ABSTRACT

EMILIE AYU HAPSARI. The Role of Pulp and Paper Industry in The Economy of Riau Province: Input-Output Analysis (Supervised by ARIEF DARYANTO).

National and regional economic development requires economic growth to achieve prosperity. The achievement of economic growth as seen from the growth of Gross Domestic Product (GDP) and Gross Regional Domestic Product (GRDP) should be achievable by all regions in Indonesia, including Riau Province. In order to pursue high economic growth, the government of Riau Province and the public need to know information about what sectors are able to produce the high Gross Regional Domestic Product (GRDP).

Riau Province is the largest contributor to the GDP of Sumatra and has the major players in pulp and paper industry operating in Perawang and Kerinci, where both located in Riau Province. Based on the data from the GDRP of Riau Province in 2010, manufacturing sector has gave the highest contribution, where pulp and paper industry is one of the prominent players. Paper industry has been giving major contribution to regional and national economy through export increase, investment value added, business opportunities creation and human resources employment as well as national income from tax and non-tax revenues. The supporting factors for the above mentioned are the availability of main raw materials for paper industry which are natural resources especially woods supply, climate condition that is conducive for raw materials growth; and lower production costs compared to other producer countries.

With two largest players in paper industry are operated in Riau Province, this study will analyze the role of the paper industry in the economy of Riau Province through the contribution in GDRP and the linkages with other sectors. The method use is through the analysis of Input-Output Table Riau Province in 2010 classification of 112 sectors, aggregated into 22 sectors. The analysis includes linkage analysis, dispersion analysis, and multiplier analysis. From the analysis it can be seen that pulp and paper industry has a relatively high value. Therefore, pulp and paper industry is one of the priority sectors in the economy of Riau Province. These results can be used as a reference for the development of pulp and paper industry in Riau Province as an economic sector that has the ability to increase the economic output and income. The government of Riau Province is expected to overcome the obstacles in the development of pulp and paper industry.