

Rupiah Exchange Rate and Export Performance of Indonesian Textile and Manufacturing Products

Sigit Hermanto¹, Susi Sukawati², Shila Nabilah³, M Fikri Annasrullah⁴,
Vinsensa Gerosa Dhema⁵

^{1,2,3,4,5,6} Faculty of Business Economics, Pamulang University, Banten, Indonesia

Email: sigit.hermanto8899@gmail.com¹, ssukawanti@gmail.com², shilanabilah18@gmail.com³,
criticized.annasrullah@gmail.com⁴, dhemaecha75@gmail.com⁵

DOI: <https://doi.org/10.66931/jmb-566>

Received: July 2026

Revised: August 2026

Accepted: September 2026

Abstract :

The Rupiah exchange rate against the US dollar is one of the economic factors associated with Indonesia's export performance. In theory, Rupiah depreciation may improve the price competitiveness of Indonesian products in international markets. However, the relationship between exchange rate movements and export performance is not straightforward, particularly in the textile and manufacturing industries, which are also influenced by imported input costs, productivity, external demand, and global trade conditions. This study aims to describe the development of the Rupiah/USD exchange rate and the export performance of Indonesian textile and manufacturing products during the 2021–2025 period and to examine the relationship between exchange rate movements and export developments from an economic perspective. The study employs a descriptive qualitative approach based on secondary data obtained from official statistical institutions and supported by relevant scientific literature. The data are analyzed descriptively by comparing the development of the Rupiah/USD exchange rate with textile and manufacturing export performance and interpreting the findings using exchange rate theory, international trade theory, and export competitiveness theory. The results show that the Rupiah experienced a depreciation trend, with the average exchange rate increasing from Rp14,296 per US dollar in 2021 to Rp16,477 in 2025. Meanwhile, apparel export volume fluctuated, increasing in 2022, declining in 2023, and increasing again in 2024 and 2025. Manufacturing export value also showed a fluctuating pattern, increasing in 2021 and 2022, declining in 2023, and recovering in 2024. These findings indicate that Rupiah depreciation may create opportunities for export competitiveness, but export performance cannot be explained by exchange rate movements alone. Imported input costs, productivity, production capacity, external demand, and international market conditions also play an important role in determining export performance.

Keywords : Rupiah Exchange Rate, Export Performance, Textile Industry, Manufacturing Industry, Export Competitiveness

Abstrak :

Nilai tukar Rupiah terhadap dolar Amerika Serikat merupakan salah satu faktor ekonomi yang berkaitan dengan kinerja ekspor Indonesia. Secara teoritis, depresiasi Rupiah dapat meningkatkan daya saing harga produk Indonesia di pasar internasional. Namun, hubungan antara pergerakan nilai tukar dan kinerja ekspor tidak bersifat sederhana, khususnya pada industri tekstil dan manufaktur yang juga dipengaruhi

oleh biaya input impor, produktivitas, permintaan eksternal, dan kondisi perdagangan global. Penelitian ini bertujuan untuk mendeskripsikan perkembangan nilai tukar Rupiah terhadap dolar Amerika Serikat dan kinerja ekspor produk tekstil dan manufaktur Indonesia selama periode 2021–2025 serta mengkaji hubungan antara pergerakan nilai tukar dan perkembangan ekspor dari perspektif ekonomi. Penelitian ini menggunakan pendekatan deskriptif kualitatif dengan memanfaatkan data sekunder yang diperoleh dari lembaga statistik resmi dan didukung oleh literatur ilmiah yang relevan. Data dianalisis secara deskriptif melalui perbandingan perkembangan nilai tukar Rupiah/USD dengan kinerja ekspor tekstil dan manufaktur, kemudian diinterpretasikan menggunakan teori nilai tukar, teori perdagangan internasional, dan teori daya saing ekspor. Hasil penelitian menunjukkan bahwa Rupiah mengalami kecenderungan depresiasi, dengan rata-rata nilai tukar meningkat dari Rp14.296 per dolar Amerika Serikat pada tahun 2021 menjadi Rp16.477 pada tahun 2025. Sementara itu, volume ekspor pakaian jadi mengalami fluktuasi, meningkat pada tahun 2022, menurun pada tahun 2023, kemudian kembali meningkat pada tahun 2024 dan 2025. Nilai ekspor industri manufaktur juga menunjukkan pola yang berfluktuasi, meningkat pada tahun 2021 dan 2022, menurun pada tahun 2023, dan kembali meningkat pada tahun 2024. Temuan tersebut menunjukkan bahwa depresiasi Rupiah dapat menciptakan peluang bagi peningkatan daya saing ekspor, tetapi kinerja ekspor tidak dapat dijelaskan hanya berdasarkan pergerakan nilai tukar. Biaya input impor, produktivitas, kapasitas produksi, permintaan eksternal, dan kondisi pasar internasional juga berperan penting dalam menentukan kinerja ekspor.

