

Analysis of Industrial Minerals Mining Sector in the Effort of Supporting the Economic Development of West Java Province, Indonesia

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To cite this article

Ukar Wijaya Soelistijo, Sri Widayati, Mikdad Hamad. Analysis of Industrial Minerals Mining Sector in the Effort of Supporting the Economic Development of West Java Province, Indonesia. *American Journal of Earth Sciences*. Vol. 2, No. 5, 2015, pp. 123-133.

Abstract

West Java Province has large resources of industrial mineral (non-metallic minerals and rocks). Based on the result of economics analysis of West Java Province such as location quotient (LQ), economic multipliers, backward and forward linkages are indicated as indicated as the followings. Backard linkage (aj) of the industrial mineral sector is small (<1) off 0.746. Forward linkage (bi) of industrial mineral sector is also small (<1) off 0.710. While regencies that have LQ>1.0 are Sukabumi, Bogor, Ciamis, Cirebon, Majalengka, Kuningan, West Bandung and Banjar. It means that it can comply its on needs or self-sufficiency even it can meet the other region's demand for industrial minerals quite good. So far, where the output multiplier is 1.37, the investment multiplier is 1.38, employment multiplier 1.23, income multiplier 1.23 and added value multiplier of 1.26 or significantly high. It indicates that the mining sector can provide added value to the other economic sectors. Moreover, the surplus multiplier of the industrial mineral sector can reach 2,304 or significantly high, it means that the investors is well attracted to invest in this sector. Also this sector could be pointed out as the prime sector in the Province of West Java. Based on the results of computation using 2010 I-O Table and the projected 2013 and 2035 I-O Tables it is found out that the final demand (Y) in 2013 is IDR 1.070.118 Trillion and IDR 3.319 Trillion in 2035 with the assumption of 6.01% economic growth rate per year. By using optimization linier programming is identified that the optimized \hat{Y} is IDR 1.070,443 Trillion and the \hat{Y} of 2035 is IDR 3,319 Trillion, or the ratio of the optimized Y/\hat{Y} of 2013 is 0,997 and the related ratio of 2035 is 1.0. It means that the economy of West Java Province is actually inefficient and would be more efficient toward 2035. The methodology applied in this study is based on macroeconomic, Input-Output (I-O), LQ, and engineering model.

Keywords

Industrial Minerals, Economic Linkages, Multiplier, LQ

1. Introduction

West Java province is one of the areas having the large industrial mineral resource potential, then also having the opportunity for further development of this potential optimally to provide an optimal contribution to the regional economy and to support the growth of other economic sectors.

The shift in economic structure that previously relied on the agrarian sector into the industrial sector in West Java, has opened the opportunities the growing exploitation of minerals mining industry as one of the supporting sectors. If

the increase in demand for this industrial sector is not well anticipated there will be import commodities having adverse effects for the industrial mineral mining particularly and the regional economy in general.

The mining sector condition in Indonesia today is generally being less well which the world's coal price is sluggish due to the declining demand and the limited export market of mineral mining condition due to the Law Number 4 year 2009 which prohibits the export of raw minerals (Soelistijo et al, 2011 [19]; Anonymous (a), 2014, [1], Soelistijo et al, 2015, [20]).

So a lot of investors look at the industrial mineral mining sector whose potential is still very large and also has the