workers facing barriers that perpetuate this problem. In addition, the issue of smuggling, including second-hand clothing, poses a threat to the domestic garment industry and the country's economy, despite offering a cheaper option for some consumers (Majumder & Ferdaus, 2020). Factors such as foreign investment and international prices impact the volume of Indonesia's apparel exports, highlighting the industry's dependence on external influences. However, challenges such as liquidity issues during the Covid-19 pandemic and garment smuggling in border areas pose a threat to the stability and growth of the industry (Pasaribu, 2020). Gender inequality in garment factories, especially regarding female workers, remains a concern, affecting workplace conditions and overall performance. To address these complexities, a comprehensive approach involving government support, sustainable practices, and gender equality initiatives is essential for the sustainable development of the garment trade in Indonesia (Yoshanti & Dowaki, 2016).

2.5 Garment Trade between China and Indonesia

The garment trade between China and Indonesia has played a significant role in the economic growth of both countries. (Hasanah, 2020). The trade relationship between China and Indonesia extends beyond primary commodities and includes the garment industry. The export-oriented garment industry in Bangladesh serves as an example of the potential growth and success of the garment trade between China and Indonesia. (Mottaleb & Sonobe, 2014).

Several factors affect garment exports from China to Indonesia (Agustina, 2024). Firstly, Indonesia's economic conditions, including economic growth, currency stability, and purchasing power, significantly influence the demand for imported garments. Trade policies in Indonesia, such as import tariffs, quotas, and other regulations, also play a crucial role in market access for Chinese garments, with any changes potentially impacting export volumes and prices (Abdullah et al., 2022). Additionally, competition with locally made garments affects consumer preferences, with factors like price, quality, and design determining the demand for imported products. The quality and price of Chinese garments are critical for their competitiveness in the Indonesian market (Susanto & Sukadwilinda, 2020); garments that combine high quality with competitive pricing have a better chance of success. Global market conditions, including changes in global demand, fashion trends, and raw material prices, also influence garment exports (Pasaribu, 2020). Finally, technical and technological advancements in China's garment production, such as automation and efficient manufacturing processes, impact the quality, productivity, and price of garments exported to Indonesia. The sustained growth of the garment trade between China and Indonesia can be attributed to multiple factors (Mottaleb & Sonobe, 2014).

Mukhlisah and Irfan (2023) have done research that shows some important components that affect clothing exports from China to Indonesia. One important finding is that the currency exchange rate between China and Indonesia greatly affects the relative price of exported clothing. If the exchange rate changes, garment goods from China may become cheaper or more expensive for Indonesian importers, which in turn has an impact on export demand and volume. Furthermore, interest rates in China have an impact on the cost of capital and investment in the garment industry. If interest rates are low, investment in garment production increases and exports rise, while if interest rates are high, investment and production growth may be limited.

This research provides important information on how garment exports from China to Indonesia can be affected by macroeconomic components such as exchange rates and interest rates. This research helps stakeholders understand market dynamics and make better decisions about trade policies and export strategies. However, there are some shortcomings in Mukhlisah and Irfan's research (2023). This research did not analyze the concepts of competitiveness, complementarity, and proximity of trade relationships and the analysis was not in-depth and comprehensive.

Therefore, I aim to further the existing research by analyzing the concepts of competitiveness, complementarity, and proximity of trade relationships. This analysis will be conducted in-depth and comprehensively to provide a more thorough understanding of trade relations in the apparel industry. This approach is expected to make the research results more accurate and useful for stakeholders in understanding the dynamics of the industry and making more informed decisions.

CHAPTER III. THE SITUATION OF GARMENT TRADE CHINA AND INDONESIA

3.1 Total Garment Exports from China to the World

Trade volume between China and the world has been on the growth over the past few years. China has strong trade relations with many countries, which is of great significance to the global economy. Since 2014 to 2023, China's exports of garments and clothing accessories to the rest of the world have shown a consistent upward trend. This data shows China's garment and textile industry is expanding to meet the growing demand of the global market. A better understanding of these trade dynamics allows one to understand how both countries can optimize their trade policies and strategies to foster sustainable economic growth.

