DPMPTSP
JAWA TENGAH

EXECUTIVE SUMMARY

INVESTMENT POTENTIAL STUDY OF MIDDLE EASTERN COUNTRIES IN CENTRAL JAVA

2026

OVERVIEW

Background & Study Objectives

Investment is one of the key drivers of economic growth and regional competitiveness. Central Java possesses various investment potentials that align with the characteristics of investors from Middle Eastern countries. However, the realization of investment from these countries remains relatively limited. Therefore, this study was conducted to identify investment opportunities and formulate strategies to enhance investment, which will subsequently be compiled into an Investment Project Ready to Offer (IPRO) prospectus as an informative, concise, and accessible investment promotion tool for prospective Middle Eastern investors.

Scope of Target Investors

- United Arab Emirates
- Saudi Arabia
- Jordan
- Yemen
- Iraq

Study Analytical Framework

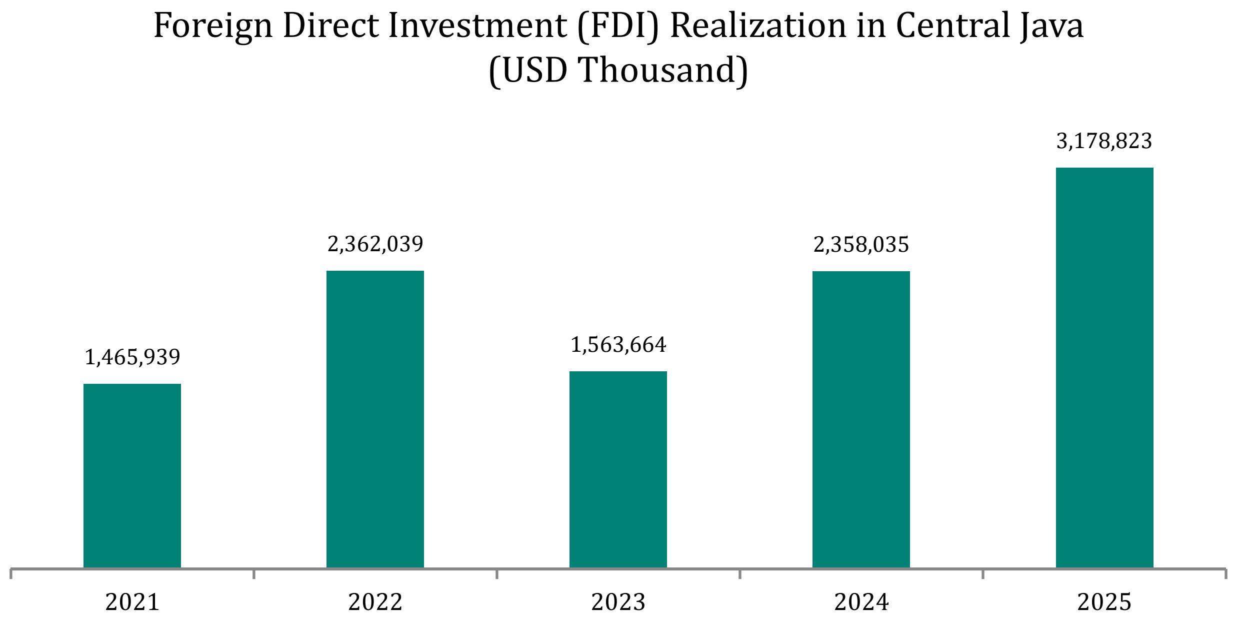
- Middle Eastern Investor Characteristics & Profiles
- Investment Potential & Priority Sectors in Central Java
- Matching Investment Projects with Middle Eastern Investor Preferences
- Investment Trends & Foreign Direct Investment (FDI) Performance
- Regulations, Policies, and Investment Climate
- Investment Promotion Strategies & Risk Analysis

Study Objectives

- Analyze the characteristics and investment patterns of Middle Eastern investors.
- Identify potential sectors and investment projects that match investor preferences.
- Assess Central Java's investment readiness in terms of regulations, infrastructure, and human resources.
- Develop strategic recommendations for regional investment promotion.
- Support the preparation of technically and regulatorily feasible IPRO.
- Promote FDI diversification and sustainable economic growth.

