

Conference Paper

Study of the Impact of Establishing a Special Economic Zone Policy for Sorong, Southwest Papua

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Abstract.

The aim of this study is to investigate the impact of the Sorong Special Economic Zone Policy in Southwest Papua. The research approach used in this study is a library research, where data is gathered from various library sources such as books, journals, online platforms, and other relevant resources. The data analysis process involves data reduction, data presentation, drawing conclusions, and verification. The study reveals that the Sorong Special Economic Zone is the first of its kind in Papua, covering an area of 523.7 hectares, strategically located on international trade routes in the Asia-Pacific and Australia. The policy aims to attract investments totaling IDR 32.2 trillion and create job opportunities for 15,024 workers by the year 2025. The Sorong Special Economic Zone offers various investment opportunities, categorized into three main zones: logistics, industrial, and export processing. As a recommendation, the study suggests efforts to actively involve local human resources in the development of the Sorong Special Economic Zone. Rather than being mere spectators, the study proposes the establishment of a national-scale Job Training Center in the Sorong area to enhance the skills and knowledge of local human resources across all industrial sectors in Southwest Papua. This approach can contribute to the growth of qualified and competent human resources in the region. To ensure the success of the Sorong Special Economic Zone, the study emphasizes the importance of active engagement and preparation of the local community. This preparation includes enhancing their knowledge, skills, and understanding of economic institutions, which can lead to more qualified and capable human resources in the future.

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1. Introduction

Development is the process of making change. This process was performed consciously and planned. Tjokroamidjojo [1] states that development is a process of planned social change because it includes various dimensions to strive for progress in economic welfare, modernization, nation building, environmental awareness, and even improving human quality to improve the quality of life.

Development is directed towards economic development based on people's welfare. Sirojuzilam [2] defined economic development as a multidimensional process

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that involves major changes, including changes in economic structure, social change, reducing or eliminating poverty, reducing inequality, and unemployment in the context of economic growth. The aim of economic development is to increase the availability and expand the distribution of various basic necessities of life, improve living standards, and expand economic and social choices for all levels of society. In this context, the government has prepared Special Economic Zones to become areas with economic and geostrategic advantages in supporting increased investment. In addition, the development of Special Economic Zones plays an important role in accelerating regional economic growth and equitable distribution of national development (Press Release of the Coordinating Ministry for Economic Affairs of the Republic of Indonesia, 2023).

1.1. National Priority Agenda

The policy for the development of Special Economic Zones is aimed at making an optimal contribution to achieving 4 (four national priority agendas in Nawacita: 1) Building Indonesia from the periphery by strengthening regions and villages within the framework of a unitary state; 2) improving the quality of life of Indonesian people; 3) increasing people's productivity and competitiveness in the international market; and 4) realizing economic independence by driving strategic sectors of the domestic economy.

Referring to Sihaloho and Muna [3], the development policy of Special Economic Zones is one of Indonesia's strategies to encourage investment and increase its competitiveness. At present, various economic zones operate in Indonesia, including Integrated Economic Development Zones, Bonded Zones, Free Trade and Free Port Zones, and Industrial Zones. However, the development of the area has not yielded optimal results, and there are still various obstacles to its implementation. It was further said that the government's policy was to develop Special Economic Zones by prioritizing various facilities that would attract more investors to conduct business in various regions in Indonesia.

1.2. Public policy

Public policy is a form of government intervention aimed at solving public problems in various aspects of life. Public policy is the government's authority to perform its duties and functions in relation to society and the business world. Government policies for managing people's lives in various aspects are oriented toward the interests of the public/community [4].

Then, James E. Anderson, quoted by Idris et al., [5], sees that public policy is a policy developed by government agencies and officials. Public policy is seen as a governmental action for allocating community values. Meanwhile, Yunita [6] states that policy is a principle or way of acting that is chosen with the aim of directing decision-making that starts with problem formulation. Referring to Silubun et al. [7] it is said that a good policy is one that is understood and known by the public by disseminating it to the policy target groups, especially in the context of e-government-based policies, which in fact not all policy target groups will understand.

1.3. Economic Policy

Economic policy is the action of the government some thing country in setting policy decisions in the field economy. Economic policy is a policy taken by the government related to the economic sector, with the aim of improving the community's economy.

1.4. Special Economic Zone

Special Economic Zones are areas with certain boundaries within the jurisdiction of the Unitary State of the Republic of Indonesia that are determined to carry out functions with certain economic benefits. The main objective of developing Special Economic Zones is to create economic growth, equitable development, and increase the nation's competitiveness. Referring to Sihaloho and Muna [3], it is said that Special Economic Zones (SEZ) are certain areas where special provisions are imposed in the fields of customs, taxation, licensing, immigration and employment. The purpose of developing SEZs is to provide opportunities for increased investment by preparing areas that have advantages and are ready to accommodate industrial, export-import, and economic activities that have high economic value. Furthermore, Based on the above understanding, it can be seen that the objectives of developing Special Economic Zones include: assisting or supporting the local economy, creating jobs, improving the industrial structure in these locations, increasing exports and increasing foreign exchange reserves. For this reason, the regional approach to investment development must be characterized by: 1) "Reasonable": Feasible economically, socially and politically, 2) "Sustainable": Long-term oriented, and 3) "Measurable": Clear in terms of instruments and targets.