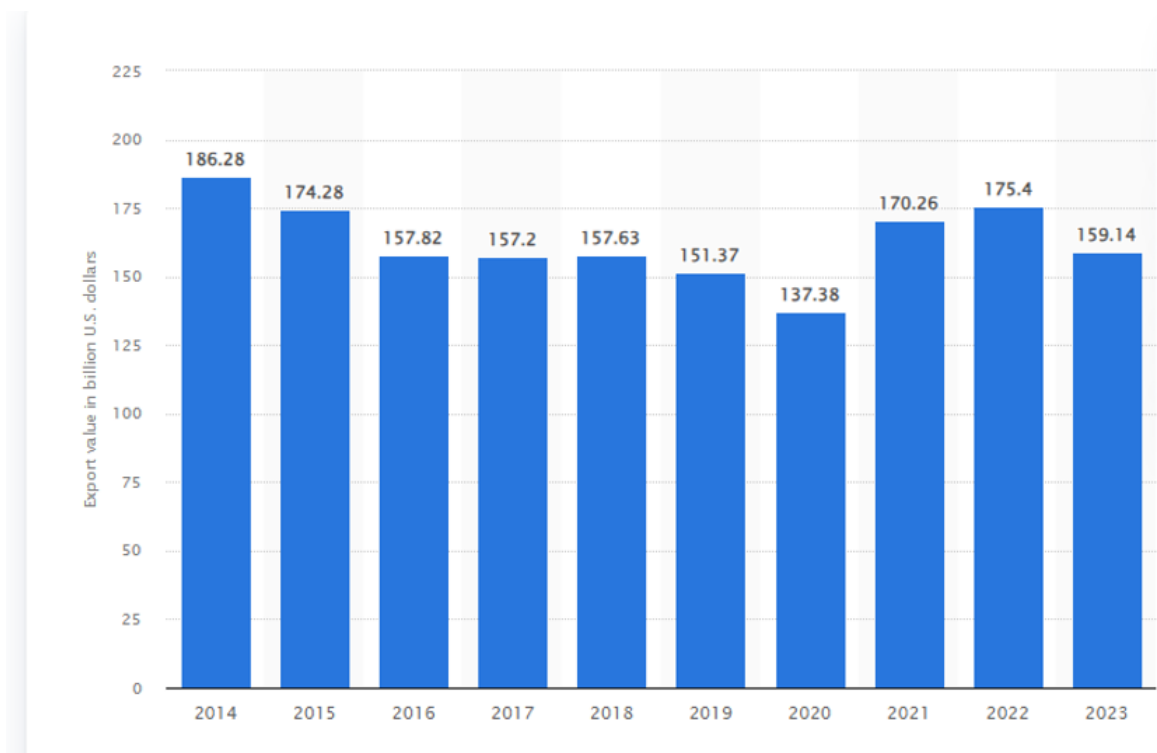


Figure 1 Export Value of Garments from China to the World

Source: Statista.com

Garment exports reached US\$186.28 billion in 2014, and then declined to US\$174.28 billion in 2015. These decreases could be due to several factors, including rising labor costs in China which could lower competitiveness. Additionally, there may also be changes in global demand patterns or increased competitiveness from other apparel exporting countries. The export value in 2016 was US\$157.82 billion, decreased slightly to US\$157.2 billion in 2017, and increased slightly to US\$157.63 billion in 2018. The relatively stable export values during these years indicate a period of stabilization. During this period, China and the world may adapt to global market changes, improve efficiency, and concentrate on higher value-added products to maintain their export levels despite

global competition and changing consumer preferences. These efforts demonstrate the adaptation of China's garment and textile industry to international market dynamics, as well as strategies to maintain competitiveness despite demand fluctuations and developments. As a consequence, China and its trading partners have the opportunity to continue to develop and capitalize on opportunities in an increasingly complex global market.

In 2019, the value of exports decreased to US\$151.37 billion. This decline may be due to rising trade tensions, especially between the US and China, which likely disrupted trade flows. Moreover, the movement towards more sustainable and ethical fashion may begin to affect demand for garments from the region, prompting buyers to look for alternatives. The significant decline in 2020, with exports falling to US\$137.38 billion, can be directly attributed to the COVID-19 pandemic that severely disrupted global supply chains, reduced consumer demand, and led to factory closures. Lockdowns and restrictions around the world resulted in lower production and export capabilities. Exports increased again to US\$170.26 billion in 2021 and increased again to US\$175.4 billion in 2022. As the global market reopens, recovering from the initial impact of the pandemic, there is a demand surge as the retailers restock and consumers continue to spend. Export value drops slightly to US\$159.14 billion in 2023. This decline may be due to several things, such as continued supply chain disruptions, increased raw material costs, and possible continued global economic uncertainty. It could also be due to inflationary pressures and changes in consumer spending patterns, possibly towards alternative markets or more sustainable modes.

3.2 Total Garment Exports from Indonesia to the World

Garment exports from Indonesia to the rest of the world can fluctuate from year to year depending on various factors such as global market demand, fashion trends, trade policies, and other factors. Indonesia is generally recognized as one of the world's leading garment producers, so garment exports from the country have a significant contribution to international trade.

Garment Exports from Indonesia to the World (In billion US. Dollars)

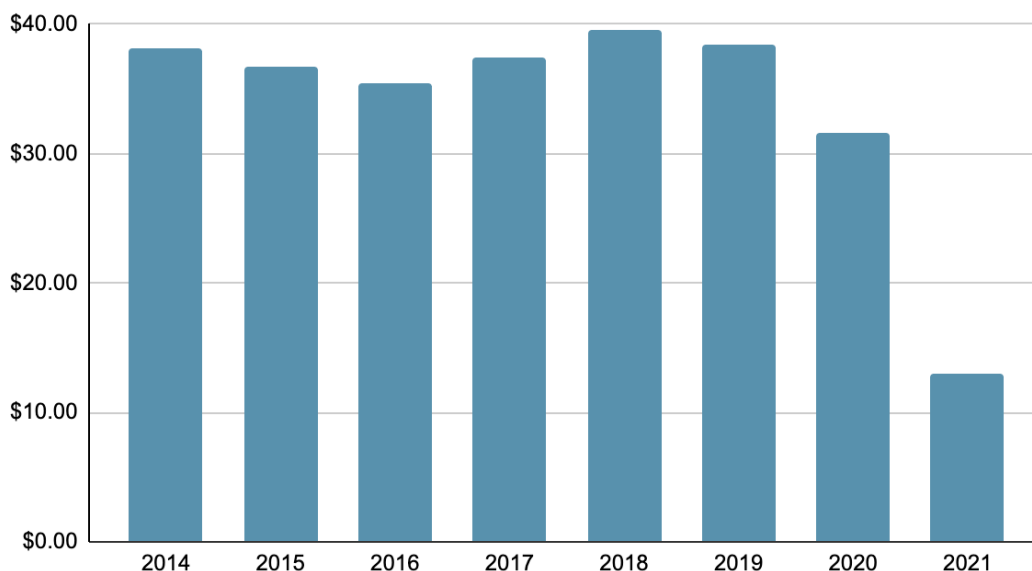


Figure 2 Export Value of Garments from Indonesia to the World

Source: World Bank (processed, 2024)

According to the data, the value of Indonesia's garment exports to the rest of the world fluctuated from 2014 to 2021. In 2014, the value of exports reached US\$38.09 billion and decreased slightly to US\$35.38 billion in 2016. Then, exports increased again to US\$37.47 billion in 2017 and peaked in 2018 with US\$39.54 billion. The year 2019 saw a slight decline to US\$38.37 billion but then dropped drastically to US\$13.01 billion in 2021. The significant declines in 2020 and 2021 are most likely due to the impact of the COVID-19 pandemic affecting global demand as well as supply chain disruptions.

3.3 Garment Exports from China to Indonesia

An important part of China-Indonesia bilateral trade is garment exports. Garment trade includes various types of clothing and textiles exported from China to satisfy Indonesian market demand, including apparel, textile fabrics, fashion accessories, and other textiles used in various industries in Indonesia. To further explore garment exports from China to Indonesia, below is information on the total value and structure of garments exported from China to Indonesia.

3.3.1 Total Value of Garment Exports from China to Indonesia.

Garment exports from China to Indonesia represent an important part of the trade relationship between these two countries. China is known as one of the world's major garment producers, while Indonesia is a large market for textile and garment

products. The two countries have a close trade relationship, which is reflected in the growing value of garment exports from China to Indonesia year after year.