CURRENT INVESTMENT LANDSCAPE

Central Java Investment Realization Trend (2021–2025)



Foreign Direct Investment (FDI) realization in Central Java fluctuated over the 2021–2025 period but showed an overall upward trend, reaching a record high of USD 3.18 billion in 2025. This reflects the province's improving investment climate, although investment remains largely dominated by traditional partner countries such as Hong Kong, Singapore, and China.

USD 3,18 B

2025 FDI Realization(Equivalent to USD 3.18 billion)

Rp 37,64 T

2025 Domestic Investment (DDI) Realization(Equivalent to IDR 37.64 trillion)

#7

Ranked 7th Nationwidein FDI Realization

CURRENT INVESTMENT LANDSCAPE

Central Java's Competitive Position Among Middle Eastern Investors

RANKING

#7

Among 15 Indonesian provinces receiving investment from Middle Eastern countries

SHARE OF INVESTMENT REALIZATION

1,54%

Equivalent to USD 8.353 million of the total Middle Eastern investment realized in Indonesia during 2021–2025

Top 10 Investment Destinations for Middle Eastern Investors in Indonesia (2021–2025)

Ranking	Province	Total Investment 2021–2025 (USD Thousand)
1	West Java	212.019
2	East Java	148.833
3	DKI Jakarta	86.269
4	Bali	38.681
5	South Sumatera	23.162
6	East Kalimantan	10.369
7	Central Java	8.353
8	Papua	3.851
9	South Papua	3.326
10	West Nusa Tenggara	2.921

Key Findings

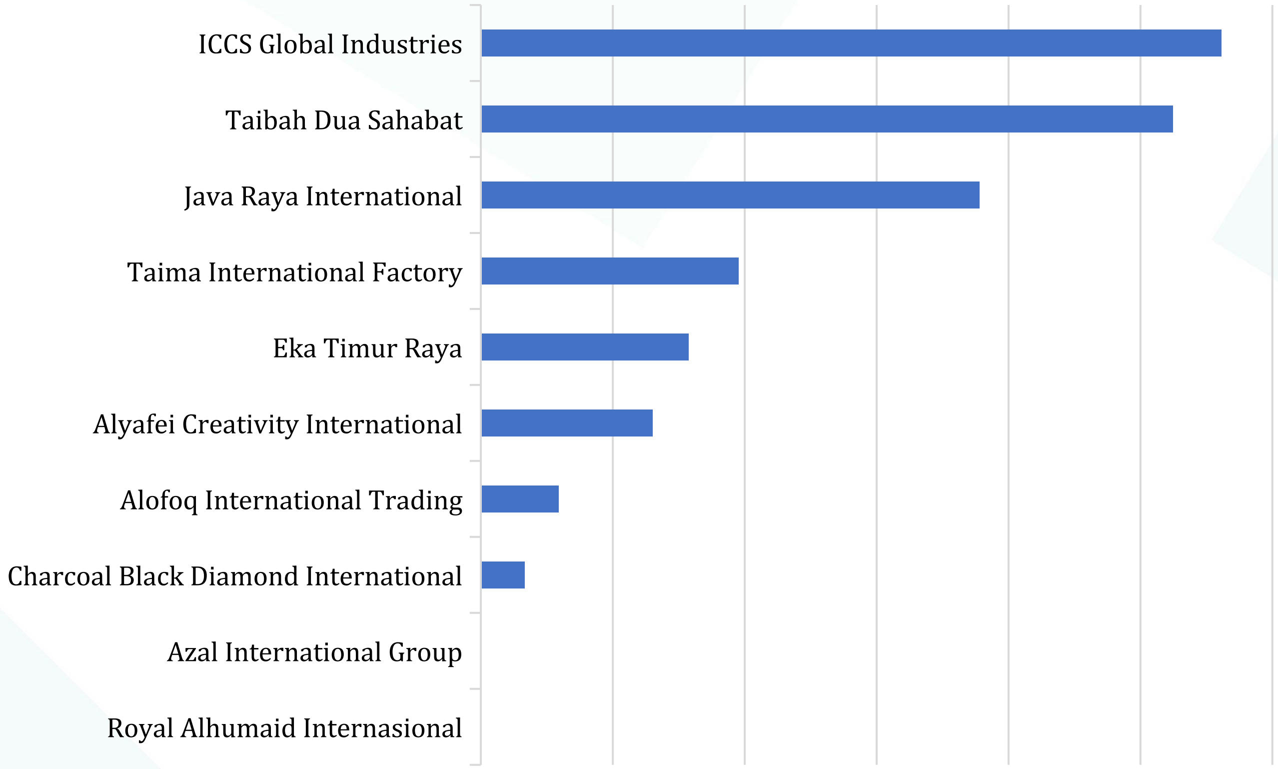
This study identifies several key issues requiring attention. Middle Eastern investment in Central Java remains relatively limited, synchronization between RTRW and RDTR is not yet fully optimized, investment licensing procedures require greater responsiveness, and information on investment incentives needs to be further strengthened.

