Foreign Direct Investment in the time of COVID-19: Policy Options for Asia

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Covid-19 pandemic has disrupted the global economic growth.

Source: OECD, Worldbank, 2020

Global FDI is predicted to fall by 30-40%, investment realization in Q1 2020 dropped by 9.2%.

Indonesia's Economic Growth is only 2.97%.

5.5 Million local workers are negatively impacted by the pandemic (layoffs, laid off, etc.).

Source: BPS.
Investment Realization in Q1 of 2020 (oil & gas and financial services sector excluded)

INVESTMENT TARGET 2020
886.1 T

Q1 of 2020 INVESTMENT REALIZATION
210.7 T

DDI
112.7 T (53.5%)

FDI
98 T (46.5%)

IN Q1 OF 2020 INVESTMENT HAS ABSORBED
303,085 LOCAL WORKERS

Source: BKPM, 2020
6 key performance indicators (KPIs) of BKPM to increase investment

- Execution of Large Investment Realization
- Ease of Doing Business Improvement
- Encourage Large Investments to Partner with National Entrepreneurs, especially local entrepreneurs where the projects are located
- Distribution of Quality Investment
- Investment Promotions which are Focused on Sectors and Countries
- Increase Domestic Direct Investment, especially SMEs
Potential investment realization of IDR 708 trillion are still being facilitated by BKPM.

Investment projects have been facilitated:

- Rp 211.9 trillion (Rosneft)
- Rp 39.2 trillion (VALE)
- Rp 21.7 trillion (HYUNDAI)
- Rp 9.5 trillion (NINDYA)
- Rp 2.0 trillion (Galempa Sejahtera Bersama)
- Rp 1.8 trillion (Masdar)
- Rp 1.8 trillion (Malindo)
- Rp 1.1 trillion (Lain-Lain)
- Rp 1.4 trillion (Klaten, Central Java)
- Rp 38.0 trillion (YTL Power)
- Rp 14.0 trillion (KOBEXINDO)
- Rp 5.2 trillion (Tenaga Listrik Bengkulu)
- Rp 61.2 trillion (LOTTE CHEMICAL)
- Rp 38.0 trillion (Tanjung Jati Power)

Resolving investment’s debottlenecking in Indonesia is one of the promotion strategies to attract inward investment.

BKPM is not only facilitating issues from large investment, but also medium & small investments.
WHAT WE DO TO BOOST Investment during the pandemic

1. Investment Facilitation for Existing Investor.

2. BKPM still facilitates companies experiencing hurdles by coordinating with relevant Ministries and/or regional government officials.

3. Attracting New Investment.

4. Incentive for Existing Investor that Expand the business.
BKPM’s strategies to increase FDI amidst Covid-19 Pandemic

1. Continue to approach foreign investors who are interested to invest in Indonesia through video conference.

2. Continue to facilitate companies which have issues in licensing by directly coordinating with related ministries/government institutions.

3. Equal treatment applies to all countries
BKPM's strategies to increase DDI amidst the Covid-19 Pandemic

MoU between BKPM and the Ministry of SOEs in the context of accelerating investment licensing, exchanging data and information to increase investment realization and facilitate SOE companies

Create partnership between local and foreign investors (DDI / FDI) with SMEs
Ministries / Institutions have issued Ministerial Regulation/Decree to delegate business license to BKPM.