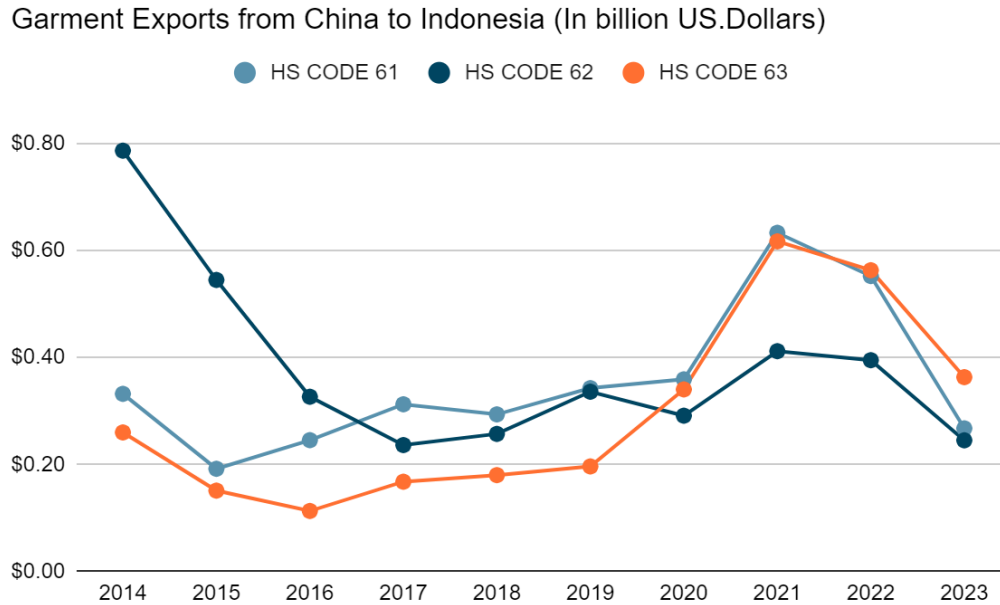


Figure 3 Garment Exports from China to Indonesia

Source: UN Comtrade (processed, 2024)

According to the data collected, the category of garment exports from China to Indonesia experienced significant changes from 2014 to 2023. Knitted apparel exports (HS code 61) increased from US\$0.332 billion in 2014 to US\$0.342 billion in 2019, but then decreased to US\$0.267 billion in 2023. Exports of non-knitted clothing (HS code 62) also experienced changes, with the highest value of US\$0.786 billion in 2014 falling to US\$0.395 billion in 2022. Textiles and other textile goods (HS code 63) show a different trend. The 2020 export value increased rapidly to US\$0.340 billion but dropped to US\$0.363 billion in 2023. The large increase in 2020 could indicate increased demand during the COVID-19 pandemic, when products such as masks and protective clothing are particularly important.

3.3.2 The Structure of Garment Exports from China to Indonesia

The structure of garment exports from China to Indonesia provides an interesting insight into the dynamics of international trade in the textile industry. Chinese garments remain competitive in the global market, including in Indonesia, due to strong manufacturing infrastructure and competitive production costs. The pattern of garment exports between the two countries is influenced by trade policies, the role of distributors and suppliers, and local market demand.

Garment exports from China to Indonesia include various types of clothing and textiles, such as t-shirts, shirts, jackets, pants, and children's clothing. The fabrics and textile materials used to make clothing also make up a large part of these exports, along with clothing accessories such as buttons, zippers and ribbons. The market for clothing exports from China in Indonesia is divided into several main segments. The first is fast fashion, which consists of low-priced, fast-trend items, which dominate large retail stores. The second is casual and daily wear, which includes mid-priced items for daily use.

According to data from UN Comtrade on garment exports from China to Indonesia from 2014 to 2022, there are interesting trends in the exported product categories. The knitted or crocheted clothing product category (HS code 61) experienced significant fluctuations, with the highest value in 2014 at US\$0.332 billion and the lowest value in 2016 at US\$0.245 billion. However, there was an increase again in 2019 and 2020 before experiencing a decline in 2021 and 2022. Meanwhile, the non-knitted clothing products category (HS code 62) shows a slightly different pattern, with the highest value in 2014 at US\$0.786 billion and a more stable decline until 2022. The category of textile products and other textile goods (HS code 63), on the other hand, experienced a relatively continuous increase from 2014 to 2021, reaching its highest value in 2021 of US\$0.616 billion before declining in 2022. This shows that there are complex dynamics in garment exports from China to Indonesia, influenced by various economic and industrial factors both domestically and in the global market.

3.4 Garment Exports from Indonesia to China

Garment exports from Indonesia to China are also an important part of bilateral trade between the two countries. Various types of clothing, textiles and other fashion items are included in the apparel goods exported from Indonesia to China. Factors such as unique designs, good quality materials, and persistent fashion trends can influence the demand for Indonesian garment products in the Chinese market. Trade data provided by official agencies such as Indonesia's Central Bureau of Statistics (BPS) and UN Comtrade can be used to find out more about the total value and structure of apparel exports from Indonesia to China.

3.4.1 Total Value of Garment Exports from Indonesia to China

Garment trade between Indonesia and China has shown a dynamic and continuously growing trend over the past few years. The total value of garment exports from Indonesia to China reflects the increasingly close and important trade relationship between these two countries. Based on data from United Nations

Comtrade and Indonesia's Central Bureau of Statistics (BPS), garment exports from Indonesia to China are divided into several categories with HS codes: knitted garments (HS code 61), non-knitted garments (HS code 62), and other textile products (HS code 63).

