

FOREIGN INVESTMENT OPPORTUNITIES IN IMPROVING THE COUNTRY'S ECONOMY POST COVID-19 PANDEMIC

Ruslan Husein Marasabessy

STAI Asy-Syukriyyah Tangerang

rullyief@gmail.com

Nirwan Nazaruddin

STAI Asy-Syukriyyah Tangerang

nirwan@asy-syukriyyah.ac.id

Abstract: *In terms of the economic development of a nation it cannot be separated from economic activities that are stable in a country, on the other hand it is undeniable that now the world is struggling against the Covid-19 pandemic which is known together with all countries is intensively making movements aimed at Minimizing the spread of the corona virus, recorded based on data from the Google news site related to the development of Covid-19 cases throughout the country, the total cases worldwide were recorded at 50,794,593 with cases of patients dying as many as 1,262,199 Various policies were created by the government in order to attract the attention of foreign investors to enter Indonesia to invest, one of which is the open door policy to improve the country's economy after the Covid-19 pandemic in the future.*

Keywords: *Foreign Investment, The Country's Economy, Covid-19 Pandemic*

Introduction

The purpose and direction of the development of a country's development is something that cannot be denied to be a discussion that will never end by the government in carrying out its work goals for the benefit of the people and the country, apart from that all authors argue that in terms of economic development of a nation it cannot be apart from economic activities that are stable in a country, on the other hand it cannot be denied that now the world is in a period of struggling against the covid 19 pandemic which is known to all countries are intensively making movements aimed at minimizing the spread of the corona virus, recorded based on data from the google news site related to the development of Covid 19 cases throughout the country, total cases worldwide were recorded at 50794,593 with cases of patients dying of 1,262,199 people, recorded additional cases from 24 October 2020 to 6 November 2020 of +6,963,625 people, According to available information, the United States is still listed as the country with the highest number of COVID-19 cases at 30,723 with 238,248 deaths.¹ Judging from the information data obtained by the author, it is clear that the COVID-19 pandemic case is not a joke, very serious attention is needed for all parties.

¹ M. Ardan, Ferry Fadzlul Rahman, dan Godefridus Bali Geroda, "The influence of physical distance to student anxiety on COVID-19, Indonesia," *Journal of Critical Reviews* 7, no. 17 (2020): 1126–32.

Many things are done by the government to maintain the stability of the economy itself, ranging from lending capital to developed countries with the aim of supporting the country's economy to opening up opportunities for foreign investors to invest in their country by doing tricks to attract the attention of foreign investors so that their capital enters their country in the hope of the government. can reap from the investment or investment of foreign investors themselves, although it is well known that the restrictions imposed by each country are one of the obstacles in carrying out State strategies in improving the country's economy. All these efforts are nothing but is not a state goal to achieve state development. By Aminuddin Ilham, SH. One legal expert said that: "Development primarily means managing potential economic power into real economic power through investment"²

In terms of the availability of capital that can be immediately mobilized to carry out national development, it is very inadequate, so the first reason is that the government carries out various policies and approaches to countries that can provide assistance to Indonesia. Developing countries are one of the countries with a fairly large amount of debt to developed countries that provide post-monetary loans that are faced by the nation. In this situation, it encourages the government to look for other alternatives besides foreign loan assistance which has been supporting the development of developing or developing countries, namely, by abandoning investment, especially Foreign Investment (PMA). The government has taken various ways to attract the attention of foreign investors to enter Indonesia to invest, one of which is the open door policy. In this case, it is undeniable that there are pros and cons among the public, one of the problems that this time the author will raise in this journal is the problem of foreign investment and the development of the country's economy, so a question arises before we must know clearly about what investment is. capital or invest?"and the second is more important, regarding whether foreign investment can affect the economic development of the Indonesian state or vice versa, only destroying economic culture and killing small industries in Indonesia.

As explained above, if we want to compare with other countries, of course investment in Indonesia, especially investment in Indonesia, especially foreign investment (PMA) has not taken a long time in the sense of being managed seriously. Investment in Indonesia was first recognized through the policy of the Dutch East Indies government which allowed the entry of

² Didi Djadjuli, "Peran pemerintah dalam pembangunan ekonomi daerah," *Dinamika: Jurnal Ilmiah Ilmu Administrasi Negara* 5, no. 2 (2018): 8–21.