INVESTOR PROFILE

Profile & Characteristics of Middle Eastern Investors

As of 2025, there are 11 Middle Eastern foreign investment (FDI) companies operating in Central Java, primarily engaged in wholesale trade and natural resource-based manufacturing industries. These companies are mainly located in Pemalang, Pati, Semarang City, Jepara, and Brebes.

Middle Eastern FDI Companies Operating in Central Java (2025)



Potential Strategic Investors

Global investment entities with proven track records in sectors aligned with Central Java's priority industries.

Renewable Energy

Masdar • ACWA Power • Mubadala Investment Company

Food Security & Agriculture

SALIC • Al Ain Farms

Industrial Estates & Real Estate

ADIA • PIF (Sovereign Wealth Fund)

REGIONAL POTENTIALS

Six Priority Sectors Aligned with Middle Eastern Investor Interests

Manufacturing

Value-added processing of key commodities and export-oriented manufacturing, including charcoal briquettes, coconut products, textiles, and processed food.

Accommodation & Food Services

Tourism destinations, hospitality, and culinary industries supported by diverse tourist attractions, quality hotels, and distinctive local cuisine.

Agriculture, Forestry & Fisheries

Value-added agribusiness and food security opportunities based on rice, coconut, coffee, shrimp, vanilla, and seaweed production.

Renewable Energy

Development of clean energy projects, including geothermal, biomass, solar power, and mini-hydropower.

Wholesale & Retail Trade

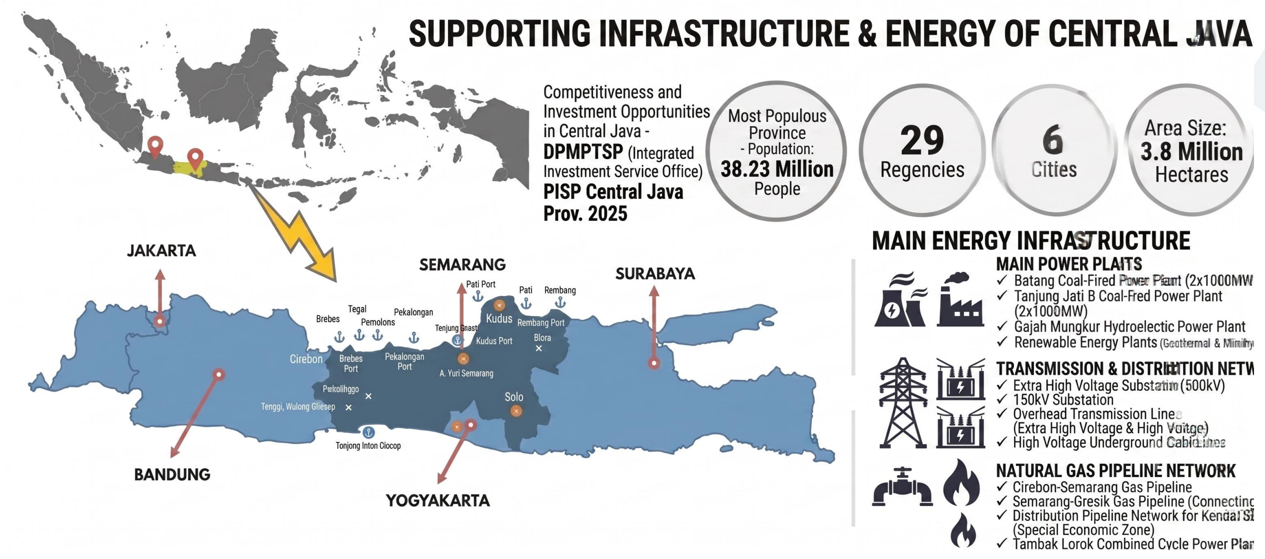
Trading and distribution hubs for export-import commodities, supported by regional logistics and supply chain networks.