Kata Kunci: Nilai Tukar Rupiah, Kinerja Ekspor, Industri Tekstil, Industri Manufaktur, Daya Saing Ekspor

INTRODUCTION

International trade plays an important role in connecting domestic production with global markets, while the exchange rate serves as one of the economic variables linking domestic prices and international transactions. Changes in the value of the domestic currency against foreign currencies can alter the relative price of exported goods and affect the value of export revenues when foreign-currency earnings are converted into domestic currency. In principle, a depreciation of the domestic currency can improve the price competitiveness of exported products when domestic production costs do not increase proportionately. However, the transmission of exchange rate movements to export performance is not necessarily uniform across industries because exporters operate within different production structures, market conditions, and international supply chains (Goda et al., 2024; Rasbin et al., 2021).

The relationship between exchange rates and exports is particularly relevant for Indonesia because manufacturing constitutes an important component of the country's export structure. Recent official statistics show that the manufacturing sector continues to contribute substantially to Indonesia's non-oil and gas exports, while products such as apparel, footwear, metal products, and electrical machinery remain part of the country's international trade structure. In the first half of 2025, for example, the processing industry generated US\$107.60 billion in exports, while the United States, China, and India remained among Indonesia's major non-oil and gas export destinations (Badan Pusat Statistik (BPS, 2025).

The textile and apparel industry provides an important context for examining the relationship between exchange rate movements and export

performance. The sector is integrated into international production and trade networks and therefore responds not only to changes in selling prices but also to production costs, imported inputs, productivity, and conditions in destination markets. Research on Indonesian manufacturing exports has shown that exchange rate movements do not necessarily become the dominant determinant of export performance. [Rasbin et al. \(2021\)](#), for example, found that real exchange rate misalignment and changes in the real exchange rate were not statistically significant determinants of exports across 22 Indonesian manufacturing industries, whereas labor productivity, real wages, interest rates, firm growth, and previous export performance were more relevant factors.

Previous international and regional research also indicates that the relationship between exchange rate movements and exports is context-dependent. [Handoyo et al. \(2023\)](#), using manufacturing commodity data from ASEAN-5 countries, found that exchange rate volatility affected different commodities in different ways, with both short-run and long-run effects varying across products. Similarly, research on emerging economies indicates that the relationship between the real exchange rate and manufacturing exports can differ according to sectoral characteristics and product complexity ([Goda et al., 2024](#)). These findings suggest that exchange rate movements should not be interpreted independently of the characteristics of the exported products and the structure of international markets.

Another important consideration is the role of imported inputs in export-oriented manufacturing. Depreciation may increase the domestic-currency value of foreign export revenues, but it can simultaneously increase the domestic-currency cost of imported intermediate goods, machinery, components, and other production inputs. Evidence from Indonesia shows that imported inputs can also be associated with higher firm productivity and export participation, indicating that imports and exports may be interconnected rather than representing completely separate sides of international trade ([Pane & Patunru, 2023](#)). Consequently, the effect of exchange rate changes cannot be understood simply by assuming that a weaker Rupiah automatically produces greater export competitiveness.

The recent development of Indonesia's exchange rate and textile exports illustrates the importance of examining this relationship descriptively. Revised BPS data show that the volume of Indonesian ready-made garment exports increased from 6,854.6 thousand tons in 2021 to 7,882.4 thousand tons in 2022, declined to 6,740.1 thousand tons in 2023, and subsequently increased to 7,081.4 thousand tons in 2024 and 7,269.5 thousand tons in 2025. At the same time, the Rupiah experienced substantial movements against the US dollar during the period under consideration. Bank Indonesia reported that the Rupiah closed 2025 at Rp16,675 per US dollar, representing a 3.48% depreciation from its end-2024 position. The different patterns between exchange rate movements and export volume indicate that changes in the Rupiah should be examined together with other economic and market conditions rather than interpreted as an isolated determinant of export performance.

Based on these conditions, this study focuses on describing the

development of the Rupiah/USD exchange rate and the export performance of Indonesian textile and manufacturing products during the 2021–2025 period. The study also seeks to interpret the observed relationship between exchange rate movements and export developments from the perspectives of exchange rate theory, international trade, and export competitiveness. Unlike econometric studies that seek to estimate the statistical effect of exchange rate variables, this study uses a descriptive approach to examine the development and contrasting patterns of the exchange rate and export indicators and to interpret them in light of relevant empirical literature. This approach is expected to provide a contextual understanding of why Rupiah depreciation may create opportunities for export competitiveness while not necessarily being accompanied by proportional increases in textile and manufacturing exports.

RESEARCH METHOD

This study employs a descriptive qualitative approach supported by secondary statistical data to examine the development of the Rupiah/USD exchange rate and the export performance of Indonesian textile and manufacturing products. The descriptive qualitative approach is used to interpret the development and relationship between exchange rate movements and export performance within the broader context of international trade. Statistical data are used as supporting evidence to identify changes, trends, and differences in export performance during the observation period.

