



## INDONESIA INVESTMENT COORDINATING BOARD

### Press Release

#### A 12.4% Increase in Investment Realization 2016

**Jakarta, January, 25<sup>th</sup> 2017** – The Investment Coordinating Board of the Republic of Indonesia (BKPM) today announces investment realization in Q4 (October – December) 2016, which hit Rp 159.4 trillion, grew by 9.6% compared to the same period in 2015. Domestic Direct Investment (DDI) during this period is Rp 58.1 trillion or jumped 25.8% compared to last year which is Rp 46.2 trillion, while Foreign Direct Investment (FDI) considerably increased by 2.1%, to Rp 101.9 trillion in 2016. During this period, BKPM has recorded that DDI contributed to 124,843 job creation, while FDI doubled the number by 309,623 job creation, with a total labor absorption is 434,466 people.

Chairman of BKPM, Thomas Lembong stated that by adding the investment realization of Q4 2016, total investment inflow to Indonesia in 2016 reaches Rp 612.8 trillion, rise by 12.4% compared to the same period in 2015, which is Rp 545.4 trillion. DDI in 2016 is Rp 216.2 trillion or a 20.5% increase while FDI reaches Rp 396.6 trillion or a 8.4% increase. The total investment realization in 2016 which is Rp 612.8 trillion, surpasses national target in 2016 by 3.0% (the national target for investment in 2016 is Rp 594.8 trillion).

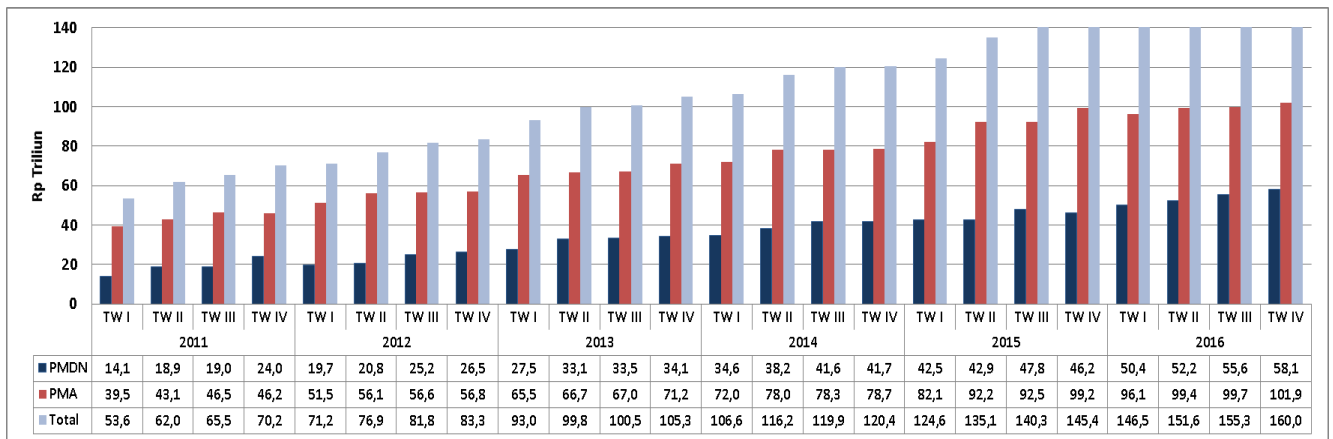
*“The investment realization in 2016 that exceeds national target by 3.0% shows a positive sign. It shows not only that the investment performance still growing in the midst of global and regional economic slowdown, but also shows a multiplier effect, such as creating more work opportunities. It also portrays a steady investor trust to the Indonesian economy, besides the prospect of long-term economic growth in the coming years”,* Chairman of BKPM stated in the press conference held in BKPM office, Wednesday (25/01)

Based on investment realization in 2016, investment outside Java Island reaches Rp 284.5 trillion (46.4% of total investment), increases 14.4% compared to 2015. This positive trend reassures an evenly growth within Indonesia, or decentralisation-oriented development, particularly outside Java. *“In order to encourage more investment outside Java, synergy between central and regional government is very much needed to improve ease of doing business for investors,”* Tom added.

Based on location, the top 5 provinces that absorbed the highest FDI and DDI are: West Java (Rp 105.3 trillion); East Java (Rp 72.9 trillion); Special Territory of Jakarta (Rp 58.7 trillion); Banten (Rp 52.4 trillion); and South Sumatera (Rp 47.1 trillion).

*“Total investment received during January – December 2016 grew by 12.4%, extending the Government’s optimism that not only the 2016 target has achieved, but also the 2017 investment target set out by the government which is Rp 678.8 trillion could be achievable,”* said Tom before closing the press release.

