



**Coordinating Ministry for Maritime Affairs and Investment  
Republic of Indonesia**

# **INDONESIA NET ZERO SUMMIT 2022: INDUSTRIAL DECARBONIZATION AT ALL COST**

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Coordinating Minister for Maritime Affairs and Investment**

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# Indonesia Is the Largest Archipelagic Country in the World with Great Potentials

*Largest archipelagic in a strategic location with the world's fourth largest population*



17,500 islands with  
**±108,000 km of coastline**



Population of **278 million people**



Located along major sea lanes connecting **East Asia, South Asia and Oceania**

*Rich in energy transition mineral reserves and high RE potential*



**World's biggest nickel reserves** with 72 mn tonnes



**World's 2<sup>nd</sup> biggest tin reserves** with 800k tonnes



**7<sup>th</sup> biggest copper reserves** with 28 mn tonnes



**437.4 GW of potential RE<sup>1</sup>**

# Indonesia's Vision 2045: Becoming a High Income Country

GDP per capita is estimated to reach USD10,000 and Indonesia's GDP could reach USD3.0 trillion in the next decade

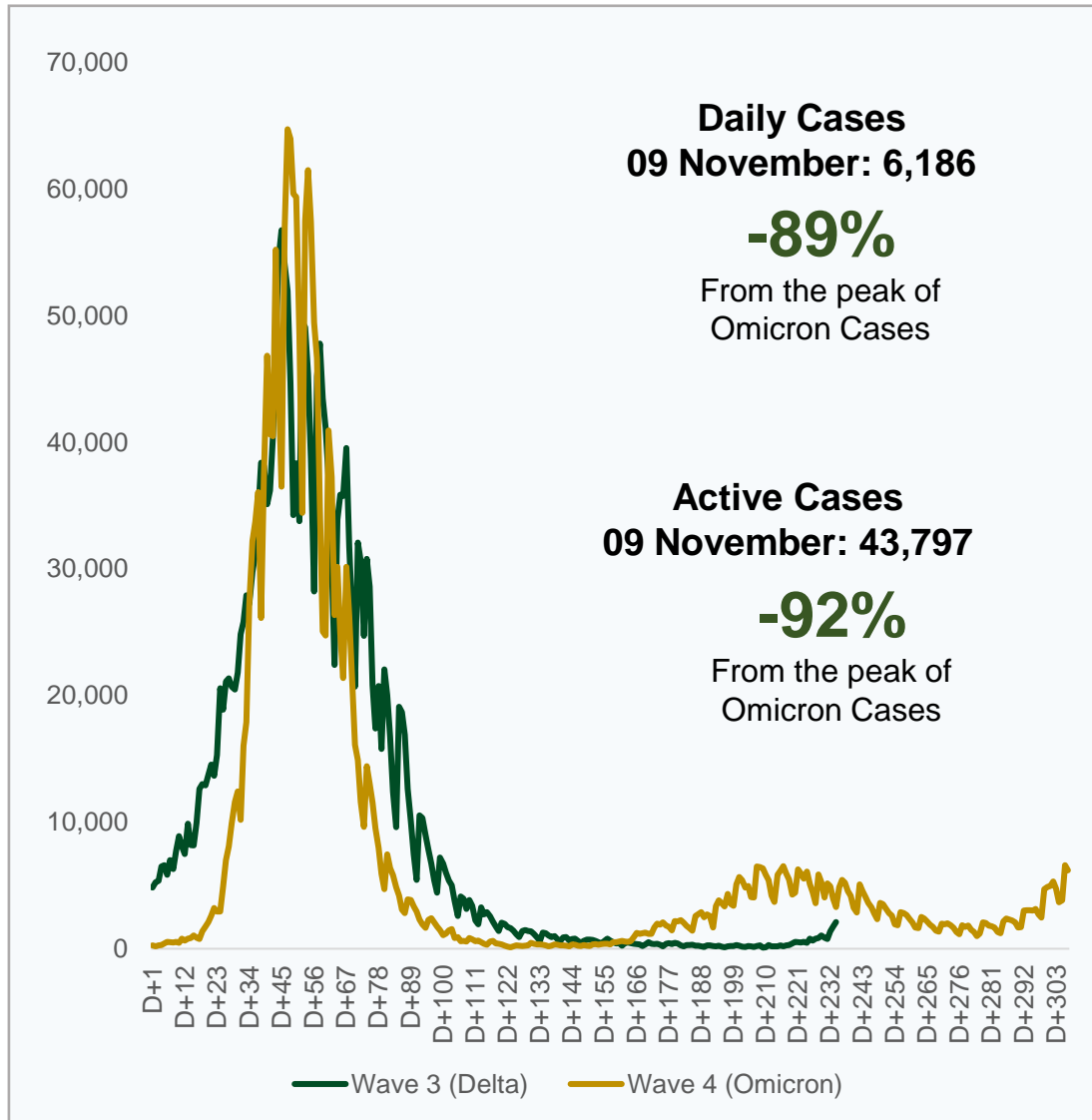


**To achieve this target, Indonesia must be able to:**

- Containing the pandemic and restoring the economy amidst various global challenges.
- Transforming the economy from commodity-based to industry-based.
- Increasing efficiency through digitalization.
- Strengthening economic resilience through increased village funds.
- **Mitigating climate change impacts through decarbonization and energy transition.**