The study focuses on the development of the Rupiah exchange rate against the US dollar and the export performance of Indonesian textile and manufacturing products during the 2021–2025 period. The exchange rate is represented by the annual average Rupiah/USD exchange rate, expressed in Rupiah per US dollar. Textile export performance is represented by the export volume of ready-made garments, expressed in thousand tons. Manufacturing export performance is represented by the export value of processed manufacturing products, expressed in million US dollars. These indicators are selected because they provide different perspectives for observing export performance, namely the physical volume of textile exports and the monetary value of broader manufacturing exports.

The data used in this study are secondary data obtained from official statistical and economic institutions. Exchange rate data are obtained from Bank Indonesia and relevant official financial institutions, while export data are obtained from Statistics Indonesia (Badan Pusat Statistik/BPS). The data are supplemented by relevant scientific literature concerning exchange rates, international trade, manufacturing exports, textile exports, imported production inputs, and export competitiveness. Previous empirical studies are used as supporting sources to provide contextual interpretation of the observed developments.

Data analysis is conducted through four stages. First, the development of the Rupiah/USD exchange rate is described by identifying annual changes in the average exchange rate and interpreting increases in the Rupiah-per-US-dollar exchange rate as a nominal depreciation of the Rupiah. Second, the development

of textile and manufacturing exports is described by examining changes in export volume and export value during the observation period. Third, the development of the exchange rate and export indicators is compared descriptively to identify whether their movements occur in the same or different directions across the observation period. Fourth, the observed patterns are interpreted using exchange rate theory, international trade theory, and export competitiveness theory, while considering other factors identified in the literature, including imported input costs, productivity, production capacity, external demand, trade conditions, and international competition.

The interpretation process does not treat changes in the exchange rate as a direct causal explanation of changes in export performance. Instead, the study examines the extent to which exchange rate movements coincide with changes in textile and manufacturing exports and discusses the economic mechanisms that may explain similarities or differences between the observed trends. This approach is particularly relevant because depreciation can simultaneously increase the Rupiah value of export revenues and increase the domestic cost of imported production inputs.

To strengthen the validity of the interpretation, the study compares information from official statistical sources with findings from relevant empirical studies. The use of multiple sources enables the observed export and exchange rate developments to be interpreted within a broader economic context rather than relying on a single indicator. The findings are subsequently presented descriptively and discussed in relation to the theoretical framework and previous empirical evidence.

FINDINGS AND DISCUSSION

FINDINGS

A. Development of the Rupiah/USD Exchange Rate

The annual average Rupiah exchange rate against the US dollar exhibited a consistent upward trend throughout the 2021–2025 observation period. Under the Rupiah per US dollar quotation system, an increase in the exchange rate represents a nominal depreciation of the Rupiah. The average exchange rate increased from Rp14,296 per US dollar in 2021 to Rp16,477 in 2025, indicating a gradual weakening of the domestic currency over five consecutive years.

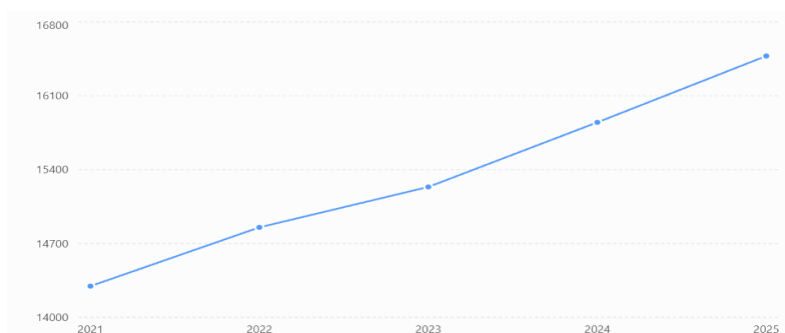


Figure 1. Development of the Average Rupiah/US Dollar Exchange Rate, 2021–2025

Source: Authors' own work

Figure 1 shows that the average Rupiah exchange rate against the US dollar increased consistently throughout the 2021–2025 period. The average exchange rate rose from Rp14,296 per US dollar in 2021 to Rp14,853 in 2022, Rp15,236 in 2023, Rp15,848 in 2024, and Rp16,477 in 2025. Under the Rupiah-per-US-dollar quotation system, an increase in the exchange rate means that more Rupiah were required to obtain one US dollar. Therefore, the data indicate a continuous nominal depreciation of the Rupiah throughout the observation period.

Table 1. Average Rupiah/USD Exchange Rate (2021–2025)

Year	Average exchange rate (Rp/USD)	Annual change
2021	14,296	—
2022	14,853	3.90%
2023	15,236	2.58%
2024	15,848	4.02%
2025	16,477	3.97%

Source: Authors' own work

The largest annual increase occurred in 2024 (4.02%), followed closely by 2025 (3.97%), demonstrating that Rupiah depreciation remained relatively consistent during the study period.

B. Development of Textile Export Performance

The export performance of Indonesia's textile sector was measured using the annual export volume of ready-made apparel. Unlike the exchange rate, textile exports displayed a fluctuating pattern, with substantial growth in 2022 followed by a notable decline in 2023 before recovering in 2024 and 2025.