It is hoped that policies to establish Special Economic Zones will be able to increase investments or businesses that promote economic growth, which will increase employment opportunities and reduce the poverty rate. Nationally, the objectives to be

achieved include economic equality, especially from the point of view of income and competitiveness of national products. According to Sihaloho and Muna [3] in accordance with the concept of establishing a special economic zone, thorough preparation and commitment from all interested parties are needed to support the implementation of activities within the area. Departing from this, this study will focus on discussing the policy of establishing special economic zones in the Sorong Regency, Papua Province.

2. Methods

The method used is important for conducting this study. Thus, we used a library research approach. Referring to Hamzah [8] who said that library research is actually part of a type of qualitative research, it is just that in this type of research, interviews and observations are not carried out, but text and discourse analysis is carried out by moving the field setting to the library room.

In library research, more emphasis is placed on the strength of the analysis of existing sources and data by relying on existing theories and concepts to be interpreted based on writings that lead to discussion [9]. Furthermore, data collection is done through literature searches, such as books, journals, online platforms, and other library sources deemed relevant to the topic of study. Data analysis was carried out in several stages, including data reduction, data presentation, drawing conclusions, and verification [10].

3. Results and Discussion

3.1. Sorong Special Economic Determination Policy

The Special Economic Zone in Sorong Regency was established through Government Regulation Number 31 of 2016 as the first Special Economic Zone on the land of Papua. The designation of the Sorong Special Economic Zone is expected to become a new center of economic growth in eastern Indonesia, which is also in line with one of the Nawacita principles, namely, developing Indonesia from the periphery. Located in the Mayamuk District, the Sorong Special Economic Zone is built on an area of 523.7 hectares and is strategically located on the international trade routes of Asia-Pacific and Australia. Sorong is a strategic city because it is the entrance and stopover for the province of Papua. Sorong is also known as a city of commerce and the service industry because it is surrounded by natural resource districts with great potential to open up investment opportunities at home and abroad [11].

Referring to Rep and Iqb [12], the Special Economic Zones shove, which is located in the Sele Strait, provides geoeconomic advantages, namely potential in the fisheries and sea transportation sectors. Furthermore, he said that location is also very strategic for the development of the logistics industry, agro-industry, and mining. Based on its potential, the Sorong Economic Zone was developed based on shipbuilding, agro-industry, mining, and logistics industry activities. As for the establishment of the Sorong Special Economic Zone, it is projected to attract an investment of IDR 32.2 trillion and is projected to be able to absorb a workforce of 15,024 workers by 2025. From an infrastructure standpoint, according to the Ministry of Public Works and Public Housing of the Republic of Indonesia, over the past three years, it has built a main road access along with drainage channels for 3.5 km and environmental roads for 6.5 km. The Waymon, Arar, and PT PLN Diesel Power Plants have also been built to supply electricity needs in the Sorong Raya area; currently, there is a capacity of 46 MW with a reserve of 9 MW. In the short term, clean water for Arar Port and the existing industry will use drilled wells with a capacity of 5 L/s and rainwater reservoirs. Meanwhile, in the long term, a Drinking Water Supply System will be built using water sources from the Klasafet River (Klamono) with a capacity of 500 L/s.

3.2. The Impact of the Sorong Special Economic Zone Policy

The Special Economic Zone is one of the 19 locations in Indonesia. The Sorong Special Economic Zone (SEZ) has several investment opportunities. Broadly speaking, it is divided into 3 (three) zones. Quoting Haryanto [13] the zones referred to are as follows:

Fir logistics zone includes warehousing, trade centers, open storage yards, fuel stations, water treatment plants, wastewater treatment plants, and public transport stations. *Second*, the industrial zone includes the palm oil and sago processing industries. In the industrial zone, the main opportunities for the development of the palm oil industry include CPO derivative products that can produce cooking oil, margarine, shortening, vanaspati (vegetable ghee), ice creams, bakery fats, instant noodles, soaps, detergents, cocoa butter extender, chocolate and coatings, specialty fats, dry soup mixes, sugar confectionary, biscuit cream fats, filled milk, lubrication, textile oils, and biodiesel. Palm kernel oil derivatives can produce shortening, cocoa butter substitutes, specialty fats, ice cream, coffee whitener/cream, sugar confectionary, biscuit cream fats, filled mild, imitation cream, soap and detergent, shampoo, and cosmetics. Furthermore, products derived from palm oil oleochemicals can produce methyl esters, plastics, textiles, metals, lubricants, emulsifiers, detergents, glycerine, cosmetics, explosives, pharmaceutical

products, and food. Opportunities for the sago industry can be developed for its derivative products, such as sago flour, vermicelli, analog rice, biscuits, and other food ingredients. *Third*, the export-processing zone consists of petrochemicals, oil refineries, and power plants.

