

The Development of Tanjungwangi Port to Increase Regional Investment and Economy Growth in Banyuwangi Regency

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Abstract:- The aims of research were to determine the effect of the construction of a Container Terminal at Tanjungwangi Port on economic growth in Banyuwangi Regency; to determine the effect of the construction of a container terminal at Tanjungwangi Port on investment in Banyuwangi Regency and to determine the strategy for developing a container port at the port of Tanjung Wangi, Banyuwangi Regency. This type of research were explanatory and descriptive. This research was conducted at the port of Tanjung Wangi, Banyuwangi Regency. Analysis Methods used multiple linear regression and SWOT. Based on the test results, it showed that the number of ship visits and the flow of goods on economic growth in Banyuwangi Regency. It shows that the number of ship visits and the flow of goods to investment in Banyuwangi Regency. This shows that the greater the number of ship visits, the more investment will be increased. The role of Tanjung Wangi port in investment is very important. The Strategy for the Construction of Container Terminals at Tanjungwangi Port, Banyuwangi Regency based on the SWOT matrix resulted in 3 alternative strategies selected for the SO strategy, namely utilizing resources to seize export opportunities through container transportation, developing resources so that they can keep up with rapid export growth, maintaining resources so that they can function in a sustainable manner. optimal. The chosen strategy is translated into annual policies and programs for the next 5 years.

Keyword:- Investment, Development, Economic Growth, Ports and SWOT.

I. INTRODUCTION

One of the areas that needs economic growth is East Java. Most of the economic growth in East Java relies on the industrial sector which is supported by other industrial sectors. This is indicated by the large contribution of the industrial sector to East Java's Gross Regional Domestic Product (PDRB) compared to other sectors. One of them is Banyuwangi Regency. This shows that Banyuwangi is also experiencing good development in the manufacturing sector in East Java. Tanjungwangi Port is a type of public port and is open for foreign trade (serving export - import) which serves cargo and passenger ships. However, fishing boats also dock

at Tanjungwangi Port. It is permissible for fishing boats to dock at Tanjungwangi Port because the fishing boats cannot dock / dock to carry out loading and unloading at Banyuwangi Port (Boom), but if the Banyuwangi (Boom) Port can be operated then the fishing boats may not dock / unload at Tanjungwangi Port. . Tanjungwangi Port can serve cargo ships with weights up to 40,000 DWT.

Tanjungwangi port was developed to increase revenue. In order to support the activities of Tanjungwangi Port, especially for goods ship services with export-import commodities, a Container Terminal is urgently needed. Actually, Tanjungwangi Port already has a company that functions as a Container Terminal Operator, namely PT. Timur Nusantara, but the jetty used is still using the conventional pier owned by PT. Pelindo III, so the arrangements were still complicated when container loading and unloading was carried out.

PT. Timur Nusantara is a foreign company (PMA from Malaysia) which has invested since 18 December 2002 as a Container Terminal Operator. However, in its development, the investment was withdrawn because the PMA had difficulties in bringing ships and collecting cargoes at Tanjungwangi Port. Thus, PT. Timur Nusantara was taken over by a domestic private company with the same name, namely PT. Eastern Archipelago.

Loading and unloading equipment provided by PT. Timur Nusantara has a container moving speed from port to ship which is 8 - 10 containers per hour, so for a ship with a capacity of 300 containers (box) it takes 30 - 37 hours to load. In the initial phase of operation until December 2003, the Container Terminal only served 14 ships with 41,631 GT and 141 boxes or 230 TEUs (most of the cargo was pumice, 38 boxes or 76 Teus). To maximize the potential for cargo in the hinterland area, it is necessary to build a special dock for loading and unloading containers and updating its loading and unloading facilities so that the speed of container moving from port to ship can be faster so that it can increase the economy and economic growth in Banyuwangi Regency.