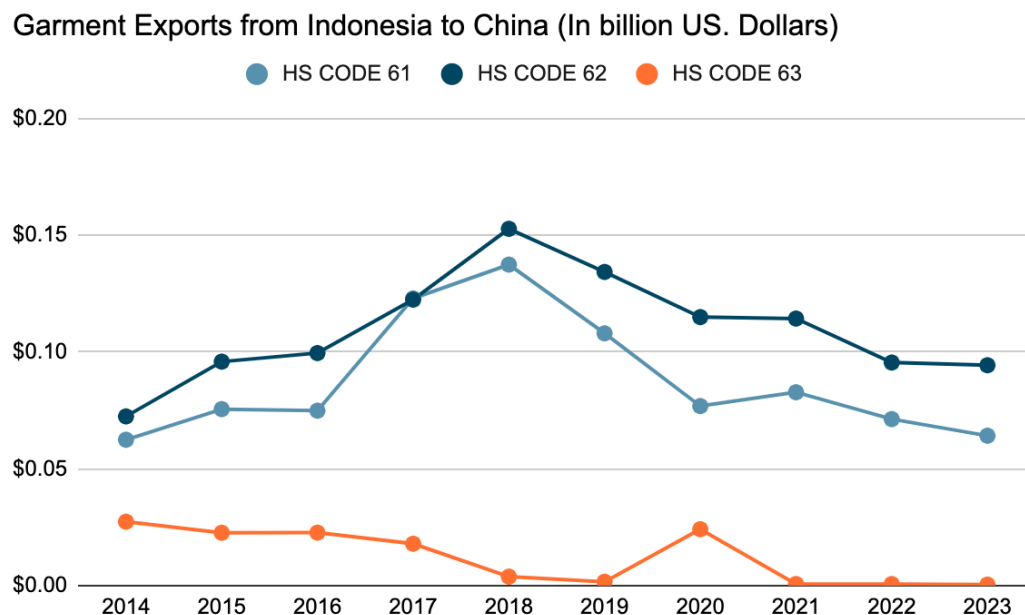


Figure 4 Garment Export from Indonesia to China
 Source: Badan Pusat Statistik (BPS) Indonesia (processed, 2024)

Knitted garments (HS code 61) exported from Indonesia to China have fluctuated since 2014. It started at US\$62 million in 2014 and reached a peak of US\$137 million in 2018. However, by 2023, the price dropped down gradually to US\$64 million. Non-knitted clothing (HS code 62) also shows a similar pattern; its export value peaks at US\$152 million in 2018 and then drops to US\$94 million in 2023. Meanwhile, other textile products (HS code 63) experienced a significant decline. Starting from 2014, it was US\$27 million, and by 2023, it will be only US\$0.42 million.

The increase in export value seen in certain years reflects the strong demand from the Chinese market for Indonesian garment products, which is influenced by factors such as price, quality, and innovation in design and production. The decline seen in recent years, however, points to the challenges faced by Indonesia's garment industry in maintaining its competitiveness in the international market.

3.4.2 The Structure of Garment Exports from Indonesia to China

Indonesian garment exports to China include various types of clothing and textiles, including sportswear, pajamas, and clothing accessories such as socks, scarves, gloves, and hats. The amount of exports of ready-to-wear garments from Indonesia generally continues to increase as the demand of the Chinese market influences it. In addition, the economic value of these exports shows an increasing trend, which is indicated by the selling price and quality of Indonesian garments that are well received in the Chinese market. Demand for garment products in China is often influenced by seasons and the latest fashion trends. Demand increases during certain seasons, such as the run-up to festivals or the holiday season. In the meantime, Chinese consumers tend to prefer better and environmentally friendly products. Despite the huge opportunities, Indonesian exporters face several problems. These include differences in quality standards and regulations between Indonesia and China, as well as fierce competition with Vietnam and Bangladesh. In the same way, fluctuations in production and labor costs in Indonesia can impact the price and competitiveness of products. Garment exports from Indonesia to China show a positive trend with significant growth opportunities, as China is one of the largest markets in the world with high demand for textile and garment products. Indonesian garment products are known for their good quality and competitive prices, and good diplomatic and economic relations between the two countries help accelerate the export process. To remain competitive in the international market, exporters must understand market dynamics and continuously improve production quality and efficiency.

Garment exports from Indonesia to China showed some significant trends in three main categories from 2014 to 2023. In the category of knitted or crocheted clothing and clothing accessories (HS: 61), there was a significant increase from 2014 to reach a high in 2017 with a value of approximately US\$122.94 million. However, after 2017, the export value tended to fluctuate and fell significantly to around US\$64 million.

Non-knitted or untied clothing and clothing accessories (HS: 62) also experienced a consistent increase. It reached its peak in 2018 with about US\$152.73 million, but then fell incrementally until it stabilized again in 2023 with about US\$94.33 million. The category of textiles, finished goods; sets; used clothing and textile goods; rags (HS: 63) shows a downward trend from 2014 to 2023. The 2017 value dropped dramatically to US\$17.91 million to US\$3.82 million, and remained stable at a low value of around US\$0.66 million to US\$0.42 million in the following years. This decline in export value may be due to various factors such as changes in trade policy, market demand, economic conditions, or competition from other countries.

CHAPTER IV. COMPETITIVENESS AND COMPLEMENTARITY OF GARMENT TRADE BETWEEN CHINA AND INDONESIA

4.1 Competitiveness

4.1.1 Comparative Advantage

China has a significant comparative advantage in the garment industry, particularly due to its huge production capacity which is supported by advanced technology and well-established infrastructures. The country is able to produce large quantities of clothing with high efficiency through the use of modern technologies that are constantly evolving. In addition, strong infrastructures, including extensive transportation networks and efficient logistics systems, are playing an important role in supporting China's garment industry. All of these factors together allow China to produce garment products at a lower cost and higher quality than many other countries, making it a global leader in the industry. Production cost efficiency remains high despite the increase in labor costs, owing to the integration of advanced and effective technology and automation systems. The use of modern technology in the production process enables the company to maintain high productivity and reduce dependence on manual labor. A sound automation system, covering various aspects from inventory management to production and distribution processes, ensures that operations run smoothly and efficiently. These advanced technologies not only increase the speed and accuracy of production but also help in reducing human error, improving the quality of the final product. Continuous innovations and investments in new technologies help China maintain product quality and production efficiency. Indonesia, on the other hand, offers lower labor costs compared to China, which provides significant competitiveness in certain labor-intensive market segments. This more economical labor cost factor allows companies in Indonesia to produce goods with lower production costs, allowing them to offer more competitive prices in the global market. This is particularly important for market segments that are price-sensitive and require labor-intensive production processes. This is particularly important for market segments that are price-sensitive and require labor-intensive production processes. China thus has an advantage in technology and infrastructure, but Indonesia can compete effectively through lower labor cost efficiency. These advantages help Indonesia attract foreign investment in the manufacturing and textile sectors, and expand its market share in the global industry. The country's access to local raw materials such as cotton and textiles also favors the industry, compounded by the government's support through its policies that encourage industrial growth, tax incentives, and infrastructure development.

