

ABSTRACT

For development countries, capital investment is a necessary component to accelerate growth. Industry of pulp and paper sector is one of many sub sectors in manufacturing industry that could absorb capital investment the most than secondary others. In addition, capital investment to this industry was very large than others where it's capital intensive and high level competitive so its orientation market to export and collect foreign exchange to raise national income.

Pulp and paper industry had been invested by domestic private companies in high sum to promote its output so it should be could promote people and sector which have linkage with this industry to get their wealth. This research's purpose is to analyze impacts that created by that capital direct investment to national output, job opportunity, its linkage to other sectors, and household income level in Indonesia. And to reach the purpose of research, it use Input – Output Table approach and System Accounting Matrix approach to analyze those impacts.

The result of this research found that domestic capital direct investment to pulp and paper industry has less impact to raise national output and create job opportunity but it has great impact to its own industry. Besides that, this investment raises household income in less level and household income in urban which get highest share of its impact.

Keywords : Capital Direct Investment, Pulp and Paper Industry, Input – Output, System Accounting Matrix, Output, Job Opportunity, Backward and Forward Linkage, Household Income.