The objectives of this study were 1) to determine the effect of the construction of container terminals at Tanjungwangi Port, Banyuwangi Regency on economic

growth in Banyuwangi Regency; 2) to determine the effect of the construction of a Container Terminal at Tanjungwangi Port, Banyuwangi Regency on investment in Banyuwangi Regency; 3) to determine the strategy for developing a container port at the port of Tanjung Wangi, Banyuwangi Regency.

II. LITERATURE REVIEW AND HYPOTESIS

➤ *Economic Growth Theory*

Economic growth is defined as the development of activities in the economy that causes goods and services produced in society to increase and the prosperity of the community increases (Sukirno, 2000). So economic growth measures the achievement of the development of an economy. Based on one period to another, the ability of a country to produce goods and services will increase. This increased capability is due to the addition of production factors both in quantity and quality.

One of the targets of regional economic development is to increase the rate of regional economic growth. Regional economic growth is measured by growth in Gross Regional Domestic Product (GRDP) at constant prices. According to Kuznets, economic growth is a long-term increase in a country's ability to provide its citizens with a wider variety of economic goods. This capacity grows according to technological advances and the necessary institutional and ideological adjustments.

Harrod-Domar's economic growth theory is a growth theory based on economic growth in developed countries. This theory is a direct development of Keynes's macroeconomic theory which is a short-term theory which later becomes a long-term theory. In the Harrod-Domar model the role of investment is very important. In the long run, investment has a double effect.

➤ *Investment Theory*

Investment or investment is an expenditure that aims to increase capital and obtain profits in the future. Because of its important role in development, investment is often called the "engine of growth". According to Harrod-Domar's theory in Todaro (2006), every economy can set aside a certain proportion of its national income if only to replace damaged capital goods. However, to grow the economy, new investments are needed in addition to the capital stock. Investment is defined as the change in the stock of capital, and has a direct relationship with total output. Direct investment in nature will have an impact on labor absorption, which in turn can increase national output.

In the theory of endogenous growth, technological developments are an important factor affecting investment. According to Todaro (2006), an endogenous growth model can be used to determine the potential for high investment returns in developing countries where the ratio of capital to labor is still low. The endogenous growth model sees technological change as an endogenous result of investment in human capital and technology-intensive industries, both by private and public. This theory refers to innovation or

technological development as a component that affects investment, where previously technological changes or developments were the result of investing in physical capital and human capital that could create an external economy and increase productivity.

➤ *The Development of Tanjung Wangi Port to increase investment and economic growth*

The Solow growth model assumes an unchanging relationship between capital and labor input and output of goods and services. But the model can be modified which allows an increase in the ability of society to produce. Technological advances that optimize the workforce at a certain rate affect the Solow growth model in the same number as population growth. Economic growth means the physical development of goods and services production that prevails in a region, such as an increase in the production of industrial goods, infrastructure development, an increase in the number of schools, an increase in the production of the service sector and an increase in the production of capital goods. Therefore, to provide an overview of the economic growth achieved by a country, the measure used is the growth rate of real national income achieved. Economic growth that causes goods and services to be produced in the economy which causes goods and services to be produced to increase and the welfare of society to increase so that work agreements are created.

Thus, pursuing economic growth must be accompanied by the creation of new jobs. Not just high economic growth, but growth in the quantity and quality of employment through labor-intensive economic efforts. Government investment through fiscal and monetary policies must consider and give priority to potential economic sectors (business) such as; agriculture, manufacturing, food and service sectors.

Share government policies in implementing development, especially those implemented by the central government and by autonomous regional governments which always aim to improve, influence and carry out and direct changes in development implementation activities. In increasing revenue from original regional income, the funds for development expenditures will increase in facilitating development activities in all sectors which in turn stimulate economic growth. With limited local revenue sources, local governments will experience difficulties in their role as the main driver of development in optimal areas. Therefore, the regional government at the beginning of the decentralized regional autonomy period really hoped that the private sector and society could play a more role in implementing regional development by contributing to regional taxes and levies.