# Indonesia Covid 19 Situation is Under Control



## Hospitalization Continues to Drop



**-83.6%**

From the peak of Omicron Cases

## Low Bed Occupancy Rate



**10.8%**

## Death Cases Drop Significantly



**-99%**

From the peak of Omicron Cases

## Positivity Rate

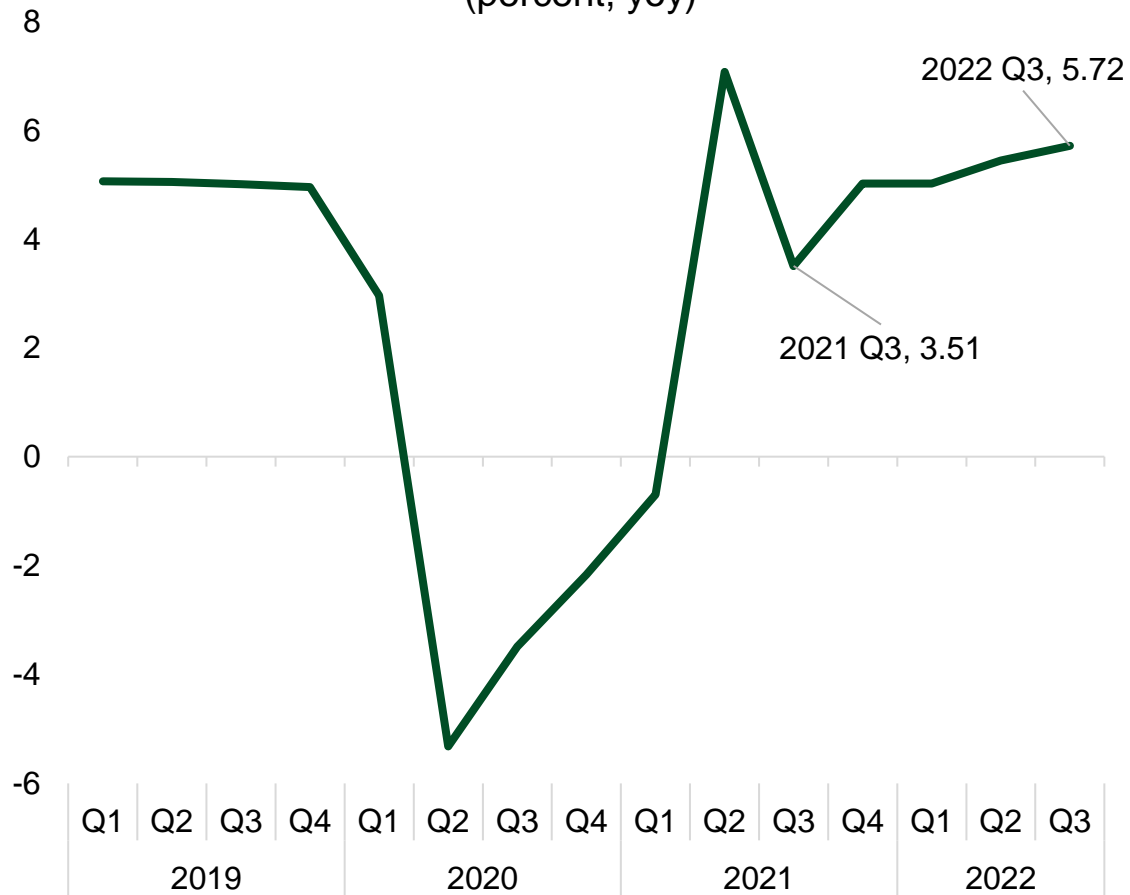


**19.9%**

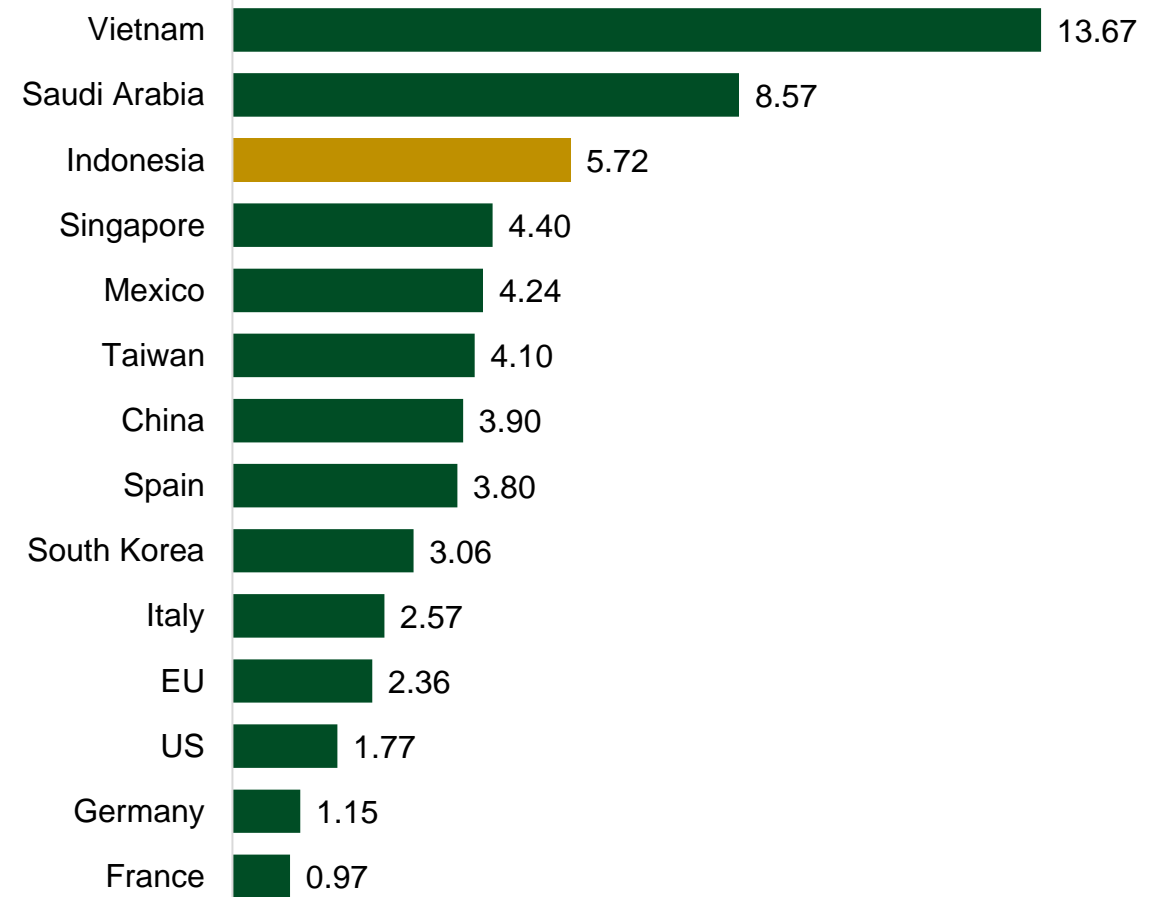
# Boosting Economic Growth Recovery, Growing Above 5%

**Indonesia's Economic Growth Continues to Increase, Growing Above 5% Since Quarter IV-2021**

(percent, yoy)