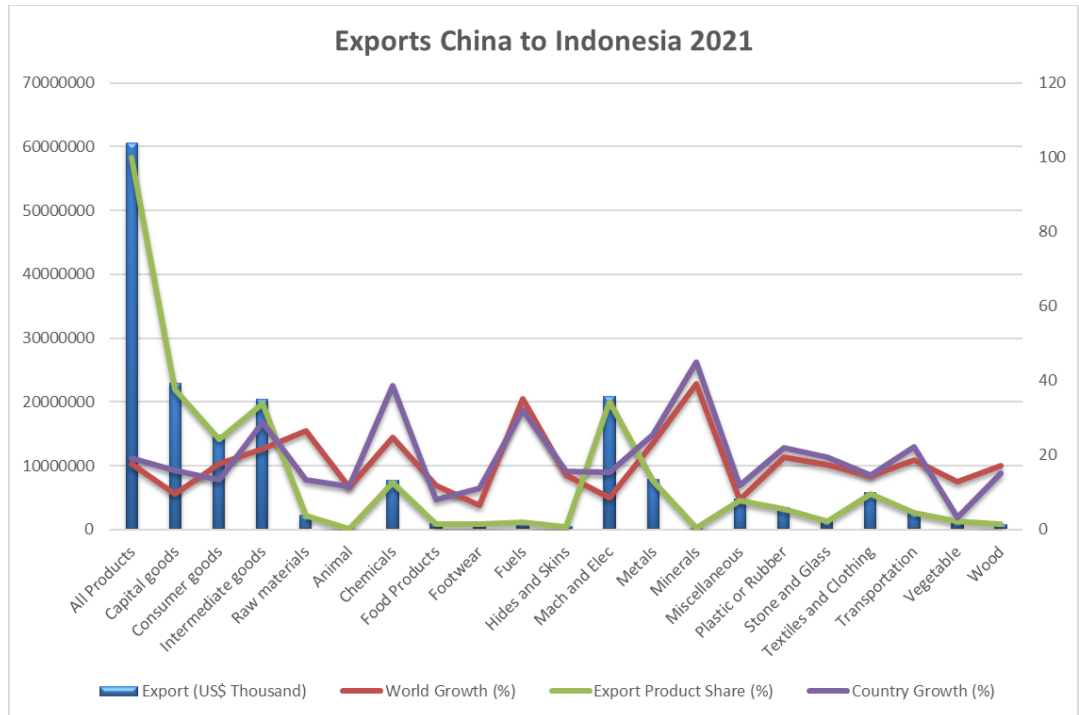


Figure 5 Export China to Indonesia 2021

Source: Worldbank (processed, 2024)

According to the data presented, textile and apparel exports from China to Indonesia showed significant growth and stood out in several aspects. In 2021, China exported textiles and apparel to Indonesia with a total value of \$5,862,658.83 thousand. This sector recorded a growth of 14.75%, slightly above the global average growth for this category of 14.42%. This shows that China's textile and apparel products are able to meet the increasingly complex standards and needs of the Indonesian market.

Compared to other product groups, the textile and apparel sector showed a solid performance although not as fast as some other sectors. Chemicals products, for example, recorded the highest growth with 38.64%, well above the global average of 24.64%, and fuels with 32.17% growth compared to the global growth of 35.19%. Furthermore, the minerals sector showed remarkable growth of 45.03%, exceeding the global average of 39.25%.

Looking at the contribution to total exports, textiles and apparel accounted for 9.67%, making it one of the key sectors in China's export to Indonesia portfolio. The high export value reflects the huge demand from Indonesia for Chinese textile and apparel products, strengthening China's position as one of the major suppliers. This success not only benefits China's domestic industry but also increases the value of national exports. This strong trade relationship also demonstrates the positive diplomatic relations between China and Indonesia.

4.1.2 Trade Competitiveness (TC)

Trade Competitiveness is the ability of a country or region to compete in the global market with the products or services offered. A way to measure trade competitiveness is through the Net Export Index (NEI), which is a comparison between the value of exports and the value of imports of a product or group of products in a certain period. NEI can be calculated using the following formula:

$$NEI = \frac{Export - Import}{Export + Import}$$

Exports: The value of exports from the country for a particular product.

Imports: The value of imports into the country for a particular product.

The Net Export Index (NEI) value has a clear interpretation depending on whether it is positive (>0), equal to zero (=0), or negative (<0). If the NEI value is positive, it signifies that the country has a net advantage in trading that product, and the higher the NEI value, the greater the net advantage. Conversely, if the NEI value is equal to zero, it indicates that exports and imports of the product are balanced, meaning the country has no net advantage or disadvantage in trading that product. Given this insight, the NEI value becomes an important indicator in assessing the competitiveness and trade balance between two countries or within a particular trade sector.

The Table of Trade Competitiveness Index of Chinese Exported Garment Products to Indonesia HS Code 63 (2004-2022)

Year	China's garment export to Indonesia	China's garment imports to Indonesia	NEI
2004	\$22,845,375	\$688,472	0.94149090
2005	\$17,656,280	\$1,153,633	0.87733776
2006	\$24,963,009	\$833,041	0.93541329
2007	\$29,542,279	\$1,282,357	0.91679661
2008	\$38,316,529	\$2,896,008	0.85945985
2009	\$32,161,891	\$7,096,789	0.63846013
2010	\$53,205,458	\$15,102,334	0.55781519
2011	\$80,218,083	\$26,416,545	0.50454096
2012	\$110,946,506	\$25,402,080	0.62739503
2013	\$150,950,179	\$20,679,717	0.75901964
2014	\$259,691,200	\$18,365,069	0.86790393
2015	\$151,009,445	\$10,826,806	0.86620048
2016	\$112,981,242	\$12,036,828	0.80743858
2017	\$167,634,527	\$11,518,752	0.87140897
2018	\$179,935,821	\$3,453,849	0.96233322
2019	\$196,206,425	\$1,731,916	0.98250044
2020	\$340,096,032	\$31,338,363	0.83125761
2021	\$616,597,497	\$724,971	0.99765124
2022	\$562,674,076	\$611,247	0.99782970
2023	\$362,954,646	\$755,996	0.99584287

Table 1 NEI Index of Chinese Exported Garment to Indonesia HS Code 63
Source: UN Comtrade (processed, 2024)

The data above represents garment exports from China to Indonesia, garment imports from China to Indonesia, and the Net Export Index (NEI) values for recent years. The trend of NEI from 2004 to 2022 shows significant variations in the competitiveness of garment trade between the two countries. In 2004, the NEI was 0.941, but then decreased to 0.877 in 2005. Following that, the value increased slightly to reach 0.935 in 2006 and 0.917 in 2007. In 2008, there was a significant decrease in the index value to 0.859, which lasted until 2023. The decline continued

until 2011, when the index reached 0.505. Starting in 2012, a recovery trend emerged, with the index value increasing gradually until it reached 0.759 in 2013. The recovery trend continued when the index value reached 0.868 in 2014 and stabilized at 0.866 in 2015.