To realize this, funds are needed to finance development needs, including routine expenses such as personnel expenses and capital expenditures, which are also referred to as development costs. Likewise development financing, including financing in the agricultural and irrigation sectors, trade and industry, regional development and so on. Manpower is an important aspect in economic development, because labor is one of the remuneration for production factors. Recently, the topic of employment issues and

economic growth both on a national and regional scale has received a lot of attention. High economic growth requires additional investment and a conducive economic policy is an important matter because the addition of new investment is expected to encourage economic growth which in the end can also create new jobs.

➤ *The hypothesis proposed in this study were:*

H1 : Jumlah kunjungan kapal berpengaruh terhadap investasi Kabupaten Banyuwangi

H2 : Arus muatan barang berpengaruh terhadap investasi Kabupaten Banyuwangi

H3 : Jumlah kunjungan kapal berpengaruh terhadap pertumbuhan ekonomi Kabupaten Banyuwangi

H4 : Arus muatan barang berpengaruh terhadap pertumbuhan ekonomi Kabupaten Banyuwangi

III. RESEARCH METHOD

This type of research used explanatory research, namely research that explains the effect of independent variables including the influence of the construction of container terminals at Tanjungwangi Port, on economic growth and investment in Banyuwangi Regency. In addition, this study describes the potential for the construction of Container Terminals at Tanjungwangi Port and the strategy to increase the construction of Container Terminals at Tanjungwangi Port, Banyuwangi Regency.

The method of data analysis using multiple Regression analysis, SWOT analysis was the systematic identification of various factors to formulate strategies. This analysis is based on logic that maximizes the strengths (strengths) and opportunities (opportunities), but at the same time minimizes weaknesses and threats.

IV. RESULTS AND DISCUSSION

➤ *Effect of Number of Ship Visits and Flow of Goods on Economic Growth in Banyuwangi Regency*

Container ports are a basic necessity for industrial estates considering that container ports are one of the main transportation infrastructure for goods in and out of industrial estates. Based on Law no. 39 of 2009 concerning Special Economic Zones, Tanjung Wangi Port fulfills the requirements to become an industrial development area and a special economic zone in the context of realizing the direction of Banyuwangi Economic Corridor Development (PKE).

Within the Banyuwangi Economic Corridor The strategic position of Tanjung Wangi Port, which is right on the edge of Bali, makes this port a potential entry point for trade in goods in eastern Indonesia. The position of the port is very strategic in the cross position of the golden triangle of Banyuwangi Bali and Central Situbondo via the west coast. Moreover, the existence of Tanjung Wangi Port is not far from Banyuwangi Airport, making it easier to interconnect with major cities in Indonesia, especially in eastern Indonesia. Furthermore, this policy direction is accommodated in the Banyuwangi master plan.

Topographically, the port of Tanjung Wangi has a relatively flat area around it and is very potential to be designated as a SEZ development location. Tanjung Wangi Port is very strategic compared to other ports. The ship that wants to dock at Tanjung Wangi port only takes a short time. This is supported by the depth and structure of the natural waterway of Tanjung Wangi Port as well as the relatively calm conditions of the port pool, making it easier for ships to dock without being assisted by pilot boats.

Based on the test results, it shows that the number of ship visits and the flow of goods on economic growth in Banyuwangi Regency. This shows that the more ship visits, the more economic growth will be increased. The role of the Tanjung Wangi port in economic growth is very important. Fishing ports are more dominant in impacting economic growth. The large number of boats that dock and carry out loading and unloading activities at the fishing port is able to absorb a lot of loading and unloading power at the port and the existence of fish auctions at the port can increase the interest of the fishing community and fish traders to carry out activities at the port. This is inversely proportional to activities at commercial ports.

The development of either an increase or decrease in the number of ships anchored at the port has also reduced the amount of revenue in the Tanjung Wangi Port. In addition, people who depend on making a living from life in the port have reduced their income so that the economy of the surrounding community is affected.

