

ANALYSIS OF THE AREA OF SOUTH SUMATRA INDUSTRY GROWTH CENTERS

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ARTICLE INFO	ABSTRACT
Received: May, 26th 2022 Revised: June, 13th 2022 Approved: June, 17th 2022	<i>The formation of an area with certain characteristics that have the potential to grow and develop certain industries As a prime mover for regional development and encourage increased industrial and regional economic growth. The purpose of this study is to analyze the South Sumatra Industrial Growth Center Area in the development of industrial growth areas. The approach taken is a qualitative analysis by looking at portraits in the field. With the formation of this Industrial Growth Center Area, it will become clearer the direction and strategy to be carried out by the level I or level II district and city governments, so that good strategies and planning can be prepared to encourage economic development, especially in the South Sumatra region, so that with the This WPPI can be expected to provide progress and prosperity for the community with a multiplier effect created.</i>
KEYWORDS	Industrial Growth Center Area, Economic Growth, Industrial Growth



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INTRODUCTION

The development of national industrial areas is aimed at accelerating the spread and even distribution of industry as described in Government Regulation No. 14 of 2015 concerning the National Industrial Development Master Plan (RIPIN). One of the proposed strategies is the establishment of the Industrial Growth Center Area (Moseley, 2013; Parr, 1999). The objective of WPPI is the formation of an area with certain characteristics that have the potential to grow and

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develop certain industries (Li et al., 2015). As a prime mover for the development of the region as well as encouraging increased industrial and economic growth in other surrounding areas within a regional area, so that the industrial development targets contained in the RIPIN can be achieved (Sun et al., 2015; Zorpas et al., 2018).

In accordance with the mandate of Article 14 of Law no. 3 of 2014 concerning Industry, the Government and Regional Governments shall accelerate the spread and even distribution of industrial development throughout the territory of the Unitary State of the Republic of Indonesia through Industrial Regions which are carried out through:

- a. Development of the Center for Industrial Growth (WPPI);
- b. Development of Industrial Designated Areas (KPI);
- c. Industrial Estate Development (KI); and
- d. Development of Small and Medium Industry Centers (IKM Centers).

South Sumatra is known as the province of Bumi Sriwijaya, because the 7th to 12th centuries AD this region was the center of the Sriwijaya Kingdom which was also famous for the largest and strongest maritime empire in the archipelago. Since independence until now, the province of South Sumatra has undergone 16 changes of leadership, consisting of 17 cities and regencies, with the capital city in Palembang. South Sumatra is also known as Natural Resources (SDA), even being the five largest oil and gas producing regions in Indonesia. A number of oil and gas companies operate in several areas. Like; Musi Banyuasin, Banyuasin, Muara Enim, Pali, and Lahat. South Sumatra is capable of producing 30,718 barrels of crude oil per day and 10,339 barrels of condensate. All oil blocks located in South Sumatra are managed by Pertamina, Medco, Talisman, Conoco Philips and Golden Spike, and several other oil and gas companies.

Development is a conscious effort of humans to take advantage of the environment in an effort to meet their needs (Mensah, 2019). With development, human life and welfare can be improved (Abowd et al., 1997; Holtkamp et al., 2016). Development goals can be achieved by taking into account various problems, including:

1. Control of population growth and the quality of human resources.
2. Maintenance of environmental carrying capacity.
3. Control of ecosystems and species as resources for development.
4. Industrial development.
5. Anticipating the energy crisis as the main support for industrialization.

Regional development is one of the forms and methods of a region to achieve the successful implementation of development. Based on the 2018 Government Work Plan, regional development is aimed at growth and equitable development. Regional development growth in 2018 was driven by the growth in the role of the services sector, the manufacturing industry sector and the agricultural sector (Roberts, 1996). The increasing contribution of these sectors is carried out in line with the continued development of strategic areas in areas that are the main prime movers (main growth drivers), including Special Economic Zones (SEZ), Industrial Estates, Urban Areas (megapolitan and metropolitan), Tourism Areas and Areas

based on agriculture and regional potential such as agropolitan and minapolitan (Šlaus & Jacobs, 2011).

