



PRESS RELEASE

Indonesia Still Optimistic as Direct Investment Supports the Economy during the COVID-19 Pandemic

Jakarta, July 27th, 2021 – Ministry of Investment/Indonesia Investment Coordinating Board (BKPM) announced the investment realization data for April – June 2021 (second quarter) that reached IDR 223.0 trillion and the total investment realization data for January – June 2021 reached IDR 442.8 trillion.

"Since the enactment of Law Number 11 of 2020 concerning Job Creation and its technical guidelines, particularly PP Number 5 of 2021 concerning the Risk-Based Business Licensing Implementation, the new rules have created positive sentiments for investors to keep their investments activities in progress, both during preparation or construction and also production stage. In the period of April to June 2021, investment is still recorded slightly growing and stable. Ministry of Investment/BKPM data has shown that several large companies have done groundbreaking during this period. This progress constantly supports the achievement of Investment realization both from Foreign Direct Investment (FDI) and Domestic Direct Investment (DDI) in the second quarter of 2021 that reached IDR 223.0 trillion, which is higher than the first quarter of 2021." explained the Minister of Investment/BKPM, Bahlil Lahadalia.

The Investment realization during the second quarter of 2021 increased by 16.2% compared to the same period in 2020 (IDR 191.9 trillion). In addition, the achievement of investment realization from January to June has contributed to 49.2% to the target of 2021, which was adjusted to IDR 900 trillion (this number was revised due to the COVID-19 global pandemic), and it has successfully absorbed 311.922 Indonesian workers. Besides that, the achievements of the second quarter compared to the same period in 2020 showed that FDI has grown by 19.6%, and DDI also has grown by 12.7%. Meanwhile, the total realization based on FDI surprisingly increased by 4.5% compared to the first quarter of 2021.

"The government's hard work to encourage the spread of new investment throughout Indonesia has shown positive results since 2020. The data has proved that total investment realization of FDI and DDI in the second quarter of 2021 outside Java Island has reached 51.0%. Moreover, the total realization of investment from January to June outside Java Island has reached 51.5%. This statistic shows that the direction of President Jokowi's policy in his first 5 (five) year period to boost infrastructure development outside Java Island has attracted foreign investors to invest outside Java. Remarkably, the majority of investments outside Java are in the secondary or industrial sector," Bahlil added.

Based on the achievement mentioned, a notable significant contribution came from DDI, which amounted to IDR 106.2 trillion or 47.6% of the total achievement. This number had successfully created jobs for 165,684 Indonesian workers, or 53.1% of the overall job creation. In addition, the most significant contributor for DDI came from the Housing, Industrial Estate, and Office Building sector (19.3%), and East Java Province contributed as the most significant source by location (13.1%).

On the contrary, the realization of FDI was IDR 116.8 trillion, or 52.4% of the total realization, and it was able to absorb 146,238 Indonesian workers. In addition, the most significant contributor to the FDI realization came from the Metal, Except Machinery, and Equipment Industry sector (22.1%), the largest investment realization was West Java Province (19.8%), and the most active country to invest came from Singapore (26.4%).

“The top five FDI sectors in the second quarter of 2021 include Metal, Except Machinery, and Equipment Industry sector in Central Sulawesi, North Maluku and Riau; and Housing, Industrial Estate and Office Building sector in Special Territory of Jakarta and West Java. Meanwhile, the top five DDI sectors include Food Industry and Transportation, Warehouse, and Telecommunication sectors, all of which are located in the Java Island region,” Bahlil explained further.

The proportion of investment project location based on Java and outside of Java Island, the majority of investment that is located outside of Java Island with a portion of 51.0% or IDR 113.8 trillion, compared to the investment located at Java Island with a share of 49.0% or IDR 109.2 trillion.