The growth of investment realization in 2010 – December 2016 : Per Quarter



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## Appendix

### Highlights of the Investment Realization Quarter IV/2016 and January – December 2016

#### Highlights of the investment realization Quarter IV/2016 as stated:

1. Domestic Direct Investment (DDI)

DDI Investment realization based on **sector** (5 major sectors) are : Chemical and Pharmaceutical Industry (Rp 12.9 trillion); Electricity, Gas and Water Supply (Rp 11.5 trillion); Food Industry (Rp 8.0 trillion); Metal, Machinery and Electronic Industry (Rp 5.7 trillion); and Construction (Rp 4.8 trillion). If the industrial sectors are combined, it can be seen that the industrial sectors contribute Rp 31.4 trillion or 54.0% to the total DDI.

Domestic Direct Investment realization based on **location** (five leading locations) are : Central Java (Rp 14.2 trillion); West Java (Rp 8.1 trillion); East Java (Rp 7.5 trillion); North Sulawesi (Rp 4.9 trillion); and Lampung (Rp 4.6 trillion).

2. Foreign Direct Investment (FDI)

FDI based on **sector** (5 main sectors) are: Metal, Machinery, and Electronic Industry (US\$ 1.1 billion); Mining (US\$ 1.1 billion); Electricity, Gas and Water Supply (US\$ 0.9 billion); Chemical and Pharmaceutical Industry (US\$ 0.7 billion); and Real Estate, Industrial Estate, and Office Building (US\$ 0.6 billion). If the industrial sectors are combined, it can be seen that the industrial sectors contribute US\$ 3.6 billion or 47.9% to the total FDI.

Foreign Direct Investment realization based on project **location** (five leading locations) are: Special Territory of Jakarta (US\$ 1.2 billion); West Java (US\$ 1.1 billion); Papua (US\$ 0.7 billion); Banten (US\$ 0.6 billion); and Central Sulawesi (US\$ 0.4 billion).

FDI realization based on **country of origin** (five leading countries) are: Singapore (US\$ 2.1 billion); People's Republic of China (US\$ 1.1 billion); Japan (US\$ 0.8 billion); USA (US\$ 0.7 billion); and Hong Kong (US\$ 0.7 billion).

3. Distribution project location.

In quarter IV, 2016, in Java Island is Rp 78.4 trillion while outside Java Island is Rp 81.0 trillion. If compared to the same period in 2015 is Rp 68.1 trillion, investment realization outside Java Island increases 18.9%.

4. Labour absorption.

Indonesian labour absorption for investment project in Q4-2016 are 434,466 people, consists of 124,843 from domestic direct investment projects and 309,623 people from foreign direct investment projects.

#### The Cumulative Investment Realization from January – Desember 2016 :

The highlights of the investment realization of the Domestic and Foreign Direct Investment from January to December 2016, are as follows:

1. Domestic Direct Investment Realization.

The DDI realization based on **sector** (five biggest sectors) are: Food Industry (Rp 32.0 trillion); Chemical and Pharmaceutical Industry (Rp 30.1 trillion); Transportation, Warehouse and

Telecommunication (Rp 26.8 trillion); Electricity, Gas and Water Supply (Rp 22.8 trillion); and Food Crops and Plantation (Rp 21.0 trillion). If the industrial sectors are combined, it can be seen that the industrial sectors contribute Rp 106.8 trillion or 49.4% to the total domestic direct investment realization.

Meanwhile, the DDI realization based on **location** (five main locations) are: East Java (Rp 46.3 trillion); West Java (Rp 30.4 trillion); Central Java (Rp 24.1 trillion); Banten (Rp 12.4 trillion); and Special Territory of Jakarta (Rp 12.2 trillion).

## 2. Foreign Direct Investment Realization

FDI realization based on **sector** (five biggest sectors) are: Metal, Machinery and Electronic Industry (US\$ 3.9 billion); Chemical and Pharmaceutical Industry (US\$ 2.9 billion); Paper and Printing Industry (US\$ 2.8 billion); Mining (US\$ 2.7 billion); and Transport Equipment and Other Transport Industry (US\$ 2.4 billion). Meanwhile if the industrial sectors are combined, it can be seen that the industrial sectors contribute US\$ 16.7 billion atau 57.6% to the total FDI realization.

FDI realization based on **location** (five main locations) are: West Java (US\$ 5.5 billion); Special Territory of Jakarta (US\$ 3.4 billion); Banten (US\$ 2.9 billion); South Sumatera (US\$ 2.8 billion); and East Java (US\$ 1.9 billion).

Foreign Direct Investment realization based on **country of origin** (five leading countries) are: Singapore (US\$ 9.2 billion); Japan (US\$ 5.4 billion); People's Republic of China (US\$ 2.7 billion); Hong Kong (US\$ 2.2 billion); and Netherlands (US\$ 1.5 billion).

## 3. Distribution of Project Location

The distribution of project location in 2016 in Java Island is Rp 328.3 trillion (53.6%), while outside Java Island is Rp 284.5 trillion (46.4%). The portion of outside Java Island is increased by 14.4% compared to the same period in 2015 (Rp 248.7 trillion).

