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Prospect and Opportunity of Industry and Trade Investment in Economic Development in Regencies of Tungalrogo Mandiri Cooperation

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Abstract: Tungalrogo Mandiri cooperation is likely to be realized if the cooperation between regions that can form a cluster between regions is adjacent and has the same interests. To turn it into a reality, it should be further assessed whether the investment in the region is spatially able to have an impact on development of industry and trade or clusters of regions can provide a multiplier to development of investment in industry and trade. The study aims are (1) to find out characteristic of industry and trade in Tungalrogo Mandiri; (2) to find out cooperation form of the existed industry and trade in Tungalrogo Mandiri; (3) to find out investment form of industry and trade in Tungalrogo Mandiri; (4) to formulate strategy of investment development of industry and trade in tungalrogo Mandiri; and (5) to formulate economy development strategy in regency in the context of Tungalrogo Mandiri cooperation. The research locations are in Tulungagung, Trenggalek, Ponorogo, Madiun, Nganjuk, Kediri district. The analytical method used: (1) descriptive analysis; (2) Location Quotient (LQ); (3) investment analysis and (4) FFA (Force Field Analysis). The result of this study indicates that characteristics of industry and trade in Tungalrogo Mandiri region is based on facilitating places of potentials leading commodity for food crops, plantation, horticulture and animal husbandry in each region. Forms of industry and trade investment in Tungalrogo Mandiri region is simulated with the potential feasibility in the agricultural sector, among others, the feasibility of the chip mocaf agroindustry, mocaf flour, coffee, essential oils, fruit chips, milk cows, durian farming, mangosteen farming, rose flower farming, red chili farming and podang mango farming. The development of investment strategy of industry and trade in Mount Wilis circle of Tungalrogo Mandiri region is the development of infrastructure, agri-tourism and sustainable cooperation facilitating place of Tungalrogo Mandiri through Institutional Cluster Management.

Keywords: Tungalrogo Mandiri, Investment, Trade, Agro-industry, farming, Strategy.

INTRODUCTION

Planning of development in economic sector, with emphasis of involvement between industry and trade can increase the regional economy, in order to actualize a balanced economic structure between industry

and trade if it is observed from value added giving side and regional development. The balanced economic structure is characterized by the existence of ability and power of advanced industry and also supported by harmony in ability development in trade.

Development of investment to drive the growing up of industry is an important effort to reach some goals. Investment as a driving force of regional economy is expected to play important role in regional development activity either in arrangement of growing, equity, or stability. There is a lot of hope to investment growing spatially, but has not shown an encouraging result, therefore, the expectation of Tunggalrogo Mandiri cooperation will have big possibility to be actualized if there is cooperation between region that can form a cluster between closed region and has the same interest. To change it become reality, it must be studied further if the investment in the regional spatially can give an effect to industry and trade development and or regional in “*compag*” or cluster can give multiplier to the investment in industry or trade sector

The study aims are

1. to find out characteristic of industry and trade in Tunggalrogo Mandiri;
2. to find out cooperation form of the existed industry and trade in Tunggalrogo Mandiri;
3. to find out investment form of industry and trade in Tunggalrogo Mandiri;
4. to formulate strategy of investment development of industry and trade in tunggalrogo Mandiri; and
5. to formulate economy development strategy in regency in the context of Tunggalrogo Mandiri cooperation.

RESEARCH METHOD

Materials needed in this research are:

1. literature;
2. question list (questionnaire);
3. secondary data. Research location is in Tulungagung, Trenggalek, Ponorogo, Madiun, Nganjuk, and Kediri regency based on the agreed MoU by six Regents and known by Governor of East Java on June 11th 2014.

The type of this research is more to the descriptive and correlational methods. Sampling data technique used in this research is Snowball Sampling. Analysis method used is:

Location Quotient (LQ) analysis tool to find out investment characteristic with formula as follows (Soetriono, 2006):

$$LQ = \frac{(vi/vt)}{(Vi/Vt)}$$

Information:

LQ = Location Quotient sub sub sector chosen in a region- i

vi = Production and production value in industry and trade sub sector

vt = Production and production value of all industry and trade sub sector

V_i = Production Total and production value of industry and trade sub sector

V_t = Production Total and production value of all industry and trade subsector

Decision making criteria :

$LQ \geq 1$; basis sector based on production and production value

$LQ < 1$; non basis sector based on production and production value

In order to find out opportunity and prospect of industry and trade investment in Tungalrogo Mandiri, investment analysis is used. Investment analysis or business feasibility of a business is tested by using financial feasibility test that according to Soetrisno (2006) is as follow : NPV (Net Present Value), Net B/C, IRR (Internal Rate of Return) PP (Payback Perodes). Analysis of development strategy of Tungalrogo Mandiri region is conducted using Force Field Analysis (FFA). To analyze investment development strategy and economy development, descriptive data with indepth interview using PRA and RRA combined with FFA (Sianipar, 2003) is used.

Based on the values, then what is counted next is urgent value of every compared factor. After obtaining urgent value of each factor, what should be done next is weighting and then put it in evaluation table. Final score of evaluation table is what is called key success factor/*faktor kunci keberhasilan* (FKK). FKK score of each driving and obstacle factor, and then it is made into graphic. The value of FKK is actualized in form of line with opposite direction between driving and obstacle factor. The scale graphic shows how much value of each factor to drive or obstruct investment development and economic development. Based on the graphic, a right strategy can be formulated to be implemented in investment and trade investment in Tungalrogo Mandiri.

