VALE COLUMBIA CENTER
ON SUSTAINABLE INTERNATIONAL INVESTMENT
A JOINT CENTER OF COLUMBIA LAW SCHOOL AND
THE EARTH INSTITUTE AT COLUMBIA UNIVERSITY

Columbia FDI Profiles

Country profiles of inward and outward foreign direct investment
issued by the Vale Columbia Center on Sustainable International Investment
April 25, 2011
Editor-in-Chief: Karl P. Sauvant
Editor: Padma Mallampally
Associate Editor: Ken Davies
Managing Editor: Ana-Maria Poveda-Garces

Inward FDI in Indonesia and its policy context

by

Tulus T.H. Tambunan*

Inward foreign direct investment (IFDI) in Indonesia has been an important element of the country's economic development process. Following the introduction of the first foreign direct investment (FDI) law early in the 'New Order' era (1966-1998), IFDI flows to Indonesia were relatively large. Indonesia was hit hard during the Asian financial crisis in 1997-1998, when net IFDI inflows fell sharply. In the first half of 2004, IFDI started to grow again. Indonesia still faces some uncertainties relating to the implementation of regional autonomy and to the high costs of running businesses caused by inadequate infrastructure, restrictive labor regulations and corruption. Nevertheless, the availability of vast reserves of highly diversified natural resources, a huge domestic market potential, a cheap labor force, and continued reforms in the direction of a market-based economy, including privatizations and open access to almost all sectors, are likely to boost IFDI.[1]

Trends and developments

Country level developments

Although the share of IFDI in Indonesia's gross domestic product (GDP) is relatively low compared to other countries in the region, such as Thailand, Singapore and Malaysia, IFDI has played a crucial role in Indonesia's economic development process, not only in boosting overall productivity and exports, but also in achieving sustainable economic growth and employment creation. Especially during the 'New Order' era under President Suharto (1966-1998) and after

---

* Tulus T.H. Tamunan (sjahrir@rad.net.id) is the director of the Center for Industry, SME and Business Competition Studies, Faculty of Economics, Trisakti University. The author wishes to thank Rajah Rasiah and an anonymous referee for their helpful comments. The views expressed by the author of this *Profile* do not necessarily reflect opinions of Columbia University, its partners and supporters. *Columbia FDI Profiles* is a peer-reviewed series.

[1] See the discussion on this issue in UNCTAD, *World Investment Report 2010: Investing in a Low-Carbon Economy* (New York and Geneva: United Nations, 2010).

the introduction of the first investment law (Law Number 1 of 1967 on Foreign Investment, amended by Law Number 11 of 1970), FDI flows into the country were relatively large.

During the 1960s and 1970s, IFDI in Indonesia was concentrated in the oil and natural gas sector. In the 1980s and 1990s, the Indonesian Government introduced a number of deregulation packages to liberalize its domestic market as well as several fiscal incentives to foster IFDI in the manufacturing and services sectors to reduce the country's dependency on the primary sector. Since then, the secondary and tertiary sectors have attracted the bulk of foreign investment in Indonesia.

Between 1967 and 1996, approved IFDI accumulated to US$ 154 billion. The Asian economic and financial crisis in 1997-1998 pushed the Indonesian economy into a deep economic recession, with real GDP nose-diving by over 13% in 1998. In the same year, IFDI also fell, although not as sharply as GDP. In 1999, the Indonesian economy started to recover, while IFDI began to increase again in 2002. Indonesia's IFDI stock as a percentage of nominal GDP declined from 30% in 1998 to 15% in 2000. IFDI flows as a percentage of gross fixed capital formation dropped from 8% in 1997 to -14% in 2000.[2] Indonesia experienced net FDI outflows from 1998 to 2001, mainly caused by uncertainties arising from Suharto's fall from power in 1998.[3]

In 2007, Indonesia's IFDI stock reached US$ 80 billion. In 2008, it declined to US$68 billion, then rose again in 2009 to US$ 73 billion (annex table 1). Inward FDI flows continued to increase until 2008 and then dropped to US$ 5 billion in 2009 (annex table 2). It is not clear whether the decline of IFDI flows in 2009 was caused by the global economic crisis or by internal factors such as local market distortions in some districts resulting from the implementation of regional autonomy,[4] inadequate infrastructure, restrictive labor regulations, and corruption.[5] Nevertheless, the availability of vast, highly diversified natural resources, a huge domestic market, a cheap labor force, and recent policy liberalization toward a market-based economy, including privatizations and open access to almost all sectors, are likely to improve FDI prospects. Indonesia now has a better environment for FDI, as the country has a clear and certain law on investment, has established a one-stop service for foreign investment projects, developed special economic zones (SEZs), and taken measures to facilitate cost reductions.[6]