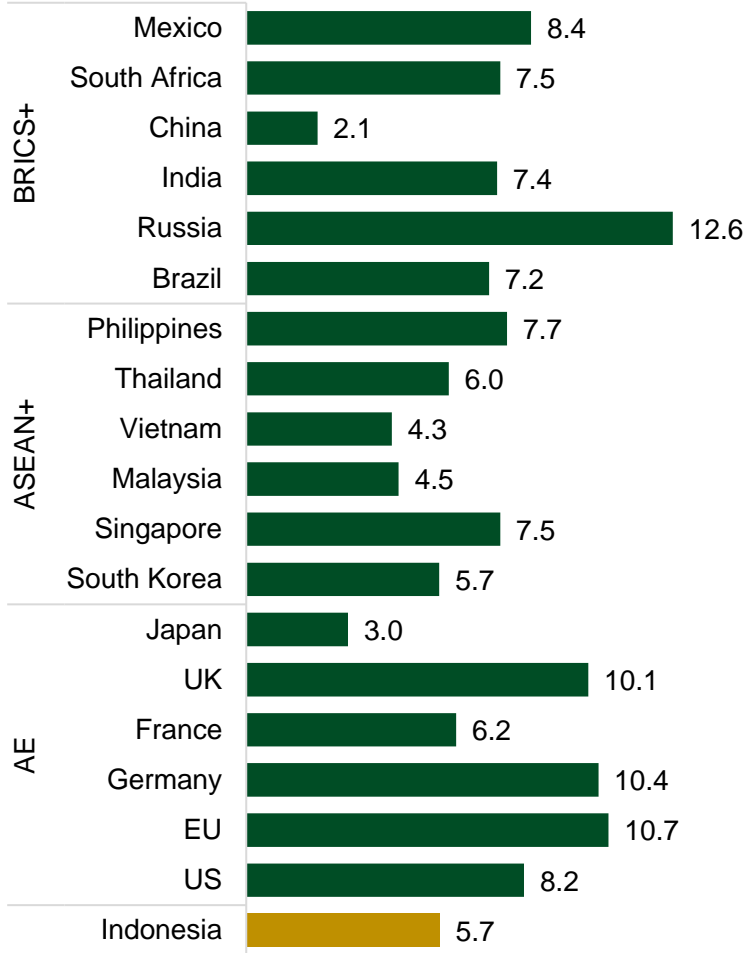


**Indonesia's Economy has a Solid Performance Among Peer Countries**  
(Q3-22, percent yoy)

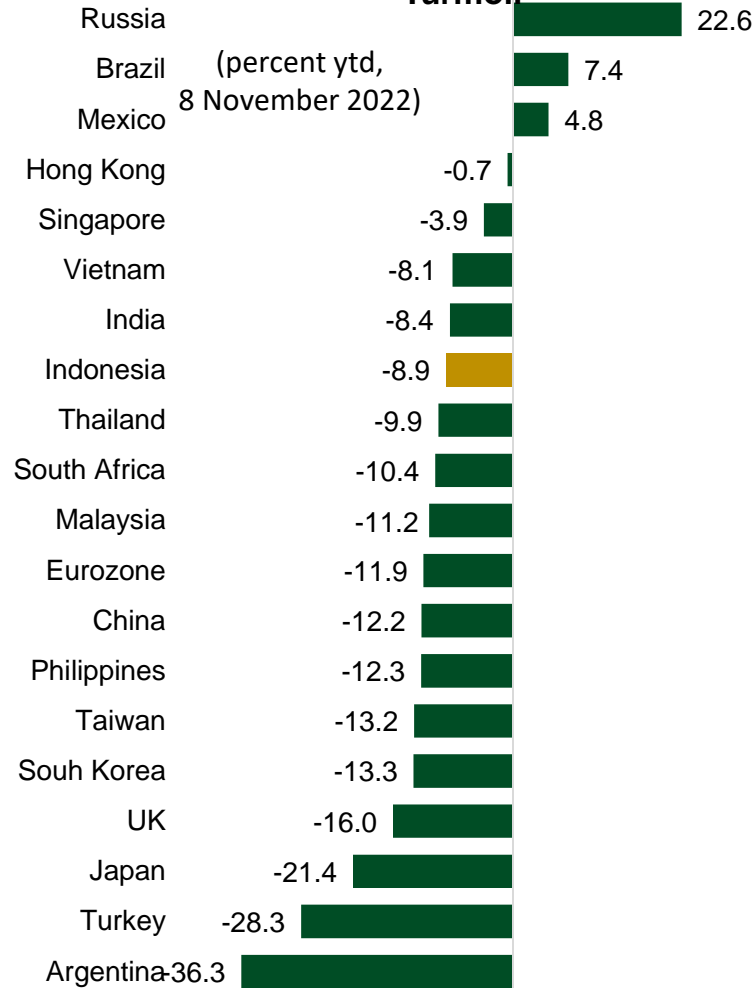


# Macroeconomic Stability is also Well Maintained Despite Global Turmoil

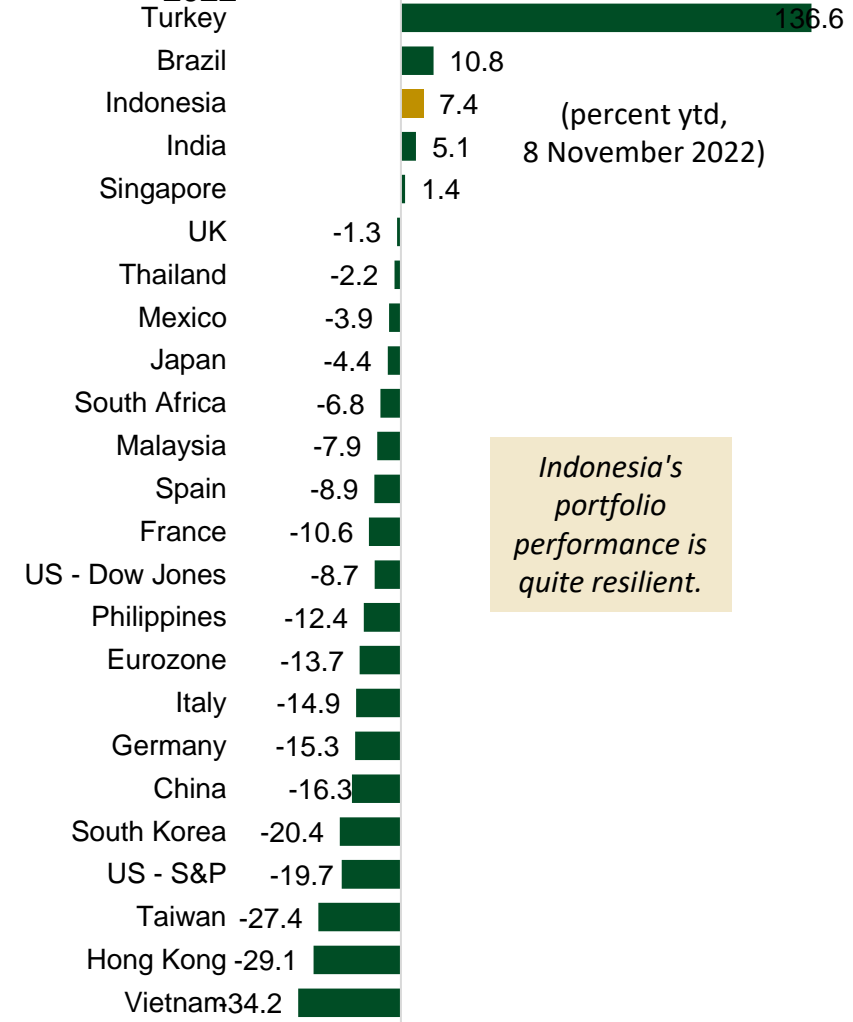
**Lower Inflation Rate Among Many Countries in the World**  
(October 2022 - Percent, YoY)