The Industrial Growth Center Area is an area designed with a pattern based on industrial development by utilizing the potential of regional resources through strengthening industrial infrastructure and connectivity with strong economic linkages (Antrop, 2004; Kuang et al., 2016). Provinces/districts/cities that are not included as WPPI, are given a role as a supporter of WPPI. Its role can be in the form of: raw material provider, labor provider, research and development site, provider of clean water sources and others.

The spatial development of WPPI needs to dig deeper into the locality aspect in order to capture the industrial potential/regional advantages so that industrial development can run more effectively (Cheng & Masser, 2003). The WPPI development plan must also analyze industrial supporting infrastructure such as information and telecommunications infrastructure, energy supply, human resources and science and technology, institutional and policy systems as well as logistics system infrastructure and those that support connectivity and synergy in the context of expanding economic growth from the surrounding area (Er, 1997; Henderson et al., 1995). Therefore, a master plan for the development of WPPI is needed in the context of implementing the deployment of new industrial growth centers in Sumatra and Kalimantan.

The purpose of this activity is to conduct an analysis of the Industrial Growth Center Area (WPPI) in South Sumatra. The purpose of this activity is to analyze the existence of the Industrial Center Development Area (WPPI) in South Sumatra in the development of industrial growth areas. The target in this research is the utilization of regional resource potential through strengthening industrial infrastructure.

RESEARCH METHOD

An approach to the development of industrial growth centers based on regional comparative advantage can be in the form of an integrated industrial estate development with the following characteristics:

1. Infrastructure has been integrated with the logistics system;
2. Service oriented;
3. Industry specific education;
4. Established innovation center;
5. Pay attention to the environment;
6. Supported by an efficient and effective logistics system.

The industrialization approach is not just building factories but must be accompanied by an increase in people's welfare. Industrialization is industrial development in order to increase added value which must be accompanied by an increase in the economic prosperity of the local community. The Industrial Growth Center Area Approach is also a form of application of the Growth Center Concept.

The theory of the Growth Center is one of the popular regional development concepts used, mainly because it is considered capable of promoting the efficient use of development resources. The use of this theory is marked by the policy of establishing a number of areas as growth centers, which are expected to be able to encourage the growth of other surrounding areas.

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These Growth Centers generally have certain specializations/advantages compared to other areas in the vicinity. Thus, if development resources are "injected" into the area,

the added value generated will be greater, compared to the added value generated if these resources are given to other regions that do not have advantages. In this context, excellence can be translated into three things, namely:

1. Absolute advantages
2. Comparative advantages
3. Competitive advantages

Sustainable Development Approach

The development process is carried out with a short-term orientation, there will be a wasted waste of resources. If this continues, then one day the available resources will run out. If resources run out, then humans will also become extinct and human life will not continue. To avoid this, a sustainable development approach has been developed. This approach pays great attention to the principles of sustainable spatial and resource planning that must be properly understood and implemented. But in full this approach seeks to improve sustainability from various aspects, which include:

- 1) Sustainable Economically, that the pattern of handling development must be economically sustainable,
- 2) Sustainable Socio – Culture – Political, that development must pay attention to equitable development for people with various socio-cultural-political backgrounds. That is, how various community groups can have equal access to development outcomes and processes,
- 3) Sustainable Environmentally, that the pattern of development management must pay attention to environmental sustainability.

The activities for the preparation of the WPPI Master Plan in the South Sumatra corridor should be substantially integrated with the Identification of Potential Industrial Areas. In the identification stage of industrial regional potential, data and information are collected which are then concluded into a regional profile that contains information related to (1) Affirmative industrial development policies, (2) Resources, (3) Infrastructure Conditions and (4) sustainability of industrial development in an area. This zoning profile is the first step that will be used to conclude:

- a. What is the potential of the region,
- b. The suitability of the Provincial RTRW in industrial development,
- c. What infrastructure does the region have (and its planning),
- d. How should districts/cities in one province be grouped into a single industrial

growth center or what we know as WPPI.