The Indonesian Government has deregulated the economy and provided fiscal incentives to encourage diversification of the economic structure. In the past ten years, FDI in Indonesian has been markedly reoriented toward manufacturing and services (annex table 3).[7] Within the

---

[2] See UNCTAD, *World Investment Report 2000: Cross Border Mergers and Acquisitions and Development* (New York and Geneva: United Nations, 2000).
[3] UNCTAD, *World Investment Report 2002: Transnational Corporations and Export Competitiveness* (New York and Geneva: United Nations, 2002).
[4] Regional autonomy may be viewed more positively. For instance, Joachim von Amsberg, the World Bank Country Director for Indonesia, gave the following statement when launching the *Doing Business Report 2010*, "In the span of just a decade Indonesia has attained remarkable achievements with democratization, decentralization, and economic and financial stability, even in the face of the global financial crisis" (http://web.worldbank.org/)
[5] Despite the fact that, in its *Doing Business Report 2010*, the World Bank (IFC) has praised Indonesia as *the most active business regulatory reformer in East Asia and the Pacific* , ibid.
[6] UNCTAD, *World Investment Report 2010*, op. cit.
[7] Indonesian Investment Coordinating Board (BKPM), available at: http://www.bkpm.go.id/.

manufacturing sector, three industries accounted for the bulk of total IFDI stock in all sectors: the metal machinery and electronics industry (6%), the food industry (5%) and the textile industry (2%). The considerable increase in the relative importance of manufacturing during the past decade has been due to large greenfield investments in these sectors.

Within the services sector, transport, storage and communications were the most important targets for IFDI, accounting for almost 40% of total IFDI stock by 2009. The increasing importance of these subsectors can be explained by a wave of privatizations under the growing participation of foreign parent companies that took place soon after the Asian crisis. Two major foreign acquisitions took place in 2008 and 2009: the Islamic Development Bank (IDB) of Saudi Arabia invested around US$ 2 billion in warehousing, storage and transportation, and Qtel of Qatar acquired the most popular Indonesian telephone company, Indosat, for US$ 884 million.

Although FDI inflows to Indonesia are becoming increasingly diversified by sector, the primary sector, including the coal, gold, oil, and natural gas industries, remains a key IFDI sector. This extractive sector engaged in cross-border deals every year in the past decade. In 2009, these industries accounted for 3% of total IFDI stock in all sectors, and almost 72% of total IFDI stock in the primary sector. IFDI flows in agriculture, especially in food crops and plantations, have also increased considerably. Within the plantation subsector, palm oil is the most important industry for IFDI, driven by growing world demand for Indonesian exports of crude palm oil (CPO). Food crops and plantations together accounted for 1% of total inward FDI stock in all sectors.

Asia has been the major source region of IFDI in Indonesia. In 2006, about 45% of Indonesia's inward FDI stock originated from Asia, compared to 15% from Europe and 12% from Africa (annex table 4). FDI inflows to Indonesia from Asia increased from US$ 2.7 billion in 2006 to US$ 6 billion in 2009. Although Australia is Indonesia's direct neighbor on the eastern side, its investments in Indonesia have always been small: its share of Indonesia's IFDI stock was only 1.6 % in 2009. Malaysia and Singapore are the main Southeast Asian investors in Indonesia, with investments in various sectors, including manufacturing, plantations, real estate, and other services. From the rest of Asia, Japan remains the key investor in Indonesia, mainly focusing on manufacturing, including the automotive, metal, and electronics industries, but also in natural resource extraction (coal, oil and natural gas) and electricity. Japan is followed by the Republic of Korea, Hong Kong (China), Taiwan Province of China, India, and China.

The corporate players

According to the Indonesian Investment Coordinating Board (BKPM), Indonesia hosted more than 300 foreign affiliates in 2009. BKPM does not provide names of these companies, their sectors and their foreign equity capital. However, based on data of the number of FDI projects approved by the government, foreign affiliates are evidently concentrated in several sectors, including food crops and plantations, food industry, textile and garment industry, the machinery industry, electronic industry, and transport and communications.

In 2009, cross-border mergers and acquisitions (M&As) into Indonesia accounted for around US$ 3 billion The acquiring companies were mainly from the United Kingdom, Singapore, Japan, Malaysia, Qatar, Australia, India, and the British Virgin Islands. The largest such transaction by value and also the most publicly debated cross-border M&A was the above-mentioned acquisition of 24% of the shares of Indosat by Otel of Qatar. The second largest acquisition was undertaken by British American Tobacco PLC of the United Kingdom, which acquired almost 100% of PT Bentoel International Investama Tbk for US$ 728 million (annex table 6). It is generally expected that in coming years more M&A activities will take place in Indonesia as a result of the introduction of a new law on investment, Investment Law No. 25 of 2007, which makes it easier for foreign companies to do business in Indonesia, and also facilitates the government's plan to continue privatizations of state-owned enterprises.

