Investment Realization in the Second Quarter 2017 Reaches Rp 170.9 Trillion

Jakarta, 26 July 2017 – Today The Investment Coordinating Board of the Republic of Indonesia/Badan Koordinasi Penanaman Modal (BKPM) has announced the quarterly DDI and FDI investment realization data for 2nd quarter 2017 (April – June 2017), with a total of Rp 170.9 trillion poured to Indonesia by domestic as well as foreign investors. This number shows an increase of 12.7% in investment realization compared to the same quarter last year with a total of Rp 151.6 trillion were pocketed by Indonesia. Investment realization during this period also generates 345,000 jobs. Chairman of the Investment Coordinating Board, Thomas Lembong explained investment realization performance on 2nd quarter 2017 pins high hope that investment target for 2017 which was set at Rp 678.8 trillion, is achievable.

“In order to encourage domestic as well as foreign investment realization in Indonesia, the Indonesian government have issued a series of Economic Packages, which are expected to be more perceived by the business community in ways of establishing easiness, acceleration and certainty of investment licensing as well as facilitating investment issues that we believe it will accelerate investment realization” stated Tom on a press conference held in BKPM, Jakarta, 26 July 2017.

During Q2 2017, DDI realization is Rp 61.0 trillion, rose 16.9% from Rp. 52.2 trillion in the same period 2016, while FDI realization is Rp 109.9 trillion, or grew 10.6% from FDI realization last year that reached Rp. 99.4 trillion.

Concerning employment absorption, Deputy Chairman of Investment Controlling and Implementation, Azhar Lubis informed that investment during Q2 2017 creates 345,323 jobs in which the DDI reached 104,255 employment absorption while the FDI generates 241,068 jobs. “This outcome is additional employment absorbed by the investment activities made in the 2nd quarter of 2017. The number shows a positive outcome in government effort to create more job opportunities”, Azhar Lubis added.

Investment Outside Java Shows a slight Growth

Tom also announced investment realization outside Java. He said that investment outside Java during Q2 2017 have reached Rp. 79.7 trillion or 46.6% from total investment (compared Q2 2016 which only took 45.9% portion). Investment in Java are Rp 91.2 trillion (53.4%).

Investment Coordinating Board also noted investment realization based on project locations (top 5) are: Special Territory of Jakarta (Rp 24.8 trillion, or 14.5% from total investment on 2nd quarter 2017); West Java (Rp 24.8 trillion, or 14.5% from total investment on 2nd quarter 2017); East Java (Rp 21.3 trillion, or 12.5% from total investment on 2nd quarter 2017); Banten (Rp 11.5 trillion, or 6.7% from total investment on 2nd quarter 2017) and South Sumatera (Rp 10.6 trillion, or 6.2% from total investment on 2nd quarter 2017).
While investment realization (DDI & FDI) based on sector (5 biggest sectors) are: Mining (Rp 20.8 trillion, or 12.2% from total investment on 2nd quarter 2017); Electricity, Gas and Water Supply (Rp 19.0 trillion, or 11.1% from total investment on 2nd quarter 2017); Food Industry (Rp 18.9 trillion, or 11.1% from total investment on 2nd quarter 2017); Metal, Machinery and Electronic Industry (Rp 17.5 trillion or 10.2% from total investment on 2nd quarter 2017) and Chemical and Pharmaceutical Industry (Rp 12.8 trillion, or 7.5% from total investment on 2nd quarter 2017).

Top 5 countries that have invested in Indonesia are: Singapore (US$ 1.6 billion, 19.5%); Japan (US$ 1.4 billion, 17.5%); China (US$ 1.3 billion, 16.4%); Hong Kong (US$ 0.6 billion, 7.5%) and South Korea (US$ 0.5 billion, 5.8%).

Investment Realization 2012 - June 2017: Quarterly

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Appendix

Highlights of the Investment Realization 2\textsuperscript{nd} Quarter 2017

Investment realization of Domestic Direct Investment (DDI) in Q2 2017 (Rp. 61.0 trillion) increased 16.9\% compared to the same period in Q2 2016 (Rp. 52.2 trillion).

Investment realization of Foreign Direct Investment (FDI) in Q2 2017 (Rp. 109.9 trillion), increased 10.6\% compared to the same period in Q2 2016 (Rp. 99.4 trillion).

The highlights of the investment realization of the domestic and foreign direct investment in Q2-2017 are as follows:

1. Domestic Direct Investment Realization
   DDI Investment realization based on sector (5 major sectors) are: Construction (Rp. 10.0 trillion); Food Industry (Rp. 9.5 trillion); Mining (Rp. 7.4 trillion); Electricity, Gas and Water Supply (Rp. 5.8 trillion); and Transportation, Warehouse and Telecommunication (Rp. 4.6 trillion). If all of the industrial sectors are combined, it can be seen that the industrial sectors contribute as much as Rp 24.9 trillion or 40.8\% of the total DDI.

   Domestic Direct Investment realization based on location (five leading locations) are: East Java (Rp 15.6 trillion); West Java (Rp 11.8 trillion); Special Territory of Jakarta (Rp 10.2 trillion); East Kalimantan (Rp 3.3 trillion) and Central Java (Rp 2.8 trillion).

