

Receiving a Working Visit from HE Yasuo Fukuda, Coordinating Minister Airlangga Discusses Climate Change Mitigation to Smart City Development



**COORDINATING MINISTRY FOR ECONOMIC AFFAIRS
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The Indonesian government continues to balance increasing energy demand with its commitment to reducing carbon emissions. This has driven Indonesia to continue developing renewable energy sources (EBT), with a target contribution of 23% of total energy sources by 2025.

Acceleration of energy transformation has been achieved by reducing carbon emissions in Indonesian power plants by 10.37 million tons, more than twice the target reduction in 2021. The Indonesian government will also implement a carbon pricing policy in the form of a carbon cap, trade, and tax scheme in 2023, as well as implementing a roadmap to reduce emissions towards Net Zero Emission by 2060.

This topic was conveyed by the Coordinating Minister for Economic Affairs Airlangga Hartarto, when receiving a working visit from the President of the Japan-Indonesia Association (JAPINDA), Yasuo Fukuda, known as the former Prime Minister of Japan from 2007-2008, at the Office of the Coordinating Ministry for Economic Affairs on Friday (2/12).

In the meeting, which was attended by several Japanese corporate leaders, discussions were held on Indonesia-Japan economic cooperation, as well as issues related to carbon emission reduction,

environmental conservation, electric vehicle development cooperation, and infrastructure cooperation.

Minister Airlangga also conveyed the very positive development of Indonesia's economic growth amidst global uncertainty, accompanied by the controlled inflation rate of 5.42% in November 2022.

Japan and Indonesia have also agreed to collaborate in realizing climate change mitigation through the Asia Zero Emission Community (AZEC) program and Just Energy Transition Partnership (JETP). This is the second agreement between the two countries in a bilateral meeting led by President of Indonesia Joko Widodo and Prime Minister of Japan Fumio Kishida during the G20 High-Level Conference in Bali in mid-November.

Indonesia and Japan will also develop cooperation in environmental management and efforts to control climate change. Indonesia has also taken corrective measures to manage natural resources and the environment. Renewable energy potential is available in almost all regions of Indonesia, namely hydropower, hydrogen, solar, wind, and ocean energy potential.

The Indonesian government continues to accelerate the development of electric vehicles (EVs) by setting an EV development roadmap until 2030. With a production target of 600 thousand units for four-wheel vehicles or more and 2.45 million units for two-wheel vehicles in 2030, it is expected to reduce CO2 emissions by 2.7 million tons for four-wheel vehicles or more and 1.1 million tons for two-wheel vehicles. This can contribute to reducing emissions and reducing fossil fuel imports by popularizing the use of EVs in Indonesia.

On the other hand, Minister Airlangga conveyed opportunities for cooperation in the development of the Nusantara Capital City (IKN). The IKN development sector is open to foreign investment, including for housing, office, health, and education facilities. Japan itself has a long experience in developing smart cities that can be used as a model for future IKN development.

Furthermore, JAPINDA conveyed that there is currently a shortage of skilled labor in Japan due to the aging population. Indonesia, on the other hand, has a large potential for skilled labor, so JAPINDA proposed a cooperation for sending skilled Indonesian workers to Japan.

Menko Airlangga responded by stating that the presence of demand and supply of skilled labor can be facilitated by sending interns from Indonesia to Japan. The interns who have completed their internship in Japan might work in Japanese companies in Indonesia to accelerate the adoption of technology and industrial transformation in Indonesia.

As information on bilateral cooperation, the total value of trade between Indonesia and Japan in 2021 reached USD32.5 billion, an increase of around 36% from 2020 which was USD23.8 billion. Meanwhile, the total trade from January to September 2022 was around USD31.2 billion, a growth of 34.5% from the same period in 2021. The realization of investment from Japan in 2021 was USD2.3 billion, a decrease of 13% compared to last year which was USD2.6 billion. (dep7/rep/kun/iqb/fsr)

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