

## BKPM's Strategies to Maintain Investment Climate in the Period of COVID-19 Pandemic

Amid the economic pressures due to the Covid-19 pandemic, investment realization in Indonesia in the first half of 2020 still showed a positive trend. Indonesia Investment Coordinating Board (BKPM) reported, in that period the realization of investment reached 402.6 trillion, up 1.8% compared to the same period in the previous year. In detail, the investment value during the first semester of 2020 for Domestic Direct Investment (PMDN) was IDR 207 trillion (51.4%), and Foreign Direct Investment (PMA) was IDR 195.6 trillion (48.6%). During this period, the workforce absorbed 566,194 people from 57,815 investment projects. The realization value of the investment in the first semester of 2020 reached 493% of the 2020 investment target of IDR 871.2 trillion.

In the second quarter of 2020, investment realization in Indonesia experienced considerable pressure. The number reached IDR 191.9 trillion, down 4.3% compared to the same period in the previous year. Even when compared to the first quarter of 2020, the decline reached 8.9%. The BKPM Chairman believes that investment interest in semester II 2020 will be better than semester I 2020, despite a decline in investment interest in the second quarter of 2020.

One of the intensive efforts made by BKPM to increase investment realization is to solve the problem of stalled investment in Indonesia. During the first semester of 2020 BKPM had completed 58% of stalled investments valued at IDR 410 trillion from a total of IDR 708 trillion. The stalled investment came from 11 companies that had experienced obstacles in realizing their investment. 3 companies with the largest investment value successfully facilitated by BKPM include Rosnef IDR 211.9 trillion, Lotte Chemical IDR 61.2 trillion, and PT. Vale Indonesia Tbk IDR 39.2 trillion.

According to Bahlil Lahadalia, Chairman of BKPM, there are three causes of stalled investment, namely sectoral arrogance, overlapping rules, and problems in the field related to land. With the approach taken by BKPM, stalled investments can finally be completed. Amid the threat of the Covid-19 pandemic with many challenges, BKPM continues to escort investment in accordance with President Joko Widodo's direction. That was mainly to encourage foreign investment and complete stalled investments.

BKPM has prepared a strategy to maintain the investment climate amid the COVID-19 pandemic. There are four strategies made by BKPM, namely facilitating existing companies that are already operating, facilitating the potential of existing companies that have not been executed, bringing in new investment, and providing incentives for existing companies that are expanding. Chairman of BKPM also emphasized that investment is the main engine driving economic growth. Especially amid during the pandemic, where public consumption is major contributors to Indonesia's GDP.