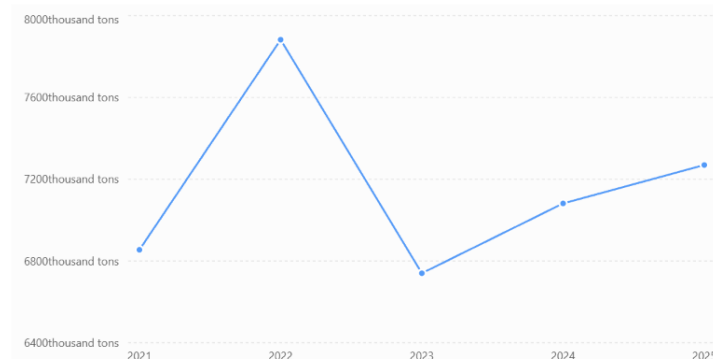


Figure 2. Development of Indonesian Ready-Made Garment Export Volume, 2021–2025

Source: Authors' own work

Figure 2 illustrates that Indonesian ready-made garment export volume fluctuated during the 2021–2025 period. Export volume increased from 6,854.6 thousand tons in 2021 to 7,882.4 thousand tons in 2022, representing growth of 14.99%. However, export volume declined to 6,740.1 thousand tons in 2023, a decrease of 14.49% compared with the previous year. Exports subsequently recovered to 7,081.4 thousand tons in 2024 and 7,269.5 thousand tons in 2025. The data therefore show that textile export performance did not follow a consistently increasing trend throughout the observation period.

Table 2. Export Volume of Ready-Made Textile Apparel (2021-2025)			
Year	Export volume (thousand tons)	Growth	
2021	6,854.6	—	
2022	7,882.4	14.99%	
2023	6,740.1	-14.49%	
2024	7,081.4	5.06%	
2025	7,269.5	2.66%	

Source: Authors' own work

The highest export volume was recorded in 2022, reaching 7,882.4 thousand tons, while the lowest level occurred in 2023, when exports contracted by 14.49% compared with the previous year. Although exports recovered afterward, the growth observed in 2024 and 2025 remained more moderate than that recorded in 2022.

C. Development of Manufacturing Export Performance

To provide a broader perspective, manufacturing export performance was evaluated using the export value of processed industrial products. The manufacturing sector experienced rapid expansion in 2021-2022, followed by contraction in 2023 and recovery in 2024.



Figure 3. Development of Indonesian Manufacturing Export Value, 2020-2024

Source: Authors' own work

Figure 3 presents the development of Indonesia's manufacturing export value, which increased during the initial years before declining and subsequently recovering. Manufacturing exports increased from US\$130.81 billion in 2020 to US\$176.73 billion in 2021 and reached US\$205.69 billion in 2022. In 2023, export value declined to US\$186.60 billion, representing a decrease of 9.28%, before recovering to US\$196.55 billion in 2024. These data indicate that manufacturing export performance changed considerably from year to year and did not follow a consistently upward pattern during the observation period.

Table 3. Export Value of Manufacturing Products		
Year	Export value (million US\$)	Growth
2020	130,805.1	—
2021	176,733.1	35.19%
2022	205,694.8	16.39%
2023	186,596.4	-9.28%
2024	196,545.8	5.33%

Source: Authors' own work

The highest manufacturing export value was achieved in 2022, amounting to US\$205.69 billion, before declining by 9.28% in 2023. Export performance improved again in 2024, indicating partial recovery of the manufacturing sector following the previous year's contraction.

D. Comparative Trend of Exchange Rate and Textile Exports

To facilitate comparison between variables measured in different units, the Rupiah exchange rate and textile export volume were converted into an index using 2021 as the base year (2021 = 100). This normalization allows the direction of change to be compared without equating their measurement units.



Figure 4. Comparison of the Rupiah Exchange Rate and Ready-Made Garment Export Volume Index, 2021–2025 (2021 = 100)

Source: Authors' own work

Figure 4 compares the development of the Rupiah exchange rate and ready-made garment export volume using 2021 as the base year (2021 = 100). The exchange rate index increased gradually from 100 in 2021 to approximately 115 in 2025, indicating a continuous increase in the Rupiah-per-US-dollar exchange rate. In contrast, the ready-made garment export volume index increased sharply to approximately 115 in 2022, declined below the base-year level in 2023, and subsequently recovered in 2024 and 2025. The contrasting patterns indicate that increases in the Rupiah-per-US-dollar exchange rate were not consistently accompanied by increases in textile export volume during the observation period.

DISCUSSION

The results show that the Rupiah experienced a continuous nominal depreciation against the US dollar during the 2021–2025 period, while textile export volume did not follow the same pattern consistently. The exchange rate

increased from Rp14,296 per US dollar in 2021 to Rp16,477 in 2025, whereas ready-made garment exports increased substantially in 2022, declined in 2023, and recovered gradually in 2024 and 2025. This contrasting pattern indicates that Rupiah depreciation and export performance developed differently during several years of the observation period.