Construction

Development of industrial estates, commercial properties, and strategic infrastructure projects.

REGIONAL POTENTIALS

Supporting Infrastructure in Central Java



Investment Projects Ready to Offering (IPRO) Based on Investor Interests

12
Confirmed IPRO Projects

Through theCentral Java Investment Platform (CJIP)

No	Project Name	Location	Sector	Commodity
1	Logawa 3 Minihydro Power Plant	Banyumas	Renewable Energy	Mini-Hydropower Electricity
2	Candi Umbul Telomoyo Geothermal Power Plant	Semarang-Magelang	Renewable Energy	Geothermal Power
3	Other Geothermal Projects	Banjarnegara	Renewable Energy	Geothermal Power
4	Mineral Extraction – Geo Dipa Energi	Banjarnegara	Mining & Energy	Silica and Lithium
5	RDF Demak	Demak	Waste to Energy	Refuse-Derived Fuel (RDF) and Black Soldier Fly (BSF) Maggots
6	RDF Pati	Pati	Waste to Energy	Refuse-Derived Fuel (RDF) and Black Soldier Fly (BSF) Maggots
7	Integrated Coconut Industry	Cilacap	Agroindustry	Coconut and Its Derivative Products
8	Modified Cassava Flour Industry	Banjarnegara	Agroindustry	MOCAF Flour (Modified Cassava Flour)
9	Integrated Shrimp Industry	Cilacap	Fisheries	Whiteleg Shrimp (Vannamei Shrimp)
10	Warehouse Receipt System & Agribusiness Subterminal	Grobogan	Agricultural Logistics	Agricultural Commodities
11	Taman Kyai Langgeng Ecopark	Kota Magelang	Tourism	Integrated Tourism
12	Pulau Panjang Development Project	Jepara	Tourism	Marine Tourism

ANALYSIS

SWOT Analysis of Middle Eastern Investment Potential

STRENGTHS

- Has 6 priority sectors aligned with Middle Eastern investor preferences.
- Competitive raw materials and industrial base.
- Readily-available investment projects (IPRO).
- Adequate infrastructure and energy (ports, tolls, KI, electricity, gas, EBT).
- Cultural affinity and business networks.
- Increasingly conducive investment climate.

WEAKNESSES

- Investment share remains low (1.54%).
- Investment dominated by small-to-medium scale.
- Investment via third countries is difficult to identify.
- Synchronization of central and regional regulations is not optimal.
- Arabic-language promotion and human resources are still limited.

OPPORTUNITIES

- Diversification of Gulf state SWF investments.
- Saudi Vision 2030 & UAE Centennial 2071.
- Growth of the global halal industry and market.
- Strengthening of Indonesia-Middle East economic cooperation.
- Digital investment opportunities, data centers, and AI.
- Energy transition and green investment.

THREATS

- Unstable Middle Eastern geopolitics.
- Global oil price fluctuations.
- Increasingly intense inter-regional investment competition.
- Exchange rate fluctuations.
- Climate change risk and disaster.
- Demands for ESG standard implementation.

SWOT Strategy Formulation (SO, ST, WO, WT)

SO *Strength-Opportunity*

Optimize the promotion of Central Java's six priority sectors through projects ready for offer (IPRO), KEK, and the development of halal-based economic and food security investment cooperation to leverage Middle Eastern country investment diversification opportunities.

ST *Strength-Threat*

Strengthen investment competitiveness through accelerated infrastructure development, industrial zones, and the development of ESG-standard green investment to address global competition.