## 4. The investment realization based on Economic Corridors in January to December 2016 are as follows:

- a. The investment realization of Sumatera Economic Corridor is Rp 117.4 trillion (19.2%), consists of Rp 39.8 trillion of DDI and US\$ 5.7 billion of FDI. The leading sectors for the DDI are Electricity, Gas and Water Supply (Rp 10.5 trillion); Food Industry (Rp 7.5 trillion); Non Metallic Mineral Industry (Rp 6.1 trillion); Chemical and Pharmaceutical Industry (Rp 5.0 trillion); and Food Crops and Plantation (Rp 3.1 trillion), while for the FDI are Paper and Printing Industry (US\$ 2.7 billion); Chemical and Pharmaceutical Industry (US\$ 0.7 billion); Food Industry (US\$ 0.5 billion); Food Crops and Plantation (US\$ 0.5 billion); and Electricity, Gas and Water Supply (US\$ 0.4 billion).
- b. The investment realization of Java Economic Corridor is Rp 328.7 trillion (53.6%), consists of Rp 126.4 trillion of DDI and US\$ 14.8 billion of FDI. The leading sectors for the DDI are Transportation, Warehouse and Telecommunication (Rp 26.1 trillion); Chemical and Pharmaceutical Industry (Rp 24.4 trillion); Food Industry (Rp 17.3 trillion); Construction (Rp 11.9 trillion); and Metal, Machinery and Electronic Industry (Rp 9.4 trillion), and for FDI are Transport Equipment and Other Transport Industry (US\$ 2.3 billion); Real Estate, Industrial Estate and Office Building (US\$ 2.1 billion); Chemical and Pharmaceutical Industry (US\$ 1.9 billion); Metal, Machinery and Electronic Industry (US\$ 1.6 billion); and Electricity, Gas and Water Supply (US\$ 1.1 billion).

- c. The investment realization of Kalimantan Economic Corridor is Rp 69.0 trillion (11.3%), consists of Rp 33.6 trillion of DDI and US\$ 2.6 billion of FDI. The leading sectors for the DDI are Food Crops and Plantation (Rp 16.8 trillion); Food Industry (Rp 5.7 trillion); Non Metallic Mineral Industry (Rp 5.5 trillion); Mining (Rp 1.5 trillion); and Trade and Reparation (Rp 0.8 trillion), while for the FDI are Food Crops and Plantation (US\$ 1.0 billion); Mining (US\$ 0.5 billion); Food Industry (US\$ 0.4 billion); Electricity, Gas and Water Supply (US\$ 0.3 billion); and Metal, Machinery and Electronic Industry (US\$ 0.1 billion).
- d. The investment realization of Sulawesi Economic Corridor is Rp 51.4 trillion (8.4%), consists of Rp 13.6 trillion of DDI and US\$ 2.8 billion of FDI. The leading sectors for the DDI are Electricity, Gas and Water Supply (Rp 6.5 trillion); Mining (Rp 1.8 trillion); Metal, Machinery and Electronic Industry (Rp 1.6 trillion); Construction (Rp 1.4 trillion); and Food Industry (Rp 1.2 trillion), and for the FDI are Metal, Machinery and Electronic Industry (US\$ 1.7 billion); Chemical and Pharmaceutical Industry (US\$ 0.3 billion); Electricity, Gas and Water Supply (US\$ 0.3 billion); Non Metallic Mineral Industry (US\$ 0.1 billion); and Mining (US\$ 0.1 billion).
- e. The investment realization of Bali and Nusa Tenggara Economic Corridor is Rp 15.7 trillion (2.6%) consists of Rp 2.6 trillion of DDI and US\$ 0.9 billion of FDI. The leading sectors for the DDI are Mining (Rp 1.1 trillion); Food Crops and Plantations (Rp 0.8 trillion); Hotel and Restaurant (Rp 0.4 trillion); Food Industry (Rp 0.2 trillion); and Trade and Reparation (Rp 0.1 trillion), and for the FDI are Mining (US\$ 0.4 billion); Hotel and Restaurant (US\$ 0.3 billion); Real Estates, Industrial Estates and Office Building (US\$ 0.2 billion); Other Services (US\$ 0.04 billion); and Trade and Reparation (US\$ 0.02 billion).
- f. The investment realization of Maluku and Papua Economic Corridor is Rp 30.7 trillion (5.0%), consists of Rp 0.3 trillion of DDI and US\$ 2.2 billion of FDI. The leading sectors for the DDI are Food Crops and Plantation (Rp 0.2 trillion); Trade and Reparation (Rp 0.03 trillion); and Electricity, Gas and Water Supply (Rp 0.01 trillion), while FDI are Mining (US\$ 1.2 billion); Non Metallic Mineral Industry (US\$ 0.4 billion); Metal, Machinery and Electronic Industry (US\$ 0.3 billion); Wood Industry (US\$ 0.1 billion); and Food Crops and Plantation (US\$ 0.09 billion).