

ABSTRACT

It is important to pay attention to increasing capital inflows in Indonesia as a first step in carrying out various economic developments. Economic development carried out to reduce the welfare gap between people requires large capital and foreign capital is a good solution, but capital does not come by itself, it requires a lot of consideration from the investor's side. This study aims to investigate whether the factors causing the entry of foreign direct investment in Indonesia.

This research was conducted using secondary data and processed using the Error Correction Model method. The variables used in this study are inflation, export value, GDP, and exchange rates in the form of quarterly data processed using the Eviews10 application.

The results obtained are that in the longterm inflation has a positive but not significant relationship to foreign investment and has a negative but not significant relationship in the short term. Export value and exchange rate have a negative and significant relationship to foreign investment both in the long and short term, and GDP has a positive and significant relationship to foreign investment in the short and long term.

Keywords: Foreign Direct Investment, Inflation, GDP, Exchange Rate, Export Value