WO *Weakness-Opportunity*

Improve the quality of the investment climate through licensing reform, the completion of RDTR, the provision of investment-ready land, and promotion that is more adaptive to the characteristics of Middle Eastern investors.

WT *Weakness-Threat*

Increase regulatory certainty, transparency in investment services, assistance for businesses, and the strengthening of strategic partnerships to boost invesor confidence and investment realization from the Middle East.

ANALYSIS

Key Investment Risks and Mitigation Strategies

Economic & Exchange Rate Risks

Risk: Declining global oil prices, depreciation of the Indonesian Rupiah, increasing regional investment competition, and rising inflation and interest rates.
Mitigation: Diversify investment sources, implement hedging and local currency transaction schemes, improve the ease of doing business, and provide information on economic conditions and alternative financing options.

Political & Geopolitical Risks

Risk: Conflicts in the Middle East, changes in the investment policies of source countries, and shifts in regional policy dynamics.
Mitigation: Diversify investment source countries, maintain consistent investment policies, and strengthen the promotion of political stability and a favorable investment climate.

Regulatory & Legal Certainty

Risk: Misalignment between central and regional regulations, suboptimal OSS-RBA services, and uncertainty regarding investment incentives.
Mitigation: Accelerate RTRW–RDTR harmonization, strengthen coordination of risk-based OSS services, and establish transparent fiscal incentive guidelines.

Environmental & Infrastructure Risks

Risk: Infrastructure disparities across regions (High), coastal flooding and shoreline erosion along the northern coast, and increasing compliance requirements with ESG standards.
Mitigation : Expand basic infrastructure, strengthen coastal adaptation measures, and provide guidance to industries in implementing ESG standards.

Socio-Cultural Risks

Risk: Differences in business culture and communication practices, as well as limited Arabic-language services for Middle Eastern investors.
Mitigation: Strengthen cross-cultural communication capabilities, provide Arabic-language investment services and promotional materials, and involve MSMEs from the project planning stage.

Supply Chain & Logistics Risks

Risk: Disruptions to international shipping routes, dependence on Tanjung Emas Port, and delays in raw material supply.
Mitigation: Diversify distribution routes, expand port capacity, diversify suppliers, and optimize the use of bonded warehouses.

CONCLUSION

Six Key Findings of the Study

1. Middle Eastern investors exhibit diverse investment characteristics, with an average investment value of approximately USD 278 thousand per project. This figure remains relatively low compared to other provinces.

2. The study identified several globally recognized strategic investors, including Masdar, ACWA Power, Mubadala, SALIC, Al Ain Farms, ADIA, and PIF.

3. Central Java offers six priority sectors aligned with the investment preferences of Middle Eastern investors, supported by 17 investment projects ready for offering (IPRO) through the Central Java Investment Platform (CJIP).

4. Central Java benefits from well-developed infrastructure and a supportive regulatory environment. However, its competitiveness remains moderate, ranking 7th among 15 provinces in attracting Middle Eastern investment, with a market share of 1.54%.

5. The PESTLE analysis highlights that Indonesia–Middle East diplomacy, economic diversification in the Gulf region, and socio-cultural affinity create significant opportunities, while geopolitical risks and oil price volatility require appropriate mitigation.

6. The alignment between Central Java's regional strengths and the investment preferences of Middle Eastern investors resulted in four strategic SWOT recommendations and four key policy recommendations.

RECOMMENDATIONS

Strategies to Enhance Middle Eastern Investment

1 Investment Promotion Strategy and Media

- **Multilingual Promotional Materials & Digital Platforms –** Develop IPRO, investment teasers, and investment profiles in Arabic and English, supported by a dedicated Middle Eastern investor microsite integrated with the OSS system.
- **International Investment Forums & Exhibitions** – Participate regularly in GITEX, Cityscape Global, BKPM investment forums in the Gulf region, and trade missions to the UAE and Saudi Arabia.
- **Relationship-Based Investment Marketing –** Conduct courtesy visits, maintain continuous engagement with sovereign wealth funds (SWFs), and assign dedicated account managers for priority investors.
- **Arabic Digital Media & Business Networks –** Expand Arabic-language digital channels and establish partnerships with Arabic media outlets to strengthen Central Java's investment branding.