RESULT AND DISCUSSION

1. Characteristic of Industry and Trade in Tungalrogo Mandiri Region

Characteristic of industry and trade in Tungalrogo Mandiri region can be seen from its leading commodities based potential in each region.

2. Form of Industry and Trade Cooperation Existed in Tungalrogo Mandiri Region

Cooperation of Tungalrogo Mandiri is a cooperation among 6 Regencies, which are Tulungagung, Trenggalek, Ponorogo, Madiun, Nganjuk, and Kediri which are located in Mount Wilis Circle. Cooperation of Tungalrogo involves cooperation in public service in Tourism, Health, Education, Public Works, Spatial Planning, Agriculture Extensively, Population, Environment, Culture, Employment, Cooperatives, and other fields as required by Local Government.

The aim of Tungalrogo Mandiri cooperation is to synergize development programs in infrastructure field, like integrated road infrastructure in border area in region of Mount Wilis circle as an optimization suggestion of area potential development, either natural resources or human resources. Cooperation progress among regions in Mount Wilis circle of "Tungalrogo Mandiri" one of them is the agreement made of Mount Wilis circle road trace that connects 6 regencies on February 26th 2015. Provincial government of East Java will hold field visit to Mount Wilis circle trace that lies in 6 (six) regencies starts from June 8th until

Table 1
Leading Commodities Based Potential in Each Region

| | | |
|----|--------------|--|
| 1. | <i>Type</i> | <i>Tulungagung Regency</i> |
| | Food Crop | Corn and Cassava |
| | Plantation | Coconut |
| | Horticulture | Long bean, cucumber, tomato, eggplant, cayenne, starfruit, duku, snake fruit, sapodilla and wafacilitating placeelon |
| | Husbandry | Dairy cow, goat, chicken poultry, laying hen, andduck |
| 2. | <i>Type</i> | <i>Trenggalek Regency</i> |
| | Food Crop | Cassava |
| | Plantation | Cocoa, clove, andCoconut |
| | Horticulture | Long bean, cucumber, eggplant, red chiliandsnake fruit |
| | Husbandry | Dairy cow, goat, chicken poultry, andduck |
| 3. | <i>Type</i> | <i>Ponorogo Regency</i> |
| | Food Crop | SoybeanandCassava |
| | Plantation | Cocoa, clove, andCoconut |
| | Horticulture | Long bean, cayenne, tangerineandsnake fruit |
| | Husbandry | Cattle beef, goatandchicken poultry |
| 4. | <i>Type</i> | <i>Madiun Regency</i> |
| | Food Crop | RiceandGreen Bean |
| | Plantation | Cocoa, cane, rubber tree, andclove |
| | Horticulture | Long bean, cucumber, tomato, eggplant, andred chili |
| | Husbandry | Cattle beef, goatandchicken poultry |
| 5. | <i>Type</i> | <i>Nganjuk Regency</i> |
| | Food Crop | Rice, Corn, andsoybean |
| | Plantation | Cocoa, cane, andclove |
| | Horticulture | Onion, snake fruitandsapodilla |
| | Husbandry | Cattle beef, goatandchicken poultry |
| 6. | <i>Type</i> | <i>Kediri Regency</i> |
| | Food Crop | CornandCassava |
| | Plantation | Cane |
| | Horticulture | Long bean, cucumber, tomato, eggplant, red chili, cayenne, andpineapple |
| | Husbandry | Laying hen |

August 13th 2015 and will be followed up by aranging Cooperation Agreement based on the agreed and cooperated field priority. The funding source for road trace is from Regency APBD, East Java Province APBD, APBN and other non binding fund. The area, coordinate point, and road trace total length in Mount Wilis circle of “Tunggalrogo Mandiri” is as long as 211,85 Km.

3. Form of Industry and Trade Investment in Tunggalo Mandiri Region

Form of Industry and Trade Investment in Tunggalo Mandiri Region is business feasibility simulation about potential in agricultural sector.

Tabel 2
Simulation of Financial Analysis in Tunggalo Mandiri Region

| Type | Criteria | | | | |
|--------------------------------------|----------------|---------|-------|------|----------|
| | NPV (Rp) | Net B/C | IRR | PP | Info |
| <i>Food Crop</i> | | | | | |
| Chip Mocaf Agro Industry | 93.039.954,84 | 1,91 | 62,95 | 1,88 | Feasible |
| Mocaf Flour Agro Industry | 186.055.556,12 | 2,36 | 53,33 | 1,82 | Feasible |
| <i>Plantation</i> | | | | | |
| Oven and Powder Coffee Agro Industry | 398.203.442,22 | 2,46 | 53,40 | 4,68 | Feasible |
| Essential Oil (Clove) Agro Industry | 323.848.454,74 | 2,22 | 53,13 | 3,75 | Feasible |
| <i>Horticulture</i> | | | | | |
| Durian Farming Business | 21.918.722,56 | 1,34 | 21,09 | 6,58 | Feasible |
| Mangosteen Farming Business | 34.032.188,16 | 3,29 | 23,22 | 6,97 | Feasible |
| Fruit Chip Farming Business | 878.369.597,06 | 2,21 | 28,21 | 1,20 | Feasible |
| Rose flower Farming Business | 32.746.366,51 | 1,41 | 51,54 | 3,34 | Feasible |
| Red Chilli Farming Business | 23.913.749,70 | 3,71 | 54,04 | 1,07 | Feasible |
| Podang Mango Farming Business | 46.867.624,96 | 2,89 | 27,99 | 4,41 | Feasible |
| <i>Husbandary</i> | | | | | |
| Cow Milk Agro Industry | 384.491.229,82 | 4,74 | 89,75 | 3,09 | Feasible |