Following a slight decline in 2016 to 0.807, the NEI increased again in 2017 to 0.871 and continued to rise strongly until it reached 0.962 in 2018. The positive trend continued with the highest value of 0.983 in 2019. Although in 2020 the value of the index dropped to 0.831, due to the impact of the COVID-19 pandemic that disrupted supply chains, lowered demand, and halted production, the index value increased again in 2021 to reach 0.998, and remained high in 2022 and 2023 with values of 0.998 and 0.996 respectively. The NEI value of China's garment products to Indonesia shows significant fluctuations, with a sharp decline in the late 2000s followed by a period of consistent recovery and steady increase in the following years.

4.1.3 Revealed Comparative Advantage (RCA)

Comparative advantage can be measured using the Revealed Comparative Advantage (RCA) analysis tool used to measure the level of competitiveness. The rationale underlying this index is that the export performance of a country is largely determined by its relative competitiveness against similar products made in other countries, of course assuming the operational relationship between the price and quantity of a good, the value of the currency being exchanged that other factors affecting export growth remain constant. The method for calculating RCA is as follows:

$$RCA = \frac{\frac{X_{ij}}{X_{it}}}{\frac{W_j}{W_t}}$$

The RCA formula above, the numerator (X_{ij}/X_{it}), represents the proportion of China's garment exports to Indonesia out of China's total garment exports to the rest of the world. While the denominator (W_j/W_t) represents the proportion of Indonesia's garment imports from the rest of the world out of the total world garment imports. $RCA > 1$ indicates a comparative advantage, which means that the country has a higher share of product exports than the global export share, such as China in garment exports to Indonesia. $RCA = 1$ means the country's export share is equal to the global export share, indicating no comparative advantage or disadvantage. $RCA < 1$ indicates a comparative disadvantage, where the country's export share is lower than the global export share.

The Table of Revealed Comparative Advantage Chinese Exported Garment Products to Indonesia HS Code 63 (2004-2022)

Year	China's garment export to Indonesia	Total Chinese Garment Exports to the World	Total Imports of Indonesian Garment from the World	World Total Garment Imports	RCA
2004	\$22,845,375	\$7,783,716,005	\$10,747,461	\$23,892,729,645	6.5
2005	\$17,656,280	\$10,336,098,068	\$13,003,453	\$26,034,070,707	3.4
2006	\$24,963,009	\$12,076,395,338	\$18,613,517	\$29,394,031,658	3.3
2007	\$29,542,279	\$13,591,362,337	\$26,144,243	\$32,520,038,939	2.7
2008	\$38,316,529	\$16,776,135,592	\$40,073,074	\$31,506,197,688	1.8
2009	\$32,161,891	\$16,816,772,862	\$47,869,487	\$29,513,976,717	1.2
2010	\$53,205,458	\$19,744,230,415	\$79,529,582	\$33,669,005,907	1.1
2011	\$80,218,083	\$22,673,294,264	\$72,502,328	\$37,066,055,190	1.8
2012	\$110,946,506	\$24,015,853,335	\$70,568,243	\$35,349,252,240	2.3
2013	\$150,950,179	\$26,825,157,636	\$67,393,379	\$36,320,238,650	3.0
2014	\$259,691,200	\$28,472,645,545	\$64,258,225	\$37,647,415,360	5.3
2015	\$151,009,445	\$26,928,572,964	\$60,611,731	\$33,640,045,348	3.1
2016	\$112,981,242	\$25,521,305,863	\$78,124,924	\$31,884,645,368	1.8
2017	\$167,634,527	\$26,358,053,802	\$114,944,027	\$20,188,239,993	1.1
2018	\$179,935,821	\$27,803,637,548	\$133,308,554	\$21,680,352,841	1.1
2019	\$196,206,425	\$27,890,090,824	\$164,502,197	\$23,199,374,974	0.9
2020	\$340,096,032	\$75,584,824,210	\$308,795,290	\$41,258,931,517	0.6
2021	\$616,597,497	\$41,203,783,851	\$328,226,451	\$29,435,457,006	1.3
2022	\$562,674,076	\$37,667,401,164	\$246,047,365	\$27,607,193,456	1.7

Table 2 RCA of Chinese Exported Garment to Indonesia HS Code 63

Source: UN Comtrade (processed, 2024)

The comparative advantage changes of a country in garment exports are represented in the table from 2004 to 2022. In 2004, the RCA value was very high at 6.52, indicating a strong comparative advantage. However, this value decreased gradually until it reached 1.18 in 2009, although it still showed a comparative advantage. After a slight decline in 2010, the RCA increased again, peaking at 5.34 in 2014. The period after that, from 2015 to 2020, was characterized by a gradual decline in RCA values, with the lowest value of 0.60 in 2020, indicating that the country lost its comparative advantage in the product in that year. There were signs of recovery in

2021 and 2022, however, with RCA values again increasing to 1.34 and 1.68.

China shows a stronger comparative advantage with its large economies of scale compared to Indonesia, high production efficiency, and more advanced infrastructure, which is also reflected in its significant global market share and relatively stable export performance. Based on Total Competitiveness (TC) and Revealed Comparative Advantage (RCA), China leads in production efficiency and the ability to produce large quantities of goods at lower costs. Indonesia, however, has the potential to improve its export performance through improved production capabilities and efficiency, as well as adopting more advanced technologies. Despite China's current market dominance, a focus on sustainability, product diversification, and strengthening logistics infrastructure can help Indonesia strengthen its position in global competition.

4.2 Complementarity

4.2.1 Index of Intra-Industry Trade (IIT)

The Intra-Industry Trade Index (IIT) is a measure used to identify and analyze the extent to which trade between two countries involves products that are in the same industry category. IIT provides insight into the degree of economic diversification and interdependence between countries involved in international trade. The higher the IIT value, the greater the proportion of trade consisting of exports and imports of products within the same industry category, reflecting the presence of competitive advantage and specialization at different stages of production.

$$IIT = 1 - \frac{|X - M|}{X + M}$$

X is the total export value of a product or product category.

