PRESS RELEASE

Optimism of Indonesia Investment in the midst of COVID-19 Pandemic

Jakarta, 27th October 2021 – Ministry of Investment/Indonesia Investment Coordinating Board (BKPM) announced the investment realization data for July – September 2021 (third quarter) that reached IDR 216.7 trillion, and the cumulative total investment realization for January – September 2021 reached IDR 659.4 trillion.

The economic growth in the second quarter of 2021 was relatively high at 7.07%, with an investment realization reaching IDR 223.0 trillion. However, the investment realization of the third quarter of 2021 had slowed down by 2.8% compared to the second quarter of the same year. On the other hand, the implementation of public activity restriction, known as PPKM, has successfully suppressed the spread of Covid-19 until the third quarter of 2021 so that optimism of investment climate would return. Economic growth in the third quarter would remain positive.

"An increasing positivity rate of the Covid-19 cases that happened in July to mid-August enforcing the Government to restrict the economic activities, especially in Java Island, resulting in the retardment in investment activities. However, since good handling by the Government, with statistics on the decreasing positivity rate of Covid-19 cases in mid-August, the real economy movement continues to improve, that the investors can accelerate construction or project development," explained the Minister of Investment/Chairman of BKPM, Bahlil Lahadalia.

The investment realization during the third quarter of 2021 increased by 3.7% compared to the same period in 2020 (IDR 209.0 trillion). The achievement of investment realization from January to September has contributed to 73.3% to the target of 2021, according to President’s directive, which was IDR 900.0 trillion. That investment realization has successfully absorbed 912,402 Indonesian labors. In addition, the achievements of the third quarter compared to the same period in 2020 showed that FDI has slowed by 2.7%, and DDI also has slowed by 10.3%. Meanwhile, the total realization based on FDI has decreased by 11.6% compared to the second quarter of 2021.

Based on the realization achievement mentioned, a notable significant contribution came from DDI, which amounted to IDR 113.5 trillion or 52.4% of the total achievement, and it has successfully absorbed 133,972 Indonesian workers. Meanwhile, the Housing, Industrial Estate, and Office Building sector reached IDR 20.6 trillion (18.2%), which was the most significant contributor to DDI. West Java contributed as the most significant source by location IDR 17.1 trillion (15.1%).

On the contrary, the realization of FDI was IDR 103.2 trillion, or 47.6% of the total realization, and it was able to absorb 154,715 Indonesian workers. In addition, the most significant contributor to the FDI realization came from the Metal, Except Machinery, and Equipment Industry sector reached IDR 21.5 trillion (20.9%), and the largest investment realization was in West Java Province IDR 17.7 trillion (17.1%). Henceforth, the most active country to invest came from Singapore IDR 37.4 trillion (36.2%).

The proportion of investment based on Java Island and outside of Java Island, the realization of investment in Java Island reached Rp. 104.2 trillion (48.1%) while the outside of Java Island amounting to Rp 112.5 trillion (51.9%). Investment realization outside of Java Island is higher compared to Java Island because of the implementation of emergency PPKM levels 3 and 4 in Java Island and Bali, while the outside of Java Island and Bali is still running with some PPKM levels 1 and 2.

In the third quarter of 2021, there are some investors started construction, including in data center activities, lithium battery industry, automotive and its components, as well as food and beverage drinks in West Java; footwear industry in Central Java; as well as other business fields that promise to become the basis of the processing industry and supporting the service sector.
Bahlil added, “The Ministry of Investment/BKPM will make sure the vision of Indonesia 2045 to be an advanced country by ensuring the realization of investments that are the backbone for domestic industry and economic transformation. A 10 GWh lithium battery factory, begins construction and production for electric cars at the end of 2022 or early 2023, making Indonesia a hub for the battery and electric car industry in Southeast Asia. In the end, it will break the old paradigm of exporting land, water, and commodities into exporting high value-added products.”

Accumulatively, the investment realization from January to September 2021 has reached IDR 659.4 trillion or 73.3% from the whole year targeted realization, which is IDR 900 trillion. This number consists of FDI, IDR 331.7 trillion or 50.3%, and DDI, IDR 327.7 trillion or 49.7%. These investments absorbed 912.402 Indonesian labors, consisting of FDI, 447.116 Indonesian labors, and DDI, 465.286 Indonesian labors.

The most significant contributed FDI sector came from Metal, Except Machinery, and Equipment Industry with 72.3 trillion or 21.8%. The biggest DDI sector came from Housing, Industrial Estate, and Office Building with 62.8 trillion or 19.2%. West Java is the largest region of investment realization with FDI IDR 61.9 trillion or 18.7% and DDI IDR 45.3 trillion or 13.8%. Singapore is the number one source of FDI IDR 106.2 trillion or 32.0%.

“We are still optimistic that at the end of 2021, the economy and investment will rebound. The Investment realization target of IDR 900 trillion given by President Jokowi will likely be achieved,” said Bahlil at the end of the press release.
Investment Realization Data of DDI and FDI in Q3 2021

DDI realization in Q3 2021 is increased 10.3% compared to the same period in 2020, valued IDR 102.9 trillion to IDR 113.5 trillion. FDI realization in Q3 2021 is decreased by 2.7% compared to the same period in 2020, valued IDR 106.1 trillion to IDR 103.2 trillion. The highlights of the investment realization of the DDI and FDI in Q2 2020 are as follows:

1. Domestic Direct Investment Realization
   DDI realization based on five leading sectors are Housing, Industrial Estate, and Office Building (IDR 20.6 trillion); Transportation, Warehouse, and Telecommunication (IDR 17.6 trillion); Other Services (IDR 13.4 trillion); Construction (IDR 10.3 trillion); and Mining (IDR 7.9 trillion). When industrial sectors are combined, it shows that contribution as much as IDR 16.7 trillion or 14.7% of the total DDI.

