Press Release

Investment Realization of January – September 2016 Reaches Rp 453 Trillion

Jakarta, October 27th 2016 – Indonesia Investment Coordinating Board (BKPM) today announces the investment realization of the third Quarter/Q3 (July-September) 2016 which reaches Rp 155.3 trillion, has increased 10.7% compared to the same period in the previous year 2015. The realization of Domestic Direct Investment (DDI) is Rp 55.6 trillion, increased by 16.3% compared to the same period in the previous year, while the realization of Foreign Direct Investment (FDI) is Rp 99.7 trillion or grows by 7.8%.

The Chairman of BKPM, Thomas Lembong, said with the addition from the third quarter result, the investment realization from January to September 2016 reaches Rp 453.4 trillion, increased by 13.4% compared to the same period in the previous year (at Rp 400 trillion). Domestic Direct Investment realization from January to September 2016 grows 18.8% to Rp 158.2 trillion, meanwhile Foreign Direct Investment realization grows 10.6% to Rp 295.2 trillion. The investment realization throughout January to September 2016 absorbs 960,041 labors.

“With respect to the implementation of Memorandum of Understanding (MoU) between BKPM-Indonesian National Police (POLRI) to ensure protection and security guarantees for investment activity in Indonesia, as well as willingness of all ministries/institutions and local governments to ease and facilitate the investors, including eradicate the illegal levies in investment licensing and non licensing process, there is a hope that the investment activity (FDI and DDI) in the future will increase significantly. BKPM since 2014 has already implemented online licensing system and it will be pushed further to replicate in the all level of local government in Indonesia. Online licensing system will reduce time and no direct contact between investors and officials, so it ensures the licensing process could be traced and eliminating the illegal levies”, said BKPM Chairman, Thomas Lembong.

From January to September 2016, investment realization outside of Java Island reaches Rp 203.2 trillion, compared to the same period last year increased by 12.5% (Rp 180.7 trillion). “It is required that the more intense efforts from various related Ministries/Institutions as well as Regional Government to increase investment activity outside of Java Island , including simplifying on licensing procedure, and facilitate the issues faced by investors in realizing their investment” said Thomas Lembong, Chairman of BKPM. Furthermore, Chairman of BKPM added that, “The various simplifying on licensing by various related Ministries/Institutions as well as Regional Government already provide the positive results by the increase of the rank of Ease of
Doing Business (EODB) to be 91, which previously ranked 106. This positive result is acknowledgment from the investors on the simplicity of doing business in Indonesia. Simplifying on licensing matter will definitely encourage the increase in investment realization”.

DDI realization of the third Quarter/Q3 2016 based on location (5 leading locations) are: East Java (Rp 14.0 trillion); West Java (Rp 7.4 trillion); Banten (Rp 7.0 trillion); Special Territory of Jakarta (Rp 3.8 trillion) and South Sumatera (Rp 3.6 trillion).

Meanwhile, DDI realization based on sector (5 leading sector) are: Transportations, Warehouse and Telecommunications (Rp 12.0 trillion); Chemical and Pharmaceutical Industry (Rp 8.1 trillion); Food Industry (Rp 7.4 trillion); Real Estate, Industrial Estate and Office Building (Rp 5.0 trillion); and Food Crops and Plantation (Rp 4.7 trillion). Whereas, should all industrial sectors be combined, industry sectors contributed Rp 24.7 trillion or 44 % of total Domestic Direct Investment realization.

FDI realization of the third Quarter/Q3 2016 based on location (5 leading locations) are: West Java (US$ 1.6 billion); East Java (US$ 0.6 billion); Special Territory of Jakarta (US$ 0.6 billion); Banten (US$ 0.6 billion); and East Kalimantan (US$ 0.6 billion).

Meanwhile, FDI realization based on sector (5 leading sectors) are: Metal, Machinery and Electronic Industry (US$ 1.2 billion); Mining (US$ 0.8 billion); Real Estate, Industrial Estate and Office Building (US$ 0.7 billion); Food Crops and Plantation (US$ 0.7 billion); and Transport Equipment and Other Transport Industry (US$ 0.7 billion). Whereas, should all industrial sectors be combined, it can be seen that industry sectors contributed US$ 3.8 billion, or 51.0% of total FDI.

“BKPM urges all regional government especially the investment-related and one stop service agencies to avoid the bribery practices in issuing licenses, reduce the retribution charges that burden the investor and potentially lead to high economic cost. This effort aims to create conducive investment climate, guarentee on the legal certainty, and improve the ease-of-doing-business so that investors are motivated to realize their investment plan immediately”, said Chairman of Indonesia Investment Coordinating Board, Thomas Lembong.
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Several important points from the investment realization of the domestic and Foreign Direct Investment in the Third Quarter of 2016:

1. Domestic Direct Investment (DDI) Realization

DDI realization based on sector (five leading sectors) are: Transportation, Warehouse and Telecommunication (Rp 12.0 trillion); Chemical and Pharmaceutical Industry (Rp 8.1 trillion); Food Industry (Rp 7.4 trillion); Real Estates, Industrial Estates and Office Building (Rp 5.0 trillion); and Food Crops and Plantation (Rp 4.7 trillion). If the industrial sectors are combined, it can be seen that the industrial sectors contribute Rp 24.7 trillion or 44% to the total DDI.

