

Foreign Direct Investment To Indonesia Still Rising

MANILA, PHILIPPINES, November 5, 2019 /EINPresswire.com/ -- A report from the ADB on Foreign Direct Investment in Indonesia has challenged the view that FDI is not coming to Indonesia

In an informal presentation made to the President Joko Widodo by the World Bank in September 2019 it was mentioned that of 33 investors that had left China owing to the US/China trade war none came to Indonesia and most went to Vietnam. This was given as an illustration that FDI is not coming to Indonesia

INDONESIA ONE OF THE TOP 10 DESTINATIONS

However, in his report dated 18 September 2019 entitled "Foreign Direct Investment is not coming to Indonesia. Really?" [Edimon Ginting](#), Deputy Director General of the ADB pointed out that total FDI in Indonesia is actually still rising.

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Firstly, this is a key fact: total FDI in Indonesia is still rising”

Edimon Ginting

Following the 1997–1998 Asian Financial Crisis and 2007–2008 Global Financial Crisis, Indonesia was one of the top 10 destinations for FDI. In support of this Edimon quotes data from the [United Nations Conference](#) on Trade and Development. World Investment Report 2019 Statistical Annex Tables.



FDI in Indonesia Still Rising

In nominal terms, FDI flows to Indonesia in 2018 increased by \$7.8 billion compared to the annual average flows in 2008–2016, higher than the increase in India and Viet Nam over the same period at \$6.5 billion and \$6.2 billion, respectively.

FDI IS CHanneled TO NON-MANUFACTURING SECTORS

However, Edimon also points out that that most FDI to Indonesia in the last few years has been channeled to non-manufacturing sectors except for the automotive industry. The top five destination of FDI in Indonesia have been renewable energy, mining, chemicals, real estate, and metals. After that, sectors of choice were services such as hotels, information technology, and finance.

HEAD OF INVESTMENT COORDINATING BOARD HAS A VISION FOR RISING DOMESTIC INVESTMENT

Meanwhile in a meeting with the Press on Thursday 31 October, new Chairman of the Investment Coordinating Board [Bahlil Lahadalia](#) shared his vision that while FDI will remain big, domestic investment will eventually overtake FDI. According to Bahlil investment is not only concentrated in Java and investment prospects outside Java are beginning to be more promising as a result of the infrastructure development that has been undertaken by the previous Government.

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VIETNAM MORE EXPORT ORIENTED

In the opinion of the ADB, in order to attract more FDI, Indonesia would need to have an "export-oriented growth strategy" like Vietnam. This would mean addressing the problems of the labour market so that schools and colleges could produce graduates with better skills. It would also require hiring foreign workers. This would "not only increase productive employment but also open wider opportunities for learning and chances to be part of the global technological innovation." according to Edimon

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