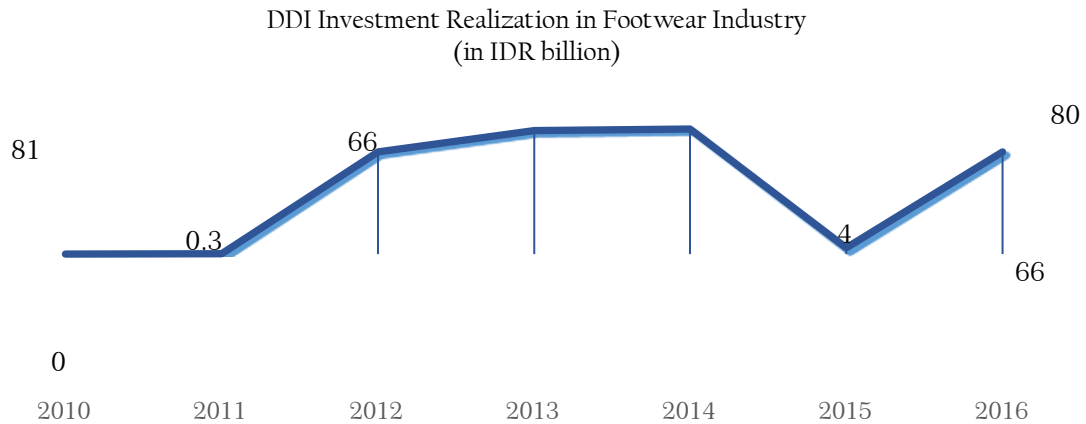




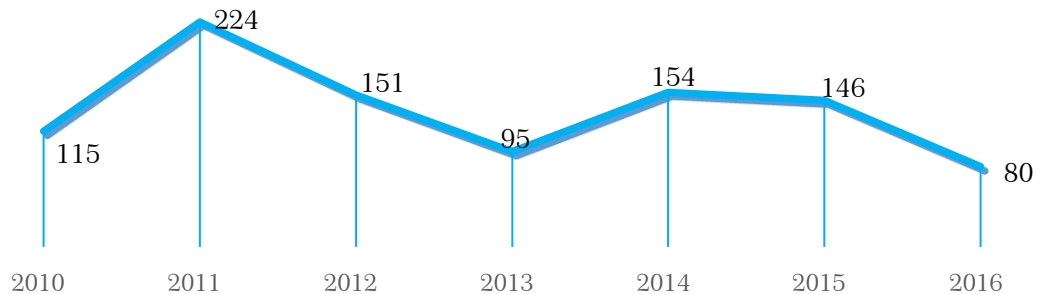
FOOTWEAR **INDUSTRY**

Footwear Industry

Investment Realization in Footwear Industry



FDI Investment Realization in Footwear Industry
(in US\$ million)



Source: BKPM, 2017

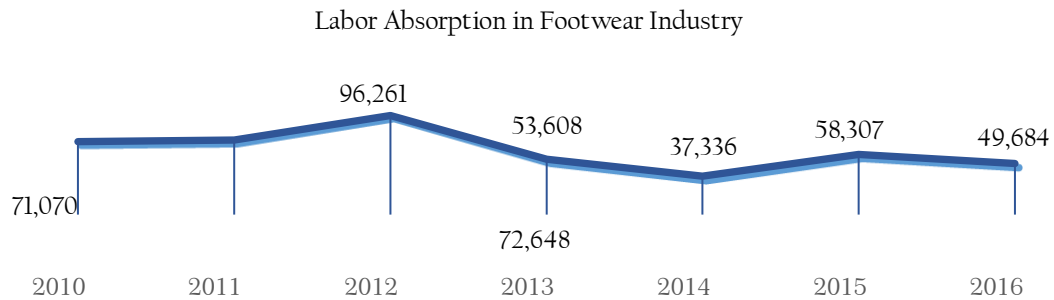
Labor

Indonesian manufacturers have had proven reputation of working with international, high end brands and meeting specific production requirements, in addition to compliance with strict health, safety, and labor regulations.

A more educated workforce has also demonstrated adaptability to new trends as well as creativity in producing their own designs while working with international principals and buyers. This can be seen that the country

has become a manufacturing base for value added footwear brands such as the production of NATO standard military boots, high end leather footwear, and sportswear brands for their latest high performance models.

Footwear industry absorbed 8% out of the entire workforce of national manufacture industry in Indonesia. Over 400.000 workers have been working in footwear industry from 2010 – 2016, with the details 416,421 workers and 22,492 workers from FDI and DDI, respectively.



Source: BKPM, 2017

Government Provisions and Supports

As one of the strategic sectors, which is labor-intensive, footwear industry has been continuously supported by the government with following policies:

- Indonesia opens widely to investor to invest in footwear industry with 100% foreign ownership.
- Tax Allowance: The reduction of corporate taxable income as much as 30% of investment value is granted for certain business fields and/or certain areas for all footwear downstream industries. This tax allowance is spread for 6 years, meaning 5% each year.

In addition, in spurring the growth of the footwear industry, the Indonesian government has implemented various initiatives and supporting programs by:

- Revitalization and Industry Development Program concerning machine/equipment restructuring of footwear industry was launched in 2007. It aims to replace old, inefficient machineries/equipment, to promote technological cooperation between local and foreign companies and transfer of know how.
- Providing industrial trainings in West Java (Bandung, Subang, and Sukabumi), Central Java (Semarang), and East Java (Sidoarjo, Jombang, and Mojokerto).
- Facilitating the preparation of Indonesia National Standard Work Competency (RSKKNI) in Footwear Industry and the application of the National Standard.
- Setting and/or encouraging the establishment of industrial clusters that aims to facilitate vertical and horizontal integration as well as staff training.
- Facilitating technical assistance, research activities and development programs through:
 - The Indonesian Center for Leather, Rubber and Plastic;
 - The Indonesian Leather Technology Academy located in Yogyakarta.
- Supporting or co-organizing exhibitions such as:
 - Indo Leather and Footwear Expo;
 - Indonesian Footwear, Leather and Leather Products Exhibition;
 - Indonesian Products Expo.