   DDI realization is based on five leading locations are West Java (IDR 17.1 trillion), Special Territory of Jakarta (IDR 14.4 trillion); East Java (IDR 12.5 trillion); Riau (IDR 9.4 trillion); and Central Java (IDR 7.7 trillion).

2. Foreign Direct Investment Realization
   FDI realization based on five leading sectors are Metal, Metal-Based Goods, Non-Machinery and Equipment Industry (US$ 1.5 billion); Mining (US$ 0.9 billion); Transportation, Warehouse, and Telecommunication (US$ 0.6 billion); Food Industry (US$ 0.5 billion); Housing, Industrial Estate, and Office Building (US$ 0.5 billion). When industrial sectors are combined, it shows that contribution as much as US$ 3.6 billion or 51.3% of the FDI total.

   FDI realization based on five leading locations are West Java (US$ 1.2 billion); Central Sulawesi (US$ 0.7 billion); Special Territory of Jakarta (US$ 0.7 billion); Banten (US$ 0.6 billion); and Riau (US$ 0.5 billion). FDI realization based on five leading countries are Singapore (US$ 2.6 billion); Hong Kong (US$ 0.9 billion); Japan (US$ 0.7 billion); China (US$ 0.6 billion); and United States of America (US$ 0.5 billion).

3. Distribution of Project Location
   In Q3 2021, investment realization in Java Island is IDR 104.2 trillion and outside Java Island is IDR 112.5 trillion. Compared with the same period of 2020, the investment realization in Java Island has rapidly growth by 5.7% and for outside Java Island by 1.9%.

4. Indonesian Labor Employment
   The investment realization in Q3 2021 absorbed 288,687 labors, consisting of 133,972 labors from DDI projects and 154,715 labors from FDI projects.
The Cumulative Investment Realization from January – September 2021

1. Domestic Direct Investment (DDI) Realization

Top 5 DDI realizations based on the sector are Housing, Industrial Estate, and Office Building (IDR 62.8 trillion); Transportation, Warehouse, and Telecommunication (IDR 45.3 trillion); Electricity, Gas, and Water Supply (IDR 31.0 trillion); Construction (IDR 29.8 trillion); and Food Crops, Plantations, and Livestock (IDR 23.6 trillion). When all these industrial sectors are combined, it shows that they contribute as much as IDR 63.0 trillion or 19.2% of total DDI realization.

The top 5 DDI realizations based on location are West Java (IDR 45.3 trillion); East Java (IDR 36.4 trillion); Special Territory of Jakarta (IDR 34.3 trillion); Central Java (IDR 23.9 trillion); and Banten (IDR 22.5 trillion).

2. Foreign Direct Investment (FDI) Realization

Top 5 FDI realizations based on the sector are Metal, Except Machinery, and Equipment Industry (US$ 5.0 billion); Transportation, Warehouse, and Telecommunication (US$ 2.4 billion); Mining (US$ 2.3 billion); Food Industry (US$ 2.0 billion); and Electricity, Gas, and Water Supply (US$ 1.9 billion). When all these industrial sectors are combined, it shows that the industrial sectors contribute as much as US$ 11.9 billion or 52.4% of the total FDI realization.

The top 5 FDI realizations based on location are West Java (US$ 4.2 billion); Special Territory of Jakarta (US$ 2.6 billion); North Maluku (US$ 1.9 billion); Central Sulawesi (US$ 1.8 billion); and Banten (US$ 1.6 billion). The top 5 FDI realizations based on country of origin are Singapore (US$ 7.3 billion); Hong Kong (US$ 3.1 billion); China (US$ 2.3 billion); Japan (US$ 1.8 billion); and Netherlands (US$ 1.5 billion).

3. Distribution of Project Location

From January to September 2021, investment realization on Java Island is IDR 318.7 trillion, and outside Java Island is IDR 340.7 trillion. Compared with the same period of 2020, the investment realization in Java Island has increased by 3.7%, and for outside Java Island has increased by 12.0%.

4. Indonesian Labor Employment

The realization of Indonesian labor employment in January – September 2021 reached as many as 912,402 labors, consisting of 465,286 labors (51.0%) from DDI projects and 447,116 labors (49.0%) from FDI projects.

5. The investment realization based on Regions in the January – September 2021 can be figured as follows:

a. The investment realization in Sumatra is IDR 143.9 trillion (21.8%), consisting of IDR 82.4 trillion of DDI and US$ 4.2 billion of FDI.

b. The investment realization in Java is IDR 318.7 trillion (48.3%), consisting of IDR 164.6 trillion of DDI and US$ 10.6 billion of FDI.

c. The investment realization in Kalimantan is IDR 57.3 trillion (8.7%), consisting of IDR 40.6 trillion of DDI and US$ 1.1 billion of FDI.

d. The investment realization in Sulawesi is IDR 71.1 trillion (10.8%), consisting of IDR 21.0 trillion of DDI and US$ 3.4 billion of FDI.

J. The investment realization in Bali and Nusa Tenggara is IDR 21.3 trillion (3.2%), consisting of IDR 14.0 trillion of DDI and US$ 0.5 billion of FDI.

f. The investment realization in Maluku and Papua is IDR 47.2 trillion (7.2%), consisting of IDR 5.2 trillion of DDI and US$ 2.9 billion of FDI.

Jakarta, October 27th, 2021

Deputy Minister for Investment Supervision and Controlling
Ministry of Investment/Indonesia Investment Coordinating Board (BKPM)