

The Impact of Indonesia Capital City's Relocation to East Kalimantan on the Agricultural Sector of South Kalimantan: IRIO Analysis

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Abstrak - Penelitian ini bertujuan untuk mengukur dampak perpindahan Ibu Kota Negara Indonesia ke Kalimantan Timur terhadap sektor pertanian Kalimantan Selatan. Penelitian ini menggunakan data sekunder, yaitu Inter – Regional Input-Output Table (IRIO) tahun 2016 untuk 52 sektor. Dari 34 provinsi di Indonesia, tabel IRIO merangkumnya menjadi 3 wilayah, yaitu Wilayah Kalimantan Selatan, Wilayah Kalimantan Timur, dan Wilayah Lainnya. Selain itu, penelitian ini juga ingin mengetahui proyeksi kenaikan permintaan akhir bahan pangan di Kalimantan Timur, dengan menggunakan data sekunder berupa proyeksi jumlah penduduk Indonesia 2020 – 2050, proyeksi jumlah penduduk Ibu Kota Negara RI tahap I (2022 – 2024), dan rata-rata pengeluaran per kapita menurut sub kelompok pangan di provinsi Kalimantan Timur. Hasil penelitian menunjukkan bahwa pertambahan jumlah penduduk yang bermigrasi ke Kalimantan Timur sekitar 12 persen dari total proyeksi penduduk pada tahun 2024. Kenaikan ini akan meningkatkan konsumsi pangan pada sektor pertanian tanaman pangan sebesar 779,67 miliar (14,88 persen). Khususnya, peningkatan konsumsi produksi pertanian tanaman pangan sebesar 14,88 persen di Kalimantan Timur akan berdampak pada impor sektor pertanian tanaman pangan Kalimantan Timur dari Kalimantan Selatan sebesar 8,83 miliar rupiah dari sektor pertanian tanaman pangan Kalimantan Selatan. Selanjutnya, sektor pertanian tanaman pangan Kalimantan Selatan merespon permintaan impor tersebut dengan meningkatkan produksinya sebesar 9,07 miliar.

Abstract - This study aims to measure the import impact of Indonesia Capital City's relocation to East Kalimantan on the agricultural sector of South Kalimantan. The study employed secondary data, namely Inter – Regional Input-Output Table (IRIO) 2016 for 52 sectors. Of the 34 provinces in Indonesia in IRIO table, these provinces are categorized into 3 regions: South Kalimantan Region, East Kalimantan Region and Other Regions. In addition, it tried to determine the projected increase in final demand for foodstuffs in East Kalimantan using secondary data, such as the projections of Indonesian population 2020 – 2050, the population of the Indonesian Capital City in phase I (2022 – 2024), and average expenditures per capita according to sub-food groups in East Kalimantan province. The results showed that the increasing number of people migrating to East Kalimantan Province was around 12 percent from the total population projection in 2024. This increase will raise food consumption in the agricultural food crop sector of East Kalimantan by 779.67 billion (14.88 percent). The increasing consumption of food crop agricultural production by 14.88 percent in East Kalimantan will have an impact on imports from the food crop agricultural sector of East Kalimantan from food crop agricultural sector of South Kalimantan equal 8.83 billion. Next, food crop agricultural sector of South Kalimantan responded that demand by increasing their production to 9.07 billion.

Keywords: Capital City; Population Increase; Foodstuffs; Inter-Regional Input-Output (IRIO); Food Crop Agricultural Sector

INTRODUCTION

In order to increase economic growth in Indonesia, the government is making various efforts and endeavors to accelerate national projects that are considered strategic and have a high level of urgency, such as the National Strategic Project (PSN). PSN is an Indonesian strategic infrastructure project under the leadership of President Joko Widodo to increase economic growth, equitable development, community welfare, and regional development (Perpres RI, 2016). It is regulated through presidential regulations, while the implementation is carried out by the central government, regional governments, and/or business entities, as well as Government-Enterprise Cooperation (KPBU), prioritizing the use of domestic components.

One of the PSN's priority activities is moving the national capital from Jakarta to Penajam North Paser Regency and Kutai Kartanegara Regency in East Kalimantan, also included in RPJMN 2020 – 2024. The basis for moving the national capital is to change the national development focus, which mainly remains Java-centric to Indonesia-centric. Thus, the development is hoped to represent national identity and diversity. Besides, moving the capital city from Java Island to Kalimantan Island is an effort to promote equal and better delivery of social welfare between regions in Indonesia.