M is the total value of imports of the same product or product category.

IIT value of 0 indicates that there is no intra-industry trade taking place. However, when the IIT value reaches 1, it indicates that all trade is intra-industry, which means that trade is focused on products within the same industry.

The Table of Intra-Industry Trade Index Chinese Exported Garment Products to Indonesia HS Code 63(2004-2022)

Year	China's garment export to Indonesia	Indonesia's garment imports from China	IIT Value
2004	\$22,845,375	\$1,159,267	0
2005	\$17,656,280	\$2,531,530	0
2006	\$24,963,009	\$3,987,406	0
2007	\$29,542,279	\$10,595,985	1
2008	\$38,316,529	\$12,783,853	1
2009	\$32,161,891	\$13,836,479	1
2010	\$53,205,458	\$34,459,530	1
2011	\$80,218,083	\$33,092,526	1
2012	\$110,946,506	\$31,130,860	0
2013	\$150,950,179	\$27,434,647	0
2014	\$259,691,200	\$28,637,156	0
2015	\$151,009,445	\$30,131,812	0
2016	\$112,981,242	\$44,755,249	1
2017	\$167,634,527	\$68,580,640	1
2018	\$179,935,821	\$96,255,963	1
2019	\$196,206,425	\$108,909,355	1
2020	\$340,096,032	\$243,252,387	1
2021	\$616,597,497	\$247,492,958	1
2022	\$562,674,076	\$171,660,342	0

Table 3 IIT of Chinese Exported Garment to Indonesia HS Code 63

Source: UN Comtrade (processed, 2024)

In the years 2004 to 2006, the IIT value was 0, indicating that no intra-industry trade occurred. Then, from 2007 to 2011, the IIT value increased to 1, indicating that all trade is intra-industry. Starting from 2012 to 2015, however, the IIT value returns to 0, indicating that there is no intra-industry trade and from 2016 to 2021 indicating that there is intra-industry trade. From this data, there is an interesting fluctuation pattern in the level of intra-industry trade across time.

4.2.2 Trade Complementarity Index (TCI)

TCI describes how well the products exported by one country are matched with the products imported by another country, assuming that products frequently exported by one country may become important imports for another country. The analyst can understand the dynamics of trade between two countries or regions and identify opportunities for mutually beneficial cooperation in international trade. The higher the TCI value, the greater the potential for mutually beneficial trade cooperation between the two countries. Its formula is:

$$TCI = 1 - \sigma i \left| \frac{X_{ci}}{X_c} - \frac{M_{ij}}{M_j} \right|$$

X_{ci}	: Garment Sector Exports from China to the World
X_c	: China's Total Exports to the World
M_{ij}	: Indonesia's Garment Sector Imports from the World
M_j	: Total Imports of Indonesia form the World

The Table of TCI Chinese Exported Garment Products to Indonesia HS Code 63
(2004-2022)

Year	Trade Complementarity Index
2004	0.987
2005	0.986
2006	0.987
2007	0.989
2008	0.988
2009	0.986
2010	0.988
2011	0.988
2012	0.988
2013	0.988
2014	0.988
2015	0.988
2016	0.988
2017	0.989
2018	0.989
2019	0.989
2020	0.972
2021	0.989
2022	0.990

Table 4 TCI of Chinese Exported Garment to Indonesia HS Code 63
Source: UN Comtrade (processed, 2024)

It is obvious from the table that the TCI from 2004 to 2022 is relatively stable and tends to be high, with most TCI values hovering around 0.988 to 0.989. This indicates that the export structure of the evaluated countries tends to complement the import structure of other countries very well over the period. Fortunately, there was a slight drop in 2020 with a TCI value of 0.972, which then increased again in the following years 2021 and 2022 to 0.989 and 0.99, indicating minor fluctuations but overall still in the high range.

Complementarities of garment trade between China and Indonesia is also reflected in Supply Chain Integration, Investment and Technology Transfer and Investment and Technology Transfer.

Supply chain integration between China and Indonesia can increase complementarities in the garment industry. Indonesia can supply raw materials such as cotton and textiles to factories in China, which then can process these materials into finished products using advanced technology and efficient production processes. The two countries can thus capitalize on each other's advantages, with China focusing on high-volume production and high-tech products, while Indonesia can specialize in the more labor-intensive and less-automated market segments.

Investment from Chinese companies in Indonesia's garment industry can bring great benefits in terms of technology transfer and improved production efficiency. Through direct investment, Chinese companies can set up factories in Indonesia and introduce advanced manufacturing technologies and more efficient management practices. Joint ventures among Chinese and Indonesian companies can also create an opportunity to share their expertise and develop products that are more competitive in the global market.

Market diversification is an essential strategy that both countries can adopt. China, which currently exports most of its products to well established markets such as the United States and Europe, can expand its reach to Southeast Asian markets, including Indonesia. In contrast, Indonesia can utilize China's vast market network to expand its exports to a wider global market, including Africa and Latin America. This collaboration in market diversification can help both countries reduce dependence on traditional markets and improve their economic stability.

A variety of important components influence the complementarity of the garment industry between China and Indonesia. First and foremost, an effective supply chain integration makes collaborative production possible. Indonesia can provide raw materials and components, and China handles the final assembly and packaging. A good transportation infrastructure and effective logistics system ensure that goods can be shipped easily between the two countries. These also help harmonize quality standards and regulations to ensure that products are in sync with each other. Second, technology transfer and investment are crucial. Technology transfer, workforce training and collaborative programs are some of the ways China's direct investment into Indonesia's apparel industry can increase production capacity and incorporate new technologies. In addition, cooperation in R&D improves the quality and efficiency of apparel production. Third, it is important to improve export outreach and reduce dependence on specific markets through market diversification. Strategies to reach out to new markets, customize products to meet international market needs, and build collaborations with businesses in other countries assist in improving market access and product distribution. Growth and integration in this sector is supported by industrial development programs, investment incentives, and trade agreements that reduce tariffs. And lastly, training

and skills development programs, along with the availability of a skilled and experienced workforce, improve labor efficiency and productivity. China and Indonesia can enhance complementarities in the apparel industry, create better synergies, and strengthen their competitiveness in the global market by optimizing these elements.