DDI realization based on location (five leading locations) are: East Java (Rp 14.0 trillion); West Java (Rp 7.4 trillion); Banten (Rp 7.0 trillion); Special Territory of Jakarta (Rp 3.8 trillion); and South Sumatera (Rp 3.6 trillion).

2. Foreign Direct Investment (FDI) Realization

FDI realization based on sectors (five leading sectors) are: Metal, Machinery and Electronic Industry (US$ 1.2 billion), Mining (US$ 0.8 billion); Real Estates, Industrial Estates and Office Building (US$ 0.7 miliar), Food Crops and Plantation (US$ 0.7 miliar), and Transport Equipment and Other Transport Industry (US$ 0.7 miliar). If the industrial sectors are combined, it can be seen that the industrial sectors contribute US$ 3.8 billion or 51.0 % to the total Foreign Direct Investment realization.

Meanwhile, FDI realization based on locations (five leading locations) are: West Java (US$ 1.6 billion); East Java (US$ 0.6 billion); Special Territory of Jakarta (US$ 0.6 billion); Banten (US$ 0.6 billion); and East Kalimantan (US$ 0.6 billion).

FDI realization based on country of origin (five leading countries) are: Singapore (US$ 2.2 billion); Japan (US$ 1.6 billion); China (US$ 0.6 billion), British Virgin Islands (US$ 0.5 billion); and Netherlands (US$ 0.5 billion).
3. Distribution of Project Location

On third quarter of 2016, investment realization in Java island is Rp 87.6 trillion while outside Java island is Rp 67.7 trillion. If compared to the same period in 2015 (Rp 65.5 trillion), it increased of realization investment by 3.4% at outside of Java Island.

4. Indonesian Labor Absorption

Indonesian labor absorption on third quarter of 2016 is 278,132 employees consists of 94,523 people from DDI project and 183,609 people from FDI project.

The Cumulative Investment Realization from January to September 2016:

Below are the important highlights of FDI and DDI investment realization of January-September 2016:

1. Domestic Direct Investment Realization

DDI realization based on sectors (five leading sectors) are: Transportation, Warehouse and Telecommunication (Rp 25.4 trillion); Food Industry (Rp 24.0 trillion); Chemical and Pharmaceutical Industry (Rp 17.2 trillion); Food Crops and Plantation (Rp 16.9 trillion); and Non Metallic Mineral Industry (Rp 13.7 trillion). If the industrial sectors are combined, it can be seen that the industrial sectors contribute Rp 75.4 trillion or 47.7% to the total DDI realization.

DDI realization based on project location (five biggest sectors) are: East Java (Rp 38.8 trillion); West Java (Rp 22.3 trillion); Banten (Rp 12.0 trillion); Special Territory of Jakarta (Rp 11.8 trillion); and Central Java (Rp 9.9 trillion).

2. Foreign Direct Investment Realization

Foreign Direct Investment realization based on sector (five leading sectors) are: Metal, Machinery and Electronic Industry (US$ 2.8 billion) Paper and Printing Industry (US$ 2.6 billion); Chemical and Pharmaceutical Industry (US$ 2.1 billion); Transport Equipment and Other Transport Industry (US$ 2.0 billion); and Real Estate, Industrial Estate and Business Activities (US$ 1.7 billion). Whereas, should all industrial sectors be combined, it can be seen that industrial sectors contribute US$ 13.1 billion or 61.0% of total FDI realization.

Foreign Direct Investment realization based on location (five leading locations) are: West Java (US$ 4.4 billion); South Sumatera (US$ 2.5 billion); Banten (US$ 2.3 billion); Special Territory of Jakarta (US$ 2.2 billion); and East Java (US$ 1.6 billion).
Foreign Direct Investment realization based on country of origin (five leading countries) are: Singapore (US$ 7.1 billion); Japan (US$ 4.5 billion); China (US$ 1.6 billion); Hong Kong, RRC (US$ 1.6 billion); and Netherlands (US$ 1.1 billion).

3. Indonesian Labor Absorption

Indonesian labor absorption for investment project in January to September 2016 was 960,041 people, consisting of 318,122 people from DDI and 641,919 people from FDI.

4. The investment realization based on Location in January to September 2016 can be figured as follows:

a. The investment realization in Sumatera Island was Rp. 86.4 trillion (19.1%), consists of Rp. 26.3 trillion of DDI and US$ 4.4 billion of FDI.

b. The investment realization in Java Island was Rp. 250.3 trillion (55.2%), consists of Rp. 95.6 trillion of DDI and US$ 11.2 billion of FDI.

c. The investment realization of Kalimantan Island was Rp. 53.6 trillion (11.8%), consists of Rp. 28.8 trillion of DDI and US$ 1.8 billion of FDI.

d. The investment realization of Sulawesi Island was Rp. 32.5 trillion (7.2%), consists of Rp. 5.9 trillion DDI and US$ 1.9 billion of FDI.

e. The investment realization of Bali and Nusa was Rp. 12.1 trillion (2.7%), consists of Rp. 1.3 trillion of DDI and US$ 0.8 billion of FDI.

f. The investment realization of Maluku and Papua was Rp. 18.6 trillion (4.1%), consists of Rp. 0.2 trillion DD1 and US$ 1.3 billion of FDI.

Jakarta, October 27th 2016
Indonesia Investment Coordinating Board (BKPM)