Announced greenfield investments accounted for around US$ 23 billion in 2009. Measured by the investment value, the bulk of greenfield IFDI was concentrated in the coal, oil and natural gas mining, and metal industries. Those industries are among the key promoted sectors for private investment. Since the end of the 1997-1998 Asian financial crisis, the Government has been streamlining various regulations such as licensing and customs procedures, and providing investment incentives to these sectors. Therefore, it is likely that FDI inflows into these sectors will accelerate. In the food and tobacco industry, there is only one greenfield investment, by Lotte Group from the Republic of Korea, (annex table 7). According to unofficial information from BKPM, the Lotte Group is planning to expand its investments in Indonesia in services sectors as well as in the food and tobacco industry.

Effects of the global crisis

Indonesia was affected by the global economic crisis in 2008-2009, but – in contrast to many other countries - maintained economic growth throughout. In sharp contrast to the Asian crisis of 1997-1998, Indonesia did not suffer from a credit crunch, a serious deterioration of asset prices, significant divestments of foreign affiliates, postponements of investment projects, or a decline in reinvested earnings. Indonesia's gross fixed capital formation grew by nearly 1% in the first half of 2009. In the previous two years, fixed investment had been increasing at double-digit rates. Another important reason that Indonesia faced little negative effect on its domestic economy, including trade, is that the economy is less tied to multinational value chains than, for instance, Singapore and Malaysia. Hence, whereas Malaysia experienced a sharp drop in its exports over 2008-2009 (which caused a decrease in GDP in 2009), Indonesian export growth remained strong in 2009.

Country data provided by the Asian Development Bank[8] and the International Monetary Fund [9] show that, while inflows of short-term investment (e.g. portfolio equity) and loans were interrupted in 2008 as the crisis deepened in highly globally-integrated economies in the region (China, Hong Kong (China), India, Indonesia, the Republic of Korea, Malaysia, Philippines, Singapore, Taiwan Province of China, Thailand, Cambodia, Vietnam), FDI inflows kept increasing in these countries during the crisis. By contrast, inflows to Indonesia decreased from US$ 9.3 billion in 2008 to US$ 4.9 billion in 2009 (annex table 2).

[8] ADB Key Indicators, available at: www.adb.org/keyindicator/.
[9] IMF, Financial Indicators, available at: www.imf.org/financialindicator/.

The policy scene

The Indonesian Government has realized that private investment, including IFDI, is important for the modernization of the economy and sustainable economic growth. Therefore, foreign investment policy has always been an important component of economic development policies in Indonesia since the 'New Order' era (1966-1998). To attract IFDI, the Government introduced Foreign Investment Law (FIL) Number 1 of 1967. With this Law, Indonesia started to open sectors and lift quantitative restrictions for foreign equity participation. In addition to FIL Number 1 of 1967, foreign companies were subject to many sector-specific laws. The FIL, accompanied by conducive macroeconomic policies (including a gradual shift from protectionism to export promotion) and political stability encouraged large FDI inflows in the New Order era.[10]

To administer the FIL, the Indonesian Investment Coordinating Board (*Badan Koordinasi Peranaman Modal* or BKPM) was established in 1973. BKPM is a central body that screens investment applications, grants licenses and permits and also offers investment incentives. In addition, there are sub-national investment bodies (BKPMDs) in the provinces.[11]

After the 1997-1998 Asian financial crisis, the Indonesian Government took many measures to promote economic recovery in line with IMF emergency-funding loan conditionalities. It also reoriented FDI policies and initiated reforms in many areas related to private investment, including the legal system. Since 1998, many presidential decrees and regulations have been introduced to improve the investment climate and attract IFDI.[12]

A new investment law, the Law on Investment Number 25 of 2007, is widely seen as the most important investment reform effort ever undertaken by the Indonesian Government. This law covers all private investment, both domestic and foreign. From the point of view of FDI, this new investment law is generally considered as much more "open" than FIL Number 1 of 1967, since in the new Law the negative list has become shorter[13] (i.e. more sectors or subsectors are open now for IFDI), and many new incentives in various forms have been introduced that make it easier for foreign investors to do business in Indonesia. The new investment law has also removed *pribumi* (indigenous) ownership conditions that were previously a major issue for IFDI.[14] Although Indonesia still faces problems in attracting IFDI, including a lack of

[10] Arumugam Rajenthran, "Indonesia: An overview of the legal framework for foreign direct investment", *Economics and Finance*, no. 4 (Institute of Southeast Asian Studies, Singapore 2002), available at: www.iseas.edu.sg/pub.html.

