

DESCRIPTIVE STUDY ON THE INFLUENCE OF THE FREE TRADE ZONE (FTZ) TOWARD FOREIGN DIRECT INVESTMENT (FDI) IN BATAM CITY

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ABSTRACT

This study aims find out the influence of Free Trade Zone (FTZ) toward Foreign Direct Investment (FDI) In The Batam City Area. The scope of this problem is the influence of the free trade zone on foreign investment in Batam, Indonesia. Free trade zones are areas established by the government to promote investment and international trade by providing, special incentives and facilities to investors. Free Trade in Batam began in 1971, when the Indonesian government established a Free Trade Zone (KPB) on the island. This decision aims to encourage foreign investment and develop the regional economy. The government introduced the Batam Free Trade Zone (KPBB) on August 2, 1971. The KPBB covers an area of approximately 71,500 hectares and includes Batam Island, Rempang Island, and Galang Island. The type of research quantitative research. To get correct and accurate data at the research, the authors use quissionner sheet. Data analysis used in this study is simple linier regresion. Based on the results of the presentation and analysis of the data, there is any significant influence of Free Trade Zone toward Foreign Direct Investment (FDI) In The Batam City Area with the correlation is 20,4%.

Keyword: *Free Trade Zone (FTZ), Foreign Direct Investment (FDI)*