Based on Table 3, in Chip Mocaf Agro Industry analysis based on financial aspect, it is very important for Chip Mocaf Agro industry to know about business feasibility as a basic in effort to increase income. Result of financial analysis shows that Chip Mocaf Agro Industry is profitable. It is shown by the positive Net Present Value (NPV), more than 0 ($NPV > 0$), and gives a now net profit as much as Rp. 93.039.954,84. Second indicator, Net B/C value is as much as 1,91, more than 1 ($Net\ B/C > 1$), which means that the resulted output is as much as 1,91 times compared with cost incurred. Third indicator, the Internal Rate of Return (IRR) of Chip Mocaf Agro Industry is as much as 62,95 per cent. It means that if bank interest rate is more that 62,95 per cent, Chip Mocaf Agro Industry is no longer feasible to run. Other indicator is value of Payback Period as much as 1,88 showing that investment return of Chip Mocaf Agro Industry only needs 1,88 year or 1 year 10 months 16 days.

In analysis of Mocaf Flour Agro Industry based on financial aspect, it is very important for Mocaf Flour Agro Industry to know business feasibility as a basic in effort to increase profit. Result of financial analysis shows that Mocaf Flour Agro industry is profitable. It is shown by the positive Net Present Value (NPV), more than 0 ($NPV > 0$), and gives a now net profit as much as Rp. 186.055.556,12. Second indicator, Net B/C value is as much as 2,36, more than 1 ($Net\ B/C > 1$), which means that the resulted output is as

much as 2,36 times compared with cost incurred. Third indicator, the Internal Rate of Return (IRR) of Mocaf Flour Agro Industry is as much as 62,95 per cent, more than bank interest rate which is as much as 13 per cent. It shows that profit rate of Mocaf Flour Agro Industry is still higher than credit interest rate, however this profit level only survives until bank interest rate below 53,33 per cent. It means if bank interest rate is more than 53,33 per cent, Mocaf Flour Agro Industry is no longer feasible to run. Other indicator is Payback Period which is as much as 1,82 showing that investment return of Mocaf Flour Agro Industry only needs 1,82 year or 1 year 9 months 25 days.

In analysis of Oven and Powder Coffee Agro Industry based on financial aspect, it is very important for Oven and Powder Coffee Agro Industry to know business feasibility as a basic in effort to increase profit. Result of financial analysis shows that Oven and Powder Coffee Agro industry is profitable. It is shown by the positive Net Present Value (NPV), more than 0 ($NPV > 0$), and gives a now net profit as much as Rp. 398.203.442,22. Second indicator, Net B/C value is as much as 2,46, more than 1 ($Net\ B/C > 1$), which means that the resulted output is as much as 2,46 times compared with cost incurred. Third indicator, the Internal Rate of Return (IRR) of Oven and Powder Coffee Agro Industry is as much as 53,40 per cent, more than bank interest rate which is as much as 13 per cent. It shows that profit rate of Oven and Powder Coffee Agro Industry is still higher than credit interest rate, however this profit level only survives until bank interest rate below 53,40 per cent. It means if bank interest rate is more than 53,40 per cent, Oven and Powder Coffee Agro Industry is no longer feasible to run. Other indicator is Payback Period which is as much as 4,68 showing that investment return of Oven and Powder Coffee Agro Industry only needs 4,68 year or 4 year 8 months 5 days.

In analysis of Essential Oil (Clove) Agro Industry based on financial aspect, it is very important for Essential Oil (Clove) Agro Industry to know business feasibility as a basic in effort to increase profit. Result of financial analysis shows that Essential Oil (Clove) Agro industry is profitable. It is shown by the positive Net Present Value (NPV), more than 0 ($NPV > 0$), and gives a now net profit as much as Rp. 323.848.454,74. Second indicator, Net B/C value is as much as 2,22, more than 1 ($Net\ B/C > 1$), which means that the resulted output is as much as 2,22 times compared with cost incurred. Third indicator, the Internal Rate of Return (IRR) of Essential Oil (Clove) Agro Industry is as much as 53,13 per cent, more than bank interest rate which is as much as 13 per cent. It shows that profit rate of Essential Oil (Clove) Agro Industry is still higher than credit interest rate, however this profit level only survives until bank interest rate below 53,13 per cent. It means if bank interest rate is more than 53,13 per cent, Essential Oil (Clove) Agro Industry is no longer feasible to run. Other indicator is Payback Period which is as much as 3,75 showing that investment return of Essential Oil (Clove) Agro Industry only needs 3,75 years or 4 year 9 months.