In addition, an increase in the flow of goods at the port will improve the economy. Based on these problems, a revitalization process is needed for the Tanjung Wangi Port. The revitalization process includes improving the physical and economic aspects of buildings and urban spaces. Physical revitalization is believed to improve the physical condition (including public spaces) of the city, but not in the long term. For this reason, it is still necessary to improve and increase economic activities (economic revitalization) which refers to the socio-cultural and environmental aspects (environmental objectives). This is absolutely necessary because through productive utilization, it is hoped that it will establish a mechanism for lasting maintenance and control of the existence of city facilities and infrastructure. The number of ship visits at the port of Tanjung Wangi will increase regional income and increase the business sector around the port.

Meanwhile Port as a place for government and business activities, which consists of Main Port, Collecting Port, Feeder Port, as mentioned in Transportation Metering Regulation No. 51 of 2015 concerning the Operation of a Sea Port, that the Main Port is a port whose main function is to serve domestic and international sea transportation activities, transfer of domestic and international sea transportation in large numbers, and as a place of origin for passengers and / or goods, as well as ferry transportation. with a range of services between provinces.

Collecting Port is a port whose main function is to serve domestic sea transportation activities, transfer and load domestic sea transportation in a medium amount, and as a place of origin for passengers and / or goods, as well as ferry transportation with inter-provincial service coverage Feeder Port is a port whose main function is to serve domestic sea transportation activities, transfer and load domestic sea transportation in a limited number, serve as a feeder for the main port and collecting port, and as a place of origin for passengers and / or goods, as well as ferry transportation with a range of services. within the province. The development or development of transportation facilities can also have a positive impact on an area (Fisu, 2018). Transportation is closely related to accessibility, where accessibility is a factor that greatly determines the organization of space in urban areas.

According to Fisu (2016), one of the characteristics of a city or zone that can affect the choice of transportation modes is population density and distance from the city center. Increasing accessibility and land use are interrelated processes (Fisu, 2019). Infrastructure development and development activities need in-depth studies from various sides, including aspects of land carrying capacity and aspects of spatial planning. On the other hand, the growth of economic activity will affect the demand for more transportation (Fisu, 2019), the development or development of transportation facilities can also have a positive impact on an area.

The role of ports in economic development is getting bigger in line with the increasing importance of ports in logistics activities, especially intermodal or multimodal transportation. In addition, ports are usually the starting place for a city or civilization and there are many cultural heritage buildings and colonial buildings in urban areas (Nurhijrah & Fisu, 2019), especially port cities. One of the important and strategic roles of a port in its activities is very large for the growth of industry, economy and trade and is a business sector that contributes to national economic development (Elfrida, 2017). One of the goals of a country is to increase its economic growth. One measure of economic growth is national income. The national income of a country can show how much economic activity as a whole. The concept of national income is the measure most often used as an indicator of economic growth, but it is not the only indicator of economic growth. Economic growth is a process, not a picture of the economy in a certain period, there are developments or changes and the use of time. The problem of economic growth in a region depends on many factors, one of which is the government's policy itself. These government policies must be recognized and identified appropriately so that economic growth can be achieved in an area.

➤ *Effect of Number of Ship Visits and Flow of Goods on Investment in Banyuwangi Regency*

Based on the test results, it shows that the number of ship visits and the flow of goods to investment in Banyuwangi Regency. This shows that the greater the number of ship visits, the more investment will be increased. The role of Tanjung Wangi port in investment is very important.

The port as an economic engine creates a huge multiplier effect for the economy in the area where the port is located. The multiplier effect means that activities at the port will create new economic activities related to it (linkage), both backward linkage and forward linkage. The bigger the port, the bigger the multiplier effect that is created.

The port as a separate company / industry (port as a corporation) is a source of foreign exchange with very high added value. The port has high added value because it is a tertiary sector industry where it provides services to its users both local and international. The services provided will provide income to the state. The bigger the port, the greater the income. Due to these three reasons, a country will try to develop the port it has to be bigger. The size of the port in question does not only mean the geographical area of the port, but also the volume of the port's activity. The volume of port activity can be seen from the number of ships that stop by, the size of the ship, the amount of cargo, and the value of the cargo. The port must be able to compete with other ports so that ships are interested in stopping and carrying out loading and unloading activities at the port.