European foreign capital to invest in the plantation sector in 1870 which when compared to other countries long before that had known and carried out Foreign Investment (PMA).³

The second problem is regarding the labor problem at the beginning of the emergence of foreign investment which may be described a little in this first chapter. Various developments occurred with different variations including an increase in the production of agricultural products, the existence of the authority to act for workers to earn even though they are still small because they work as wage laborers in foreign plantations. So, with the regulations made by the government, the level of workers' degrees for the work done has increased slightly compared to before. One of the regulations issued by the current government is Law No. 13 concerning manpower, in which it is explained about the powers of workers without exception for workers who work for foreign investors who invest in Indonesian territory so that it brings a positive effect for development. our country.

So, through this journal, the author will describe a few thoughts and explanations that the author got through a little knowledge through news, books and applicable regulations related to foreign investment.

Literature Review

To avoid negative thoughts related to the role of investment, especially to foreign direct investment, it is necessary to limit the definition of investment. So that the aim to be achieved is a clearer understanding and overall view of investment, as stated in Law no. 25 of 2007 in articles 1 and 3 which are more specific about foreign investment, which reads as follows

Article 1

Investment is all forms of investment activities, both by domestic investors and foreign investors to conduct business in the territory of the Republic of Indonesia.⁴

Article 2

Foreign investment is an investment activity to conduct business in the territory of the Republic of Indonesia carried out by foreign investors, whether using foreign capital fully or in joint ventures with domestic investors.⁵

³ Hartana Hartana, "Hukum Pertambangan (Kepastian Hukum Terhadap Investasi Sektor Pertambangan Batubara di Daerah)," *Jurnal Komunikasi Hukum (JKH)* 3, no. 1 (2017): 50–81.

⁴ "Undang-Undang No.25 tahun 2007 tentang Penanaman Modal,".

⁵ "Undang-Undang No.25 tahun 2007 tentang Penanaman Modal."

The theory that is known from the relationship between investors and the host country, especially in foreign direct investment or foreign investment, has various variations. The theory in question is as follows:

- a. The first theory, shows that there is an extreme behavior that is not wanting the emergence of state dependence on investment, especially foreign capital, so that it explicitly denies the existence of foreign investment because it is considered as a continuity of the capitalist process. This theory was influenced by Karl Marx and Robert Magdoff.
- b. The second theory, in the form of theories that are nationalism and populism, is basically filled with concerns about the dominance of foreign investment. Therefore, according to this theoretical understanding, the presence of foreign investment results in an unequal distribution of profits so that the position of foreign investors is more profitable, therefore making the receiving country impose strict limits on foreign investment activities. This theory was pioneered by Streeten and Stephen Hymer
- c. The third theory, looks at the position of foreign investment according to the traditional economy and looks at the reality, as foreign investment can affect the renewal and economic development of the recipient country. Procedures like this can be found in indications of the growth and development of the world economy and market systems operating with or without facilities and controls from the recipient country. This theory was pioneered by Raymond Vernon and Charles

The explanation of this variation of theory shows that the definition of investment in each recipient country depends on the relationship between the theories followed or is a variety of the whole theory. capital especially foreign investment listed in the investment laws in each country. Todung Mulya Lubis stated that if you read the provisions contained in Article 1 of Law No.1 of 1967 concerning PMA, according to the author, the definition of foreign investment (PMA) seems to be heavy on equity, a fresh capital that comes from abroad.⁶ According to the author, the definition put forward by him is very narrow. In the Foreign Investment Law, Article 1 states that:

⁶ Arianti Nur Amira, "Perbandingan Pengaturan Status Penanaman Modal Perseroan Terbuka dalam Undang-Undang No. 1 Tahun 1967 tentang Penanaman Modal Asing juncto Undang-Undang No 6 Tahun 1968 tentang Penanaman Modal dalam Negeri dan Undang-Undang No. 25 Tahun 2007 tentang Penan," *JLR-Jurnal Legal Reasoning* 2, no. 1 (2019): 1–15.

“The definition of foreign investment in this Law only includes direct investment which is held according to or based on the provisions of this Law and which is used to run a company in Indonesia, in the sense that the owner of the capital directly bears the risk of the investment”.⁷

The contents of this article explain that in principle foreign investment contains three main components, namely:

- a. Direct investment;
- b. Capital is used to run a company in Indonesia;
- c. Owners of capital have risks that must be borne.