From a theoretical perspective, Rupiah depreciation can create an opportunity for exporters because foreign-currency revenues generate a higher amount of domestic currency when converted into Rupiah. Depreciation may also allow exporters to maintain relatively competitive foreign-currency prices when a substantial proportion of their production costs is denominated in domestic currency. The conventional expenditure-switching mechanism therefore provides a reasonable explanation for why currency depreciation can support export competitiveness. However, international evidence suggests that the magnitude of this mechanism varies across countries, sectors, and production structures. The IMF has noted that the transmission from exchange rate changes to trade quantities is affected by adjustment frictions and differences in global value chain integration.

The Indonesian case provides further evidence that exchange rate movements should not be considered an independent explanation of manufacturing export performance. [Rasbin et al. \(2021\)](#), using data from 22 Indonesian manufacturing industries over 1990–2015, found that real exchange rate undervaluation and changes in the real exchange rate were not statistically significant determinants of manufacturing exports. Their findings instead identified previous export performance, real interest rates, real wages, labor productivity, and firm growth as relevant determinants. This evidence is consistent with the descriptive pattern observed in the present study, in which a sustained increase in the Rupiah/USD exchange rate was not accompanied by a similarly consistent increase in textile export volume.

However, this finding should not be interpreted as meaning that exchange rates are irrelevant to export competitiveness. Rather, the descriptive evidence suggests that the exchange rate is one component of a broader competitiveness mechanism. A depreciation may create a potential price advantage, but the realization of that advantage depends on whether Indonesian exporters can maintain production capacity, quality, delivery reliability, and competitive costs. In other words, exchange rate depreciation provides a potential competitive condition rather than an automatic increase in export performance.

This interpretation is also supported by earlier research on Indonesian non-oil exports. [Athukorala \(1998\)](#) found that improved price incentives, including exchange rate devaluation, were associated with stronger export responses, with particularly strong responses in textiles and garments. The difference between this earlier evidence and more recent findings on Indonesian manufacturing exports suggests that the role of the exchange rate may have changed with the structure of production, international competition, and the increasing integration of Indonesian firms into global production networks.

One important factor that helps explain the different movements between the exchange rate and textile exports is the role of imported production inputs.

Depreciation increases the Rupiah cost of imported materials, components, machinery, and other intermediate inputs. Consequently, exporters may simultaneously experience higher Rupiah revenues from foreign sales and higher production costs resulting from more expensive imported inputs.

This mechanism is particularly relevant for manufacturing because participation in international production networks often involves imported intermediate goods. IMF analysis explains that when exporters use imported intermediate inputs intensively, currency depreciation can increase exporters' marginal production costs and consequently reduce the strength of the traditional competitiveness channel. Therefore, the benefit obtained from a weaker domestic currency depends partly on how much of the production process relies on domestic versus foreign inputs.

Evidence from Indonesia provides an important qualification to this argument. [Pane and Patunru \(2023\)](#) found that imported intermediate inputs can contribute positively to firm productivity and export performance in Indonesia. Their firm-level analysis indicates that access to a wider variety of imported inputs can improve productivity and exports, while inputs sourced from technologically advanced countries may provide additional technology and quality benefits. Thus, imported inputs should not simply be regarded as a burden created by depreciation. They can simultaneously function as productive inputs that strengthen firms' ability to export.

This creates a more complex relationship between the exchange rate and export competitiveness. When the Rupiah depreciates, imported inputs become more expensive in domestic currency, but those same inputs may be essential for maintaining product quality, production efficiency, and access to international markets. The net effect therefore depends on the balance between the higher domestic-currency cost of imported inputs and the productivity and quality advantages obtained from using them.

For the Indonesian textile industry, this issue is particularly important because the industry operates through interconnected production stages and international supply chains. [Fadhilah et al. \(2024\)](#) identified dependence on imported raw materials and trade barriers among the factors associated with Indonesia's apparel export performance. Their analysis of exports to major destination markets also found that importer income, tariffs, economic distance, the exporter's real exchange rate, and export prices were associated with apparel export volumes. These findings reinforce the interpretation that exchange rate conditions must be considered together with production structure and market access.

The decline in textile export volume in 2023, despite the continuing increase in the Rupiah/USD exchange rate, also demonstrates the importance of external demand. Exchange rate depreciation can improve the relative price position of Indonesian products, but price competitiveness alone does not guarantee increased purchases by foreign buyers. Export demand depends on economic conditions in destination countries, consumer purchasing power, business inventories, buyer orders, product preferences, and the competitiveness of alternative suppliers.

This point is particularly important for apparel products because demand is closely connected to consumer markets and international purchasing cycles. A weaker Rupiah may provide Indonesian exporters with an opportunity to offer competitive prices, but foreign buyers may reduce orders when their domestic markets weaken or inventories remain high. Consequently, the potential price advantage resulting from depreciation may not immediately translate into higher export volumes.