The existence of port development will increase investment. If the port is more developed, the higher the investment needed in this development will be. The development of the port in Tanjung Wangi will be able to increase investment in Banyuwangi Regency.

➤ *Strategy for Construction of Container Terminals at Tanjungwangi Port, Banyuwangi Regency*

Strategy for the construction of a container terminal at the port of Tanjungwangi, Banyuwangi Regency. Based on the characteristics of external and internal conditions, it is necessary to make plans for strategic development directions which are expected to answer the expectations for the construction of a container terminal at the port of Tanjungwangi, Banyuwangi Regency.

Based on the results of the SWOT analysis, the strategy for the construction of a container terminal at the port of Tanjungwangi, Banyuwangi Regency, expansion of infrastructure development, by implementing policies, namely increasing investment (Government) in the infrastructure sector, expanding infrastructure capacity, equitable access to infrastructure services. In addition to port infrastructure development strategies based on these typologies, general development strategies include the following:

- a. Make use of existing resources to seize export opportunities through container transportation. This is done in the following manner.
 - 1) Increase human resource capacity and institutional strengthening to improve port operational performance.
 - 2) Improve port infrastructure (quantity and quality) to increase port competitiveness.
 - 3) Developing partnerships (government, private, and community) in port infrastructure development,
- b. Develop resources to keep pace with rapid export growth by:

- 1) Creating a conducive climate for increased investment, social, economic and regional development activities, while strategies that are specific or specific are:
- 2) Increase the business sector around the Port of Tanjung Wangi to improve the economy
- c. Maintain resources to keep them functioning optimally by:
 - 1) Increase warehouse support by creating a new, better warehouse.
 - 2) Providing loading / unloading equipment.
 - 3) Increase clean water support.

In addition, the strategy for container development is also carried out by fulfilling the needs of container terminal facilities, procedures for handling ships and cargo at Tanjung Wangi Port must be arranged with due regard to port facilities so that they can run as efficiently as possible and in accordance with the needs that must be met. This procedure starts with the ship arriving for unloading until the ship leaves after loading. Ship handling starts from the arrival of the ship which requires an anchor area, entry channel, port pool and dock that is suitable for the size of the ship. Furthermore, at the boat dock, container unloading activities are carried out. From the jetty, containers are transported to the stacking yard, warehouse, or directly sent to the address of the owner. When the container leaves the port, we must first go through it to check it. Meanwhile, cargo handling starts from the container entering the port area through the gate. In determining port facilities, the first step taken is determining the operational system used. The operational system greatly influences the type of equipment, port layout arrangement, and port operational costs. The condition of the facilities and infrastructure at the Port of Tanjung Wangi with the absence of a weighbridge for now allows the implementation of procedures for handling ships and cargo properly.

The development of Tanjung Wangi Port aims to increase the economic growth of Banyuwangi Regency. The plan is inseparable from the natural resource potential of Banyuwangi Regency and the Banyuwangi master plan to make Tanjung Wangi Port an economic development area. One of the uses of this potential is to create a conducive export climate that needs to be supported by port infrastructure so as to increase industrial efficiency and effectiveness. The infrastructure development is aimed at facilitating the future role of Tanjung Wangi Port as:

- a. Nodes in the transportation network both in the context of Banyuwangi Regency and in the context of the national shipping network;
- b. The gateway to economic activity, especially for the economy of Banyuwangi Regency;
- c. The place for the transfer of transportation modes to support the movement of people and goods and the entire Banyuwangi Regency area to other areas in Indonesia;
- d. Supporting economic, trade and government activities;
- e. Place of distribution, production and consolidation of cargo or goods.