2 Strengthening Diplomatic Networks and Institutional Cooperation

- **Synergy with Diplomatic Missions and National Institutions –** Strengthen coordination with Indonesian Embassies and Consulates (KBRI/KJRI), the Ministry of Foreign Affairs, the Ministry of Investment/BKPM, and the Indonesia Investment Authority (INA), including co-investment initiatives.
- **Sister Province Cooperation –** Propose the inclusion of the UAE, Saudi Arabia, and Qatar as sister-province partners under the Central Java RUPM 2025–2045.
- **Engagement with Chambers of Commerce and Business Associations –** Enhance business-to-business cooperation through partnerships with chambers of commerce and business associations across the Middle East.
- **Sovereign Wealth Fund–Based Economic Diplomacy –** Develop targeted engagement strategies for ADIA, PIF, QIA, and KIA in accordance with institutional due diligence standards.

3 Enhancing Investment Services and Regulatory Certainty

- **Spatial Planning Certainty & Investment Incentive Transparency –** Accelerate the synchronization of district and municipal RDTRs and publish an Investment Guide detailing tax holiday and tax allowance schemes.
- **Investment Licensing Reform & Infrastructure Development –** Optimize OSS-RBA services through a fast-track mechanism (maximum SLA of 30 working days) while strengthening connectivity between priority industrial estates, ports, and toll roads.
- **Human Capital Development & Interagency Coordination –** Provide Arabic language and Middle Eastern business culture training, strengthen competency certification in priority sectors, and enhance coordination among regional government agencies.

RECOMMENDATIONS

Strategies to Enhance Middle Eastern Investment

4 Integrating Investment Risk Management into Regional Policies

- **Risk Monitoring & Mitigation System –** Establish an early warning system to monitor global economic developments, exchange rate fluctuations, and geopolitical conditions in the Middle East.
- **Adaptive Investment Promotion & Service Policies –** Utilize risk monitoring outcomes as the basis for periodically adjusting investment promotion strategies and investment services.

5 Spatial Development Approach Based on the Regional Development Areas (WP) of RUPM 2025–2045

- **Kedungsepur Development Area (Kendal, Demak, Grobogan, Semarang City, and Salatiga City)** – Spatial development approach aligned with the RUPM 2025–2045 Regional Development Areas (WP).
- **Cibalingmas Development Area (Cilacap, Purbalingga, and Banyumas) –** Focus on renewable energy and heavy industries.
- **Keburejo & Gelangmanggung Development Areas –** Prioritize agroindustry and tourism development.
- Align Middle Eastern priority sectors with designated industrial estates and industrial allocation zones (KI/KPI) under the RUPM.

6 Phased Implementation in Line with the Four Stages of the RUPM 2025–2045

- **Phase I (2025–2029)** – Strengthen targeted investment promotion and improve core investment services.
- **Phase II (2030–2034)** – Accelerate Middle Eastern investment realization in renewable energy and downstream agroindustry sectors.
- **Phase III (2035–2039) –** Expand international partnerships and integrate Central Java into global value chains.
- **Phase IV (2040–2045)** – Establish Central Java as Indonesia's leading destination for Middle Eastern investment.

IMPLEMENTATION ROADMAP

Strategic Implementation Phases 2026–2045 (1/2)

PHASE I (2026–2029)

Investment Promotion	Develop trilingual IPROs (Indonesian, English, and Arabic) and a dedicated Middle Eastern investor microsite; participate in international investment forums (GITEX, Cityscape); conduct trade missions to the UAE and Saudi Arabia *Institutions : DPMPTSP, Biro Perekonomian, Diskominfo, BI Kanwil Jateng*
Diplomatic Networking	Establish a Middle East Investment Desk; strengthen coordination with BKPM, the Ministry of Foreign Affairs, Indonesian Embassies/Consulates (KBRI/KJRI), INA, and KADIN. *Institutions : DPMPTSP, BKPM, Kemenlu/KBRI-KJRI, INA, KADIN*
Regulatory & Licensing	Accelerate RDTR preparation in priority investment areas; develop an Investment Guide; establish investment service SLAs. *Institutions: Bappeda, ATR/BPN, DPMPTSP, Bapenda*
Infrastructure & Industrial Estates	Prepare priority industrial estates and strengthen connectivity between ports, toll roads, and investment areas. *Institutions : Disperindag, Dinas PUPR, Bappeda, DPMPTSP*
Human Resources & Partnerships	Provide Arabic language and Middle Eastern business culture training for government officials; promote early partnerships between investors, MSMEs, and regional-owned enterprises (BUMDs). *Institutions : DPMPTSP, Disnakertrans, Dinas Koperasi & UKM*