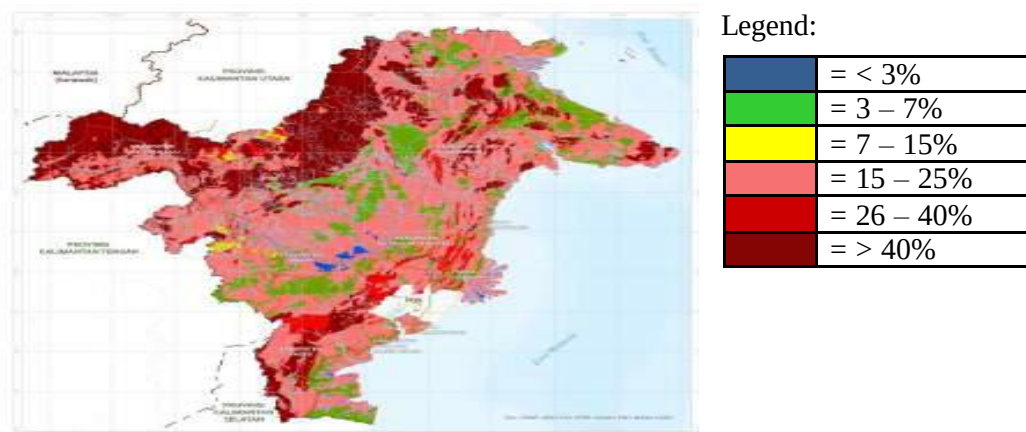
Based on Presidential Regulation of 2022 No 63, the relocation of the capital city will be undertaken in five phases. Phase 1 is the initial stage of development and relocation, carried out in 2022 – 2024. In this first phase, the development focuses on the movement of civil servants (ASN), the national army (TNI), the national police (POLRI), and other residents, such as their family members and workers. The transfer of representation from the executive, legislative, judiciary, ASN, and TNI/POLRI will be carried out in 2024. To prepare for this transfer, government offices and housing for ASN, TNI, and POLRI are currently constructed, paired with all environmental infrastructure as well as public and social facilities. Accommodation infrastructure and other facilities, such as food and beverage, are also prepared for construction workers, defense forces, and security elements to secure the site. The total population of the capital city and its existing residents in 2024 is projected to be around 488,409 people. Details of the projected population of the Indonesian Capital City in Phase 1 are provided in the following table:

Table 1. Projected Capital City Population in Phase I (2022 – 2024) (In Person)

No	Population	2022	2023	2024
1	Total manpower	15,713	16,313	77,398
1.1	State Civil Servants (ASN)	-	-	
1.2	Ministry of Defense/TNI, Polri, BIN, BSSN, and Bakamla	-	-	60,000
1.3	Employees of independent state institutions/public bodies	-	-	485
1.4	Industry workers in the capital city	-	-	-
1.5	Workers in the supporting service sector who are induced by industry in the capital city	-	-	-
1.6	Construction workers during the construction of the Indonesian capital city	15,713	16,313	16,913
2	Dependent Population	16,354	16,979	257,675
2.1	ASN family members	-	-	
2.2	Family members of the Ministry of Defense/TNI, Polri, BIN, BSSN, and Bakamla	-	-	240,000
2.3	Family members of employees of independent state institutions/public bodies	-	-	72
2.4	University students	-	-	-

2.5	Families of industry workers in the Indonesian capital city	-	-	-
2.6	Family of workers in the supporting service sector working for industries in the capital city	-	-	-
2.7	Families of construction workers during the construction of the Indonesian capital city	16,354	16,979	17,603
3	Number of Existing Populations within the delineation of Capital City	150,612	151,968	153,336
	Total Population	182,679	185,260	488,409

With the appointment of East Kalimantan as Indonesia's capital city, the population in the province is projected to increase following people's migration into that area. This migration will surely have some impacts, such as the increasing food demand in the province. However, the land topography of East Kalimantan poses a challenge in increasing food production in the region. As presented in Picture 1, the land topography consists of slopes above 15 percent. In fact, the development of food crops is only possible in flat and sloping areas with a slope of 0 and 15 percent (0 - 15%) (Regional Regulation Concerning the RPJMD of East Kalimantan Province, 2019). Therefore, East Kalimantan needs to import food from other provinces to meet the food demand in that region.