[11] However, with the Regional Autonomy Law (RAL) introduced soon after the 1997/98 crisis, the 'BKPM/BKPMD framework' has become less relevant. The RAL empowers the regencies and municipalities, amongst other things, to run their economies, including administering governance of investments. For more information on this, see e.g. Arumugam Rajenthran, op. cit., and BKPM, "Investment" (Jakarta: BKPM, 2001) available at: http://www.bkpm.go.id.

[12] For more complete information on laws and regulations on investment including procedures, licenses, taxation, etc., see the BKPM website, available at: [information missing].

[13] The negative list is evaluated every year. In one point of time, it could be a short list, but the list can be extended. The latest negative list issued in 2010 is slightly longer than the 2007 version because the government wants to show its transparency in implementing the ASEAN AFAS aggreement by 2015.

[14] This issue has been discussed extensively by e. g., Hal Hill and Terry Hull (eds.), *Indonesia Assessment 1990* (Canberra: Australian National University Political and Social Change Monograph No.11, 1990), and Hal Hill, *Indonesia's Industrial Transformation* (Singapore: Institute of Southeast Asian Studies (ISEAS), 1997).

infrastructure and inadequate security, it is generally expected that this new investment law will be the main engine of growth of IFDI in Indonesia. [15]

From 2006 to 2010, four Presidential Instructions/Regulations were issued that specifically mentioned the steps the government has taken to improve the investment climate. For instance, Presidential Regulation (PR) Number 36 of 2010 regulates 17 business sub-sectors that are conditionally open to FDI: agriculture, banking, communications and information technology, culture and tourism, defence, education, energy and mineral resources, finance, forestry, health, manufacturing, manpower and transmigration, marine and fisheries, public works, trading, transport, and security.[16]

As in many other countries, Indonesia has also offered special tax incentives to promote investment. These incentives include tax holidays for new firms, tax credits for new investments and exemptions from import duties, particularly on capital goods, and also in the form of providing special zones for exporting companies.

The Indonesian Government had also concluded bilateral investment treaties (BITs) with more than 50 countries as of 1 June 2010.[17] To avoid double taxation on profits, dividends, interest, fees, and royalties, Indonesia has signed double taxation treaties (DTTs) with 59 countries.[18]

In the past ten years, Indonesia has also been more aggressive in investment promotion. In this regard, BKPM acts as the national investment promotion agency, coordinating all investment promotion activities of individual economic departments and ministries.[19]

The government has also made serious attempts to address the challenge of providing adequate infrastructure via two basic approaches. The first is the development of an overall policy to accelerate the availability of infrastructure with private sector involvement. The second is the development of growth centers dispersed around the country by means of six Economic Corridors and Special Economic Zone (SEZs). Many presidential regulations address infrastructure development.

Many local governments are implementing good investment promotion practices. For instance, a “one stop service” for investment has been put into effect by some local governments (e.g. Solo, Yogyakarta, Pare-pare, Sragen). The national government has attempted to reduce “nuisance” local regulations by abolishing bad local tax regulations (more than 3,000 nuisance local taxes have been abolished by central government), and also by issuing a new law on local taxes and user charges (Law No.28/2009) which adopts “positive lists.” With the new local tax law, local governments are only allowed to issue a new local tax regulation as long as it is listed by the law. The new local tax lists are already considered as not harmful for business and economy.

[15] For more complete information on this new law on investment, e.g. which industries are open (and to what extent) and which are closed for foreign investors, and what kinds of incentives are available, see the BKPM website, available at: http://www.bkpm.go.id.

[16] For more information on this new PR, see the BKPM website at http://www.bkpm.go.id, or, also for other earlier PRs.

[17] For information on the countries, see UNCTAD’s website at http://www.unctad.org.

[18] For information on the countries, see the BKPM website at: http://www.bkpm.go.id.

[19] See OECD, *Investment Policy Reviews: Indonesia* (Paris: OECD, 2010). This is a comprehensive report on some important milestones on Indonesia’s investment policies, available from http://www.oecd.org.

The ASEAN Free Trade Area (AFTA) has created synergies for IFDI flows to Indonesia, especially from other ASEAN member economies. For instance, the banking takeovers from CIMB and Maybank from Malaysia may have been stimulated by rationalization in investment conditions in Indonesia.

