

Conference Paper

Impact of Foreign Investment and Natural Resources Sharing Funds Against Environmental Degradation in Indonesia

Priyagus ✓

Faculty of Economics and Business, University of Mulawarman – East Kalimantan

Abstract

This study examines the impact of foreign investment as a reflection of economic globalization and fiscal policy in the form of natural resource revenue sharing in development against environmental degradation, especially water in Indonesia. Using 33 provincial panel data during 2011-2015 with the basic model of EKC's of cubic forms. The results explain that is a relationship between income and degradation that support the EKC hypothesis, but it not significantly. Foreign investment has a positive and significant impact on increasing degradation, while fiscal policy has a negative and not insignificant impact on reducing environmental degradation. Natural Resources Sharing Funds are not entirely used for environmental costs but are also used to provide basic infrastructure. The government needs to increase supervision of foreign capital, increase revenue sharing for natural resources and focus more on improving the environment.

Keywords: EKC, Foreign Invesmen, Sharing Funds Natural Resource, Water Degaradation.

Corresponding Author:
Priyagus
priyagus@feb.unmul.ac.id

Received: 7 August 2018
Accepted: 15 September 2018
Published: 22 October 2018

Publishing services provided by
Knowledge E

© Priyagus. This article is
distributed under the terms of
the Creative Commons

Attribution License, which
permits unrestricted use and
redistribution provided that the
original author and source are
credited.

Selection and Peer-review
under the responsibility of the
ICE-BEES 2018 Conference
Committee.

1. Introduction

Natural resources are one of the strategic capital in development but the excessive and poorly planned exploitation of natural resources has caused many losses. One of the important agenda of Suitanable Developmen Goal (SDG'S) 2030 related to natural resources is water. UNDP (2016) describes water as the core of sustainable development because it can reduce poverty, promote economic growth and environmental sustainability.

OPEN ACCESS