**The Rupiah Exchange Rate is Sufficiently Maintained Despite Global Turmoil**  
(percent ytd, 8 November 2022)



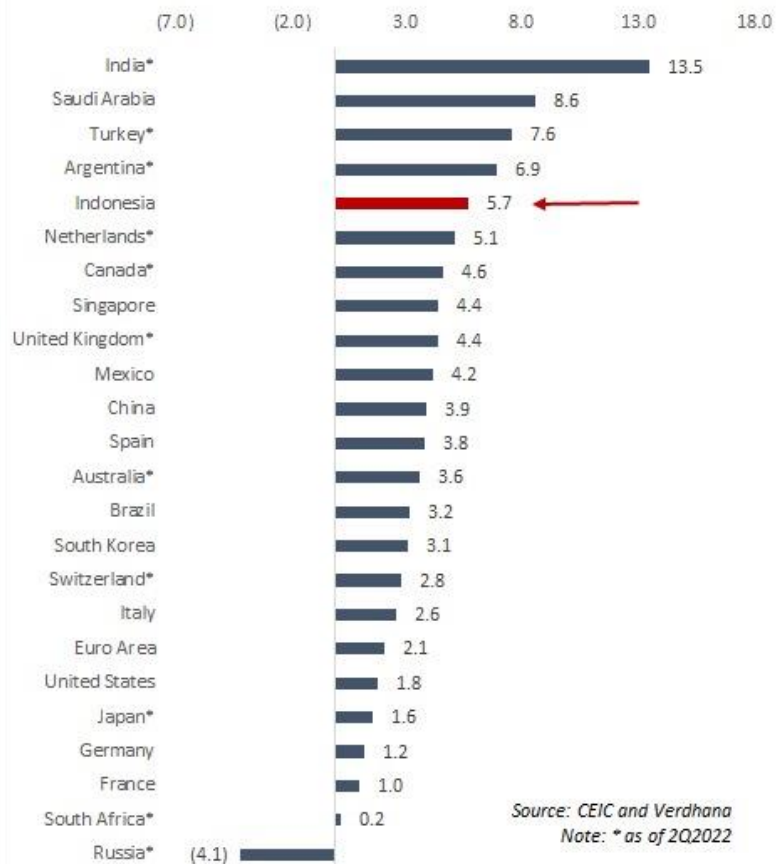
**Stock Index Still Positive Throughout 2022**  
(percent ytd, 8 November 2022)



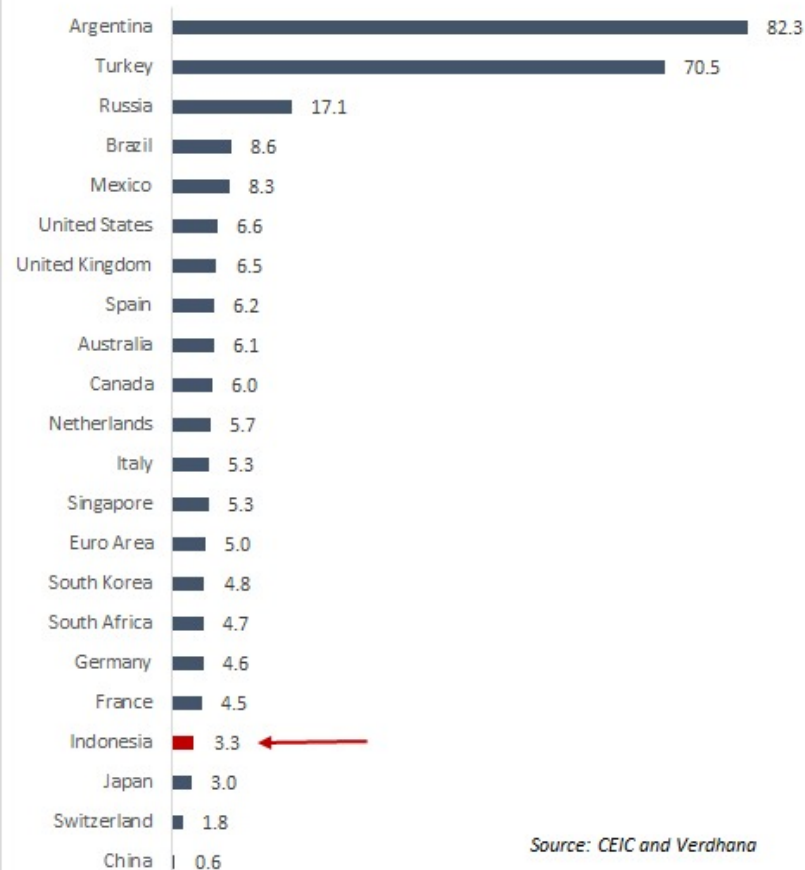
*Indonesia's portfolio performance is quite resilient.*