Conclusions

Indonesia weathered the 2008-2009 global economic crisis better than many other countries, and IFDI has already started to recover. The Indonesian Government is promoting a number of key sectors for FDI in which it provides special incentives, including for coal mining, food and beverage processing, food processing machinery, beverages, and tobacco. These sectors provide market opportunities not only in exporting but also for the domestic market, given the country's huge population and its steady growth of income per capita. However, this kind of 'winner-picking' industrial policy will not be the main driver of IFDI to Indonesia, as there are many other determining factors, including those in which Indonesia still faces serious challenges, such as infrastructure, logistics, law enforcement, security, and human resource development. These factors are especially crucial to attracting IFDI in footloose industries, i.e. those that are less dependent on local natural resources, such as textiles and garments, footwear, electronics, and the automotive industry.

Additional readings

APEC, *Guide to the Investment Regimes of the APEC Member Economies* (Singapore: Asia Pacific Economic Cooperation, 2000).

Goodpaster, Gary, "The rule of law, economic development & Indonesia", in Timothy Lindsey (ed.), *Indonesia Law and Society* ([place of publication]:The Federation Press, 1999), pp. 21-31.

Useful websites:

For FDI policy in Indonesia: www.bkpm.go.id
For FDI data: www.bkpm.go.id; www.bps.go.id
For industrial policy: www.deperin.go.id
For trade policy: www.mot.go.id

* * * * *

For further information please contact: Vale Columbia Center on Sustainable International Investment, Ken Davies, kendavies@yahoo.com.

The Vale Columbia Center on Sustainable International Investment (VCC), led by Dr. Karl P. Sauvant, is a joint center of Columbia Law School and The Earth Institute at Columbia University. It seeks to be a leader on issues related to foreign direct investment (FDI) in the global economy. VCC focuses on the analysis and teaching of the implications of FDI for public policy and international investment law.

Statistical annex

Annex Table 1: Indonesia: inward FDI stock, 1995-2009

(US$ billion)

Economy	1995	2000	2007	2008	2009
Indonesia	20.6	25.1	79.9	68.0	72.8
Memorandum: comparator economies					
Singapore	65.6	110.6	322.98	326.8	343.60
India	5.6	16.3	105.8	123.3	163.96
Thailand	17.7	29.9	94.1	93.0	99.0
Malaysia	28.7	52.8	76.6	73.3	74.6
Viet Nam	7.2	20.6	40.3	48.3	52.8

Source: UNCTAD's FDI/TNC database, available at: www.unctad.org/fdistatistics

Annex table 2. Indonesia: inward FDI flows, 2000-2009

(US$ billion)

Economy	1999	2000	2006	2007	2008	2009
Indonesia	-1.8	-4.5	4.9	6.9	9.3	4.9
Memorandum: comparator economies						
India	2.2	3.6	20.3	25.0	40.4	34.6
Singapore	16.6	16.5	29.1	35.8	10.9	16.8
Thailand	6.1	3.4	9.5	11.4	8.5	5.9
Viet Nam	1.5	1.3	2.4	6.7	8.0	4.5
Malaysia	3.9	3.8	6.1	8.5	7.3	1.4

Source: UNCTAD's FDI/TNC database, available at: www.unctad.org/fdistatistics

Annex table 3. Indonesia: sectoral distribution of inward FDI stock, 2006-2009[a]

(US$ million)

Sectors/industries	**2006**	**2007**	**2008**	**2009**
All sectors	5,991.7	10,341.4	14,871.4	10,815.2
Primary	532.4	599.3	335.6	462.6
Agriculture, forestry, and fishing				
Food crops and plantations	351.9	219.1	147.4	122.3
Mining, quarrying and petroleum				
Mining	98.0	309.8	181.4	332.7
Secondary	3,619.7	4,697.0	4,515.2	3,831.1
Manufacturing				
Food industry	354.4	704.1	491.4	552.1
Textile industry	424.0	131.7	210.2	251.4
Leather industry	51.8	95.9	145.8	122.6
Wood industry	58.9	127.9	119.5	62.1
Rubber and plastic industry	112.7	157.9	271.6	208.1
Metal, machinery & electronic industry	955.7	714.1	1,281.4	654.9
Motor vehicle and other transportation equipment industry	438.5	412.3	756.2	583.4
Construction	144.2	448.2	426.7	512.7
Services	1,839.5	5,045.1	10,020.5	6,521.2
Transport, storage and communication	646.0	3,305.2	8,529.9	4,170.3
Trade and repair	434.2	482.9	582.2	706.1
Electricity, gas and water supply	105.3	119.3	26.9	349.2
Real estate and business activities	254.0	64.5	174.9	315.1

Source: National Coordinating Agency for Investment (BKPM), available at: www.bkpm.go.id.

[a] Note: excluding oil and gas, banking, non-bank financial institution, insurance, leasing, mining in terms of contracts of work, coal mining in terms of agreement of work, investment which licenses issued by technical/sectoral agency, portfolio as well as household Investment, available at: www.bkpm.go.id.