Picture 1. Topographic Map of East Kalimantan

One of the provinces that is more likely to supply food is South Kalimantan Province. With an area of 3.7 million hectares, this province has the largest rice fields compared to other provinces in Kalimantan. Therefore, South Kalimantan has strong food security and is likely to become a national rice granary. Based on the Food Security Index (IKP) issued by the National Food Agency, South Kalimantan's score on the food security index is 81.05, ranking fourth best from all provinces in Indonesia behind Bali (85.19), Central Java (82.95), and South Sulawesi (81.38) (Badan Pangan Nasional, 2022). This score emphasizes South Kalimantan's capacity to meet food conditions as reflected in the availability of sufficient food, both in quantity and quality.

Moreover, based on the role of the GRDP of South Kalimantan Province in the last five years, the agricultural sector of South Kalimantan Province is the second largest sector that supports the province's economy after the mining and quarrying sector. In 2022, the agriculture, forestry, and fisheries sectors contributed 11.4 percent to South Kalimantan's GRDP (BPS Kalimantan Selatan, 2023). This indicates that the agricultural sector has a very important role in the economy of South Kalimantan.

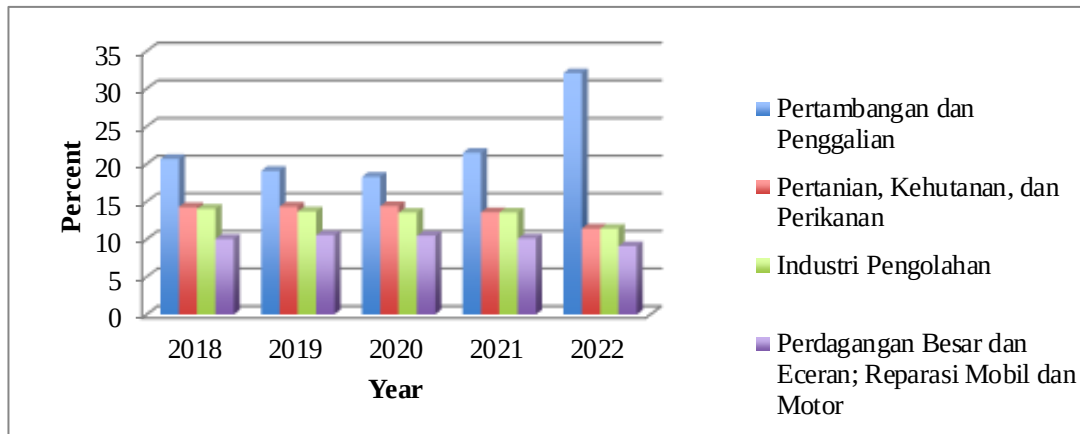


Figure 2. GRDP of South Kalimantan Province based on Current Prices According to Business Fields (Percent) 2018 – 2022

As the gateway to the new national capital, South Kalimantan is projected to not only meet regional food needs not only in South Kalimantan but also in the new national capital. It is certain that providing food for the new national capital will be a challenge for the South Kalimantan Province in the future. They need to increase food crop production capacity; thus, a structured agricultural development roadmap is needed.

A good economic structure development planning, which is still partial, is certainly required to avoid the failure of planning implementation. To achieve that, this research conducts an analytical model that can unify regional development planning. Of several analytical tools, one tool that is considered suitable for studying the overall relationship of sectors between regions is Inter-Regional input-output (IRIO) analysis. Therefore, in this research, the author attempts to measure the import impact of moving the country's capital from Jakarta to East Kalimantan, particularly on the agricultural sector of South Kalimantan based on IRIO analysis.

LITERATURE REVIEW

Economic development must be viewed as a process in which the interrelationships and mutual influences of economic development factors are interrelated. Todaro and Smith (2003) argued that development must be conceived of as a multidimensional process involving major changes in social structures, popular attitudes, and national institutions. Quality development can promote the acceleration of economic growth, the reduction of inequality, and the eradication of economic growth. In addition, it must represent the whole gamut of change by which an entire social system is tuned to the diverse basic needs and desires of individuals and social groups within that system. It moves away from a condition of life widely perceived as unsatisfactory toward a situation or condition of life regarded as materially and spiritually better. It is necessary to note, however, that economic development not only promotes benefits but also poses some issues.