In analysis of Durian Farming Business based on financial aspect, it is very important for Durian Farming Business to know business feasibility as a basic in effort to increase profit. Result of financial analysis shows that Durian Farming Business is profitable. It is shown by the positive Net Present Value (NPV), more than 0 ($NPV > 0$), and gives a now net profit as much as Rp. 21.918.722,56. Second indicator, Net B/C value is as much as 1,34, more than 1 ($Net\ B/C > 1$), which means that the resulted output is as much as 1,34 times compared with cost incurred. Third indicator, the Internal Rate of Return (IRR) of Durian Farming Business is as much as 21,09 percent, more than bank interest rate which is as much as 13 per cent. It shows that profit rate of Durian Farming Business is still higher than credit interest rate, however this profit level only survives until bank interest rate below 21,09 per cent. It means if bank interest

rate is more than 21,09 per cent, Durian Farming Business is no longer feasible to run. Other indicator is Payback Period which is as much as 6,58 showing that investment return of Durian Farming Business only needs 6,58 years or 6 years 6 months 28 days.

In analysis of Mangosteen Farming Business based on financial aspect, it is very important for Mangosteen Farming Business to know business feasibility as a basic in effort to increase profit. Result of financial analysis shows that Mangosteen Farming Business is profitable. It is shown by the positive Net Present Value (NPV), more than 0 ($NPV > 0$), and gives a now net profit as much as Rp. 34.032.188,16. Second indicator, Net B/C value is as much as 3,29, more than 1 ($Net\ B/C > 1$), which means that the resulted output is as much as 3,29 times compared with cost incurred. Third indicator, the Internal Rate of Return (IRR) of Mangosteen Farming Business is as much as 23,22 per cent, more than bank interest rate which is as much as 13 per cent. It shows that profit rate of Mangosteen Farming Business is still higher than credit interest rate, however this profit level only survives until bank interest rate below 23,22 per cent. It means if bank interest rate is more than 23,22 per cent, Mangosteen Farming Business is no longer feasible to run. Other indicator is Payback Period which is as much as 6,97 showing that investment return of Mangosteen Farming Business only needs 6,97 years or 6 years 11 months 28 days.

In analysis of Fruit Chip Farming Business based on financial aspect, it is very important for Fruit Chip Farming Business to know business feasibility as a basic in effort to increase profit. Result of financial analysis shows that Fruit Chip Farming Business is profitable. It is shown by the positive Net Present Value (NPV), more than 0 ($NPV > 0$), and gives a now net profit as much as Rp. 878.369.597,06. Second indicator, Net B/C value is as much as 2,21, more than 1 ($Net\ B/C > 1$), which means that the resulted output is as much as 2,21 times compared with cost incurred. Third indicator, the Internal Rate of Return (IRR) of Fruit Chip Farming Business is as much as 28,21 per cent, more than bank interest rate which is as much as 13 per cent. It shows that profit rate of Fruit Chip Farming Business is still higher than credit interest rate, however this profit level only survives until bank interest rate below 28,21 per cent. It means if bank interest rate is more than 28,21 per cent, Fruit Chip Farming Business is no longer feasible to run. Other indicator is Payback Period which is as much as 1,20 showing that investment return of Fruit Chip Farming Business only needs 1,20 year or 1 year 2 months 12 days.

In analysis of Rose Flower Farming Business based on financial aspect, it is very important for Rose Flower Farming Business to know business feasibility as a basic in effort to increase profit. Result of financial analysis shows that Rose Flower Farming Business is profitable. It is shown by the positive Net Present Value (NPV), more than 0 ($NPV > 0$), and gives a now net profit as much as Rp. 32.746.366,51. Second indicator, Net B/C value is as much as 1,41, more than 1 ($Net\ B/C > 1$), which means that the resulted output is as much as 1,41 times compared with cost incurred. Third indicator, the Internal Rate of Return (IRR) of Rose Flower Farming Business is as much as 51,54 per cent, more than bank interest rate which is as much as 13 per cent. It shows that profit rate of Rose Flower Farming Business is still higher than credit interest rate, however this profit level only survives until bank interest rate below 51,54 per cent. It means if bank interest rate is more than 51,54 per cent, Rose Flower Farming Business is no longer feasible to run. Other indicator is Payback Period which is as much as 3,34 showing that investment return of Rose Flower Farming Business only needs 3,34 years or 3 years 4 months 24 days.

In analysis of Red Chilli Farming Business based on financial aspect, it is very important for Red Chilli Farming Business to know business feasibility as a basic in effort to increase profit. Result of financial analysis shows that Red Chilli Farming Business is profitable. It is shown by the positive Net Present Value

(NPV), more than 0 ($NPV > 0$), and gives a now net profit as much as Rp. 23.913.749,70. Second indicator, Net B/C value is as much as 3,71, more than 1 ($Net\ B/C > 1$), which means that the resulted output is as much as 3,71 times compared with cost incurred. Third indicator, the Internal Rate of Return (IRR) of Red Chilli Farming Business is as much as 54,04 per cent, more than bank interest rate which is as much as 13 per cent. It shows that profit rate of Red Chilli Farming Business is still higher than credit interest rate, however this profit level only survives until bank interest rate below 54,04 per cent. It means if bank interest rate is more than 54,04 per cent, Red Chilli Farming Business is no longer feasible to run. Other indicator is Payback Period which is as much as 1,07 showing that investment return of Red Chilli Farming Business only needs 1,07 years or 1 year 25 days.

