INVESTMENT COORDINATING BOARD OF REPUBLIC OF INDONESIA

Press Release

Investment realization in January to September period of 2018 rises by 4.3%, despite in the third quarter (July to September) decreases slightly by 1.6% compared with the same period of 2017

Jakarta, 30th October 2018 – The Investment Coordinating Board of Republic of Indonesia/Badan Koordinasi Penanaman Modal (BKPM) releases Domestic Direct Investment (DDI) and Foreign Direct Investment (FDI) realization in the third quarter (July-September) 2018 (Rp 173.8 trillion). It has decreased by 1.6% compared with the third quarter of 2017 (Rp 176.6 trillion). However, the sum of DDI and FDI realization from January to September 2018 (Rp 535.4 trillion) rises by 4.3% compared with the same period of 2017 (Rp 513.2 trillion).

“The fluctuation of the US currency due to the increasing of US interest rate and strong dollar in the global market, a negative trade balance in January to September 2018, trade war among US-China and related countries has brought some effects such as influencing investors’s confidence that makes them to postpone their well planned investment, thus investment realization in the third quarter of 2018 is decreasing compared with the same quarter of 2017”, explained by Thomas Lembong in press conference in BKPM office, Jakarta 30th October 2018.

In the third quarter of 2018, DDI realization (Rp 84.7 trillion), rises 30.5 % from Rp 64.9 trillion in the same period of 2017, and FDI realization (Rp 89.1 trillion), decreased by 20.2% compared with the same period of 2017 (Rp 111.7 trillion).

Investment Coordinating Board also records investment realization (DDI and FDI) based on project locations (top 5) are: West Java (Rp 29.3 trillion, 16.8%); Special Territory of Jakarta (Rp 26.2 trillion, 15.1%), Banten (Rp 16.1 trillion, 9.3%), Central Java (Rp 14.3 trillion, 8.2%); dan East Java (Rp 11.5 trillion, 6.6%).

Investment realization (FDI & DDI) based on sector (5 biggest sectors) are: Transportation, Warehouse, and Telecommunication (Rp 30.4 trillion or 17.5%); Electricity, Gas and Water Supply (Rp 28.6 trillion, or 16.5%); Mining (Rp 16.1 trillion, or 9.3%); Housing, Industrial Estate, and Office Building (Rp 13.6 trillion, or 7.8%) and Food Industry (Rp 13.3 trillion, or 7.6%).

Top 5 countries that have invested in Indonesia are: Singapore (US$ 1.6 billion, 24.2%); Japan (US$ 1.4 billion, 21.2%); Hongkong (US$ 0.5 billion, 7.6%); Malaysia (US$ 0.5 billion, 7.6%) and China (US$ 0.5 billion, 7.6%).
Thomas Lembong also mentioned, “The decreasing of investment realization in the third quarter of 2018 certainly will become the Government’s homework. The government will review and reevaluate policies that disturb investment stability. The Government will also anticipate external factors that may bring some unwanted effects to investment realization in the future, such as economic crisis that happen in developing countries, particularly in Turkey and Argentina. This anticipation is required to protect investors from withdrawing capital that have been invested in capital market as well as money market.”

Ms. Farah Ratnadewi Indriani, Acting Deputy Chairman for Investment Monitoring and Implementation informs that investment in the third quarter of 2018 has absorbed 213.731 labors, consists of 89.622 labors from DDI projects, and 124.109 labors from FDI projects. She also mentioned that the investment realization outside Java has reached Rp 75.8 trillion or 43.6%.

“The opportunity for skilled labor in Indonesia is widely open as technology-based-companies in new business sectors have recently come to domestic market. Improving quality and capability of Indonesian workers will be implemented not only through Government’s training center but also collaboration with private sectors to train Indonesian workers”, explained by Ms. Farah.