The findings of [Fadhilah et al. \(2024\)](#) support this interpretation. Their study of Indonesian apparel exports to 11 major destination countries found that importer GDP per capita, economic distance, tariffs, the real exchange rate, and export prices were significant determinants of apparel export volume. The study also identified the importance of non-tariff measures imposed by destination markets. Thus, Indonesian apparel exports are influenced not only by domestic macroeconomic conditions but also by the characteristics and trade policies of destination countries.

The role of destination-market conditions is also consistent with the broader ASEAN evidence reported by [Handoyo et al. \(2023\)](#). Their study found that exchange rate volatility affected manufacturing commodities differently across ASEAN-5 countries and that the magnitude and direction of the effects varied between the short and long term. This suggests that the response of exports to currency movements is heterogeneous rather than uniform across commodities.

Accordingly, the 2023 decline in Indonesian textile exports should not be interpreted as evidence that depreciation failed to provide any price competitiveness. Instead, it demonstrates that the potential effect of exchange rate movements can be outweighed or delayed by other market conditions. Export performance is ultimately determined through the interaction between supply capacity in the exporting country and demand conditions in destination markets.

The relationship between exchange rates and manufacturing exports becomes increasingly complex as production becomes integrated into global value chains. In a conventional trade model, depreciation increases the competitiveness of domestically produced goods because their foreign-currency prices may decline relative to competing products. However, this mechanism becomes weaker when exported products contain a substantial proportion of imported intermediate inputs.

Research by [Ahmed et al. \(2015\)](#) provides evidence of this mechanism at the international level. Using data from 46 countries, the study found that greater participation in global value chains reduces the exchange-rate elasticity of manufacturing exports. The authors estimated that global value chain participation reduced the elasticity of manufacturing exports to real effective exchange rate movements by approximately 22% on average. This provides an important conceptual explanation for why depreciation may not generate a proportional increase in manufacturing exports.

The implication for Indonesia is that export competitiveness should not be assessed solely through nominal exchange rate movements. Manufacturing

competitiveness also depends on productivity, technological capability, access to quality inputs, production capacity, logistics, product standards, and the ability to satisfy international buyers. [Rasbin et al. \(2021\)](#) similarly concluded that factors such as labor productivity, real wages, firm growth, and previous export performance were more relevant to Indonesian manufacturing exports than real exchange rate movements in their empirical model.

The descriptive findings of this study are consistent with this broader perspective. During 2021–2025, the Rupiah/USD exchange rate increased continuously, while textile export volume experienced both expansion and contraction. At the broader manufacturing level, export value also increased during 2021–2022, declined in 2023, and recovered in 2024. The different patterns indicate that manufacturing export performance cannot be understood through a single price variable.

Consequently, exchange rate depreciation should be viewed as one element of export competitiveness rather than its sole determinant. For industries integrated into international production networks, the benefits of depreciation depend on the domestic value added of exported products, the dependence on imported inputs, and the ability of firms to convert potential price advantages into actual orders. This interpretation is consistent with both the Indonesian firm-level evidence of [Pane and Patunru \(2023\)](#) and the international evidence concerning global value chain integration.

Taken together, the findings demonstrate three distinct patterns. First, the Rupiah experienced a continuous nominal depreciation against the US dollar throughout the observation period. Second, textile export volume fluctuated considerably, with a substantial increase in 2022, a sharp contraction in 2023, and subsequent recovery in 2024 and 2025. Third, manufacturing export value also displayed expansion, contraction, and recovery rather than a uniform upward trend.

The most notable divergence occurred in 2023. The Rupiah/USD exchange rate increased from Rp14,853 to Rp15,236, while ready-made garment export volume declined by 14.49%. This divergence demonstrates why the relationship between exchange rate movements and export performance should be interpreted cautiously. The observed pattern is consistent with the literature showing that exchange rate effects may be conditioned by imported input requirements, external demand, productivity, trade barriers, and global production structures.

At the same time, the recovery of textile exports in 2024 and 2025 occurred while the Rupiah continued to depreciate. This provides an example of a period in which exchange rate movements and export recovery occurred simultaneously. Nevertheless, because the present study uses a descriptive approach, this coincidence cannot be interpreted as evidence that depreciation caused the subsequent increase in exports. Other factors may have contributed to the recovery, including changes in foreign demand, production conditions, international prices, and market-specific developments.

The findings therefore support a contextual interpretation of the exchange rate–export relationship. Depreciation can provide exporters with an

opportunity to improve price competitiveness and increase the domestic-currency value of foreign revenues. However, whether that opportunity translates into higher export volume depends on the structure of production and the conditions of international demand. This interpretation is consistent with empirical evidence from Indonesia and the wider ASEAN region showing that exchange rate effects differ across industries and periods.