In analysis of Podang Mango Farming Business based on financial aspect, it is very important for Podang Mango Farming Business to know business feasibility as a basic in effort to increase profit. Result of financial analysis shows that Podang Mango Farming Business is profitable. It is shown by the positive Net Present Value (NPV), more than 0 ($NPV > 0$), and gives a now net profit as much as Rp. 46.867.624,96. Second indicator, Net B/C value is as much as 2,89, more than 1 ($Net\ B/C > 1$), which means that the resulted output is as much as 2,89 times compared with cost incurred. Third indicator, the Internal Rate of Return (IRR) of Podang Mango Farming Business is as much as 27,99 per cent, more than bank interest rate which is as much as 13 per cent. It shows that profit rate of Podang Mango Farming Business is still higher than credit interest rate, however this profit level only survives until bank interest rate below 27,99 per cent. It means if bank interest rate is more than 27,99 per cent, Podang Mango Farming Business is no longer feasible to run. Other indicator is Payback Period which is as much as 4,41 showing that investment return of Podang Mango Farming Business only needs 4,41 years or 4 years 1 month 20 days.

In analysis of Milk Cow Farming Business based on financial aspect, it is very important for Milk Cow Farming Business to know business feasibility as a basic in effort to increase profit. Result of financial analysis shows that Milk Cow Farming Business is profitable. It is shown by the positive Net Present Value (NPV), more than 0 ($NPV > 0$), and gives a now net profit as much as Rp. 384.491.229,82. Second indicator, Net B/C value is as much as 4,74, more than 1 ($Net\ B/C > 1$), which means that the resulted output is as much as 4,74 times compared with cost incurred. Third indicator, the Internal Rate of Return (IRR) of Milk Cow Farming Business is as much as 89,75 per cent, more than bank interest rate which is as much as 13 per cent. It shows that profit rate of Milk Cow Farming Business is still higher than credit interest rate, however this profit level only survives until bank interest rate below 89,75 per cent. It means if bank interest rate is more than 89,75 per cent, Milk Cow Farming Business is no longer feasible to run. Other indicator is Payback Period which is as much as 3,09 showing that investment return of Milk Cow Farming Business only needs 3,09 years or 3 years 10 months 24 days.

4. Strategy of Economic Development of Regencies in context of Tunggalo Mandiri Region

Strategy of economic development in Mount Wilis Circle in Tunggalo Mandiri region by observing factors of strength and weakness in each regency by using FFA analysis are as follow :

Tulungagung Regency

Local government must conduct cooperation with central and province government of East java to hold discussion with Perhutani to be able to do land acquisition or nation land in order to open road trace that will be made to become Mount Wilis Circle.

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Prospect and Opportunity of Industry and Trade Investment in Economic Development in Regencies of Tunggalo Mandiri

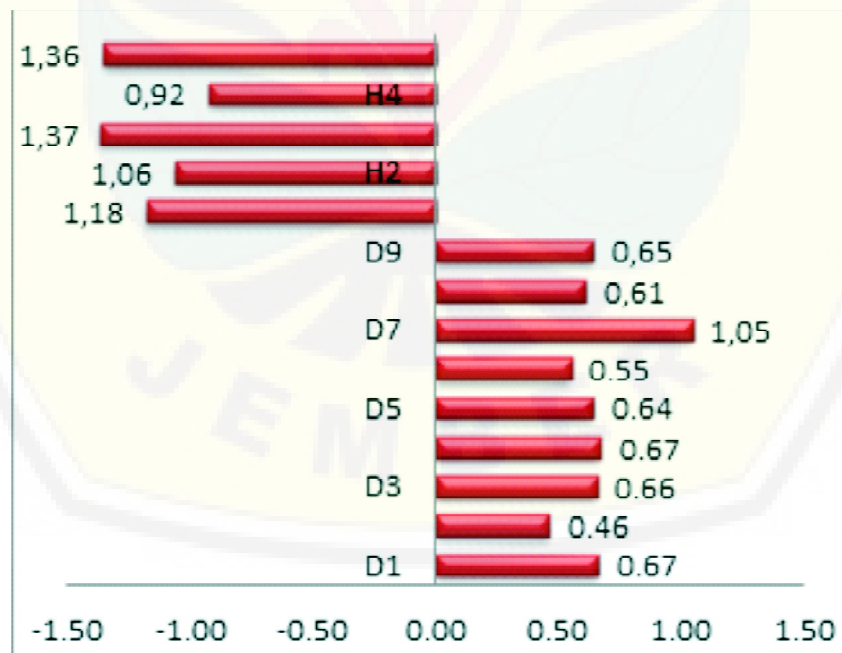
Trenggalek Regency

Training and accompaniment as an effort of society development that can increase society participation in development and society activity to plan agropolitan in Mount Wilis circle of Trenggalek Regency.