In the period of January – September of 2018, total investment realization (FDI & DDI) is Rp 535.4 trillion, while investment realization based on project location (top 5) are: West Java (Rp 88.4 trillion, or 16.5%); Special Territory of Jakarta (Rp 85.0 trillion, or 15.9%); Banten (Rp 46.1 trillion, or 8.6%); Central Java (Rp 41.9 trillion, or 7.8%) and East Java (Rp 36.1 trillion, or 6.8%).

Based on sector, 5 biggest sectors of investment realization (FDI & DDI) in the period January – September 2018 are: Transportation, Warehouse, and Telecommunication (Rp 70.7 trillion, 13.2%); Electricity, Gas, and Water Supply (Rp 68.7 trillion, 12.8%); Mining (Rp 58.5 trillion, 10.9%); Housing, Industrial Estate, and Office Building (Rp 57.1 trillion, 10.7%) and Food Industry (Rp 43.1 trillion, 8.1%).

Foreign Direct Investment (FDI) based on country of origin (top 5) as recorded, are: Singapore (US$ 6.7 billion, 30.6%); Japan (US$ 3.8 billion, 17.4%); China (US$ 1.8 billion, 8.2%); Hongkong (US$ 1.6 billion, 7.3%) and South Korea (US$ 1.4 billion, 6.4%).

Investment Realization 2013 – September 2018: By Quarter

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Appendix

Highlights of Investment Realization of The Third Quarter of 2018

Investment realization of Domestic Direct Investment (DDI) in the third quarter of 2018 (Rp 84.7 trillion) increased by 30.5% compared with the same period in the third quarter of 2017 (Rp 64.9 trillion).

Investment realization of Foreign Direct Investment (FDI) in the third quarter of 2018 (Rp 89.1 trillion), decreased by 20.2% compared with the same period in the third quarter of 2017 (Rp 111.7 trillion).

The highlights of investment realization of domestic and foreign direct investment in the third quarter of 2018 are as follows:

1. Domestic Direct Investment (DDI) Realization

   DDI Investment realization based on sector (5 major sectors) are: Transportation, Warehouse, and Telecommunication (Rp 16.4 trillion); Construction (Rp 12.9 trillion); Electricity, Gas and Water Supply (Rp 12.3 trillion); Mining (Rp 8.1 trillion); and Food Industry (Rp 8.1 trillion). If all industrial sectors combined, it shows that the industrial sectors contribute Rp 17.1 trillion or 20.1% of the total DDI.

   DDI realization based on location (5 leading locations) are: Special Territory of Jakarta (Rp 12.5 trillion); West Java (Rp 12.4 trillion); Banten (Rp 7.3 trillion); East Java (Rp 7.2 trillion) and East Kalimantan (Rp 5.9 trillion).

2. Foreign Direct Investment (FDI) Realization

   FDI Investment realization based on sector (5 major sectors) are: Electricity, Gas and Water Supply (US$ 1.2 billion); Transportation, Warehouse, and Telecommunication (US$ 1.0 billion); Housing, Industrial Estate, and Office Building (US$ 0.7 billion); Mining (US$ 0.6 billion); and Basic Metal, Metal Based Goods, Non-Machinery and Equipment Industry (US$ 0.5 billion). If all industrial sectors combined, it shows that the industrial sectors contribute US$ 2.3 billion or 34.7% of the total FDI.

   FDI realization based on location (5 leading locations) are: West Java (US$ 1.3 billion); Special Territory of Jakarta (US$ 1.0 billion); Central Java (US$ 0.6 billion); Banten (US$ 0.6 billion); and Bali (US$ 0.4 billion).

   FDI realization based on country of origin (5 leading countries) are: Singapore (US$ 1.6 billion); Japan (US$ 1.4 billion); Hongkong (US$ 0.5 billion); Malaysia (US$ 0.5 billion); and China (US$ 0.5 billion).

3. Distribution of Project Location

   In the third quarter of 2018, investment realization in Java Island are Rp 98.0 trillion, and outside Java are Rp 75.8 trillion.