4.3 The Trade Integration Index

Trade convergence divergence is an analytical tool used to measure the extent to which trade patterns between two countries are approaching or converging. Specifically in the context of apparel products exported from China to Indonesia, TCD helps analyze how trade dynamics between the two countries have evolved over time. Measuring TCD provides a deeper understanding of the extent to which the trade relationship is becoming closer and whether there is increasing interdependence in the garment and apparel trade. The following is the formula and method for calculating TCD for garment products exported from China to Indonesia:

$$TCD : \frac{\frac{X_{ij}}{\left(\frac{X_i}{M_{ij}}\right)}}{\frac{X_{iw}}{\left(\frac{X_w}{M_{iw}}\right)}}$$

- X_{ij} : Export value of product i from country j to country k (garment exports from China to Indonesia).
- X_i : Total export value of product i from country j (total garment exports from China).
- M_{ij} : Import value of product i by country j (garment imports by Indonesia from China).
- M_j : Total import value of product i by country k (total garment imports by Indonesia).
- X_{iw} : Total export value of product i from the rest of the world.
- X_w : Total export value of all products from all over the world.
- M_{iw} : Total import value of product i by the rest of the world.
- M_w : Total import value of all products by the rest of the world.

The Table of Trade Convergence Divergence Chinese Exported Garment Products to Indonesia HS Code 63 (2004-2022)

Year	TCD
2004	0.0232
2005	0.0070
2006	0.0080
2007	0.0045
2008	0.0054
2009	0.0050
2010	0.0017
2011	0.0056
2012	0.0071
2013	0.0088
2014	0.0130
2015	0.0070
2016	0.0049
2017	0.0057
2018	0.0047
2019	0.0060
2020	0.0025
2021	0.0103
2022	0.0111

*Table 5 TCD of Chinese Exported Garment to Indonesia HS Code 63
Source: UN Comtrade (processed, 2024)*

An indicator called the Trade Convergence Index (TCD) shows how similar the trade patterns between two countries are to the global trade patterns. TCD values range from 0 to 1. A value of TCD = 1 indicates perfect convergence, which means that bilateral trade patterns are fully in line with global trade patterns, and a value of TCD = 0 indicates perfect divergence, which means that there is no similarity at all between the two countries' trade patterns and global trade patterns. TCD values between these two extremes (e.g., from 0.2 to 0.8) indicate variations in the degree of convergence; higher TCD values indicate that bilateral trade patterns are more similar to global trade patterns.

Trade Convergence Index (TCD) data for hs code 63 garment products exported from China to Indonesia from 2004 to 2022 show consistently low TCD values, indicating

divergent global trade patterns. TCD values dropped from 2004 to 2007, indicating greater divergence in trade patterns. TCD values remain low, although there is slight variation between 2008 and 2010. There were fluctuations from 2011 to 2015, with a peak in 2014. However, convergence is still low. In 2016-2020, TCD values stabilized, with a significant drop in 2020. In 2021-2022, TCD values increased slightly, indicating a possible change in trade structure towards global patterns.

CHAPTER V. CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

An increasingly integrated global economy has strengthened trade relations between China and Indonesia, especially in the textile and garment sector. China and Indonesia have different advantages in the garment industry. China's comparative advantage stands in its state-of-the-art technology, efficient production capacity, and well-established infrastructure, which enables high-quality and cost-effective garment production. Despite higher labor costs, China maintains efficiency through automation and technology integration. Indonesia, on the other hand, offers lower labor costs, attracting foreign investment and enabling competitive pricing in labor-intensive market segments. Indonesia's access to local raw materials and government support further boost its competitiveness.

In terms of trade, China exported \$5,862,658.83 thousand worth of textiles and clothing to Indonesia in 2021, reflecting strong trade relations and China's position as a major supplier. China's export growth of textile and apparel products to Indonesia grew by 14.75%, outpacing global growth, indicating a dynamic trade relationship between the both countries.

The Net Export Index (NEI) and RCA values for garment exports from China to Indonesia have fluctuated over the years, indicating changing trade dynamics. China's production capability, efficiency, and dominance in global garment exports are highly prominent, while Indonesia continues to improve its export performance by enhancing product quality and trade relations. Supply chain integration, investment, and technology transfer between the both countries can further enhance complementarity in the garment industry.

The Intra-Industry Trade Index (IIT) and Trade Complementarity Index (TCI) reveals the extent of trade cooperation and import-export structure compatibility between China and Indonesia. Market diversification strategies can help both countries expand their export reach and reduce dependence on traditional markets. Trade Convergence Divergence (TCD) analysis shows the trade pattern between the two countries is consistently different from the global trade pattern. Despite fluctuations and a slight increase in convergence in recent years, overall, trade in garment products between China and Indonesia shows unique characteristics and differs from the global trend, influenced by various external and internal factors such as trade policies, economic development, and the COVID-19 pandemic. However, as trade between the two countries continues to evolve with a trend towards a globalized trade pattern, ultimately, China and Indonesia have the potential to strengthen trade integration and complementarity in the garment industry through strategic collaboration and continuous improvement in production efficiency and market diversification.

5.2 Recommendations

In order to optimize this potential, Indonesia needs to improve the quality of its products and production efficiency through investment in technology and workforce training. Both countries should also expand their market reach and reduce dependence on traditional markets by seeking new markets. Additionally, supply chain integration and investment from Chinese companies in Indonesia's garment industry can strengthen collaboration and skill-sharing. Trade policy oversight by the Indonesian government would help protect the domestic garment industry from an excessive surge in imports.

Product diversification, ensuring international certifications and standards, and the utilization of eco-friendly materials can also improve competitiveness in the global market. Encouraging strategic partnerships between companies from both countries, improving logistics infrastructure, and utilizing digital marketing will expand market share. Investments in research and development (R&D), workforce training programs, and incentive policies from the government are also important to encourage innovation and efficiency. Furthermore, the development of specialized garment industrial estate with modern facilities can support production and exports. With these measures, the garment trade relationship between China and Indonesia is expected to continue to develop positively, benefit both countries, and strengthen the competitiveness of their garment industries in the global market. Thus, through these efforts, it is expected that the garment trade relationship between China and Indonesia can continue to develop positively, benefiting both countries and strengthening the competitiveness of their garment industries in the global market.

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