ABSTRACT

BUDI HIDAYAT. Sources of Growth of Transportation Sector and Regional Economic Disparities in Indonesia (ARIEF DARYANTO, as Chairman, MANGARA TAMBUNAN and HERRY SUHERMANTO, as a Members of the Advisory Committee).

Indonesia consists of many islands and has an advantage of being located in a strategic region. However, this advantage will not increase balanced regional economic growth by itself. Due to increasing world trade liberalisation there is significant competition to Indonesian products in the global market. Therefore, the role of transportation to encourage connectivity between regions in Indonesia is important and requires identification of the sources of growth within the transport sector. The objective of this study is to analyze the role transportation plays in creating regional economic disparities and structural change by using interregional input-output analysis. Regions to be analysed include five regions namely Sumatra, Java-Bali, Kalimantan, Sulawesi, and the remaining areas which make Indonesia (ROI). Data used in this analysis was from table IRIO 2000 and 2005, which was then aggregated into 9 sectors, while the transport data was disaggregated into 3 sectors. From the research conducted, it can be shown that: growth in the transport sector in Indonesia is still influenced by the magnitude of Final Domestic Demand (DFD), where the largest contribution to DFD is from domestic consumption. Impacts of exports (EE) showed an increase and so does import substitution (IS). However, the influence of technology shows that a variety of transportation sector as shown by the coefficient of technology (TC). But in general, in the Java-Bali, Sulawesi and ROI areas, technology for air transport coefficients show that the value of intermediate inputs was less. This indicates the efficiency of the sector. On the other hand, disparities tend to converge for land transportation or, in other words, more evenly. This study suggests that in order to enhance the role of transport, then the support of private investment should be increased. Also, the technology level should continue to support connectivity between regions in Indonesia. In addition, it should also proceed more detailed study of the sources of growth in transport sector.

Keywords: Transportation, Sources of Growth, Disparities, Structural Decomposition Analysis.