# Indonesia's Macroeconomic Indicators Are the Best Among G20

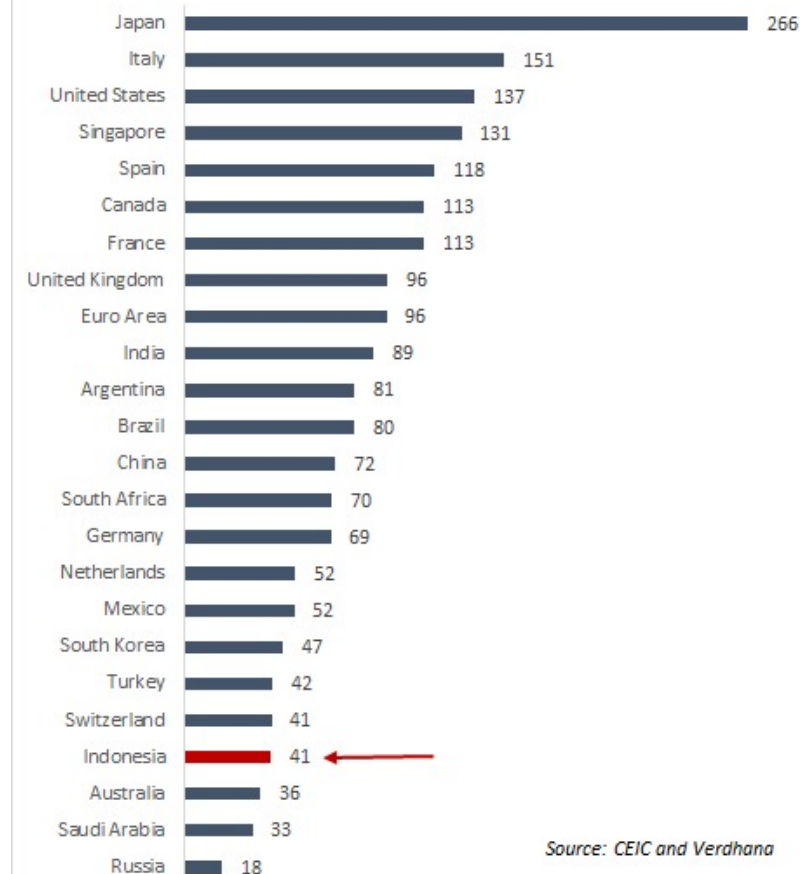
3Q GDP growth % - G20 countries



Core inflation % - G20 countries



Govt debt to GDP % - G20 countries



# Indonesia is Transforming Its Economy – No Longer Rely on Raw Commodities

**Past:**  
Nickel Ore Exports



**Present:**  
Iron and Steel Exports

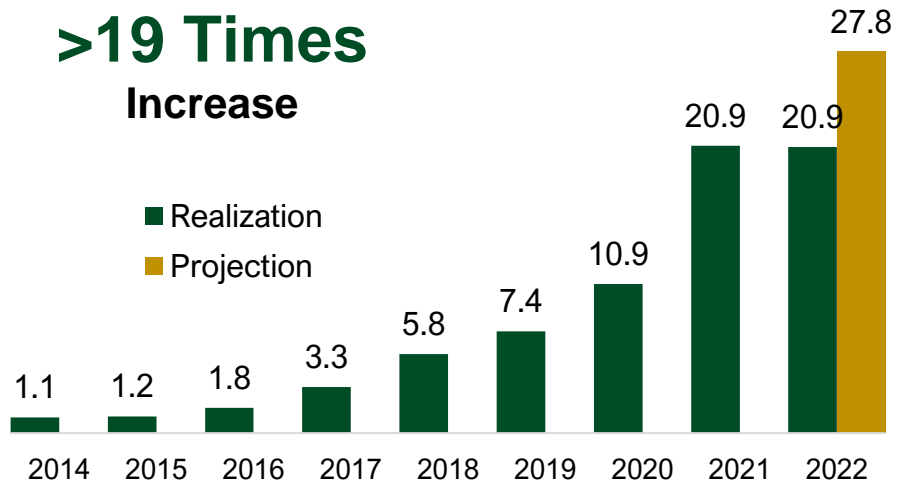


**Future:**  
Lithium Battery and EV

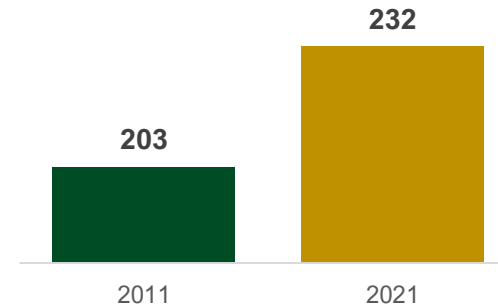


**Iron and Steel Export to the World  
(USD Billion)**

**>19 Times  
Increase**

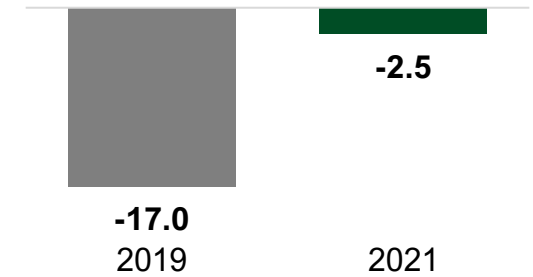


**Record Exports in 2021  
(USD Bn)**



**70% of the increase is contributed  
by iron and steel exports**

**Trade Deficit with China  
(USD Bn)**



**Trade Deficit with China only  
<USD2.5 billion**



# Downstream Industry Will Continue: Developing New Industry in Kaltara Industrial Estate



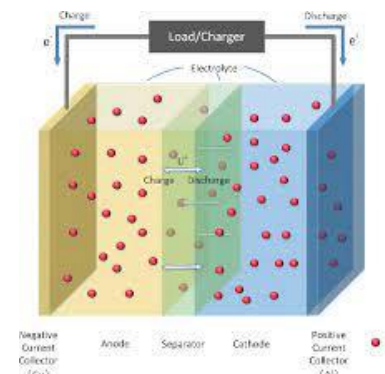
**Largest Petrochemical  
Industry  
(4x16 million ton)**



**Electronic Alumina  
(3 million ton)**



**Iron and Steel  
(5 million ton)**



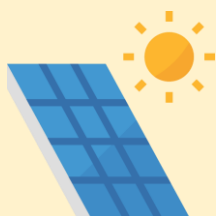
**New Energy Battery  
(265 GWH)**



**Industrial and  
Polycrystalline Silicon  
(1.4 million ton)**



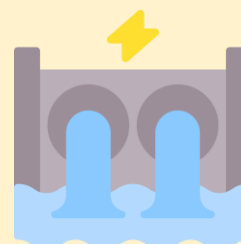
**Investment  
USD 132 BILLION**



**10 GW SOLAR  
PANEL**



**Employees  
160,000**



**10 GW HYDRO  
POWER**

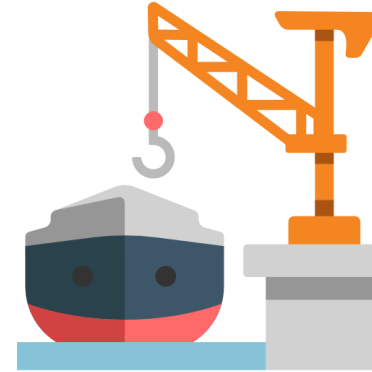
# Improving Efficiency Through Digitalization



Government Expenditure is Done Through E-Catalog and prioritized to buy Local Products produced by SMEs



SIMBARA integrates all mineral and coal resource management data in Indonesia



Increasing Port Efficiency Through Port Integration and Implementation of the National Logistics Ecosystem