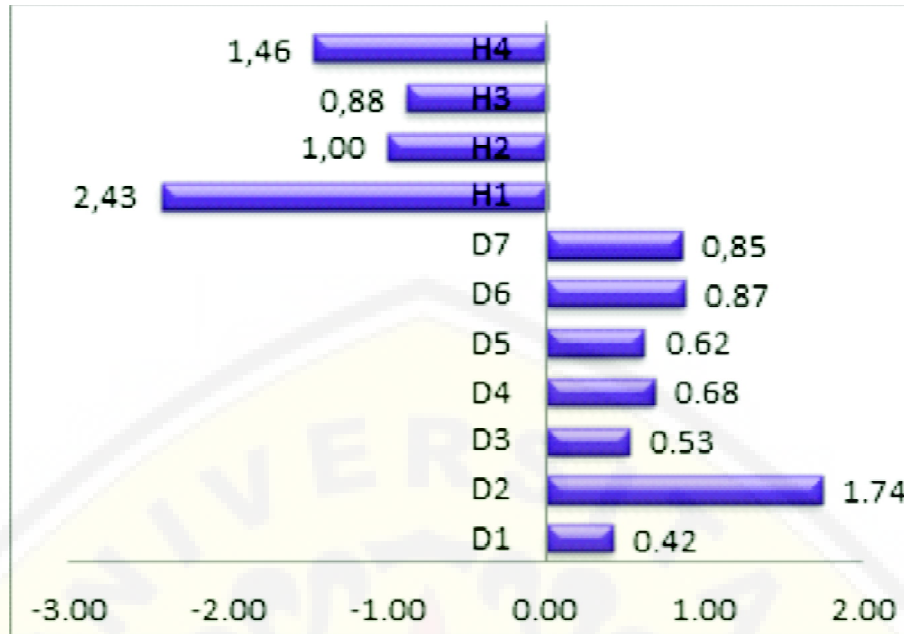
Ponorogo Regency

Push development of community institution empowering and strengthening especially for farmers so that they have active role in planning and developing tourism potential in Mount Wilis circle area in Ponorogo regency.



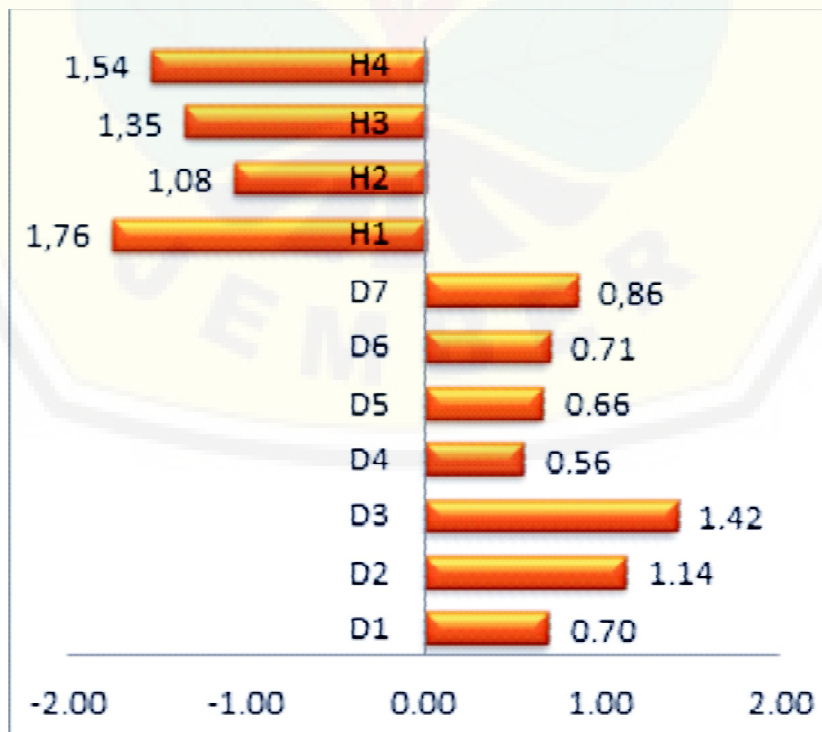
Madiun Regency

Synergy between involved department in planning, building, and developing agropolitan area and tourism destination around Mount Wilis circle.



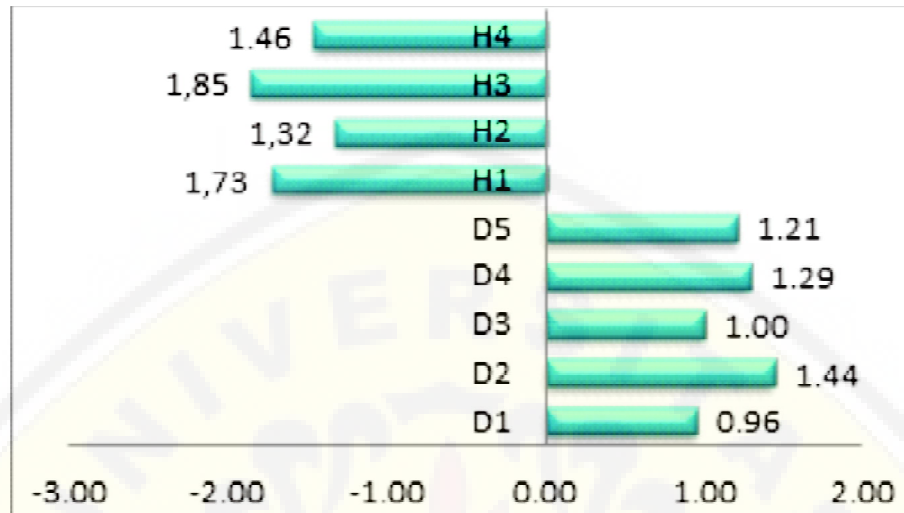
Nganjuk Regency

Local government must have commitment in effort of developing quality of human resources (farmers), especially in managerial aspect by giving training system empowerment, upgrading and counseling aiming to increase farmer's income, change subsistent/simple pattern to be a market based system and also creating new innovations and tourism destination development.



