

**Study on the Influence of FDI on Indonesia Textile Export Competitiveness under Low
Carbon Constraint**

THESIS

Presented as Partial Fulfilment of Requirements for the Degree of Sarjana Manajemen (S1) in
International Business Management Program Faculty of Business and Economics Universitas
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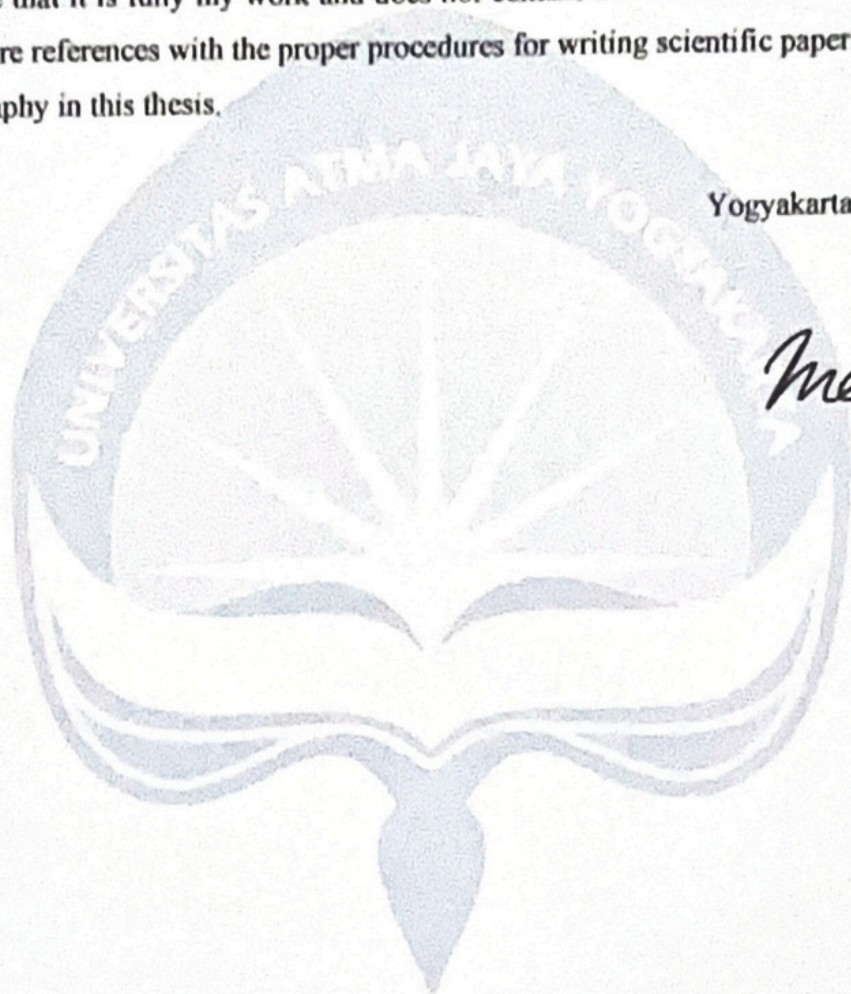
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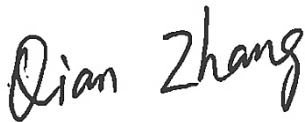
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ABSTRACT

This research investigates the declining competitiveness of Indonesia's textile exports amidst increasing global environmental concerns and rising foreign direct investment (FDI) inflows. It aims to analyze how FDI affect the Indonesia textile export competitiveness under low-carbon constraints. Using time series from 2008 to 2023, the study applies a regression model with Porter's Diamond framework, incorporating FDI, CO₂ emissions, current account balance as the percentage of GDP, and transportation and warehouse GDP as variables. The results show that FDI, CO₂ emissions, and the transportation and warehousing balance negatively and significantly impact export competitiveness, while current account balance as the percentage of GDP has a significant positive effect. As a countermeasure, the study suggests that Indonesia should shift its FDI policy toward promoting innovation, sustainability, and global value chain integration, while encouraging green investment and improving infrastructure. This research provides valuable insight into enhancing industrial competitiveness in a sustainable and globally integrated manner.

Keywords: *Indonesia, Textile Industry, Export Competitiveness, FDI, CO₂ Emission*

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