Investing in Data Centers and Submarine Cables to Support the Digital Economy

**CORRUPTION**



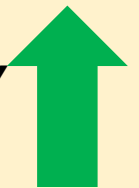
**COST**



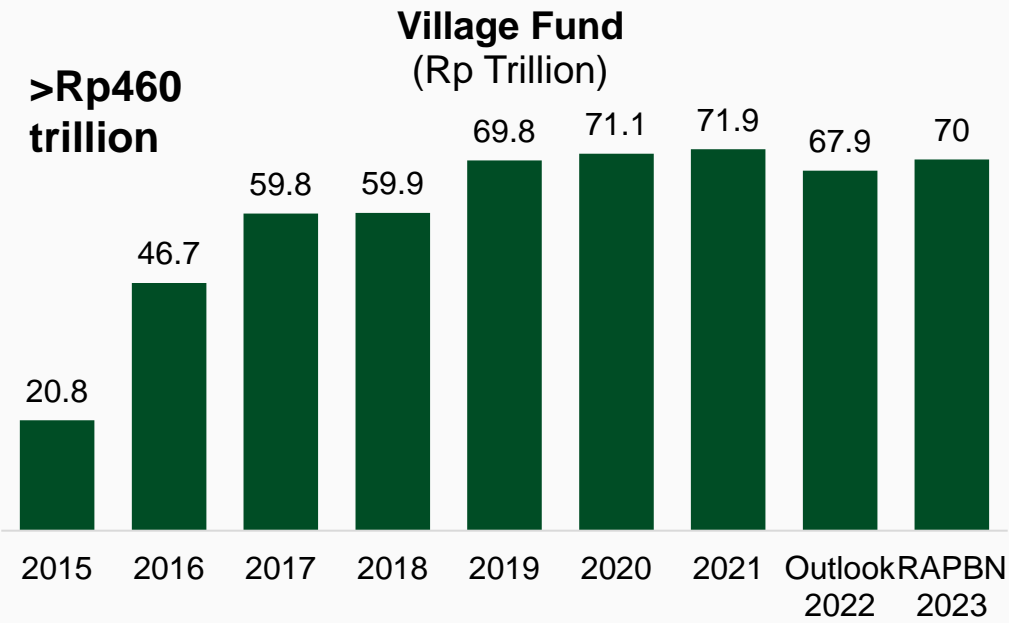
**STATE  
REVENUE**



**LOCAL INDUSTRY  
AND SME**



# Increasing Village Funds Since 2015 Has Improved Economic Conditions in Villages



Source: Ministry of Finance

## OUTPUTS



**Village Road**  
308,490 km



**Bridge**  
1,583 thousand m



**Village Market**  
12,244 unit



**Sports Facilities**  
29,210 units



**Clean Water**  
1,307,423 units



**Irrigation**  
80,120 units



**Village-Owned Enterprises**  
42,317 activities



**Integrated Healthcare Center**  
42,007 units



The number of independent villages increases

2015  
173

2021  
3,269



The number of underdeveloped and very underdeveloped villages has decreased

2015  
41.315

2021  
23,028



The number of poor people in the village decreased

Mar 2015  
17,89 million

Mar 2021  
15.37 milion

# Facing The Risk of Climate Change: Indonesia Needs to Transform to a Sustainable Development



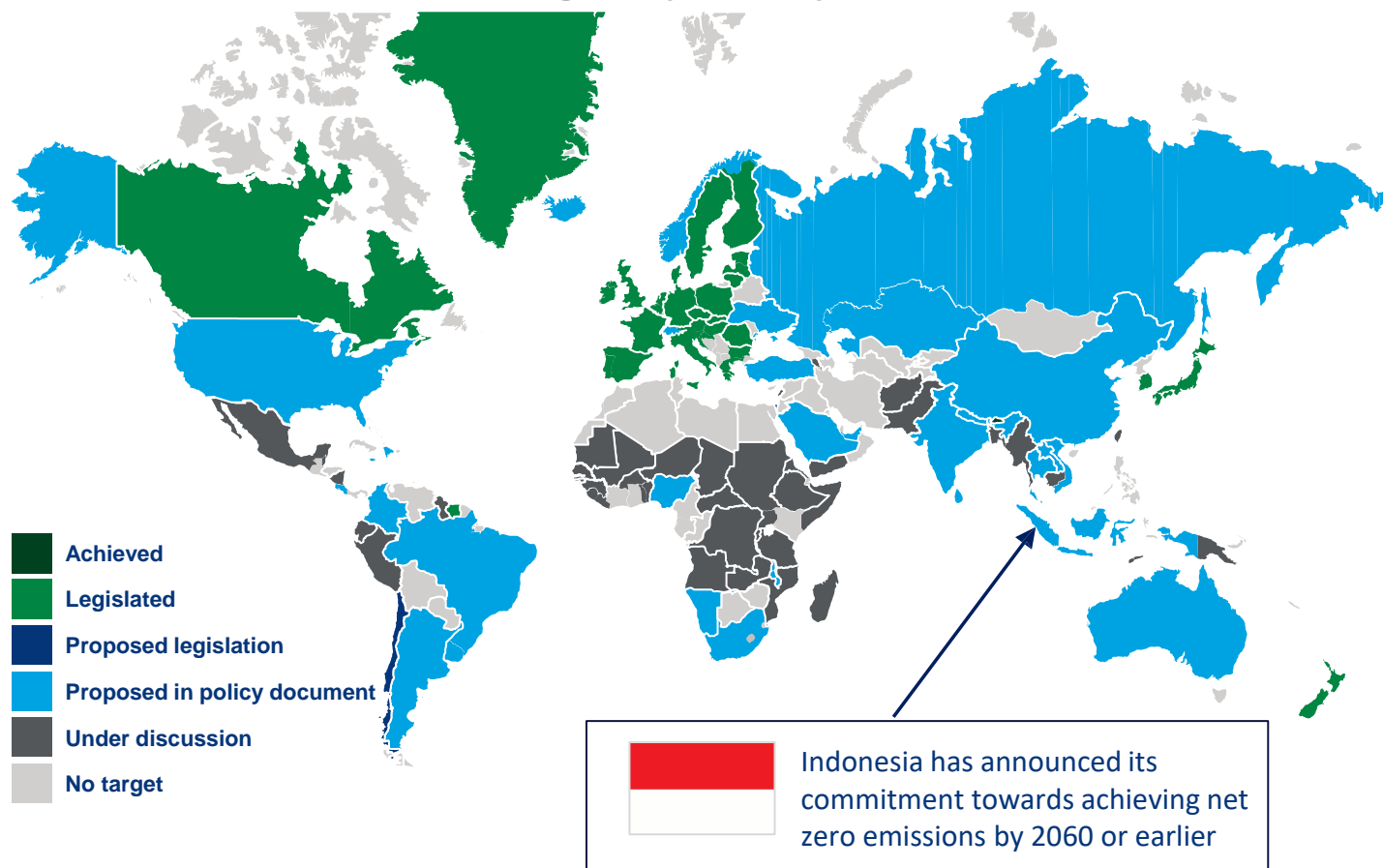
- Economic growth of Indonesia brings another challenge as it has **environmental and social impacts**, including pollution, forest degradation and deforestation, and income inequality.
- Indonesia has also been battling with another crisis: **climate change**, which severely impacted physical environment, ecosystem, and human societies. As the largest archipelagic country with extensive low-lying and small island areas Indonesia is one of the most vulnerable countries to the negative impacts of climate change.
- Indonesia is also still struggling with **inequality issues** within this booming economy. Since 2000, income inequality has been rising rapidly, the **Gini Index** increased from 28.5 in 2000 to 38.1 in 2022.
- Indonesia need to transforming the economy through promoting **Sustainable Development**. The urgency of shifting toward a green and sustainable economy has been underlined by the international community over the past few years, which is **driven by the implication of climate change and environmental degradation** on economic and social growth.