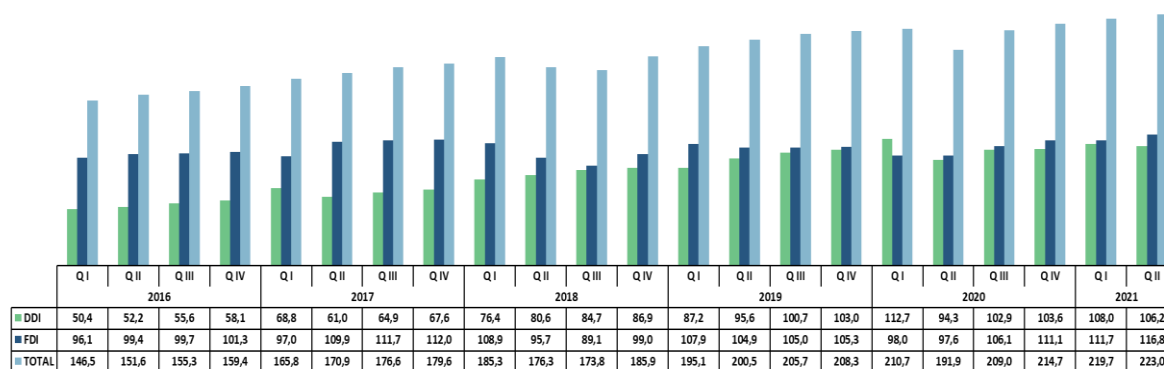
The performance of investment realization from January to June 2021 has reached IDR 442.8 trillion or 49.2% from the whole year targeted realization, which is IDR 900 trillion. This number consists of FDI, IDR 228.5 trillion, and DDI, which is IDR 214.3 trillion. These investment inflows have positively enrolled 623,715 Indonesian workers.

In addition, an immense contribution came from FDI with IDR 228.5 trillion or 51.6% of the total investment realization that managed to absorb 292,401 Indonesian labor. Metal, Except Machinery, and Equipment Industry, is the biggest contributed sector (22.2%), West Java (19.4%) is the most attractive region, and Singapore (30.1%) is the number one source of FDI.

On the other hand, DDI contributed to IDR 214.3 trillion or 48.4% of the total investment realization and contributed to Indonesian labor employment as many as 331,314 people. The biggest contribution sector came from the Housing, Industrial Estate, and Office Building (19.7%), and the location of the project with the largest investment realization was in West Java (13.2%).

“We are still optimistic that the Investment realization target of IDR 900 trillion given by the President will likely be achieved with the expectation that Covid-19 pandemic situation can be controlled soon,” said Bahlil at the end of the press release.

Investment Realization Progress 2016 – June 2021: *Quarterly*



(In IDR Trillion)

For Further Information, Please Contact:

Tina Talisa
 Indonesia Investment Coordinating Board Press Secretary
 Jl. Jend. Gatot Subroto 44, Jakarta 12190
 E-mail: tina.talisa@bkpm.go.id

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Appendix Investment Realization Data of DDI and FDI in Q2 2021

DDI realization in Q2 2021 increased 12.7% compared to the same period in 2020, valued IDR 94.3 trillion to IDR 106.2 trillion.

FDI realization in Q2 2021 increased by 19.6% compared to the same period in 2020, valued IDR 97.6 trillion to IDR 116.8 trillion.

The highlights of the investment realization of the DDI and FDI in Q2 2021 are as follows:

1. Domestic Direct Investment Realization

Five leading sectors on DDI realization are Housing, Industrial Estate, and Office Building (IDR 20.5 trillion); Transportation, Warehouse, and Telecommunication (IDR 14.5 trillion); Electricity, Gas, and Water Supply (IDR 11.7 trillion); Construction (IDR 9.9 trillion); and Food Industry (IDR 7.1 trillion). If all of those industrial sectors are combined, it shows that the industrial sectors contribute as much as IDR 23.3 trillion or 22.0% of the total DDI.

Five leading locations on DDI realization are East Java (IDR 13.9 trillion), West Java (IDR 12.1 trillion); Special Territory of Jakarta (IDR 11.2 trillion); Banten (IDR 10.2 trillion); and Central Java (IDR 7.8 trillion).

2. Foreign Direct Investment Realization

Five leading sectors on FDI realization are Metal, Except Machinery, and Equipment Industry (US\$ 1.8 billion); Mining (US\$ 0.9 billion); Transportation, Warehouse, and Telecommunication (US\$ 0.9 billion); Electricity, Gas, and Water Supply (US\$ 0.8 billion); and Housing, Industrial Estate, and Office Building (US\$ 0.7 billion). If all of those industrial sectors are combined, it shows that the industrial sectors contribute as much as US\$ 3.8 billion or 47.6% of the FDI total.

Five leading locations on FDI realization are West Java (US\$ 1.6 billion); Special Territory of Jakarta (US\$ 1.0 billion); North Maluku (US\$ 1.0 billion); Central Sulawesi (US\$ 0.5 billion); dan Riau (US\$ 0.4 billion).