The findings have several implications for understanding export competitiveness in Indonesia. First, maintaining export competitiveness cannot rely exclusively on currency depreciation. A depreciation-based price advantage may be temporary and may be partially offset by higher costs of imported inputs. Second, productivity and production efficiency remain important because exporters need to transform potential exchange rate advantages into competitive prices while maintaining product quality. Third, market access and destination-country conditions are critical, particularly for apparel products that face tariffs, non-tariff measures, and competition from other major textile-exporting countries.

The role of imported inputs also suggests that policies aimed at strengthening domestic supply chains should not automatically seek to eliminate imported inputs. Evidence from Indonesian firms indicates that imported intermediate inputs can improve productivity and export performance, particularly when they provide access to greater input variety, technology, and quality. The relevant objective is therefore to strengthen the competitiveness and reliability of domestic suppliers while ensuring that exporters retain access to internationally competitive inputs.

Finally, the findings suggest that sustainable export competitiveness requires a combination of productivity improvement, technological upgrading, reliable production capacity, efficient logistics, product quality, market diversification, and effective management of exchange rate risk. The exchange rate remains an important macroeconomic condition, but its contribution to export performance is mediated by structural and market factors. The Indonesian experience during 2021–2025 therefore illustrates that a weaker Rupiah may create competitive opportunities without necessarily producing a proportional increase in textile and manufacturing exports.

CONCLUSION

This study describes the development of the Rupiah/USD exchange rate and the export performance of Indonesian textile and manufacturing products during the 2021–2025 period. The findings show that the Rupiah experienced a continuous nominal depreciation against the US dollar, as reflected in the increase in the annual average exchange rate from Rp14,296 per US dollar in 2021 to Rp16,477 in 2025. In contrast, Indonesian textile export performance did not follow the same consistent pattern. Ready-made garment export volume increased substantially in 2022, declined significantly in 2023, and subsequently recovered in 2024 and 2025. Manufacturing export value also showed a fluctuating development, increasing during 2021–2022, declining in 2023, and recovering in 2024.

The comparison of these developments indicates that Rupiah depreciation does not automatically correspond to an increase in textile and manufacturing exports. Depreciation can create an opportunity to improve price competitiveness and increase the Rupiah value of foreign-currency export revenues. However, the realization of this potential advantage is influenced by broader economic and structural conditions. The discussion shows that imported input costs, productivity, production capacity, external demand, trade barriers, global value chain participation, and international competition can strengthen or limit the ability of Indonesian exporters to benefit from exchange rate movements.

The contrasting development observed in 2023 is particularly relevant to the interpretation of the findings. Although the Rupiah depreciated during that year, ready-made garment export volume declined considerably. This indicates that exchange rate movements alone are insufficient to explain changes in export performance. Conversely, the recovery of textile exports in 2024 and 2025 occurred alongside continued Rupiah depreciation, but this simultaneous movement should not be interpreted as evidence of a direct causal relationship because the study employs a descriptive approach and does not statistically isolate the effects of other determinants.

The findings therefore support a contextual understanding of the relationship between exchange rates and export performance. For Indonesian textile and manufacturing industries, exchange rate depreciation should be viewed as one component of export competitiveness rather than as a standalone determinant. Sustainable export performance requires the interaction of competitive pricing with productivity, efficient production costs, reliable supply capacity, product quality, access to international markets, and the ability to respond to changes in global demand and supply chains.

From a practical perspective, strengthening Indonesian export competitiveness requires attention not only to exchange rate conditions but also to structural factors within the manufacturing and textile industries. Improvements in productivity, technological capability, logistics efficiency, product quality, domestic supply-chain capacity, market diversification, and foreign-exchange risk management can help exporters respond more effectively to changes in international market conditions. At the same time, imported inputs should be viewed in a balanced manner because they may increase production costs during Rupiah depreciation while also contributing to productivity and export capacity.

Finally, this study is limited by its descriptive design and the relatively short observation period. The findings are intended to provide a contextual description of exchange rate and export developments rather than establish a causal relationship. Future research may extend the observation period and employ time-series or econometric methods while incorporating additional variables such as international demand, export prices, imported input intensity, productivity, tariffs, and destination-country economic conditions. Such research would provide a more comprehensive assessment of the factors shaping Indonesia's textile and manufacturing export performance.