Annex table 4. Indonesia: geographical distribution of inward of FDI stock, 2006-2009

(US$ million)

Economy/region	**2006**	**2007**	**2008**	**2009**
World	5,991.7	10,341.4	14,871.4	10,815.2
Developed economies				
Europe	895.6	1,952.4	1,091.5	2,109.1
European Union	821.8	1,871.6	1,018.7	1,972.6
France	104.9	9.4	164.0	29.0
Netherlands	35.2	147.2	89.9	1,198.7
Switzerland	61.6	77.5	72.2	132.1
United Kingdom	660.5	1,685.8	513.4	587.7
Other European economies	74.4	80.8	72.8	136.5
Norway	11.8	3.2	0.4	2.9
North America				
Canada	1.4	0.2	0.9	0.4
United States	65.8	144.7	151.3	171.5
Other developed economies				
Australia	9.0	195.3	36.0	79.7
Japan	902.8	618.2	1,365.4	678.9
New Zealand	-	-	-	1.3
Developing economies				
Africa	700.0	505.7	6,542.8	496.1
Mauritius	385.6	223.9	6,477.9	159.5
Seychelles	306.9	281.0	63.9	322.2
Asia and Oceania	2,678.5	5,942.8	3,871.5	6,003.4
Asian economies	926.5	4,028.4	1,855.7	4,536.6
Malaysia	407.6	217.3	363.3	129.3
Singapore	508.3	3,748.0	1,487.3	4,341.0
Other Asia	1,752.0	1,914.4	2,015.8	1,466.8
China	31.5	28.9	139.6	65.5
Hong Kong (China)	187.8	156.7	120.2	21.0
India	88.4	11.6	17.8	26.2
Republic of Korea	475.7	627.7	301.1	624.6
Taiwan Province of China	63.6	469.7	69.4	31.7
Latin America and the Caribbean	153.3	330.6	175.8	173.2
Brazil	-	165.1	0.6	0.3
Panama	85.0	1.1	0.9	-

Source: National Coordinating Agency for Investment (BKPM), available at: www.bkpm.go.id.
Note: excluding oil and gas, banking, non bank financial institution, insurance, leasing, mining in terms of contracts of work, coal mining in terms of agreement of work, investment which licenses issued by technical/sectoral agency, portfolio as well as household Investment, available at: www.bkpm.go.id.

Annex table 6. Indonesia: Top 15 M&A deals, by inward investing firm, 2007-2009

(US$ million)

Year	Acquiring company	Source economy	Target company	Target industry	% of shares acquired	Estimated/ announced transaction value
2009	Investor Group	Japan	Latinusa Tbk PT	Steel works, blast furnaces, & rolling mills	55.0	60.0
2009	Taisho Pharmaceutical Co Ltd	Japan	Bristol-Myers Squibb Indonesia	Biological products, except diagnostic substances	98.0	310.0
2009	Investor Group	Singapore	Delta Dunia Petroindo Tbk PT	Real estate agents & managers	82.6	56.7
2009	Malvolia Pte Ltd	Singapore	Japfa Comfeed Indonesia Tbk PT	Poultry slaughtering & processing	41.6	37.5
2009	British American Tobacco PLC	United Kingdom	Bentoel Intl Investama Tbk PT	Cigarettes	85.1	644.9
2009	British American Tobacco PLC	United Kingdom	Bentoel Intl Investama Tbk PT	Cigarettes	14.6	83.3
2009	Heffernan International Ltd	Virgin Islands	Citra Marga Nusaphala Persada	Inspection & fixed facilities for motor vehicles	6.1	11.5
2009	KL-Kepong Plantation Hldgs Sdn	Malaysia	Sekarbumi Alamlestari PT	Timber tracts	17.0	12.9
2009	HSBC Asia Pac Hldg(UK)Ltd	United Kingdom	Bank Ekonomi Raharja Tbk PT	Banks	10.2	69.2
2009	HSBC Asia Pac Hldg(UK)Ltd	United Kingdom	Bank Ekonomi Raharja Tbk PT	Banks	88.9	607.5
2009	Julius Baer & Co Ltd	Singapore	Citra Marga Nusaphala Persada	Inspection & fixed facilities for motor vehicles	10.5	15.5
2009	Canopus Finance Ltd	Virgin Islands	Trikomsel Oke Tbk PT	Radiotelephone communications	25.0	20.0
2009	Qtel	Qatar	Indosat	Telephone communications, except radiotelephone	24.2	883.7
2009	GMR Infrastructure Ltd	India	Barasentosa Lestari PT	Bituminous coal & lignite surface mining	100.0	80.0
2009	ANZ Banking Group Ltd	Australia	Panin Bank	Banks	8.4	114.0
2008	IndoGreen International BV	Netherlands	Bakrie Sentosa Persada PT	Vegetable oil mills, nec	41.8	34.5
2008	Avenue Luxembourg Sarl	Luxembourg	Bakrieland Development Tbk PT	Land subdividers and developers, except cemeteries	19.6	60.2
2008	Lotte Shopping Co Ltd	Republic of Korea	Makro Indonesia PT	Grocery stores	100.0	290.2
2008	Maybank	Malaysia	Bank Internasional Indonesia	Banks	16.3	357.9
2008	Jerash Investment Ltd	United Arab Emirates	Mobile-8 Telecom Tbk PT	Telephone communications,	10.9	32.9

