

ABSTRACT

This study aims to analyze the role of the industrial sector and the trade sector in the economy of Central Java Province. Based on the contribution of the industrial sector to the formation of GRDP, this sector, which is considered the Leading Sector, experienced a decline in 2018 and 2022. However, the total GRDP experienced an increase driven by other sectors that also experienced an increase. The two sectors are known to have differences, because in that year the industrial sector experienced a decline and the trade sector experienced an increase, while the total GRDP experienced an increase.

This study was conducted using the input-output analysis method using the Input-Output Table of Central Java Province in 2016. The analysis was to determine the value of forward linkages, backward linkages, dispersion coefficients, sensitivity coefficients, output multipliers, input multipliers, income multipliers, and labor multipliers on the economy.

The results of the study show that the industrial sector is included in the leading sector and the trade sector is a developing sector. Based on the results of the analysis, the industrial sector is the leading sector which has an important role in the economic growth of Central Java, while the trade sector is only able to drive the growth of its downstream sector. On the other hand, both sectors require policies to increase inter-sector productivity in order to increase final demand for production, but the industrial sector requires policies to increase the ability to create jobs for the community. While the trade sector requires policies to increase community income.

Keywords : *Manufacturing Industry Sector, Trade Sector, Input-Output Analysis, Central Java Economy*

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