Similar to the definition of foreign investment in the main components contained in Article 1, namely the first component, not portfolio investment in which the owner of the capital does not participate in the management of the company but only owns shares. On the other hand, what is meant by Article 1 is direct investment. This classification is needed in order to facilitate the categorization that belongs to the field of investment, especially foreign investment and which does not include foreign investment even though there are links with foreign elements.

The Effect of Foreign Investment on Indonesia's Economic Development Post Covid 19 Pandemic

According to the author, the economic development of a country can be said to be successful if all forms of efforts and programs carried out by the government go well and the feedback generated is able to meet all forms of adequacy of the country. Foreign investment or foreign investment entering the territory of Indonesia with capital either private or from external state governments is not immediately accepted by our country, an intensive assessment is needed in accordance with the basic values of the Indonesian nation, it is intended to maintain all the possibility of cultural destruction and threats to the home industry belonging to the community which is also a business with small capital, furthermore, foreign investment is an investment that is carried out in accordance with the principles that have been established with the values of the nation, as for these principles are as follows:

- a. The principle of legal certainty;
- b. The principle of openness;
- c. The principle of accountability;

⁷ “Undang-Undang Penanaman Modal Asing No.1 tahun 1967,”.

- d. The principle of equal treatment and no distinction of national origin;
- e. The principle of togetherness;
- f. The principle of fair efficiency;
- g. The principle of sustainability;
- h. The principle of environmental insight;
- i. The principle of independence;
- j. The principle of balance of progress and national economic unity.⁸

Furthermore, it is undeniable that the presence of foreign investors investing in Indonesia is a motivator for domestic investors to further improve product quality or investment expertise. This is one of the positive things as long as the government continues to limit the space for foreign investors to move, which can be a threat to small home industries. Besides that, the objectives of foreign investment according to Law No. 25 of 2007 concerning Investment Article 3 are as follows:

- a. Increasing national economic growth;
- b. Creating job opportunities;
- c. Increasing sustainable economic development;
- d. Increasing the competitiveness of the national business world;
- e. Increasing the capacity and capability of national technology;
- f. Encouraging the development of the people's economy;
- g. Processing the potential economy into real economic strength by using funds originating, both from within the country and from abroad; and h. Improved welfare⁹

Based on the reality, when compared between capital lending (debt) to developed countries that are willing to lend capital by opening investment for foreign investors to enter and invest in Indonesia, it is clear that it is better to use the second method with several advantages, a description of the advantages and disadvantages. as follows:

- a. By making loans to foreign countries, which are commonly referred to as foreign debts, it will further complicate the state of the country itself while at the same time having to think about 2 steps that must be taken:
 - 1) Paying debts with interest installments

⁸ Ardiana Hidayah, "Landasan Filosofis Dan Asas-Asas Dalam Hukum Penanaman Modal Di Indonesia," *Solusi* 16, no. 3 (2018): 216–26.

⁹ "Undang-Undang No.25 tahun 2007 tentang Penanaman Modal,".

- 2) Managing the capital resulting from the foreign debt loan
- b. The second alternative by opening up opportunities for foreign investors is a step with considerable benefits and advantages for the country's economic development
 - 1) With the presence of foreign investors, it will open up new job opportunities for Indonesian citizens to be able to work and will automatically reduce the unemployment rate in the country.
 - 2) With the presence of foreign investors, it will create experts in the country because an agreement has been made and the application of rules in accordance with Law No. 25 of 2007 article 10 reads:
 - a) Investment companies in meeting the workforce needs must prioritize Indonesian citizens.
 - b) Investment companies have the right to use foreign national experts for certain positions and expertise in accordance with the provisions of laws and regulations.
 - c) Investment companies are required to improve competence of Indonesian citizens through job training in accordance with the provisions of laws and regulations.
 - d) Investment companies that employ foreign workers are required to organize training and transfer technology to Indonesian workers in accordance with the provisions of laws and regulations.
 - 3) With the presence of foreign investors, it will increase the country's foreign exchange through investment in the field of export production, in the industrial sector, foreign investment reduces the need for imports, increases taxes and royalties, increases job opportunities, improves work skills and has the effect of modernization.¹⁰
 - 4) With the presence of foreign investors, the government opens the way for the introduction of culture and what is inside Indonesia to foreign countries.