Kediri Regency

Effort of optimizing bio physic potential and religion tourism potential by strengthening managed independently that entrench in society and professionals and also has a legal clarity (incorporated).



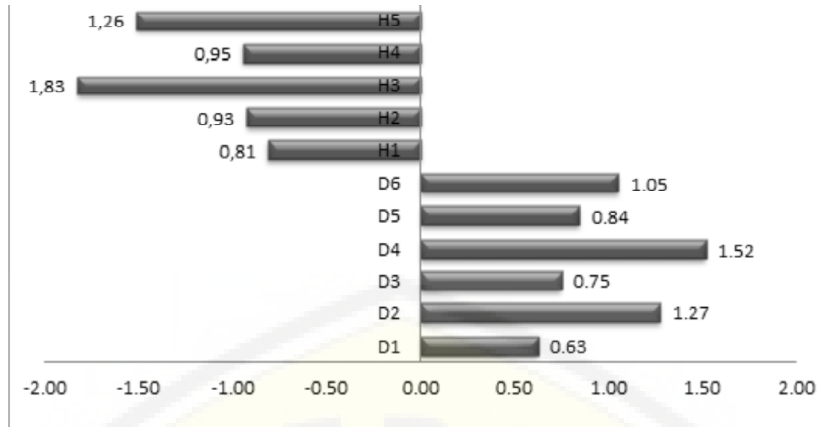
5. Strategy of Industry and Trade Investment Development of Mount Wilis Circle in Tungalrogo Mandiri Region

Strategic issue and development strategy of industry and trade investment in Tungalrogo Mandiri region by observing driving factor and obstacle factor among of them are:

Table 4
Driving Factors and Obstacle Factors of Industry and Trade Investment Development of Mount Wilis Circle in Tungalrogo Mandiri Region

| No. | Driving Factors | No. | Obstacle Factors |
|-----|---|-----|---|
| D1 | Cooperation of Tungalrogo Mandiri is formed in order to fulfill volume of goods and services demand wanted by market | H1 | The absence of business association in effort of empowering business doers in cooperation among regions in industry and trade fields |
| D2 | Driving the creation of economic agglomeration in Tungalrogo Mandiri Cooperation region. | H2 | There is no clearness and independence of funding source that later can complicates cooperation in Tungalrogo Mandiri to operate the agreed activities. |
| D3 | There is a regulation for cooperation operational | H3 | Strategic area of national tourism is not included |
| D4 | New economic development area that can give multiplier effect with the leading commodity and tourism potential of each region | H4 | The low availability of national high way and province and it is still steep |
| D5 | Each regency in Tungalrogo Mandiri cooperation is in area of strategic development. | H5 | Tungalrogo cooperation that has not been implemented in Mount Wilis circle |
| D6 | There are various interesting natural potential an religion | | |

From the FFA analysis counting result, it can be known about the direction and value of each driving factors and obstacle factors.



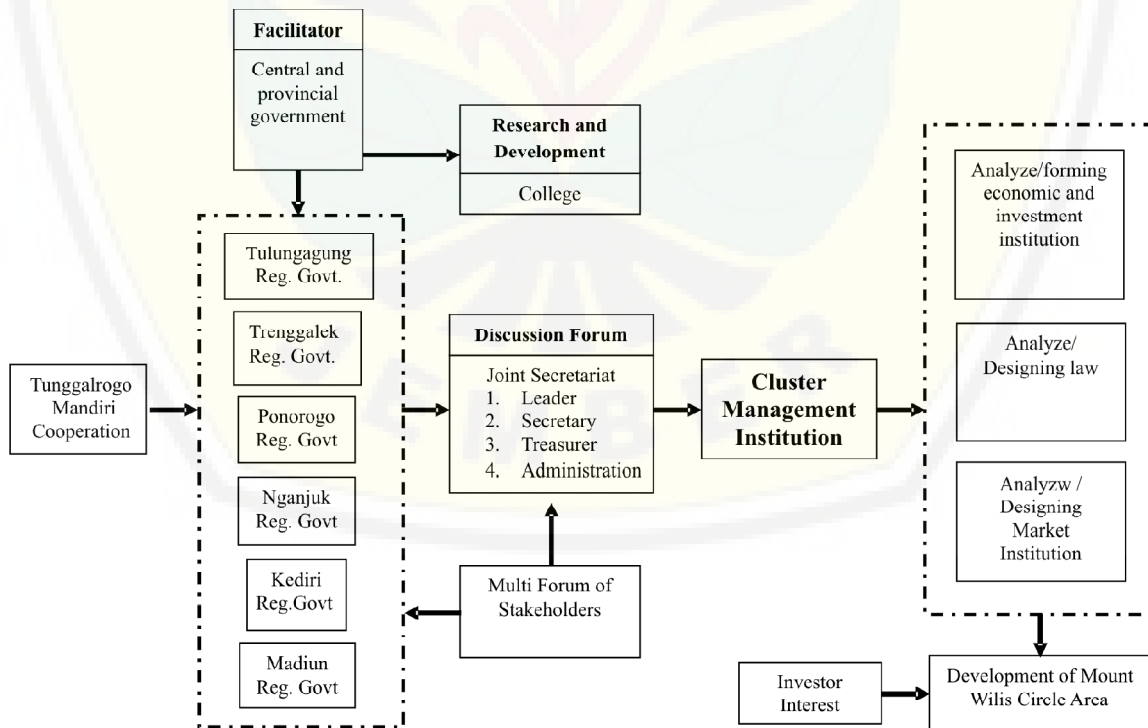
Picture 1: Strength of Industry and Trade Investment Development in Mount Wilis Circle in Tungalrogo Mandiri Region

