ABSTRACT

MUHAMMAD IRFAN AFFANDI. The Roles of Agroindustry in the Regional Economy of Lampung Province: Analysis of Intersectoral Linkages and Agglomeration of Industries. (D.S. PRIYARSONO as Chairman, MANGARA TAMBUNAN and BONAR M. SINAGA as Members of Advisory Committee).

The objectives of this study are to analyze intersectoral linkages among agroindustry in the regional economy of Lampung Province, to identify the existence of spatial concentration and agglomeration of agroindustry, to analyze agglomeration economies in the agroindustrial sectors, and to analyze some policies that are potentially improve the roles of agroindustry in the regional economy.

This study used data of provincial Input-Output Table of 2000 and 2005 aggregated into 26 sectors (12 agroindustrial sectors and 14 non agroindustrial sectors) and results of Medium and Large Industrial Survey 1998-2005. In addition, it used indices to measure the size of agglomeration. It utilized also Cobb-Douglas production function to measure the agglomeration economies. Some policy simulations were analyzed to identify the effects of changes of final demand on sectoral outputs, income, and labor.

The results show that in terms of linkages and multipliers of sectoral output, income, and labor, agroindustrial sectors have the biggest roles in the regional economy. The sectors also boost the other sectors’ growth. They have strong backward as well as forward linkages that are greater than those of other sectors.

Most agroindustrial sectors are concentrated in one or few districts/municipalities. These concentrations significantly effect the production outputs. Most economies of localization and urbanization exist in the agroindustrial sectors.

The combined policies of increasing government expenditure, investment, and export that are proportionally allocated to all of the agglomerated agroindustrial sectors result in the greatest positive change of sectoral output, households’ income, and labors absorption. The impact of economic policy on the agglomerated agroindustrial sectors are greater than that of similar policy that are applied to non agglomerated agroindustrial sectors.

Keywords: agroindustry, linkages, agglomeration, input-output, policy