On a national scale, the development process so far has apparently made quite large and complex development problems. A development approach that greatly emphasizes macroeconomic growth tends to ignore large development gaps between regions (Rustiadi et al., 2009). Investment and resources are absorbed and concentrated in certain cities and growth centers, while hinterland areas experience excessive resource depletion. For this reason, the concept of regional development is linked to aspects of spatial management, which has become a model for regional economic growth with regional development theory. This concept emphasizes the existence of economic growth centers in regional entities (growth poles). Growth poles can be interpreted in two ways, namely functionally and geographically. Functionally, a growth pole is a concentrated location of business groups or industrial branches, which have elements of

dynamism due to the nature of their relationships. These business groups typically can stimulate economic life inside and outside the hinterland (Tarigan, 2005). However, the development of an area usually affects the area's population growth and density (Rustiadi et al., 2009). As the population increases, the food demand also rises. The relationship between food and population was discussed systematically by R.T. Malthus around the end of the 18th century until the beginning of the 19th century (Rusli, 2012). Malthus (1798) argued that population tends to grow much faster than food.

Regional development cannot be separated from sectoral, partial integration, and integration between development actors (institutions) within and between regions. Sectoral integration requires synergistic functional linkages between development sectors. Thus, every development activity in sectoral institutions is carried out within the framework of regional development (Rustiadi et al., 2009). Sectoral integration means the integration of efficient and synergistic industrial input and output systems. Developing regions show a link between regional economic sectors in the sense that the transfer of input and output of goods and services between sectors is very dynamic. The characteristics of the regional economic structure, which are indicated by the distribution of sectoral contributions and the sectoral linkages of the regional economy, can technically be explained using the Input-Output (IO) Analysis. Baumol, as cited in Nazara (2005), explains that the Input-Output Analysis is an attempt to include a general balance between consumption and production.

Indonesia's effort to move its capital city is not the first in the world. Muluk and Suprayitno (2020) observed six capital relocations in other countries. Some reasons for previous relocations in other countries are to balance the development, to reduce population density, or to maintain military reasons. Rachmawati et al. (2021) stated that there are various backgrounds and driving factors of capital relocation. The driving factors include environmental pressure, pollution, urban heat islands, housing, and disaster. The relocations of Myanmar's Yangon to Naypyidaw and Malaysia's Kuala Lumpur to Putrajaya are the best practices in capital city development that boost new activities and urban extension. In Indonesia, these success stories are expected to repeat. Farida (2021) studied the capital relocation plan from the perspective of regional planning. Based on her research, North Penajam Paser has the potential for spatial and infrastructure development because of its vast land banks and low risks of earthquakes. However, she stated that the consequence of being a capital city is the eventual migration of citizens. Thus, spatial planning must consider sustainability principles with all external impacts on physical environmental changes. Another study was conducted by Amila et al. (2023), who analyzed the impacts and risks of IKN relocation on the economy of Indonesia. Their research showed that IKN relocation has the potential to increase national economic development with a low inflation rate. Further, the growth of industrial areas with downstream value chains will increase people's income, which in turn will reduce economic inequality between Java Island and outside Java Island.

Scholars have used different methods to investigate the effect of capital city relocation. For example, Yusuf et al. (2023) investigated how the capital city relocation may affect the destination region's economic structure using an inter-regional computable general equilibrium modeling. The model considers not only how different economic sectors are interconnected but also how sectors within one province are interconnected with sectors in other provinces. In addition to that, Inter-Regional Input-Output (IRIO) analysis can be considered as a method to measure economic structure within one province and also across provinces. For instance, Mukhyi (2007) researched the role of agricultural sub-sectors and leading sectors in developing the economic area of West Java Province. The research employed the IRIO approach and found the sector margin contribution level in West Java Province, including the processing industry, trade sector, hotels and restaurants, and the agricultural sector (agriculture, livestock, forestry, and fisheries). These sectors accounted for more than 20% of the total GRDP of West Java. This method has also been used in other countries, as demonstrated by Yamada (2015), who constructed a multi-region IO table for the Nagoya metropolitan area in Japan. He explained the characteristics of the economic structure in Nagoya metropolitan city. Meanwhile, Anagnostou

and Gajewski (2021) developed a multi-region IO table for the Polish region, which was then used for macroeconomic simulations, including assessing the response of internal policy impulses or testing the resilience of regional economies to external shocks.

