INDONESIA FINANCIAL SERVICES AUTHORITY

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Joint Press Release

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Inauguration of Indonesia International Carbon Trading

Jakarta, January 20, 2025. The Ministry of Environment / Environmental Management Agency of the Republic of Indonesia ("KLH/BPLH"), Indonesia Financial Services Authority ("OJK"), and PT Bursa Efek Indonesia ("BEI") officially launched the First International Trading of Indonesian Carbon Units through Indonesian Carbon Exchange ("IDXCarbon") at the Main Hall of BEI, on Monday (20/1). This launching marks a significant milestone in Indonesia's carbon trading.

The First International Trading of Indonesian Carbon Units was inaugurated by the Ministry of Environment Hanif Faisol Nurofiq, the Ministry of Forestry Raja Juli Antoni, Chairman of the Board of Commissioners of OJK Mahendra Siregar, Chief Executive of Capital Markets, Financial Derivatives, and Carbon Exchange Supervision of OJK Inarno Djajadi, Vice Ministry of Environment Diaz Hendropriyono, Head of Fiscal Policy Agency of the Ministry of Finance Febrio Kacaribu, and the President Director of BEI and IDXCarbon Initiator Iman Rachman.

The launching was attended by National Representatives, Commission XII of House of Representatives members, leaders of related Ministries/Institutions, Business, and Associations, and is expected to establish collaborations for international carbon trading.

The First International Trading of Indonesian Carbon manifests Indonesia's commitment in COP 29 and Article 6 of the Paris Agreement, and strengthens the promotion and acceleration of the 2nd Nationally Determined Contribution (NDC), which will be submitted by February 10, 2025, at the latest.

In efforts of creating transparent, integrous, inclusive, and fair carbon ecosystem, Indonesian Government has **strengthened essential elements in the carbon ecosystem**: (1) National Registry System ("SRN"); (2) Measurement, Reporting, and Verification ("MRV"); (3) Greenhouse Gas Emission Reduction Certificate ("SPE-GRK"); and (4) Authorization and Corresponding Adjustment on international carbon trading.

Ministry of Environment Hanif Faisol Nurofiq stated, “Through these essential elements within the carbon ecosystem, the Emission Reduction Certificate (“SPE”) issued by Indonesia ensures **a certificate with the highest integrity**.”

Indonesia is currently preparing for international carbon trading, **officially launched today, with 1,780,000 tons CO2e authorized carbon**, from the energy sector (Operation of New Natural Gas Power Plant PLTGU Priok 4, Conversion from Single Cycle Power Plant to Combined Cycle (Add On) PLTGU Grati 2, Operation of Mini Hydro Power Plant (PLTM) Gunung Wugul, Operation of New Natural Gas Power Plant PLTGU PJB Muara Karang 3, and Conversion from Single Cycle Power Plant to Combined Cycle 2 PLN NP UP Muara Tawar).

The National Registry System of Climate Change Control (“SRN PPT”) managed by KLH/BPLH has also interacted with IDXCarbon trading, monitored by OJK.

“Indonesian Government ensures all issued international carbon trading certificates has been authorized as a safeguarding measure upon double accounting, double payment, and double claim,” said Hanif.

Chairman of the Board of Commissioners of OJK Mahendra Siregar highly appreciated the fast and coordinated measures by related ministries and institutions, particularly from the Ministry of Environment, in facilitating the launching of international carbon trading. The initiative underlines the strong commitment to drive Indonesia’s roles in the global carbon market.

“We joyfully congratulate the leadership of the Red White Cabinet under President of Indonesia Prabowo Subianto. In just three months, this feat becomes achievable, opening the carbon exchange potentials in strengthening the national economic growth,” said Mahendra.

Since its initial launch on September 26, 2023, the carbon trading in IDXCarbon showed positive developments. As of the end of 2024, there are 100 participants registered as Carbon Exchange Services Users, a significant growth compared to 16 participants during IDXCarbon initial launch. IDXCarbon celebrated another achievement for the cumulative sales of one million tons of carbon units.

In his remarks, the President Director of BEI and IDXCarbon Initiator Iman Rachman explained that the achievement was supported by solid and excellent trading system in IDXCarbon. “IDXCarbon integrates all the global best practices, from the emission market allowance and carbon credit in one system, which allows Technical Approval of Upper Emission Limits - Business Actors (PTBAE-PU) and SPE-GRK. The initial international carbon trading showcased the aptitude and readiness of IDXCarbon in supporting both domestic and global carbon trading.”

The international carbon trading’s success relied on the collaborations between the nation, private/industry sector, financial institutions, philanthropist, banks, and other parties. The carbon exchange is a collective action inseparable from one stakeholder to another.

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