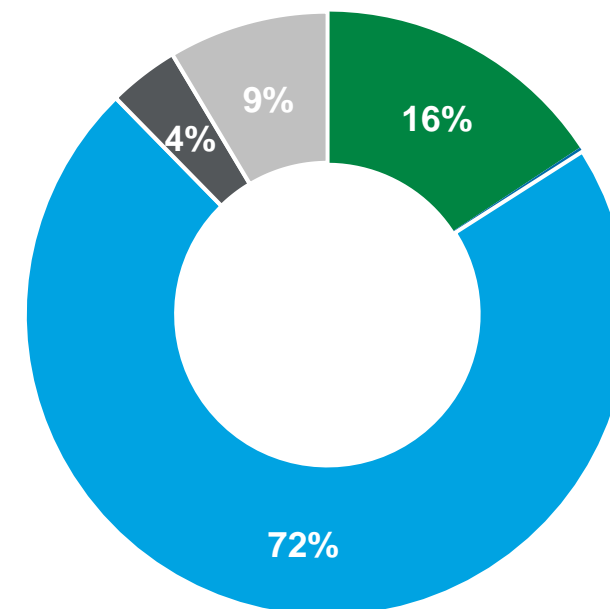
# The Climate Change Agenda Has Now Taken Center Stage Globally

Net zero pledges now cover 88% of global CO<sub>2</sub> emissions<sup>2</sup>

Status of net zero emissions targets by country



Proportion of 2020 CO<sub>2</sub> covered by net zero emissions targets



Source: Wood Mackenzie;

# Indonesia is Committed to Reduce Our Carbon Emission

Indonesia's NDC outlines Indonesia's transition to a low-emissions and climate-resilient future

## Targeted Sectors



Agriculture



Waste



Industry



FOLU



Energy

## New commitment in Adaptation

related with *Oceans, wetlands, human settlement.*

## 2<sup>nd</sup> NDC 2024



1. Coal phase down with the framework of energy transition,
2. Blue carbon resources, and
3. Reduction of HCFs.

## Enhanced NDC

### Before

National Efforts

**29%**

### After

National Efforts

**31.89%**

917 MTon CO<sub>2</sub>e

International Support

**41%**

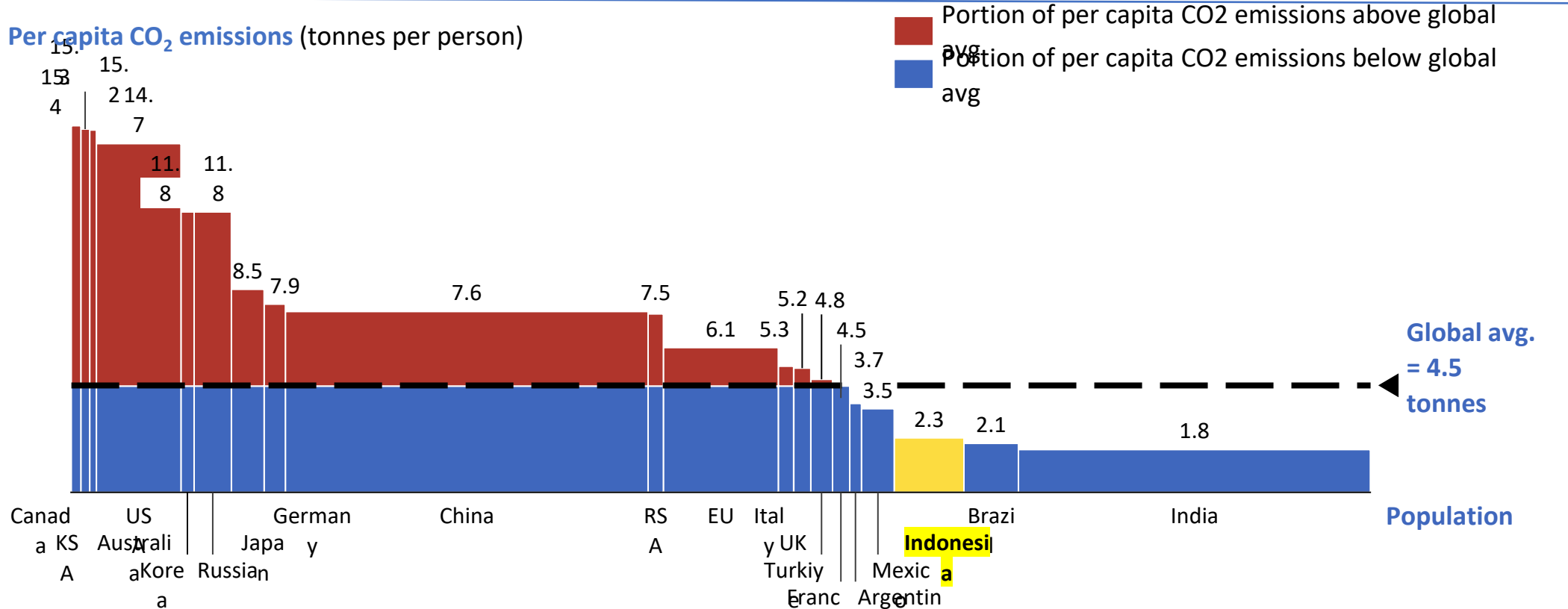
International Support

**43.20%**

1.114 MTon CO<sub>2</sub>e

# However, Indonesia Will Balance Our Emission Target with Economic Development Target

Per capita CO<sub>2</sub> emissions<sup>1</sup> and population of G20 members (2019)