4. Indonesian Labor Absorption

   Indonesian labor absorption for the investment project in the third quarter of 2018 is 213,731 people, consists of 89,622 people from DDI projects and 124,109 people from FDI projects.
The Cumulative Investment Realization from January to September 2018:

1. Domestic Direct Investment (DDI) Realization

DDI realization based on sector (5 major sectors) are: Transportation, Warehouse and Telecommunication (Rp 44.4 trillion); Food Industry (Rp 30.0 trillion); Electricity, Gas, and Water Supply (Rp 28.8 trillion); Mining (Rp 28.6 trillion); and Construction (Rp 26.5 trillion). If all industrial sectors combined, it shows that industrial sectors contribute Rp 63.2 trillion or 26.2% of total DDI realization.

DDI realization based on location (5 leading locations) are: Special Territory of Jakarta (Rp 37.9 trillion); West Java (Rp 27.6 trillion); East Java (Rp 23.8 trillion); Central Java (Rp 20.5 trillion); and East Kalimantan (Rp 20.2 trillion).

2. Foreign Direct Investment (FDI) Realization

FDI realization based on sector (5 major sectors) are: Housing, Industrial Estate, and Office Building (US$ 3.5 billion); Electricity, Gas, and Water Supply (US$ 3.0 billion); Mining (US$ 2.2 billion); Transportation, Warehouse and Telecommunication (US$ 2.0 billion); and Basic Metal, Metal Based Goods, Non-Machinery and Equipment Industry (US$ 1.7 billion). If all industrial sectors combined, it shows that the industrial sectors contribute as much as US$ 7.9 billion or 36.2% of the total FDI.

FDI realization based on project location (5 leading locations) are: West Java (US$ 4.6 billion); Special Territory of Jakarta (US$ 3.5 billion); Banten (US$ 2.3 billion); Central Java (US$ 1.6 billion); and South Sumatera (US$ 0.9 billion).

FDI realization based on country of origin (5 leading countries) are: Singapore (US$ 6.7 billion); Japan (US$ 3.8 billion); China (US$ 1.8 billion); Hongkong (US$ 1.6 billion); and South Korea (US$ 1.4 billion).

3. Distribution Project Location

From January to September 2018, investment realization in Java Island (Rp 304.2 trillion) compared with the same period of 2017, the investment realization in Java Island (Rp 282.8 trillion) has increased by 7.6%. While outside Java Island (Rp 231.2 trillion) compared with the same period of 2017 Outside Java Island (Rp 230.4 trillion) has increased by 0.4%.

4. Indonesian Labor Absorption.

Indonesian labor absorption for from January to September 2018 is 704,813 people, consists of 327,206 people from DDI projects and 377,607 people from FDI projects.
5. The investment realization based on Regions in the January to September of 2018 can be figured as follows:

a. The investment realization in Sumatera Island is Rp 87.7 trillion (16.4%), consists of Rp 37.6 trillion of DDI and US$ 3.7 billion of FDI.

b. The investment realization in Java Island is Rp 304.2 trillion (56.8%), consists of Rp 130.7 trillion of DDI and US$ 12.9 billion of FDI.

c. The investment realization in Kalimantan Island is Rp 66.4 trillion (12.4%), consists of Rp 48.5 trillion of DDI and US$ 1.3 billion of FDI.

d. The investment realization in Sulawesi Island is Rp 35.0 trillion (6.5%), consists of Rp 13.8 trillion of DDI and US$ 1.6 billion of FDI.

e. The investment realization in Bali and Nusa Tenggara is Rp 23.5 trillion (4.4%), consists of Rp 8.8 trillion of DDI and US$ 1.1 billion of FDI.

f. The investment realization in Maluku and Papua is Rp 18.6 trillion (3.5%), consists of Rp 2.3 trillion of DDI and US$ 1.2 billion of FDI.

Jakarta, 30th October 2018

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