Investment Realization in Quarter III 2020 Increases

Jakarta, 23rd October 2020 – Indonesia Investment Coordinating Board (BKPM) announce the investment realization data for July-September 2020 (third quarter) that reach IDR 209.0 trillion, and cumulative investment realization data for January – September 2020 reached IDR 611.6 trillion.

Chairman of BKPM, Bahlil Lahadalia stated that the new normal habits in economic activities and the government’s responses to COVID-19 in the past 7 months have been able to recover investor’s confidences to invest in Indonesia on the third quarter. Total investment in Quarter 3 2020 grew by 8.9% from Quarter 2 2020. This is in line with The Statistics Indonesia (BPS) Official released on 15th October 2020 that showed imports of capital goods jumped by 19.01% (US$ 2.13 billion) and imports of raw materials increased by 7.23% (US$ 8.32 billion) in September 2020 compared to August 2020.

"I am optimistic, with the pass of The Omnibus Bill on Jobs Creation, the target for 2020 investment realization of IDR 817.2 trillion likely will be achieved," said Bahlil.

The investment realization during the third quarter of 2020 reached IDR 209.0 trillion or increased by 8.9% compared to the second quarter of 2020 (IDR 191.9 trillion) and also slightly increased by 1.6% compared to the same period in 2019 (IDR 205.7 trillion). Based on that achievement, the realization of Domestic Direct Investment (DDI) is IDR 102.9 trillion or 49.2% from the total achievement, while the realization of Foreign Direct Investment (FDI) is IDR 106.1 trillion or 50.8% from the total achievement. The absorption of Indonesian workers in the third quarter reached 295,387 workers. The accumulated investment achievements in the January – September period contributed 74.8% to the 2020 target and successfully absorbed 861,581 Indonesian workers.

From the total FDI and DDI in the third quarter of 2020, the transportation, warehouse, and telecommunications sector contributed the largest by sector amounting to IDR 32.1 trillion (15.3%) and West Java Province recorded the largest realization based on project location, that is IDR 28.4 trillion (13.6%).
“I see that the trend of foreign investment in the third quarter of 2020 has increased, especially in the metal, except machinery and equipment industry amounting to US$ 1.6 billion (21.6%). This is a positive signal that foreign investors are starting to believe in the policies that have been implemented by The Indonesian Government.”

“I have asked all the BKPM employees to make various efforts of problem facilitation faced by investors with an ‘out of the box’ approach.”

During the third quarter of 2020, FDI realization is IDR 106.1 trillion or 50.8% from total investment realization which is reached IDR 209.0 trillion, while in this Global Pandemic Covid-19, FDI still managed to absorb 142,930 Indonesian workers. Next, the biggest contributor sector of FDI came from the metal, except machinery and equipment industry that reached IDR 23.5 trillion (21.6%). The location of the project with the largest investment realization is located in West Java reached IDR 18.3 trillion or (17.6%). The country of the biggest contributors to FDI is Singapore which reached IDR 35.9 trillion or (33.8%).

Regarding the investment pattern distribution, in the third quarter of 2020, the percentage of investment realization outside Java is bigger than Java which reached IDR 110.4 trillion (52.8%), while Java amounting to IDR 98.6 trillion (47.2%). This situation in line with the infrastructure development outside Java as President Jokowi’s first priority in the first term of his administration. This policy strategy is start to get its results since now many investors start to look outside Java as their investment destination.

Cumulatively, throughout the January - September 2020 period, Indonesia's investment realization performance reached IDR 611.6 trillion, consisting of IDR 301.7 trillion for FDI and amounting to IDR 309.9 trillion for DDI. That performance succeeded in absorbing 861,581 Indonesian workers.

Further elaboration on the investment realization performance in the January - September 2020 period, the biggest value contribution came from IDR 309.9 trillion of DDI or 50.7% of the total investment realization that managed to absorb 448,934 Indonesian workers. Next, the biggest contributor sector of DDI came from the transportation, warehouse, and telecommunications (23.6%) and the largest investment realization project location was in East Java (15.3%).

Meanwhile in the same period, FDI contributed to IDR 301.7 trillion or 49.3% of the total investment realization and contributed to employment as many as 412,647 Indonesian workers. The biggest contribution of FDI to the sector came from the metal, except machinery and equipment industry (21.5%), the location of the project with the largest investment realization is West Java (16.7%) and the largest FDI country is Singapore (34.4%).

Regarding the investment pattern distribution, the dominant contribution came from Java Island, which reached IDR 307.5 trillion or 50.3% from its total, while investment realization from outside of Java was IDR 304.1 trillion or 49.7% from its total.
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Appendix

Investment Realization Data of DDI and FDI in Q3 2020

DDI realization in Q3 2020 increased 2.2% compared to the same period in 2019, valued IDR 100.7 trillion to IDR 102.9 trillion.

FDI realization in Q3 2020 increased 1.0% compared to the same period in 2019, valued IDR 105.0 trillion to IDR 106.1 trillion.

The highlights of the investment realization of the DDI and FDI in Q3 2020 are as follows:

1. Domestic Direct Investment Realization

   DDI realization based on 5 leading sectors are: Construction (IDR 23.0 trillion); Transportation, Warehouse, and Telecommunication (IDR 17.7 trillion); Housing, Industrial Estate, and Office Building (IDR 12.6 trillion); Electricity, Gas, and Water Supply (IDR 11.2 trillion); and Chemical and Pharmaceutical Industry (IDR 7.5 trillion). If all of those industrial sectors are combined, it shows that the industrial sectors contribute as much as IDR 19.5 trillion or 18.9% of the total DDI.

