



## INDONESIA INVESTMENT COORDINATING BOARD

### Press Release

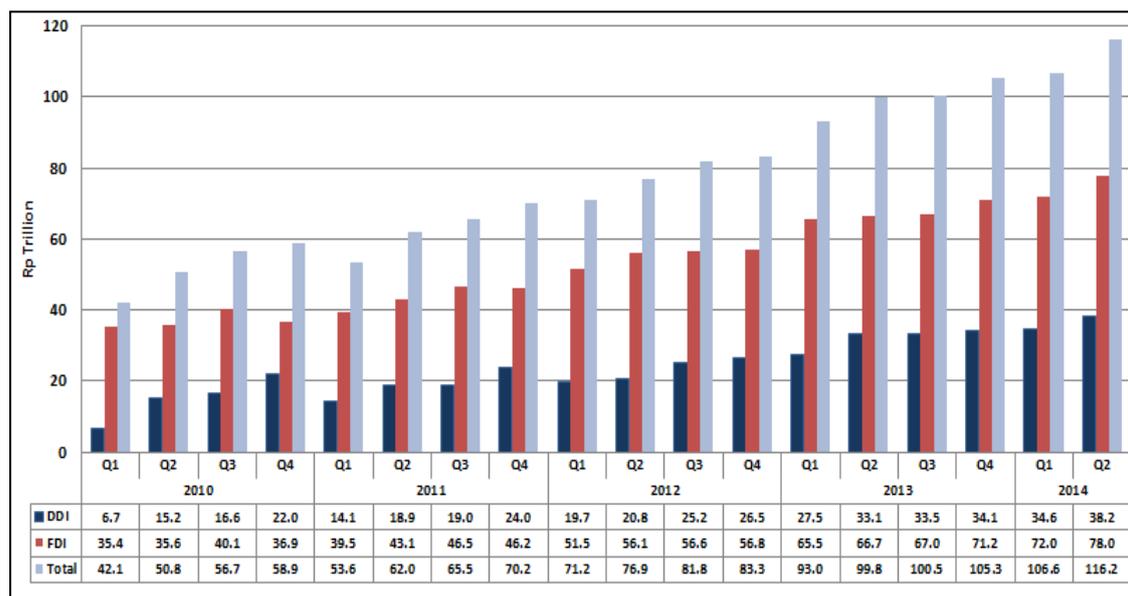
#### Investment Realization in Quarter II of 2014 Hit Another Highest Record

**Jakarta, July 24, 2014** – The Chairman of Investment Coordinating Board of the Republic of Indonesia (BKPM) today announces the second Quarter/Q2 (April - June) 2014 of investment realization figures for both domestic (DDI) and foreign direct investment (FDI) based on the Investment Activity Report (LKPM) received by BKPM.

The investment realization in Q2-2014 (April - June) was Rp 116.2 trillion hit another highest record. There was an increase of the total investment realization at 16.4% compared to the same period in 2013 (Rp 99.8 trillion). The number of DDI realization amounted as Rp 38.2 trillion (32.9%) compared to the total number of FDI realization amounted as Rp. 78.0 trillion (67.1%).

The graph below shows that in Q2-2014 the total investment realization has increased compare to the same period in 2013 and expected to increase continually in the future.

#### Investment Realization of 2010 – June 2014: Each Quarter



The Cumulative investment realization in Semester I (January-June) 2014 was Rp 222.8 trillion consist of Rp 72.8 trillion (32.7%) from DDI and Rp 150 trillion (67.3%) from FDI. Compared to the same period in 2013, it increased 15.6%.

The distribution of investment realization based on location in Semester I 2014, the investment realization in Java Island was Rp 131.1 trillion (58.8%) and outside Java Island was Rp 91.7 trillion (41.2%) which was increased by 10.1% compared to the same period in 2013 (Rp 83.3 trillion).

#### **A. Investment Realization in Quarter II (Q2) 2014**

The investment realization of DDI in Q2-2014 was Rp 38.2 trillion, an increase of 15.4% compared to the same period in 2013 (Rp 33.1 trillion).

The investment realization of FDI in Q2-2014 was Rp 78.0 trillion, an increase of 16.9% compared to the same period in 2013 (Rp 66.7 trillion).

*“The growth of investment realization in 2014 well maintained during general election and presidential election period, even reached the highest record. This condition signify the level of trust to Indonesia’s economic and political stability”,* said Chairman of the Indonesia Investment Coordinating Board, Mahendra Siregar.

The highlights of the investment realization of the domestic and foreign direct investment in Q2-2014 were as follows:

##### **1. Domestic Direct Investment Realization**

The DDI realization based on sectors (five leading sectors) were: Electricity, Gas and Water Supply (Rp 17.1 trillion); Food Industry (Rp 4.9 trillion); Food Crops and Plantation (Rp 4.2 trillion); Construction (Rp 2.6 trillion); and Chemical and Pharmaceutical Industry (Rp 2.5 trillion). Whereas, should all industrial sectors be combined, it can be seen that industrial sectors contributed Rp 12.1 trillion or 31.7% of total DDI realization.