This condition is supported by the great potential of the Port of Tanjung Wangi as a center for transporting commodities from natural resources in Banyuwangi, given the strategic position of Tanjung Wangi Port which is located

in the waters of the Bali Strait. Tanjung Wangi Port as a national port directed as the main tertiary port is further determined by taking into account:

- a. act as a national container transport feeder;
- b. acting as a place for loading and unloading of passengers and national public goods;
- c. play a role in serving national container transportation throughout Indonesia;
- d. is close to the national shipping line +50 miles;
- e. minimum port depth -9 m LWS;
- f. having a multipurpose pier with a minimum length of 150 m, a mobile crane or skipgear with a capacity of 50 tons;
- g. the distance from other national ports is 50-100 miles.

Based on observations of activities in the field and information from local officials, shipping activities at the Tanjung Wangi Port, Banyuwangi Regency are still quiet until now due to constraints on loading and unloading equipment facilities at the port of this region. A year after the completion of this port construction, ship entrepreneurs still lack interest to enter the port due to insufficient facilities, especially for loading and unloading equipment. The utilization of Tanjung Wangi port is currently classified as a bulk cargo port. The types of loading and unloading commodities are still limited to building materials such as cement, sand, gravel, then agricultural needs such as fertilizers and agricultural and plantation products such as bananas, cocoa, wood, coconut, and so on.

However, for future scale needs, the Government of Banyuwangi Regency needs to pay attention to environmental arrangements related to the layout of the buildings around the port and access to the port. Based on the condition of the main gate, it can be seen that densely populated settlements along the entrance road. In terms of safety, the residential area needs to be relocated because with the increasingly hectic use of the port, large trucks will pass and cause inconvenience and may endanger residents who live along the port entrance.

The projection of potential loading and unloading data on the development of goods flows shows a trend of increasing activity in line with the direction of policy in the Banyuwangi Regency RPJMD in an effort to develop the productivity of production centers for agriculture, fisheries, as well as agro-business and industry. Thus, the planned construction of Tanjung Wangi port container terminal infrastructure is expected to support the development of areas of economic growth interest in Banyuwangi Regency. In this case, the role of government and community involvement is very important to support and encourage the optimization of the role of the commodity processing industry from leading sectors in each district in Banyuwangi Regency so that it can provide added value. Overall, it can be explained that the Port of Tanjung Wangi is feasible to be developed based on the existence of policy support at the national to regional levels, the strategic position of the port regionally, the regional economic potential, the current projection results of loading and unloading flows which show an increasing trend and availability of port facilities and infrastructure.

V. CONCLUSIONS AND SUGGESTIONS

Based on the description of the data analysis, it can be concluded that the following matters. 1) Based on the test results show that the number of ship visits and the flow of goods on economic growth in Banyuwangi Regency. This shows that the greater the number of ship visits, the more economic growth will be increased; 2) Based on the test results show that the number of ship visits and the flow of goods to investment in Banyuwangi Regency. This shows that the greater the number of ship visits, the more investment will be increased. The role of Tanjung Wangi port in investment is very important; 3) The Strategy for the Construction of Container Terminals at Tanjungwangi Port, Banyuwangi Regency based on the SWOT matrix resulted in 3 alternative strategies for choosing the SO strategy, namely utilizing resources to seize export opportunities through container transportation, developing resources to balance rapid export growth, maintaining resources function optimally. The chosen strategy is translated into annual policies and programs for the next 5 years.

Suggestions that can be put forward in this research are 1) There is an increase in the flow of container loading and unloading at Tanjung Wangi Port, it is necessary to provide a separate Container Terminal Unit for Tanjung Wangi port considering the potential of a container port is very much needed in the development of Tanjung Wangi Port in Banyuwangi Regency; 2) To meet the needs in the coming years for the port of Tanjung Wangi Port, it is necessary to carry out a development plan in a good service system for all existing facilities at the port of Tanjung Wangi Port, so that the port can serve development needs in stages over the years. which will come.

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