REFERENCES

- Ahmed, S., Appendino, M., & Ruta, M. (2017). Global value chains and the exchange rate elasticity of exports. *The B.E. Journal of Macroeconomics*, 17(1), 20150130. <https://doi.org/10.1515/bejm-2015-0130>
- Bank Indonesia. (2026). *Laporan perekonomian Indonesia 2025*. Bank Indonesia. https://www.bi.go.id/id/publikasi/laporan/Pages/LPI_2025.aspx
- Badan Pusat Statistik. (2025). *Statistik Indonesia 2025*. Badan Pusat Statistik. <https://www.bps.go.id/assets/publication/2025/02/28/8cfe1a589ad3693396d3db9f/statistik-indonesia-2025.html>
- Badan Pusat Statistik. (2025). *Laporan perekonomian Indonesia 2025*. Badan Pusat Statistik. <https://www.bps.go.id/id/publication/2025/12/30/753329c4affc3bfc7f7c8e67/laporan-perekonomian-indonesia-2025.html>
- Fadhilah, M. A., Widyastutik, & Hermawan, I. (2024). Investigasi ekspor pakaian jadi Indonesia: Daya saing, determinan, dan barrier. *Buletin Ilmiah Litbang Perdagangan*, 18(2), 207–234. <https://doi.org/10.55981/bilp.2024.5542>
- Goestjahjanti, F. S., Efriani, B., Winanti, W., Rahmawati, R., & Kulla, I. (2023). Production and exchange rate impact on Indonesian industrial exports goods. *Economics Development Analysis Journal*, 12(1), 1–12. <https://doi.org/10.15294/edaj.v12i1.62473>
- Goda, T., Torres García, A., & Larrahondo, C. (2024). Real exchange rates and manufacturing exports in emerging economies: The role of sectoral heterogeneity and product complexity. *Review of World Economics*, 160, 1057–1082. <https://doi.org/10.1007/s10290-023-00523-3>
- Handoyo, R. D., Alfani, S. P., Ibrahim, K. H., Sarmidi, T., & Haryanto, T. (2023). Exchange rate volatility and manufacturing commodity exports in ASEAN-5: A symmetric and asymmetric approach. *Heliyon*, 9(2), e13067. <https://doi.org/10.1016/j.heliyon.2023.e13067>
- Hardani, N. I., & Rozani, A. (2024). Analysis of factors influencing textile and textile product exports in Indonesia. *Journal of Economic Development*, 2(1), 43–48.
- Hannan, S. A., Appendino, M., & Ruta, M. (2015). *Global value chains and the exchange rate elasticity of exports* (IMF Working Paper No. 2015/252). International Monetary Fund. <https://doi.org/10.5089/9781513531793.001>
- Haryani, H., & Asrida, A. (2021). The influence of foreign direct investment and exchange rates on exports in Indonesia. *Lentera: Scientific Journal of Science, Technology, Economics, Social, and Culture*, 5(5).
- Kurniawan, M. L. A., & A'yun, I. Q. (2022). Dynamic analysis on export, FDI and growth in Indonesia: An autoregressive distributed lag (ARDL) model. *Journal of Economics, Business, & Accountancy Ventures*, 24(3), 350–362. <https://doi.org/10.14414/jebav.v24i3.2717>
- Muryananda, I. P. G. O. B., & Budiningsih, N. K. (2025). Analysis of the effect of exchange rate, inflation rate, and interest rate on Indonesia's textile export volume to the United States. *International Journal of Economic Literature*, 2(11), 1589–1604.
- Mustofa, H. Z., & Faizin, M. (2025). Impact analysis of macroeconomic factors to Indonesia's export performance from 2007 to 2022. *Indonesian Treasury Review: Jurnal Perbendaharaan, Keuangan Negara dan Kebijakan Publik*, 10(1), 67–79. <https://doi.org/10.33105/itrev.v10i1.1092>
- Pane, D. D., & Patunru, A. A. (2023). The role of imported inputs in firms' productivity and exports: Evidence from Indonesia. *Review of World Economics*, 159(3), 629–672. <https://doi.org/10.1007/s10290-022-00476-z>
- Perdana, A. P. (2024). Analysis of the influence of international prices, exchange rates, and US GDP per capita on the value of Indonesian textile exports to the United States. *JITAA: Journal of International Taxation, Accounting and Auditing*, 3(1), 80–95. <https://doi.org/10.62668/jitaa.v3i1.1170>

- Rasbin, Ikhsan, M., Gitaharies, B. Y., & Affandi, Y. (2021). Real exchange rate undervaluation and Indonesia's manufacturing exports. *Cogent Economics & Finance*, 9(1), 1930880. <https://doi.org/10.1080/23322039.2021.1930880>
- Rismayanti, N. M. D., & Setiawina, N. D. (2022). The effect of inflation, the US dollar exchange rate, and IJEPA on Indonesian textile exports to Japan. *E-Journal of Development Economics*, 11(6), 2365–2391. <https://doi.org/10.24843/EEP.2022.v11.i06.p12>
- Saputra, C. E. J., & Budiningsih, N. K. (2025). Determinants of export volume in Indonesia's textile and textile products industry: An analysis using the gravity model. *Business and Investment Review*, 3(3). <https://doi.org/10.61292/birev.206>
- Sari, V. K. (2024). Analysis of determinants: Indonesian case. *Buletin Ilmiah Litbang Perdagangan*, 18(1), 1–22. <https://doi.org/10.55981/bilp.2024.3515>
- Syahrullah, A. F., Effendi, A. D., & Sutanto, H. (2026). The role of imports, exchange rates, and reserve stability in driving Indonesia's export performance. *Optimum: Jurnal Ekonomi dan Pembangunan*, 16(1), 160–169. <https://doi.org/10.12928/optimum.v16i1.15536>