Meanwhile, the DDI realization based on locations (five leading locations) were: East Java (Rp 10.5 trillion); East Kalimantan (Rp 5.7 trillion); Banten (Rp 4.9 trillion); Central Java (Rp 4.4 trillion); and Riau (Rp 3.9 trillion).

##### **2. Foreign Direct Investment Realization**

The FDI realization based on sectors (five leading sectors) were: Transportation, Warehouse and Telecommunication (US\$ 1.4 billion); Food Industry (US\$ 1.3 billion); Mining (US\$ 1.1 billion); Food Crops and Plantation (US\$ 0.6 billion); and Chemical and Pharmaceutical Industry (US\$ 0.5 billion). Whereas, should all industrial sectors be combined, it can be seen that industrial sectors contributed as much as US\$ 3.2 billion or 43.3% of total FDI realization.

Meanwhile, the FDI realization based on locations (five leading locations) were: Special Territory of Jakarta (US\$ 1.7 billion); West Java (US\$ 1.5 billion); East Kalimantan (US\$ 0.7 billion); East Java (US\$ 0.6 billion); and Banten (US\$ 0.5 billion).

Based on country of origins (five leading countries), the FDI were: Singapore (US\$ 2.1 billion); Malaysia (US\$ 0.6 billion); Japan (US\$ 0.6 billion); United Kingdom (US\$ 0.6 billion); and USA (US\$ 0.4 billion).

### 3. Distribution of Project Location

The distribution of project location in Q2-2014 in Java Island was Rp 69.1 trillion (59.5%) and outside Java Island was Rp 47.1 trillion (40.5%). The portion of outside Java Island was increased by 21.1% compared to the same period of 2013 (Rp 38.9 trillion).

### 4. Labor Absorption

Indonesian labor absorption for investment project in Q2-2014 was 350.803 people, consisting of 82.250 people by the DDI and 268.553 people by the FDI.

## **B. The Cumulative of Investment Realization in Semester I (January-June) of 2014**

The DDI realization in Semester I of 2014 was Rp 72.8 trillion (32.7%), an increase of 20.2% compared to the same period of 2013 (Rp 60.6 trillion).

The FDI realization in Semester I of 2014 was Rp 150.0 trillion (67.3%), an increase of 13.5 % compared to the same period of 2013 (Rp 132.2 trillion).

The highlights of the investment realization of the Domestic and Foreign Direct Investment in Semester I of 2014, as follows:

### 1. Domestic Direct Investment Realization

The DDI realization based on sectors (five biggest sectors) were: Electricity, Gas and Water Supply (Rp 28.4 trillion); Food Industry (Rp 9.8 trillion); Food Crops and Plantation (Rp 5.8 trillion); Transportation, Warehouse and Telecommunication (Rp 4.9 trillion) and Construction (Rp 4.9 trillion). Whereas, should all industrial sectors be combined, it can be seen that industrial sectors contributed as much as Rp 23.2 trillion (31.9%).

Meanwhile, the DDI realization based on locations (five biggest locations) were: East Java (Rp 18.2 trillion); West Java (Rp 10.5 trillion); Special Territory of Jakarta (Rp 8.3 trillion); Central Java (Rp 7.7 trillion); East Kalimantan (Rp 6.5 trillion).

## 2. Foreign Direct Investment Realization

FDI realization based on sectors (five biggest sectors) were: Mining (US\$ 2.7 billion); Food Industry (US\$ 2.1 billion); Transportation, Warehouse and Telecommunication (US\$ 1.7 billion); Food Crops and Plantation (US\$ 1.1 billion); Transport Equipment and Other Transport Industry (US\$ 1.0 billion). Whereas, should all industrial sectors be combined, it can be seen that industrial sectors contributed as much as US\$ 6.7 billion (46.9%).

Meanwhile, FDI realization based on locations (five biggest locations) were: West Java (US\$ 3.2 billion); Special Territory of Jakarta (US\$ 2.1 billion); East Kalimantan (US\$ 1.5 billion); Banten (US\$ 1.1 billion) and East Java (US\$ 1.0 billion).

FDI realization based on country of origins (five biggest countries) were: Singapore (US\$ 3.4 billion); Japan (US\$ 1.5 billion); Malaysia (US\$ 0.7 billion); USA (US\$ 0.7 billion) and South Korea (US\$ 0.7 billion).

## 3. Distribution of Project Location

The distribution of project location in Semester I of 2014 in Java island was Rp 131.1 trillion (58.8%), and outside Java island was Rp 91.7 trillion (41.2%), increased by 10.1% compared to the same period in 2013 (Rp 83.3 trillion).

