

ABSTRACT

The existences of Foreign Direct Investment (FDI) would help region in running its development project. In addition, Agglomeration economies is unevitable situation that influenced, amongst others, by the investment flows. Theoretically, foreign investors are likely to invest in regions where competitiveness indicators such as human resource capability, resource endowment, market opportunities and per capita incomes are high. Factually, the foreign investors are also likely to invest in areas where there business infrastructures, economic facilities and market segments are available. This research used the descriptive-qualitative research method. The data classification is the primary and secondary data. Furthermore, data collection technics conducted through interview and documentation, which collected from the related officer or staffs in charge with the investment marketing and development. The majority of FDI in Sleman Regency are in the secondary and tertiary sectors with domination of Hotel, Trade and Restaurants sub-sector. Meanwhile, the majority of the FDI in Kulonprogo Regency is in the primary and secondary sectors with the domination on agriculture and processing industry sub-sectors. Based on the spatial-view, FDI in Sleman is mainly located in Depok, Kalasan, and Gamping Districts. Those all districts are included in the agglomeration area (APY) of DIY. FDI in Kulonprogo Regency is mainly located in Wates District. Both regency needs to improve the economic, social, cultural capabilities and wrapping all these points into complete packaging, hence, the better the packaging presented, the higher FDI attracted.

Keywords: Investment, Attract FDI, Agglomeration Economies, and Economic Growth