In a much broader sense, Imansyah et al. (2014) researched the global financial crisis in the Indonesian economy using IO analysis simulations. Based on the simulation, if Indonesia decreases exports to the USA, economic growth will decrease by 0.20%. Meanwhile, if they cut off their exports to European Union countries, economic growth will decrease more significantly by 1.06%. The crisis that occurred in the US and the European Union has reduced demand for exports from these countries and several regions of Asian countries. Meanwhile, the impact on employment appears minimal, namely only -0.47% of the total *labor force*. After that, Muchdie et al. (2018) analyzed the trade balance in the Indonesian economy using IO tables for several years: 2000, 2005, 2010, and 2014. The results show that Indonesia's exports have increased significantly during the years they studied. Then, Indonesia's imports also increased significantly. Important sectors, export and import trade partners of the country have been suggested by this research. Third, they also found that the trade balance in the Indonesian economy was a surplus in all years of the study.

METHOD

This research aimed to measure the import impact of Indonesia's capital city's relocation on the agricultural sector of South Kalimantan. This research employed secondary data, such as the Inter-Regional Input-Output Table (IRIO) 2016, for 52 sectors. Of the 34 provinces in Indonesia in IRIO table, these provinces are categorized into 3 regions, namely South Kalimantan Region, East Kalimantan Region, and other regions. In addition, this research tried to determine the projected increase in final demand for foodstuffs in East Kalimantan using secondary data, such as the projections of the Indonesian population in 2020 – 2050, the population of the Indonesian capital city in Phase I (2022 - 2024), and the average expenditures per capita according to subgroups food in East Kalimantan province. The limitations of this research were static comparisons, in which the results of simulations were applied with and without policies without including the element of time.

The analysis technique employed in this research was the Inter-Regional Input-Output (IRIO) analysis. It is used to explain the objectives of the research. The objectives were processed using descriptive analysis and impact analysis. Descriptive analysis is an analysis that explains the structure and roles (contributions) in the IRIO table. On the other hand, impact analysis explains the impacts influenced by changes in final demand in the IRIO table. The impact analysis in this research included the impact of output and import requirements. Output impact analysis shows the formation of sector output, which is influenced by final demand. Using the formula $X = (IA)^{-1} F$, the analysis can clarify the relationship between final demand in each region. Meanwhile, the analysis of the import impact measures the impact of final demand on sectoral import needs in each region. The formula used to calculate the impact of import needs was:

$$M = m^{\wedge} B Y_x$$

- M = necessary imports due to final changes
- $m^{\wedge}$ = diagonal of the import coefficient matrix
- B = inverse matrix / Leontif matrix
- Y_x = changes in food consumption

RESULT AND DISCUSSION

By making East Kalimantan Indonesia's capital, it is certain that the population in the province will increase. With this increase, East Kalimantan's consumption or expenditure will increase, especially in terms of food. According to data from Statistics Indonesia (BPS) of East Kalimantan

2023, the average monthly expenditure per capita according to food sub-groups in East Kalimantan Province is as follows:

Table 2. Average of monthly expenditures per capita according to food sub-groups in East Kalimantan province in 2022

Food Groups	Average Per Capita Expenditure (Rupiah)	Per Capita Expenditure Percentage
(1)	(2)	(3)
A. Grains	73,149	8.99
B. Tubers	7,190	0.88
C. Fish/meat/squid/shellfish	95,645	11.76
D. Meat	47,589	5.85
E. Eggs and milk	51,114	6.28
F. Vegetables	66,923	8.23
G. Nuts	15,990	1.97
H. Fruits	35,846	4.41
I. Oil and coconut	25,651	3.15
J. Beverage ingredients	22,348	2.75
K. Spices	19,539	2.40
L. Other consumption	18,758	2.31
M. Fast food and beverage	251,135	30.87
N. Cigarette	82,570	10.15
Total Food	813,447	100.00

Source: Statistics Indonesia (BPS) of East Kalimantan (2022)

The classification of food commodity groups above shows that people's consumption patterns have shifted. Practical and fast foods are now more widely consumed. Table 2 shows that the expenditure per capita of East Kalimantan's people is spent more on ready-made food and beverage products (30.87%), fish/meat/squid/shellfish products (11.76%), and cigarettes (10.15%). For agricultural products, they spend food crops consisting of the grain group by Rp 73,149, the tubers group by Rp. 7,190, and the nuts group by Rp. 15,990. It means that, on average, the East Kalimantan people spend Rp. 96,329 (11.84%) per capita for a month to consume agricultural food products or as much as Rp. 1,155,948 per capita for one year. That number is more or less equivalent to the rice allowance received by civil servants in East Kalimantan. Based on the Regulation of the Director General of the Treasury No. Per/03/PB/2015, the amount of rice allowance given to civil servants every month is 10 kilograms (kg). If the rice allowance is converted to cash, the amount is set at IDR 7,242 per kg or around IDR 72,400 per month.