PHASE II (2030–2034)

Investment Promotion	Organize the Central Java–Middle East Investment Forum regularly; facilitate business matching between IPRO projects and prospective investors. *Institutions : DPMPTSP, Biro Perekonomian, Diskominfo*
Diplomatic Networking	Establish Sister Province partnerships with the UAE and Saudi Arabia; organize business forums with KADIN and Middle Eastern business associations. *Institutions : DPMPTSP, Biro Kerja Sama, Kemenlu/KBRI-KJRI, KADIN*
Regulatory & Licensing	Implement Fast Track Investment Services for priority investors; periodically evaluate investment incentives (including BBNKB incentives). *Institutions : DPMPTSP, Bapenda, Biro Hukum*
Infrastructure & Industrial Estates	Develop integrated halal industrial estates and halal logistics systems; expand renewable energy, agroindustry, and tourism projects. *Institutions : Disperindag, Dinas PUPR, Dinas ESDM, Distanbun, DKP*
Human Resources & Partnerships	Strengthen workforce certification in priority sectors; promote research collaboration with universities and research institutions. *Institutions : Disnakertrans, Dinas Koperasi & UKM, DPMPTSP*

IMPLEMENTATION ROADMAP

Strategic Implementation Phases 2026–2045 (2/2)

PHASE III (2035–2039)

Investment Promotion	Update IPROs regularly, expand investment promotion to Qatar, Kuwait, Oman, Bahrain, and Jordan, and establish the investment forum as an annual international event. *Institutions : DPMPTSP, Biro Perekonomian, BI Kanwil Jateng*
Diplomatic Networking	Establish long-term partnerships with sovereign wealth funds (SWFs) and institutional investors, while expanding Sister Province cooperation. *Institutions : DPMPTSP, INA, Biro Kerja Sama, Kemenlu/KBRI-KJRI*
Regulatory & Licensing	Align investment regulations with evolving national and global policy developments; expand regional investment incentive schemes. *Institutions : Biro Hukum, Bapenda, DPMPTSP*
Infrastructure & Industrial Estates	Develop integrated industrial estates connected to global value chains and strengthen the availability of local raw materials. *Institutions : Disperindag, Dinas PUPR, Distanbun, DKP, Dinas ESDM*
Human Resources & Partnerships	Strengthen regional innovation through research, technology, and knowledge transfer from Middle Eastern investors. *Institutions : Perguruan Tinggi, DPMPTSP, Disnakertrans*

PHASE IV (2040–2045)

Investment Promotion	Position Central Java as Indonesia's leading destination for Middle Eastern investment through a strong regional investment brand. *Institutions : DPMPTSP, Diskominfo, Biro Perekonomian, BI Kanwil Jateng*
Diplomatic Networking	Develop sustainable investment partnerships among government institutions, businesses, and international organizations. *Institutions: DPMPTSP, Biro Kerja Sama, Bappeda, INA*
Regulatory & Licensing	Establish an integrated, digital, efficient, and internationally competitive investment service system. *Institutions : DPMPTSP, Biro Hukum, Bappeda, ATR/BPN*
Infrastructure & Industrial Estates	Develop green, low-carbon, and sustainable investment zones. *Institutions : Dinas ESDM, Disperindag, Bappeda, DPMPTSP*
Human Resources & Partnerships	Develop globally competitive human resources to support investment and sustainable economic growth. *Institutions : Disnakertrans, DPMPTSP, Dinas Koperasi & UKM*

THANK YOU

Investment Potential Study of Middle Eastern Countries in Central Java

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