RESULT AND DISCUSSION

South Sumatra Province Development Direction

In the Long-Term Development Plan for the Province of South Sumatra for 2005-2025, the development directions for the Province of South Sumatra have been set, namely:

1. Consolidating Economic Growth and Affirming the Direction of Economic

Development The existing economic conditions in South Sumatra Province currently have shown good performance which is in line with the vision of South Sumatra as a food and energy barn. To strengthen and confirm the direction of economic development, 7 targets to be achieved are set, namely:

- Regional economic growth of at least 6.5% per year.
- Primary economic structure (agriculture and mining quarrying) supported by the manufacturing sector.
- Strengthening the leading sector of South Sumatra Province.
- Strengthening the regional trade balance surplus.

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- Reduction in unemployment.
 - Reduction of poverty and income inequality.
 - Improving the quality of human resources.
2. Increasing Community Independence and Welfare
- The direction of increasing the independence and welfare of the community is directed at the following:
- Improving the quality and service of education.
 - Mastery of science and technology.
 - Improving public health status.
 - Residential and housing development.
 - Development of social welfare.
 - Employment.
3. Development Oriented To Sustainable Utilization of Resources
- Energy and environmental management, which includes inventory and updating of data on physical and environmental aspects, and development of energy resources.
 - Development of a fair and balanced spatial plan, which includes the development of internal spatial planning through strengthening the system of internal settlement centers, developing productive areas as an economic driver and through strengthening protected areas as a sustainable development mechanism. As well as external development directions through the development of the BELAJASUMBA regional cooperation area and increasing regional linkages with the city system in South Sumatra Province.
 - Development of transportation systems.
 - Development of network infrastructure.
 - Agricultural development to improve food security, through agricultural revitalization, development and strengthening of agribusiness systems, as well as development and strengthening of agricultural management institutions.
4. Development of an Honest, Fair, Clean and Responsible Government
- Strengthening local government institutional capacity.
 - Improving the quality of public services.
 - Increasing regional financial capacity.
 - Increased community participation.
 - Disclosure of information and communication.
 - Local political development.
 - Local laws and regulations.
 - Community protection and disaster management.
 - Strengthening of regional order and security.

WPPI Vision and Mission of South Sumatra Province

VISION :

"WPPI South Sumatra with International Competitiveness with Superior Industrial Resources".

To achieve the above vision, the WPPI development mission for South Sumatra Province is formulated as follows:

1. Realizing the development of natural resource-based downstream industries;
2. Realizing the availability of superior and highly competitive industrial resources;
3. Increase economic growth and community welfare.

The target for developing the WPPI of South Sumatra Province is formulated as follows:

1. Industrial Territories, consisting of:
 - The realization of the use of industrial space in the Industrial Designated Area (KPI) of South Sumatra
 - Compilation of Industrial Estate Planning in WPPI South Sumatra.
 - Availability of land for the development of Industrial Estates (KI) Gelumbang, PALI and TAA
 - Development of KI Muara Enim, KI PALI, and KI TAA
 - Availability of land for IKM Centers to Support Downstream Industries
 - Development of IKM centers both inside and outside KI
2. Industry, consisting of:
 - The establishment of the prime mover industry (champion) in each KI
 - Development of downstream industries of rubber, palm oil, coffee and coal commodities.
 - Development of Component Industry, Auxiliary Materials, Capital Goods and Industrial Services to support downstream industries
 - Increasing the capacity and quality of the upstream rubber, palm oil, coffee and coal industries in South Sumatra Province.
3. Socio-Economic, consisting of:
 - Increased job opportunities;
 - Increased growth of other sectors as a result of the multiplier effect;
 - Increased GDP and community welfare.
4. Industrial Resources, consisting of:
 - Increasing the quality of human resources (manpower, entrepreneurs & industrial consultants);
 - Development of training centers and skills development for downstream rubber, palm oil, coffee and coal industries;
 - Development of R&D related to downstream superior commodities;
 - Guaranteed supply of raw materials for downstream rubber, palm oil, coffee & coal industries in a sustainable manner.
5. Supporting Infrastructure for Industrial Areas, consisting of:
 - Fulfillment of infrastructure needs in the energy and electricity sector.
 - Fulfillment of the need for terminal, port, and airport infrastructure.
 - Fulfillment of road and rail infrastructure needs.
 - Fulfillment of infrastructure needs for water resources.
 - Fulfillment of housing needs, hospitals, schools, shopping/commerce and others.

