

## **ABSTRACT**

*Batam is one of developing areas in Indonesia that has potential to be a developed area. That's one of reasons why Batam is chosen as one of area in Free Trade Zone. Batam became foreign direct investments choice to expand their economic activities, because Batam offered potential production's factors that they could get. In the developing area, like Batam, Foreign Direct Investment creates many chances to improve economic activities of that area. However, the increasing of foreign direct investment value from year to year is not solving the whole problem in Batam, specifically in social-economic aspect, that usually includes in developing process of any area. Foreign direct investment supposed to help improving any area, in effort to develop that area and to give solution to solve problems in that area.*

*FDI, indirectly, gave a new problem to the developing area. There are some factors which make foreign direct investment become an element which not provide maximum advantage to help developing Batam. Those factors could come from government, who is unable to overcome or to anticipate any impacts of economic globalization.*

***Keywords: Foreign Direct Investment, Free Trade Zone***