   DDI realization based on 5 leading locations are: Banten (IDR 12.3 trillion); Riau (IDR 12.0 trillion); West Java (IDR 10.1 trillion); East Kalimantan (IDR 9.1 trillion); and East Java (IDR 9.0 trillion).

2. Foreign Direct Investment Realization

   FDI realization based on 5 leading sectors are: Metal, except machinery and equipment industry (US$ 1.6 billion); Transportation, Warehouse, and Telecommunication (US$ 1.0 billion); Electricity, Gas, and Water Supply (US$ 0.9 billion); Housing, Industrial Estate, and Office Building (US$ 0.6 billion); and Chemical and Pharmaceutical Industry (US$ 0.6 billion). If all of those industrial sectors are combined, it shows that the industrial sectors contribute as much as US$ 3.7 billion or 49.7% of the FDI total.

   FDI realization based on 5 leading locations are: West Java (US$ 1.3 billion); Jakarta Special Territory (US$ 0.9 billion); North Maluku (US$ 0.8 billion); Banten (US$ 0.6 billion); and Riau Islands (US$ 0.5 billion).

   FDI realization based on 5 leading countries are: Singapore (US$ 2.5 billion); China (US$ 1.1 billion); Japan (US$ 0.9 billion); Hong Kong (US$ 0.7 billion); and Netherland (US$ 0.5 billion).

3. Distribution of Project Location

   In the Q3 2020, investment realization in Java Island is IDR 98.6 trillion and outside Java Island is IDR 110.4 trillion. Compared with the same period of 2019, the investment realization in Java Island has decreased by 12.0% and for outside Java Island increased by 17.9%.
4. Indonesian Worker Employment

In Q3 2020, the investment realization absorbed 295,387 Indonesian workers, consists of 152,457 Indonesian workers from DDI projects and 142,930 Indonesian workers from FDI projects.

The Cumulative Investment Realization from January – September 2020

1. Domestic Direct Investment (DDI) Realization

Top 5 DDI realization based on sector are: Transportation, Warehouse and Telecommunication (IDR 73.1 trillion); Construction (IDR 48.9 trillion); Housing, Industrial Estate, and Office Building (IDR 29.3 trillion); Electricity, Gas, and Water Supply (IDR 26.2 trillion); and Food Crops, Plantation, and Livestock (IDR 24.7 trillion). When all those industrial sectors are combined, it shows that the industrial sectors contribute as much as IDR 62.3 trillion or 20.1% of total DDI realization.

Top 5 DDI realization based on location are: East Java (IDR 47.4 trillion); West Java (IDR 35.4 trillion); Jakarta Special Territory (IDR 33.7 trillion); Riau (IDR 26.9 trillion); and Central Java (IDR 22.8 trillion).

2. Foreign Direct Investment (FDI) Realization

Top 5 FDI realization based on sector are: Metal, except machinery and equipment industry (US$ 4.5 billion); Electricity, Gas, and Water Supply (US$ 3.2 billion); Transportation, Warehouse and Telecommunication (US$ 2.4 billion); Housing, Industrial Estate, and Office Building (US$ 1.7 billion); and Chemical and Pharmaceutical Industry (US$ 1.5 billion). When all those industrial sectors are combined, it shows that the industrial sectors contribute as much as US$ 9.7 billion or 46.3% of the total FDI realization.

Top 5 FDI realization based on location are: West Java (US$ 3.5 billion); Special Territory of Jakarta (US$ 2.7 billion); North Maluku (US$ 1.8 billion); Banten (US$ 1.4 billion); and East Java (US$ 1.3 billion).

Top 5 FDI realization based on country of origin are: Singapore (US$ 7.2 billion); China (US$ 3.5 billion); Hong Kong (US$ 2.5 billion); Japan (US$ 2.1 billion); and South Korea (US$ 1.1 billion).

3. Distribution of Project Location

From January to September 2020, Investment realization on Java Island is IDR 307.5 trillion and investment realization outside Java Island is IDR 304.1 trillion. Compared with the
same period of 2019, the investment realization in Java Island has decreased by 6.9% and for outside Java Island has increased by 12.2%.

4. Indonesian Worker Employment

The realization of Indonesian worker employment in January-September 2020 reached as many as 861,581 Indonesian workers which consists of 448,934 Indonesian workers (52.1%) from DDI projects and 412,647 Indonesian workers (47.9%) from FDI projects.

5. The investment realization based on Regions in the January - September 2020 can be figured as follows:
   a. The investment realization in Sumatera is IDR 144.2 trillion (23.6%), consists of IDR 82.5 trillion of DDI and US$ 4.3 billion of FDI.
   b. The investment realization in Java is IDR 307.5 trillion (50.3%), consists of IDR 164.0 trillion of DDI and US$ 10.0 billion of FDI.
   c. The investment realization in Kalimantan is IDR 51.9 trillion (8.5%), consists of IDR 33.1 trillion of DDI and US$ 1.3 billion of FDI.
   d. The investment realization in Sulawesi is IDR 53.3 trillion (8.7%), consists of IDR 16.4 trillion of DDI and US$ 2.6 billion of FDI.
   e. The investment realization in Bali and Nusa Tenggara is IDR 20.1 trillion (3.3%), consists of IDR 11.9 trillion of DDI and US$ 0.7 billion of FDI
   f. The investment realization in Maluku and Papua is IDR 34.6 trillion (5.7%), consists of IDR 1.9 trillion of DDI and US$ 2.3 billion of FDI.

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