Meanwhile, the projection of the total population in East Kalimantan province according to Statistics Indonesia of East Kalimantan in 2024 can be seen in the following table:

Table 3. Population projections per regency/city of East Kalimantan province in 2024

No	Regency/City	Population Data
1	Paser	286,990
2	Kutai Kertanegara	789,770
3	Berau	261,830
4	West Kutai	178,740
5	East Kutai	462,990
6	North Sharpener Paser	267,690
7	Mahakam Ulu	34,250
8	Balikpapan City	717,230

No	Regency/City	Population Data
9	Samarinda City	858,080
10	Bontang City	188,290
Total		4,045,860
Projection of new residents (migrants) to KIKN based on Presidential Decree 2022 no 63 (Table 1)		488,409
Total		4,534,269

Source: BPS East Kalimantan (Processed)

Table 3 indicates that the increase in the number of people migrating to East Kalimantan Province is 488,409, or percent from the total population projection in 2024. Based on the data above, it is assumed that consumption of food crops or agricultural products will increase by 779.67 billion (14.88 percent). The basic assumptions can be seen in Table 4 below.

Table 4. Projection of increase in final demand for food crops of agricultural sector products of East Kalimantan province in 2024

Information	Year	
	2022	2024
Per capita expenditures for food crops or agricultural Products in a Year	1,155,948	1,155,948
Population of East Kalimantan	3,859,783	4,534,269
Total Consumption Expenditures for Food Crops Agriculture Sector	4.46 trillion	5.24 trillion
Increase in final demand for food crops or agricultural sector	779.67 billion (14.88%)	

Source: Data processed by BPS East Kalimantan (2023)

Table 4 illustrates that the annual consumption expenditure per capita of East Kalimantan's people for food crops is Rp. 1,144,948. Meanwhile, consumption expenditure for all the people of East Kalimantan in 2022 is 4.46 trillion rupiah. If the projected population of East Kalimantan in 2024 is 4,534,269 people, the consumption expenditure of East Kalimantan for food crops is estimated at around 5.24 trillion rupiah. Thus, the food demand from the food crops will be 779.67 billion rupiah, increasing 14.88 percent. This estimation can be used as a basis for the shocking simulation of the final demand for the East Kalimantan agricultural food crop sector in the IRIO Table 2016.

The impact of population growth in IKN on the agriculture sector in East Kalimantan

The simulation process in this research was carried out to measure the impact of the capital city relocation on South Kalimantan since the relocation would increase the food demand, especially for products from the agriculture sector in the capital city in East Kalimantan.

Based on this research simulation, the food crop consumption (shocking) goes up to 779.67 billion rupiahs or 14.88 percent in East Kalimantan. This rise will encourage East Kalimantan to import food crops from South Kalimantan by 9.07 billion. In particular, the imports from South Kalimantan are related to the food crops of the agriculture sector (I-01), amounting to 8.83 billion rupiahs, chemical, pharmaceutical, and traditional medicine industry sectors (I-19), by 129.97 million rupiahs, and the food and beverage industry sector (I-13) with 27.31 million rupiahs.

Table 5. Impact on the import value of the East Kalimantan food crop from South Kalimantan

Sector Code	Sector	Import Value (Million Rupiah)	Percentage
I-01	Food crop agriculture	8,834.79	97.5%

Sector Code	Sector	Import Value (Million Rupiah)	Percentage
I-19	Chemical, pharmaceutical, and traditional medicine industries	129.97	1.4%
I-13	Food and beverage industry	27.31	0.3%
I-52	Other services	20,21	0.2%

Source: IRIO 2016 table (processed)

To meet the increasing food demand, East Kalimantan needs production materials imported from neighboring provinces, including South Kalimantan Province. Table 5 above shows that East Kalimantan should import food crops from South Kalimantan of 8.83 billion rupiah that will be used as production material for the agricultural sector. The imported goods may be in grain or paddy itself. This import is necessary to meet the additional food demand in that province. Apart from that, the East Kalimantan food crop agriculture sector also needs to import other products, such as fertilizers, pesticides, and herbicides, from the chemical, pharmaceutical, and traditional medicine sectors in South Kalimantan. The import value for these products can reach 129.97 million rupiah.