Five leading countries on FDI realization are Singapore (US\$ 2.1 billion); Hong Kong (US\$ 1.4 billion); Netherlands (US\$ 1.1 billion); Japan (US\$ 0.7 billion); and China (US\$ 0.6 billion).

3. Distribution of Project Location

In Q2 2021, investment realization in Java Island is IDR 109.2 trillion and outside Java Island is IDR 113.8 trillion. Compared with the same period of 2020, the investment realization in Java Island has increased by 8.6% and for outside Java Island by 24.6 %.

4. Indonesian Labor Employment

In Q2 2021, the investment realization absorbed 311,922 labors, consists of 165,684 labors from DDI projects and 146,238 labors from FDI projects.

The Cumulative Investment Realization from January – June 2021

1. Domestic Direct Investment (DDI) Realization

Top 5 DDI realizations based on the sector are Housing, Industrial Estate, and Office Building (IDR 42.1 trillion); Transportation, Warehouse and Telecommunication (IDR 27.8 trillion); Electricity, Gas, and Water Supply (IDR 23.1 trillion); Construction (IDR 19.5 trillion); and Food Crops, Plantations, and Livestock (IDR 16.1 trillion). When all those industrial sectors are combined, it shows that the industrial sectors contribute as much as IDR 46.3 trillion or 21.6 % of total DDI realization.

The top 5 DDI realization based on location are: West Java (IDR 28.2 trillion); East Java (IDR 23.9 trillion); Special Territory of Jakarta (IDR 19.9 trillion); Banten (IDR 17.1 trillion); and Central Java (IDR 16.2 trillion).

2. Foreign Direct Investment (FDI) Realization

Top 5 FDI realization based on the sector are Metal, Except Machinery, and Equipment Industry (US\$ 3.5 billion); Transportation, Warehouse and Telecommunication (US\$ 1.8 billion); Food Industry (US\$ 1.5 billion); Mining (US\$ 1.5 billion); and Electricity, Gas, and Water Supply (US\$ 1.4 billion). When all those industrial sectors are combined, it shows that the industrial sectors contribute as much as US\$ 8.3 billion or 52.9 % of the total FDI realization.

Top 5 FDI realizations based on location are: West Java (US\$ 3.0 billion); Special Territory of Jakarta (US\$ 2.0 billion); North Maluku (US\$ 1.4 billion); Central Sulawesi (US\$ 1.1 billion); and Riau (US\$ 1.0 billion).

The top 5 FDI realization based on country of origin are Singapore (US\$ 4.7 billion); Hong Kong (US\$ 2.3 billion); China (US\$ 1.7 billion); Netherlands (US\$ 1.3 billion); and South Korea (US\$ 1.1 billion).

3. Distribution of Project Location

From January to June 2021, Investment realization on Java Island is IDR 214.53 trillion, and investment realization outside Java Island is IDR 228.23 trillion. Compared with the same period of 2020, the investment realization in Java Island has increased by 2.7%, and for outside Java Island has increased by 17.8%.

4. Indonesian Labor Employment

The realization of Indonesian labor employment in January-June 2021 reached as many as 623,715 labors which consist of 331,314 labors (53.1 %) from DDI projects and 292,401 labors (46.9 %) from FDI projects.

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

- a. The investment realization in Sumatra is IDR 96.28 trillion (21.7 %), consist of IDR 53.41 trillion of DDI and US\$ 2.94 billion of FDI.
- b. The investment realization in Java is IDR 214.53 trillion (48,5 %), consist of IDR 107.12 trillion of DDI and US\$ 7.36 billion of FDI.
- c. The investment realization in Kalimantan is IDR 35.70 trillion (8.1 %), consist of IDR 25.35 trillion of DDI and US\$ 0.71 billion of FDI.

- d. The investment realization in Sulawesi is IDR 47.86 trillion (10.8 %), consist of IDR 14.49 trillion of DDI and US\$ 2.29 billion of FDI.
- e. The investment realization in Bali and Nusa Tenggara is IDR 14.80 trillion (3.3 %), consist of IDR 9.40 trillion of DDI and US\$ 0.37 billion of FDI.
- f. The investment realization in Maluku and Papua is IDR 33.59 trillion (7.6%), consist of IDR 4.50 trillion of DDI and US\$ 1.99 billion of FDI.

Jakarta, July 27th, 2021
Deputy Chairman of Investment Monitoring and Implementation
Ministry of Investment/Investment Coordinating Board of Republic of Indonesia
(BKPM)