

BKPM Reaches 74.8% of 2020 Investment Realization Target

Jakarta, 24 October, 2020 – Indonesia Investment Coordinating Board (BKPM) recorded that investment realization in the third quarter (July-September) of 2020 reached IDR209.0 trillion and succeeded in creating jobs for 295,387 Indonesian workers. In this period, foreign investment (PMA) contributed Rp.106.1 trillion (50.8%), while Domestic Investment (PMDN) was Rp.102.9 trillion (49.2%).

This achievement adds to the cumulative investment realization figure from January-September 2020 to IDR 611.6 trillion or 74.8% of the 2020 investment realization target of IDR 817.2 trillion and employment of 861,581 Indonesian workers with a total of 102,276 investment projects.

During January-September 2020, PMDN recorded a greater contribution compared to PMA, which was IDR 309.9 trillion or 50.7%, while FDI was IDR 301.7 trillion or 49.3%. The contribution of PMDN in this period increased by 9.3% compared to the same period in 2019, while FDI decreased by 5.1%.

In a press conference held online yesterday morning (23/10) at the BKPM Office, Jakarta, the BKPM Chairman Bahlil Lahadalia conveyed his optimism in meeting the 2020 investment realization target, as well as achieving the target of absorbing 1.2 million Indonesian workers throughout this 2020.

"Many are skeptical of the 2020 investment realization target, we set optimistic targets not without calculations but based on analysis of existing data and potential conditions. Later at the end of 2020, God willing, the 2020 investment realization target could occur. Regarding employment, we ensure that every investment creates many jobs for Indonesian workers, even though their business is enabled by technology, people are in demand, especially in this pandemic," said Bahlil.

Bahlil revealed that currently, PMA growth is getting better, although it is not maximized. The third quarter is a momentum for the realization of foreign investment and PMDN to increase.

"Amid the COVID-19 pandemic, various world survey institutions have released their release results that global Foreign Direct Investment (FDI) has fallen by 30-40%. However, in Indonesia it only decreased by 5% up to this third quarter," said Bahlil.

Also, the spread of investment outside Java increased during this period. This investment is in the form of infrastructure development in the regions which is mostly carried out by PMDN. This shows that equal distribution of quality investment is not only carried out by foreign businesses, but also domestic entrepreneurs who equally need government support.

Bahlil is happy with the results of the spread of investment in the third quarter of 2020, in which investment realization outside Java is greater than Java. It was recorded that IDR 110.4 trillion (52.8%) of

investment realization was spread outside Java, an increase of 17.9% compared to the third quarter of 2019. Meanwhile, investment realization in Java was IDR 98.6 trillion (47.2%).

Bahlil said that one of BKPM's Key Performance Indicators (KPIs) is to realize the quality investment, through equal distribution of investment. The infrastructure development carried out in the era of Joko Widodo-Jusuf Kalla's leadership has seen its current impact. Apart from that, the government is currently also imposing special treatment for investors who wish to carry out their business activities outside Java, among others, by providing larger fiscal incentives compared to investors conducting business in Java.

"Investors, both domestic and foreign, are no longer focused only on Java, but also outside Java. The requirements for investors to enter are the availability of infrastructure and raw materials. This is a very good thing," said Bahlil.

One of the locations outside Java that is the main attraction for PMA is North Maluku. According to Bahlil, there is currently a nickel downstream development in North Maluku province. BKPM will continue to encourage how investment can have a positive impact on the regions. The greater the investment that is encouraged, the more jobs available, for both direct and indirect workforce.

"The target for 2021 is that at least 1.3 million jobs are available. The data in BKPM is only for direct workers. Indirect labor can be 3-4 times that number, due to the large multiplier effects of the supply chain. In the Job Creation Law (UU CK), it is explained that there is an obligation for large companies, both national and foreign, to partner with local and local entrepreneurs as well as Micro, Small, and Medium Enterprises (MSMEs) that meet the requirements," said Bahlil.

In the third quarter of 2020, Singapore is still the country of origin with the largest investment, reaching US\$ 2.5 billion (33.8%). Then followed by China with US\$ 1.1 billion (14.9%), Japan at US\$ 0.9 billion (12.2%), Hong Kong, China with US\$ 0.7 billion (9.5%), and the Netherlands US\$ 0.5 billion (6.7%).

According to Bahlil, the entry of the Netherlands into the list of the top 5 countries of origin for this investment, indicates the diversification of investors outside the Asian region into Indonesia. "This is interesting too. The Netherlands is a hub country as well, the same as Singapore. Even though the European economy is in deficit, their enthusiasm for investment is still great. This is related to trust, regulation, and the perception of the government that have started well," explained Bahlil.

Currently, West Java province is the location with the largest total investment realization in the third quarter of 2020, amounting to IDR 28.4 trillion (13.6%). Meanwhile, from the investment sector side, the transportation, warehouse, and telecommunication sector valued at Rp32.1 trillion (15.3%) dominated the realization of this period. (*)