In the case of foreign investment, certain parts of the business are not given the possibility of foreign investment, either full capital or joint ventures for investment in Indonesia, such as businesses that have a central position for the defense of a country, including

¹⁰ Anisa Anisa, "Urgensi Penanaman Modal Asing Indonesia Sebagai Upaya Pemenuhan Kesejahteraan Warga Negara Indonesia," *Al-Adl: Jurnal Hukum* 12, no. 1 (2021): 172–90.

producing explosives, weapons, fire, and other forbidden weapons of war. The embodiment of the regulations concerning the foreign investment business sector and the determination of its specialization for the government was first implemented through the Cabinet presidium instruction No: 06/EK/IN/1969 which essentially contained the stipulation that foreign investment was regulated in:

- a. Businesses that can increase foreign exchange earnings for the country, such as in the agricultural production business category, mining, export industry and others;
- b. Businesses that can minimize imports for certain goods, including services or materials that can be directly consumed.
- c. Businesses that do not provide additional foreign exchange but also do not significantly reduce imports of goods, but:
 - 1) The business sector that can produce quickly;
 - 2) 2) The business sector that can increase or expand employment;
 - 3) The business sector that introduces technology or job renewal methods that have an impact on increasing productivity in production;
 - 4) The business sector that can increase the effectiveness of work or reduce production costs.

Methodh

This study uses library research with reference search efforts literature related to the subject matter discussed descriptively. Concept studies or literature is done by critical and careful study of the relevant literature with the subject matter that will be studied and analyzed. The approach in this research is a qualitative approach that is descriptive-interpretative. This type of research is a research library. The data obtained is a descriptive narrative about Foreign Investment. As a research library research, the data collection technique used is documentation, by taking data from various relevant literature.

Conclusion

Whereas investment activities to conduct business in the territory of the Republic of Indonesia are carried out by foreign investors, both those using fully foreign capital and those in association with domestic investment. In the future, its relation to investment is a very good alternative and has proven to have a positive impact on the country's economy, and with all the problems regarding the threat of cultural damage, it is an issue without thinking further about

how to control it. PMA who have invested in Indonesia after the COVID-19 pandemic, so they need reinforcements through policies from the government to k anticipate the negative impacts mentioned above.

References

- Amira, Arianti Nur. “Perbandingan Pengaturan Status Penanaman Modal Perseroan Terbuka dalam Undang-Undang No. 1 Tahun 1967 tentang Penanaman Modal Asing juncto Undang-Undang No 6 Tahun 1968 tentang Penanaman Modal dalam Negeri dan Undang-Undang No. 25 Tahun 2007 tentang Penan.” *JLR-Jurnal Legal Reasoning* 2, no. 1 (2019): 1–15.
- Anisa, Anisa. “Urgensi Penanaman Modal Asing Indonesia Sebagai Upaya Pemenuhan Kesejahteraan Warga Negara Indonesia.” *Al-Adl: Jurnal Hukum* 12, no. 1 (2021): 172–90.
- Ardan, M., Ferry Fadzlul Rahman, dan Godefridus Bali Geroda. “The influence of physical distance to student anxiety on COVID-19, Indonesia.” *Journal of Critical Reviews* 7, no. 17 (2020): 1126–32.
- Djadjuli, Didi. “Peran pemerintah dalam pembangunan ekonomi daerah.” *Dinamika: Jurnal Ilmiah Ilmu Administrasi Negara* 5, no. 2 (2018): 8–21.
- Hartana, Hartana. “Hukum Pertambangan (Kepastian Hukum Terhadap Investasi Sektor Pertambangan Batubara di Daerah).” *Jurnal Komunikasi Hukum (JKH)* 3, no. 1 (2017): 50–81.
- Hidayah, Ardiana. “Landasan Filosofis Dan Asas-Asas Dalam Hukum Penanaman Modal Di Indonesia.” *Solusi* 16, no. 3 (2018): 216–26.
- “Undang-Undang No.25 tahun 2007 tentang Penanaman Modal,” t.t.
- “Undang-Undang Penanaman Modal Asing No.1 tahun 1967,” t.t.