ABSTRACT

This research aims to analyze the impact in long term and short term of Gross Domestik Product, Inflation, Interest Rate toward foreign investment in Indonesia in the year (2012 - 2022). These factors consist of Inflation, Interest Rates and Gross Domestic Product. The data used is secondary data obtained from Inflation, Interest Rates and Gross Domestic Product.

Data analysis in this research uses the Vector Error Correction Model (VECM) and is processed using Eviews 12 software. There are 3 variables used in this research, namely Inflation, Interest Rates and Gross Domestic Product that origineted form BPS and Bank Indonesia.

The estimation results using the VECM model found that in the long term Gross Domestic Product is effective in influencing Foreign Investment, but does not have a significant effect in the long term. The results of the VECM analysis show that inflation in the short and long term will reduce foreign investment. On the other hand, interest rates will increase foreign investment in the long and short term.

Keyword : Foreign Direct Invesment, Gross Domestick Product, Inflation, Interest Rate, VECM Model.

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