2. Foreign Direct Investment Realization
   FDI Investment realization based on sector (5 major sectors) are: Metal, Machinery and Electronic Industry (US$ 1.1 billion); Mining (US$ 1.0 billion); Electricity, Gas and Water Supply (US$ 1.0 billion); Chemical and Pharmaceutical Industry (US$ 0.8 billion); and Food Industry (US$ 0.7 billion). If all of the industrial sectors are combined, it can be seen that the industrial sectors contribute as much as US$ 3.8 billion or 46.4\% of the total FDI.

   Foreign Direct Investment realization based on location (5 leading locations) are: Special Territory of Jakarta (US$ 1.1 billion); West Java (US$ 1.0 billion); Central Sulawesi (US$ 0.7 billion); Banten (US$ 0.7 billion); and South Sumatera (US$ 0.7 billion).

   Foreign Direct Investment realization based on country of origin (five leading countries) are: Singapore (US$ 1.6 billion); Japan (US$ 1.4 billion); China (US$ 1.3 billion); Hong Kong (US$ 0.6 billion); and South Korea (US$ 0.5 billion).

2. Distribution of Project Location
   In Q2 2017, investment realization realization in Java Island are Rp 91.2 trillion, while outside Java are Rp 79.7 trillion, displaying a stable growth compared the same period 2016 which reaches Rp 69.6 trillion or increased by 14.5\%.

3. Indonesian Labour Absorption
   During the Q2, 2017, direct investment during Q2 2017 also created 345,323 new jobs, with FDI projects absorbs 241,068 jobseekers and DDI employs 104,255 labours.
Cumulative Investment Realization in January to June 2017:

1. Domestic Direct Investment Realization

Domestic Direct Investment realization based on sector (5 leading sectors) are: Food Industry (Rp 21.6 trillion); Transportation, Warehouse and Telecommunication (Rp 20.5 trillion); Mining (Rp. 15.5 trillion); Electricity, Gas and Water Supply (Rp 13.1 trillion); and Construction (Rp. 11.0 trillion). Whereas, should all industrial sectors be combined, it can be seen that industrial sectors contribute Rp 52.1 trillion or 40.2% of total domestic direct investment realization.

Domestic Direct Investment realization based on location (5 leading locations) are: East Java (Rp. 25.0 trillion); Special Territory of Jakarta (Rp 22.0 trillion); West Java (Rp 20.9 trillion); Central Java (Rp. 7.8 trillion); and Banten (Rp 7.5 trillion).

2. Foreign Direct Investment Realization

FDI Investment realization based on sector (5 leading sectors) are: Mining (US$ 2.2 billion); Metal, Machinery and Electronic Industry (US$ 2.0 billion); Electricity, Gas and Water Supply (US$ 1.7 billion); Chemical and Pharmaceutical Industry (US$ 1.3 billion); and Food Industry (US$ 1.2 billion). If all of the industrial sectors are combined, it can be seen that the industrial sectors contribute as much as US$ 7.1 billion or 45.4% of the total FDI.

Foreign Direct Investment realization based on project location (five leading locations) are: West Java (US$ 2.5 billion); Special Territory of Jakarta (US$ 2.0 billion); Banten (US$ 1.2 billion); Central Sulawesi (US$ 1.0 billion); and Central Java (US$ 0.9 billion).

Foreign Direct Investment realization based on country of origin (five leading countries) are: Singapore (US$ 3.7 billion); Japan (US$ 2.8 billion); China (US$ 2.0 billion); Hong Kong (US$ 1.0 billion); and USA (US$ 1.0 billion).

3. Distribution Project Location.

In the Q2 2017, investment realization in Java Island is Rp 181.7 trillion while outside Java Island is Rp 155.0 trillion. Compared to the same period in 2016 (Rp 135.5 trillion), investment realization outside Java Island increased 14.4%.

4. Labor Absorption.

Indonesian labor absorption for the investment project in January to June 2017 are 539,457 people, consists of 172,062 people from DDI and 367,395 people from FDI.

5. The investment realization based on Regions in January to June 2017 can be figured as follows:
   a. The investment realization in Sumatera Island is Rp. 54.6 trillion (16.2%), consists of Rp. 21.5 trillion of DDI and US$ 2.5 billion of FDI.
   b. The investment realization in Java Island is Rp. 181.7 trillion (54.0%), consists of Rp. 83.4 trillion of DDI and US$ 7.4 billion of FDI.
   c. The investment realization in Kalimantan Island is Rp. 36.2 trillion (10.7%), consists of Rp. 14.1 trillion of DDI and US$ 1.7 billion of FDI.
d. The investment realization in Sulawesi Island is Rp. 34.4 trillion (10.2%), consists of Rp. 5.9 trillion of DDI and US$ 2.1 billion of FDI.

e. The investment realization in Bali and Nusa Tenggara is Rp. 13.7 trillion (4.1%), consists of Rp. 4.1 trillion of DDI and US$ 0.7 billion of FDI.

f. The investment realization in Maluku and Papua is Rp. 16.0 trillion (4.8%), consists of Rp. 0.7 trillion of DDI and US$ 1.1 billion of FDI.