The leading industrial sectors in South Sumatra Province are rubber, palm oil and coal raw materials. However, in its implementation there are several obstacles and problems related to these leading industries, including:

- The added value lost is too large, due to direct sales of raw materials, approximately almost 40 percent. The biggest loss is the opportunity to absorb labor and the income of the population is lost with a value equivalent to the lost value added. The added value that can be achieved is the creation of employment opportunities, tax revenues, economic welfare of the community, the most important thing is the multiplier effect created by the presence of downstream industries.

- Inefficient industrial posture, where the industry with added value and low labor absorption has a large share of total exports. In addition, this sector is not very good at having supporting materials. However, for the type of industry that has a high ability to absorb labor, and high added value, investment does not flow to this type of industry. Publishing, Printing and Reproduction of Recording Media, Coal, Petroleum Refining and Natural Gas Processing Industries, Goods from Petroleum Refining, and Nuclear Materials, Chemicals and Goods from Chemicals and the Rubber Industry and Goods from Rubber and Plastics have a production share of 1.07%. On

This type of industry has an added value of 74.94%. This shows that the direction of investment has not been going well.

- Additional processing industry is lower than the additional volume of exploitation of leading commodities, in large industries the number of additional industries does not reach 10%. Compare this with the exploitation of raw materials such as coal, other mining products, palm oil and rubber, which on average are sold (exported) by 30%. The type of industry that does not directly manage existing natural resources and raw materials makes entrepreneurs directly sell these superior commodities in the form of raw materials. In addition, the difficulty of supporting materials and infrastructure causes the downstream industry which accommodates all superior raw materials to not be carried out properly.

- The selected downstream industry is not in line with the downstream industry favored by the market. In order to increase the added value of regional superior commodities and increase the capacity of the regional economy, of course, the transition of the type of processing industry from an industry made from imported raw materials to an industry with local raw materials will provide considerable benefits. However, the unprepared infrastructure and the bureaucratic system will be one of the obstacles to the implementation of the downstream industry based on superior local raw materials.

- Supplementary (or auxiliary) raw materials are limited in the area This causes difficulties in production, and hinders production.

- Competitiveness and cruising range of downstream commodities have not been maximized. Commodity competitiveness will depend on the prevailing exchange rate. When the rupiah exchange rate strengthens, the competitiveness of commodities will be high and when the rupiah exchange rate against foreign currencies weakens, the competitiveness will be low because many other countries will use goods originating from countries with cheaper prices.

Commodities with high competitiveness will be able to explore a wide market both local, national and global markets. The exchange rate of the rupiah against the dollar in general will greatly determine the level of competitiveness of downstream commodities, as well as the level of cruising of the production of regional superior commodities.

- Non-renewable natural resources as the main raw material and good quality Coal, creating new demand for coal in raw form, is increasing every year. There is no downstream industry that manages coal, so coal is only sold abroad.

CONCLUSION

This study concludes that with the formation of the WPPI, the directions and strategies that will be carried out by the level I or level II district and city governments will become clearer, so that a good strategy and planning can be prepared to encourage economic development, especially in the South Sumatra region, so that by The existence of this WPPI can be expected to provide progress and prosperity for the community with a multiplier effect created. The suggestions that the author can give are the need for

synchronization between central policies and regional policies, so that synergies can be established, and what the central government does in line with local governments, this synergy can be seen from the vision and mission carried out by each stakeholder.

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