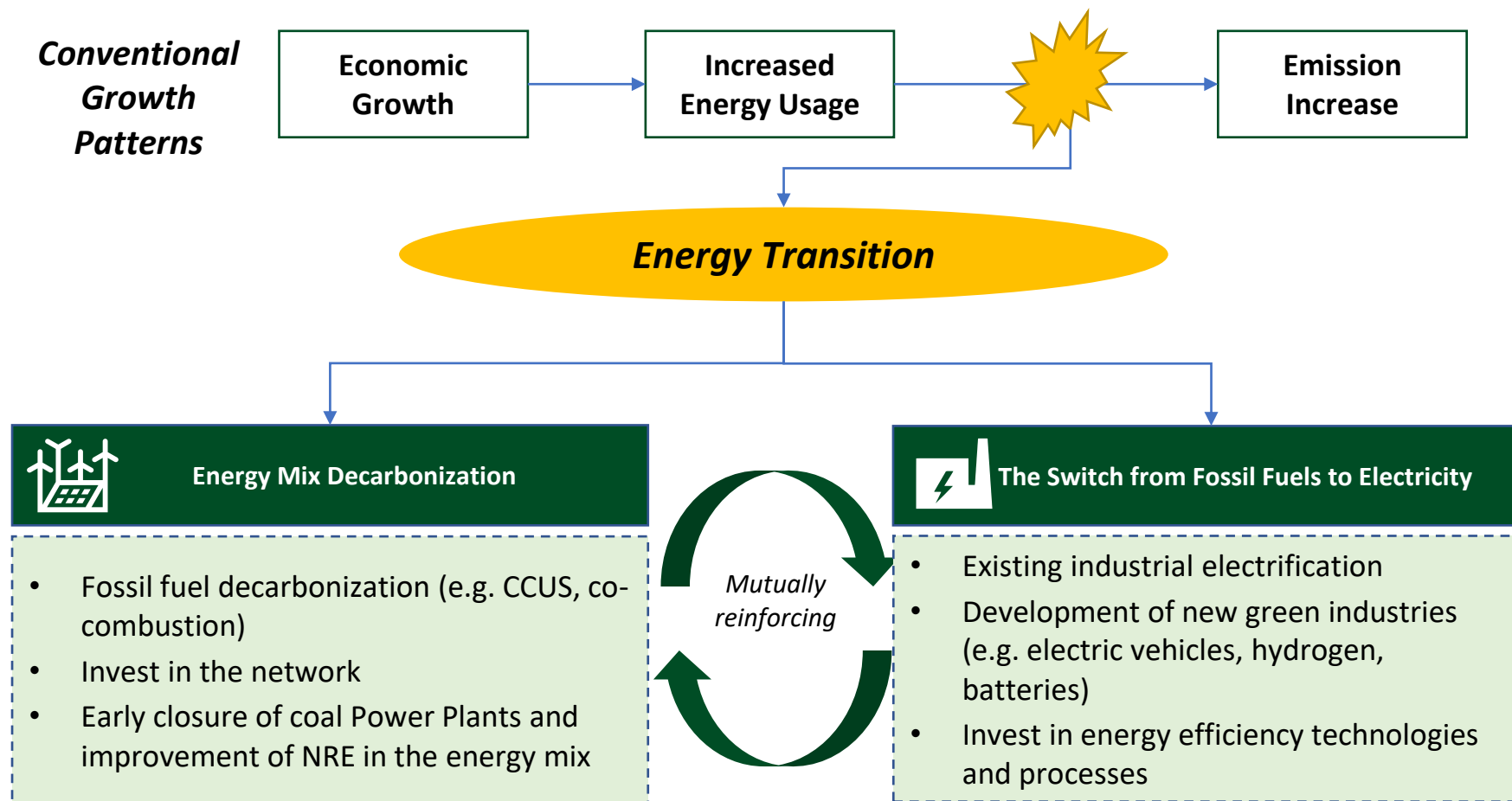
**If the 14 most carbon intensive G20 members<sup>2</sup> reduced their per capita CO<sub>2</sub> emissions to the global average, it would eliminate 11.8 Bn tonnes of CO<sub>2</sub> emissions, which is equal to 34% of global emissions and ~18x Indonesia's entire 2019 emissions.**

Source: World Bank

1. CO<sub>2</sub> emissions come from the burning fossil fuels and the manufacture of cement; 2. Refers to the 14 G20 members that have per capita CO<sub>2</sub> emissions figures above the global average.

# Energy Transition Requires Decarbonization in Both Power Generation and End Use Sector

## How to achieve energy transition

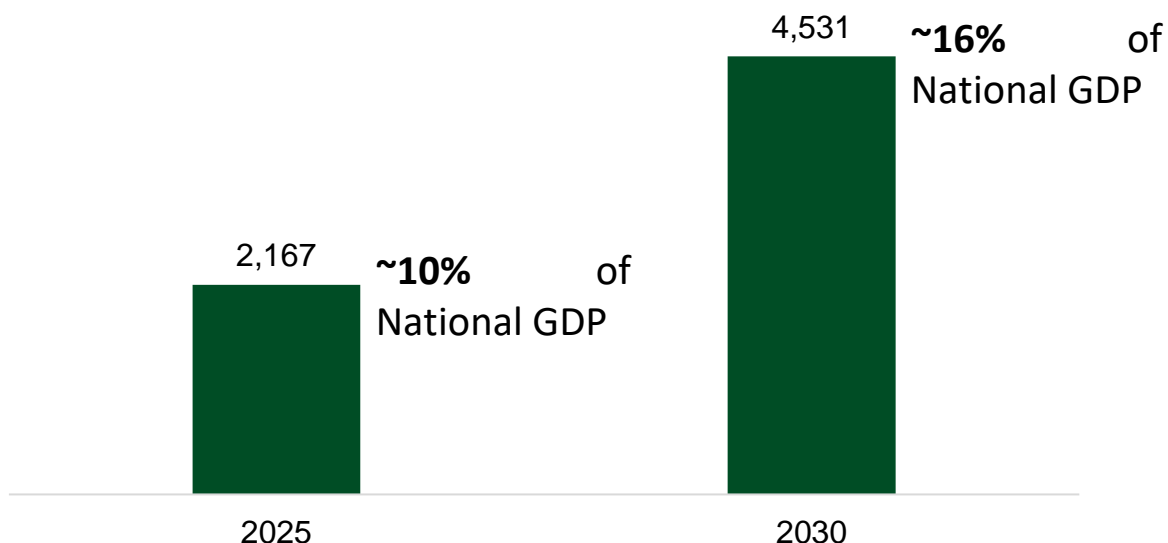




# Indonesia is Estimated to be SEA's Biggest Player in The Digital Economy



Indonesia Digital Economy Projection in Trillion Rupiah



National productivity increased up to **\$120** Billion USD due to digitalization

**40%** of digitalization in SEA is represented by Indonesia, making it the **most popular digital investment destination** in SEA

In Indonesia itself, **~9 million digital talents** are required to contribute to the 2030 Digital Economy

In Asia-Pacific region, more than **50%** of CEOs are facing trouble recruiting digital talents with the required skills.

The Asia-Pacific is projected to experience a **deficit** of around **47 million** digital talents by 2030.

# The Digital Ecosystem in Indonesia has Entered Rapid Growth Era



Decacorn: Valuation above USD10 Bn



Transportation & Marketplace

Expedition

Unicorn: Valuation above USD1 Bn



Fintech

Fintech

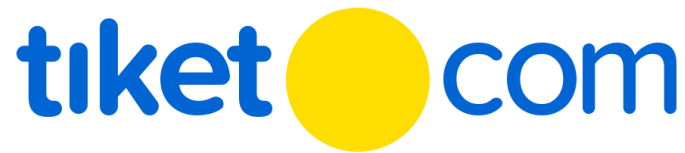


Ticketing



Marketplace

Fintech



Ticketing



F&B



Marketplace



Fintech



Marketplace



Payment

# As the G20 Presidency, Indonesia Will Play a Role in the World Economic Recovery and Sustainable Development



Indonesia G20 Presidency  
**Recover Together  
Recover Stronger**

- As host of the G20 this year, Indonesia is providing a platform for world leaders to discuss how we can drive committed and collective action to ensure that we are inclusive in our recovery, and leave no one behind.
- Three focus area:
  1. Strengthening global health architecture
  2. **Digital transformation** and
  3. Energy transition
- Those focus areas are prevalent issues that do not adhere to traditional geographical borders. **They are complex challenges that require alignment and collaboration at regional and global levels.**