## 4. The investment realization based on Economic Corridors in January to June 2014 can be figured as follows:

a. The investment realization of Sumatera Economic Corridor was Rp 33.4 trillion (15.0%), consist of Rp 11.8 trillion of DDI and US\$ 2.1 billion of FDI. The dominant sectors for DDI were Electricity, Gas and Water Supply (Rp 6.6 trillion); Paper and Printing Industry (Rp 1.7 trillion); Food Crops and Plantation (Rp 1.6 trillion); Chemical and Pharmaceutical Industry (Rp 0.5 trillion); and Food Industry (Rp 0.5 trillion); and for FDI were Paper and Printing Industry (US\$ 0.5 billion); Food Industry (US\$ 0.5 billion); Chemical and Pharmaceutical Industry (US\$ 0.4 billion); Food Crops and Plantation (US\$ 0.2 billion) and Mining (US\$ 0.2 billion).

b. The investment realization of Java Economic Corridor was Rp 131.1 trillion (58.8%), consist of Rp 50.2 trillion of DDI and US\$ 7.7 billion of FDI. The dominant sectors for DDI were Electricity, Gas and Water Supply (Rp 19.3 trillion); Food Industry (Rp 8.3 trillion); Transportation, Warehouse and Telecommunication (Rp 4.9 trillion); Construction (Rp 4.9 trillion) and Real Estate, Industrial Estate and Business Activities (Rp 4.6 trillion) and for FDI were Transportation, Warehouse and Telecommunication (US\$ 1.4 billion); Food Industry (US\$ 1.2 billion); Transport Equipment and Other Transport Industry (US\$ 1.0 billion); Metal, Machinery and Electronic Industry (US\$ 0.8 billion); Non Metallic Mineral Industry (US\$ 0.5 billion).

- c. The investment realization of Kalimantan Economic Corridor was Rp 38.9 trillion (17.5%), consist of Rp 9.6 trillion of DDI and US\$ 2.8 billion of FDI. The dominant sectors for DDI were Food Crops and Plantation (Rp 4.1 trillion); Electricity, Gas and Water Supply (Rp 2.3 trillion); Chemical and Pharmaceutical Industry (Rp 2.3 trillion); and Food Industry (Rp 0.9 trillion); and for FDI were Mining (US\$ 1.3 billion); Food Crops and Plantation (US\$ 0.9 billion); Food Industry (US\$ 0.3 billion); and Transportation, Warehouse and Telecommunication (US\$ 0.1 billion).
- d. The investment realization of Sulawesi Economic Corridor was Rp 4.9 trillion (2.2%), consist of Rp 0.9 trillion DDI and US\$ 0.4 billion of FDI. The dominant sectors for DDI were Non Metallic Mineral Industry (Rp 0.3 trillion); Metal, Machinery and Electronic Industry (Rp 0.3 trillion); Other Services (Rp 0.1 trillion); and Food Industry (Rp 0.1 trillion); and for FDI were Mining (US\$ 0.2 billion); Real Estate, Industrial Estate and Business Activities (US\$ 0.05 billion); Food Industry (US\$ 0.05 billion); Electricity, Gas and Water Supply (US\$ 0.05 billion); Chemical and Pharmaceutical Industry (US\$ 0.04 billion).
- e. The investment realization of Bali and Nusa Tenggara Economic Corridor was Rp 6.0 trillion (2.7%), consist of Rp 0.2 trillion DDI and US\$ 0.6 billion of FDI. The dominant sectors for DDI were Electricity, Gas and Water Supply (Rp 0.1 trillion); Food Crops and Plantation (Rp 0.02 trillion); Paper and Printing Industry (Rp 0.02 trillion); Food Industry (Rp 0.01 trillion) and for FDI were Mining (US\$ 0.4 billion); Electricity, Gas and Water Supply (US\$ 0.1 billion); and Hotel and Restaurant (US\$ 0.05 billion).
- f. The investment realization of Maluku and Papua Economic Corridor was Rp 8.4 trillion (3.8%), consist of Rp 0.1 trillion DDI and US\$ 0.8 billion of FDI. The dominant sectors for DDI were Metal, Machinery and Electronic Industry (Rp 0.1 trillion); Food Industry (Rp 0.03 trillion) and for FDI were Mining (US\$ 0.7 billion); Transportation, Warehouse and Telecommunication (US\$ 0.1 billion) and Food Crops and Plantation (US\$ 0.03 billion).

### **C. Trend of Investment Realization from 2010 to June 2014**

Based on the investment realization data from the period of 2010 until June 2014, there was a significant growth in each quarter for domestic as well as foreign direct investment. It underlines that investment in Indonesia is on a high level of well-sustainable growth.

The data of investment realization from 2010 until June 2014 also shows that there have been many new green field investment projects compared to expansion projects. Further, it reflects that not only the product's capacity of existing investment is increasing, but also the types of new industries and new productions are well-diversified and promising.

*“On top of the good performance of investment realization, BKPM together with other related ministries/government agencies is currently assessing of 552 Integrated Investment Services in all over Indonesia. This activity is expected to boost the quality of licensing and non-licensing services to the businesses at the level of province, region/city, free trade zone, and special economic zone. Further, in order to attract more investment in the downstream sectors of agriculture, mineral and coal products, The Government is preparing to finalize the revised regulation related to the investment fiscal incentives”, stated by Mahendra Siregar, Chairman of the Indonesia Investment Coordinating Board.*

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