Based on Table 5, the food crops of East Kalimantan require additional stock from South Kalimantan by 8.83 billion rupiahs. This means South Kalimantan needs to increase its agricultural production by 8.83 billion rupiahs to be exported to East Kalimantan Province. The significant increase in output demand for the South Kalimantan food crop sector has shocked their economic sectors. The results of the shocking simulation that occurred in South Kalimantan can be seen in the following table:

Table 6. The impact of increasing demand for the agricultural sector for food crops in East Kalimantan on the output of South Kalimantan's economic sectors

Sector Code	Sector	Import Value (Million Rupiah)	Percentage
I-01	Food crop agriculture	9.327,3	94,1%
I-05	Hunting and agriculture service	321,16	3,2%
I-33	Wholesale and retail trade, non-cars, and motorbikes	64,78	0,7%
I-19	Chemical, pharmaceutical, and traditional medicine industries	27,37	0,3%

Source: IRIO 2016 table (processed)

Based on the simulation results, the export demand of South Kalimantan has an impact on the province's economy, such as the increasing production in the agricultural sectors. Table 6 indicates that the food crop agriculture sector responds significantly to East Kalimantan's import demand by increasing its production output by 9.33 billion rupiah (94%). The increasing food crop production influences the output of other sectors, such as increasing the land processing services, fertilization utilizations, post-harvest services, other agricultural support services, hunting sector, paddy trade, rice trade, other agricultural product trade in the wholesale and retail trade sectors, and non-cars and motorbikes. This research estimated that output from the agricultural and hunting services sector increased by 321.16 million rupiahs (3.2%). Meanwhile, the non-car and motorbike wholesale and retail trade sector experienced a slight increase of 64.78 million rupiahs (0.7%). This increase was also followed by the chemical, pharmaceutical, and traditional medicine sectors by 27.37 million rupiah (0.3%). These sectors contribute to producing fertilizer products, planting media, and pesticides.

CONCLUSION

In conclusion, this research estimated that the relocation of the capital city to East Kalimantan would increase population migration to the province by 488,409, or 12 percent higher than the total population projection in 2024. This increase, in turn, raised food consumption in the agricultural sector by 779.67 billion (14.88 percent). It then forced East Kalimantan to import food crops from South Kalimantan to maintain its productivity, which was as much as 9.07 billion. They will import various food crops from South Kalimantan (I-01), reaching 8.83 billion rupiah, such as grains and paddies. In addition, they are more likely to import non-crop products from the chemical, pharmaceutical, and traditional medicine industries (I-19), such as fertilizers, pesticides, or other chemical products to support planting.

With the demand for importing food crops in East Kalimantan, South Kalimantan responded to it by increasing their production. From the simulation above, the food crop agriculture sector increased its production output by 9.33 billion rupiahs (94%). In addition, other sectors also increased, as demonstrated by the agricultural and hunting services sector growing by 321.16 million rupiahs (3.2%), non-car and motorbike wholesale and retail trade sector boosting their production by 64.78 million rupiahs (0.7%), and chemical, pharmaceutical, and traditional medicine sectors which increased by 27.37 million rupiahs (0.3%). Thus, it is clear that the relocation of the capital city from Jakarta to East Kalimantan will impact the economic structure of South Kalimantan, especially regarding food security. From the simulation above, South Kalimantan can fulfill the demand for imports from East Kalimantan.

Based on the above simulation, this research provides several recommendations. First, the South Kalimantan government is expected to maintain and even increase its agricultural production to keep the stock stable. By so doing, this province can always support food for the new capital city. One of the ways to maintain their agricultural stock is by issuing policies that support farming, such as providing fertilizer, pesticide, and seed subsidies to farmers. In addition, the government can provide business capital in the form of contract farming or known by selling-buying *salam* in Islamic economic. Second, the East Kalimantan government should continue to maintain and increase trade cooperation with South Kalimantan, especially in the food crops or agricultural sector, because South Kalimantan has made a key contribution to supporting food availability for the capital city. Policies that can be considered include creating economic agglomeration through concentrating economic activities to produce mutual benefits and shorten the economic chain. In this way, the trading can be more efficient. Finally, this research suggests that future researchers should develop a study regarding the impact of the relocation of IKN on other sectors. The impact on other provinces that directly border East Kalimantan can also become an interesting issue to discuss.

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