				except radiotelephone		
2008	AA Land Pte Ltd	Singapore	Modernland Realty Tbk PT	Land subdividers and developers, except cemeteries	32.4	57.0
2008	Salamander Energy PLC	United Kingdom	Glagah Kambuna TAC	Crude petroleum and natural gas	15.0	52.8
2008	UOB	Singapore	Bank UOB Buana Tbk PT	Banks	37.9	449.8
2008	Qtel	Qatar	Indosat	Telephone communications, except radiotelephone	40.8	1.800.0
2008	Maybank	Malaysia	Bank Internasional Indonesia	Banks	25.3	670.0
2008	Limitless LLC	United Arab Emirates	Bakrie Swasakti Utama PT	Real estate agents and managers	30.0	75.7
2008	TM International Sdn Bhd	Malaysia	Excelcomindo Pratama Tbk PT	Radiotelephone communications	16.8	440.8
2008	TPG Capital LP	United States	Bank BTPN PT	Banks	71.6	195.0
2008	Titan Intl Corp Sdn Bhd	Malaysia	Fatrapolindo Nusa Industri Tbk	Unsupported plastics film and sheet	92.6	195.7
2008	Temasek Holdings(Pte)Ltd	Singapore	Sorak Finl Holdings Pte Ltd	Investors, nec	20.0	147.7
2007	ETISALAT	United Arab Emirates	Excelcomindo Pratama Tbk PT	Radiotelephone communications	16.0	438.0
2007	Investor Group	Luxembourg	Bank Mayapada Internasional	Banks	33.3	40.0
2007	KUFPEC	Kuwait	Ujung Pangkah Gas Field	Crude petroleum and natural gas	-	330.0
2007	E-Crisps Trading Ltd	Singapore	Bali Nirwana Resort PT	Hotels and motels	-	56,2
2007	Kingdom Hotel Investments	United Arab Emirates	Four Seasons Hotel Jakarta	Hotels and motels	81.9	48.0
2007	MediaCorp Pte Ltd	Singapore	Media Nusantara Citra Tbk PT	Motion picture and video tape production	6.5	90.0
2007	MediaCorp Pte Ltd	Singapore	Global Mediacom Tbk PT	Television broadcasting stations	5.0	93.0
2007	Investor Group	Singapore	LonSum	Forest nurseries and gathering of forest products	56.4	570.2
2007	Investor Group	Singapore	LonSum	Forest nurseries and gathering of forest products	8.0	81.6
2007	TM International Sdn Bhd	Malaysia	Excelcomindo Pratama Tbk PT	Radiotelephone communications	7.4	113.0
2007	Althem BV	Virgin Islands	Natrindo Telepon Seluler PT	Radiotelephone communications	44.0	123.9
2007	Tata Power Co Ltd	India	Kaltim Prima Coal PT	Bituminous coal and lignite surface mining	30.0	1.300.0

2007	Investor Group	Japan	BP PLC-Kangean Gas Block	Crude petroleum and natural gas	50.0	360.0
2007	Jatoba International Pte Ltd	Singapore	Sarana Prima Multi Niaga PT	Forest nurseries and gathering of forest products	90.0	25.3
2007	Investor Group	Japan	Bank Nusantara Parahyangan	Banks	75.4	65.2

Source: Thomson ONE Banker. Thomson Reuters.