Based on driving FKK and obstacle FKK chosen, strategy that can be arranged for investment development of industry and trade in Mount Wilis circle is

“Continual development of infrastructure, toursim, and agribusiness in cooperation facilitating place of Tungalrogo mandiri through Cluster Management Institution”.

Model of Industry and Trade Investment Development

Strategy of area development as a new economic growth is based on how big the potential resources owned by Mount Wilis is. Beside that, the area is an area that is able to absorb labor and investor in a high



Picture 2: Development Model of Industry and Trade of Mount Wilis Circle in Tungalrogo Mandiri Region

number and as a local economy mover of each region of Tunggalo Mandiri cooperation based on local resource at once. Development of the new economic growth area in Mount Wilis circle today is directed to the building of road infrastructure that connect 6 regencies in the cooperation that in the future is expected to be able to give multiplier effect in the following sectors like developing leading commodities and tourism sector based on local culture.

Along with the speeding up of the new economic growth area development in Mount Wilis circle, what are needed are strong commitment and tight cooperation between government as policy maker, society and private company. Therefore, the right institutional model in developing industry and trade investment in cooperation area of Tunggalo Mandiri is Cluster Management Institution. Schematically, it can be figured as follow :

CONCLUSION

Based on result and discussion involved with the study of “Prospect and Opportunity of Industry and Trade Investment in Economic Development in Regencies of Tunggalo Mandiri Region”, several things that can be concluded are as follows:

1. Industry and trade characteristic in Tunggalo Mandiri region can be seen from basis potential of leading commodity of each area.
 - (a) Tulungagung regency region has basis potential of leading commodity which are corn and cassava on food crop commodity; coconut on plantation crop commodity; long bean, cucumber, tomato, eggplant, cayenne, starfruit, duku, snake fruit, sapodilla, and water melon on horticulture crop plant, and dairy cow, goat, chicken poultry, laying hens, and duck on husbandry commodity.
 - (b) Trenggalek regency region has basis potential of leading commodity which are cassava on food crop commodity; cocoa, clove, and coconut on plantation crop commodity, long bean, cucumber, eggplant, red chilli, and snake fruit on horticulture crop commodity; and dairy cow, goat, chicken poultry and duck on husbandry commodity.
 - (c) Ponorogo regency region has basis potential of leading commodity which are cassava on food crop commodity; cocoa, clove, and coconut on plantation crop commodity, long bean, cayenne, tangerine, and snake fruit on horticulture crop commodity, beef cattle, goat, and chicken poultry in husbandry commodity.
 - (d) Madiun regency region has basis potential of leading commodity which are rice and green bean on food crop commodity; cocoa, cane, rubber tree, and clove on plantation crop commodity; and beef cattle, goat, and chicken poultry on husbandry commodity
 - (e) Nganjuk regency region has basis potential of leading commodity which are, rice, corn, and soybean on food crop commodity; cocoa, cane, and clove on plantation crop commodity, onion, snake fruit, and sapodilla on horticulture crop commodity, and beef cattle, goat, and chicken poultry on husbandry commodity.
 - (f) Kediri regency region has basis potential of leading commodity which are corn and cassava on food crop commodity; cane on plantation crop commodity; long bean, cucumber, tomato, eggplant, red chili, cayenne, and pineapple on horticulture crop commodity, and laying hen on husbandry commodity.
2. Cooperation form of industry and trade has not been tied among 6 regencies. All this time, cooperation form tied has only been cooperation in infrastructure field of Mount Wilis circle road trace in Tunggalo Mandiri region.

3. Investment form of industry and trade in Tungalrogo Mandiri region is in form of business feasibility simulation about potential in agricultural sector, among of them are (1) farming business of durian, mangosteen, rose flower, chili, and mango, and also (2) agro industry of chip mocaf, mocaf flour, oven and powder coffee, essential oil, fruit chip, and cow milk.
4. Based on opportunity and prospect investment of industry and trade, therefore the strategy of industry and trade investment development in Mount Wilis circle in Tungalrogo Mandiri region is “*Continual development of infrastructure, tourism, and agribusiness in cooperation facilitating place in TungalrogoMandiri through Cluster Management Institution*”

Recommendation

In order to develop industry and trade investment in cooperation area of Tungalrogo Mandiri, here are some of the recommendations:

1. Local government of each regency in cooperation facilitating place of Tungalrogo Mandiri is expected to be able to realize the forming of Cluster Management Institution by cooperating with college that can develop Mount Wilis circle area through development program synergy (policy) by utilize and develop potentials owned by each region.
2. Central and East Java province is expected to be able to drive and facilitate the forming of Cluster Management Institution so that it can work well and properly.
3. There should be responsibility and commitment of local government to regulation/rule design between SKPD that further can give easiness and smoothness in investing on leading product of industry and trade based.

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