The results of research by Syali et al. [11] show that Special Economic Zones have a very positive effect on the economic growth of southwest Papua Province. *First*, the service factor has a significant influence on the growth economy in the Sorong Special Economic Zone province, Southwest Papua. Services in the city of Sorong are very good so that they can help in carrying out community activities because they are supported by supporting infrastructure in carrying out their activities in Southwest Papua. *Second*, the service model also has a significant influence on growth economy Sorong Special Economic Zone, South west Papua Province, the service model in Sorong City is very good so that it makes it easy for the public to get government services. *Third*, trading activities have a significant influence on economic growth in the Sorong Special Economic Zone. Trade in the city of Sorong is very good, so that it can help carry out buying and selling activities because people get convenience in carrying out buying and selling activities in Southwest Papua. *Fourth*, exports have a significant influence on the economic growth of the Sorong Special Economic Zone, where export activities really help the community in running trade in agricultural products for sale abroad.

With the designation of Sorong Regency as a Special Economic Zone, efforts to involve local human resources in economic activities are of serious concern to the Southwest Papua Provincial Government. The Governor of Southwest Papua, Doweeks Mandacan, hopes that Papuans will not only be 'spectators.' Therefore, the Sorong Regency Government hopes to attract the central government's attention. As for several notes regarding the presence of the Special Economic Zone area, one of them is the need for a large workforce. In this context, it is hoped that a national-scale Vocational Training Center will be built in this area (Sorong) to help fulfill Human Resources in all industrial sectors in West Papua [14]. In line with Yonavilbia [15] to make the existence of the Sorong Special Economic Zone more successful, active involvement from the local community is needed. Therefore, they must be prepared in terms of knowledge, skills, and economic institutions to become more qualified human resources.

4. Discussion

Sorong is a strategic city because it is the entrance and stopover for the province of Papua. Sorong is also known as a city of commerce and the service industry because it is surrounded by natural resource districts with great potential to open up investment opportunities at home and abroad. The government makes it official, and The Sorong Special Economic Zone is located in Sorong Regency, Southwest Papua Province, through Government Regulation Number 31 of 2016 as the first Special Economic Zone in the land of Papua. Located in the Mayamuk District, the Sorong Special Economic Zone is built on an area of 523.7 hectares and is strategically located on the international trade routes of Asia-Pacific and Australia. The policy of establishing the Sorong Special Economic Zone is expected to become a new center of economic growth in eastern Indonesia which is also in line with one of the Nawacita principles, namely; "Building Indonesia from the Outskirts."

The Special Economic Zone Sorong is one of the 19 (nineteen) locations in Indonesia. The designation of the Sorong Special Economic Zone is projected to attract an investment of IDR 32.2 trillion and be able to absorb a workforce of 15,024 workers by 2025. There are several opportunities to invest in the Sorong Special Economic Zone. Broadly speaking, it is divided into 3 (three) zones: logistics, industrial, and export processing. The birth of government policy in establishing the Sorong Special Economic Zone has a positive influence on the economic growth of the people of Southwest Papua, which is caused by factors such as service factors, service models, and community agricultural product export activities.

With the designation of Sorong Regency as a Special Economic Zone, what is of serious concern to the Southwest Papua Provincial Government is efforts to involve local human resources in economic activities, so that the community does not just become 'spectators'. As for several notes regarding the presence of the Special Economic Zone area, one of them is the need for a large workforce. In this context, it is hoped that a national-scale Vocational Training Center will be built in this area (Sorong) so that it can help fulfill Human Resources in all industrial sectors in West Papua. To succeed in the existence of the Sorong Special Economic Zone, active involvement from the local community is needed so that they can be prepared in terms of knowledge, skills, and economic institutions, so that the future can become more qualified human resources.

5. Conclusion

The government makes it official, and The Sorong Special Economic Zone is located in Sorong Regency, Southwest Papua Province, through Government Regulation Number 31 of 2016 as the first Special Economic Zone in the land of Papua, which was built on an area of 523.7 hectares and is strategically located on the Asia-Pacific international trade routes. and Australia. The policy of establishing the Sorong Special Economic Zone is expected to become a new center of economic growth in eastern Indonesia which is also in line with one of the Nawacita principles, namely; "Building Indonesia from the Outskirts."

The designation of the Sorong Special Economic Zone is projected to attract an investment of IDR 32.2 trillion and be able to absorb a workforce of 15,024 workers by 2025. Several opportunities for investment in the Sorong Special Economic Zone. Broadly speaking, it is divided into 3 (three) zones: logistics, industrial, and export processing. The birth of government policy in establishing the Sorong Special Economic Zone has a positive influence on the economic growth of the people of Southwest Papua, which is caused by factors such as service factors, service models, and community agricultural product export activities.

As a recommendation, as an effort to involve local human resources in economic activities so that the community local not only being a 'spectator,' it is better to build a national scale Job Training Center in this area (Sorong) so that it can help fulfill Human Resources in all industrial sectors in West Papua. To succeed in the existence of the Sorong Special Economic Zone, active involvement from the local community is needed so that they can be prepared in terms of knowledge, skills, and economic institutions, so that the future can become more qualified human resources.

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