Annex table 7. Indonesia: main greenfield projects, by inward FDI, 2007-2009

(US$ million)

Year	Investing company	Source economy	Investment	Estimated investment	Sector	Business activity
2009 2009	Mubadala Development	United Arab Emirates		525.2	Coal, oil and natural gas	Extraction
2009	Arrow Energy	Australia		525.2	Coal, oil and natural gas	Extraction
2009	Trimex Group	United Arab Emirates	4,000		Metals	Manufacturing
2009	Salamander Energy	United Kingdom		525.2	Coal, oil and natural gas	Extraction
2009	Hess Corporation	United States	1,000		Coal, oil and natural gas	Extraction
2009	Trimex Group	United Arab Emirates	1,000		Coal, oil and natural gas	Extraction
2009	Asia Resources Holdings	Hong Kong (China)		441.7	Metals	Extraction
2009	Energy World	Australia	590		Coal, oil and natural gas	Manufacturing
2009	StatoilHydro	Norway		525.2	Coal, oil and natural gas	Extraction
2009	Samsung	Rep. of Korea	500		Chemicals	Manufacturing
2009	Mitsubishi Corporation	Japan	4,600		Metals	Manufacturing
2009	Chevron Corporation	United States		495.0	Coal, oil and natural gas	Extraction
2009	Total	France		495.0	Coal, oil and natural gas	Extraction
2009	Premier Oil	United Kingdom		495.0	Coal, oil and natural gas	Extraction
2009	Banpu	Thailand		1,312.5	Coal, oil and natural gas	Electricity
2009	Madhucon	India		495.0	Coal, oil and natural gas	Extraction
2009	LG International	Republic of Korea		495.0	Coal, oil and natural gas	Extraction
2009	Arrow Energy	Australia		525.2	Coal, oil and natural gas	Extraction
2009	Banpu	Thailand		495.0	Coal, oil and natural gas	Extraction
2009	Lotte Group	Republic of Korea	804		Food & tobacco	Retail
2009	Inpex	Japan		495.0	Coal, oil and natural gas	Extraction
2009	SASOL	South Africa	2,000		Coal, oil and natural gas	Manufacturing
2009	Ivanhoe Mines	Canada		495.0	Coal, oil and natural gas	Extraction
2008	National Aluminium Company (Nalco)	India	1,500		Coal, oil and natural gas	Electricity

2008	Electricity Generating Authority of Thailand (EGAT)	Thailand		1,312.5	Coal, oil and natural gas	Electricity
2008	Islamic Development Bank (IDB)	Saudi Arabia	2,040		Warehousing & storage	Logistics, Distribution & Transportation
2008	Chevron Corporation	United States		480.2	Coal, oil and natural gas	Extraction
2008	Nippon Shokubai	Japan		1,312.5	Coal, oil and natural gas	Electricity
2008	Korea Electric Power (KEPCO)	Republic of Korea	1,000		Coal, oil and natural gas	Electricity
2008	Dubai World	United Arab Emirates	1,700		Real estate	Construction
2008	Chevron Corporation	United States	6,970		Coal, oil and natural gas	Extraction
2008	Tokyo Electric Power (Tepco)	Japan	1,400		Coal, oil and natural gas	Electricity
2008	Emaar Properties		820		Hotels & tourism	Construction
2008	Lafarge	France		1,312.5	Coal, oil and natural gas	Electricity
2008	Jindal Organization	India	700		Metals	Manufacturing
2008	Transpower Link	Malaysia	2,170		Coal, oil and natural gas	Electricity
2008	Inpex	Japan		480.2	Coal, oil and natural gas	Extraction
2008	International Paper	United States	4,000		Paper, printing & packaging	Manufacturing
2008	Energy World	Australia		1,312.5	Coal, oil and natural gas	Electricity
2007	BHP Billiton	Australia	2,000		Metals	Manufacturing
2007	Dubai World	United Arab Emirates	300		Non-automotive transport OEM	Maintenance & Servicing
2007	China National Seed Group	China	250		Alternative/renewable energy	Manufacturing
2007	BP	United Kingdom		191.0	Coal, oil and natural gas	Manufacturing
2007	Reykjavik Energy Invest (REI)	Iceland		280.0	Alternative/renewable energy	Electricity
2007	Churchill Mining	United Kingdom		480.2	Coal, oil and natural gas	Extraction
2007	Nanjing Iron and Steel	China	500		Metals	Manufacturing
2007	Holcim	Switzerland	450		Building & construction materials	Manufacturing
2007	China National Offshore Oil Corporation	China		191.0	Coal, oil and natural gas	Manufacturing

	(CNOOC)					
2007	Russian Aluminium (RusAl)	Russian Federation	220		Metals	Manufacturing
2007	Renault	France	600		Automotive OEM	Manufacturing
2007	National Iranian Oil Engineering and Construction (NIOEC)	Iran	5.600		Coal, oil and natural gas	Manufacturing
2007	Ishikawajima-Harima Heavy Industries (IHI)	Japan		191.0	Coal, oil and natural gas	Manufacturing
2007	SK Group	Republic of Korea	200		Chemicals	Manufacturing
2007	Total	France		480.2	Coal, oil and natural gas	Extraction
2007	Genting	Malaysia	3.000		Alternative/renewable energy	Electricity

Source: fDi Intelligence, a service from the Financial Times Ltd.