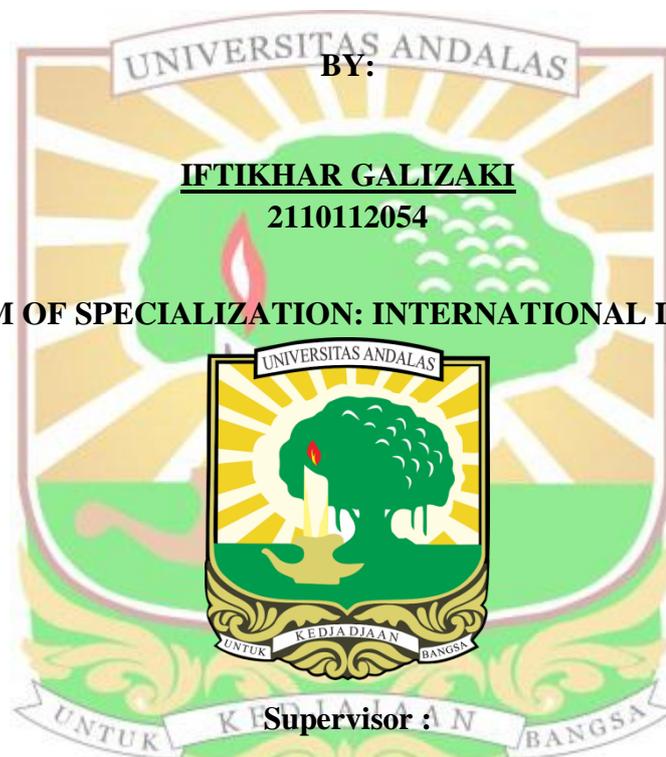


BACHELOR THESIS

**ANALYSIS OF THE ROLE OF THE INDONESIAN CARBON EXCHANGE
IN ENCOURAGING THE ACHIEVEMENT OF INDONESIA'S
COMMITMENTS AT THE UN CLIMATE CHANGE CONFERENCE
(COP21)**

(Study on the Implementation of the Paris Agreement 2015)

Applied to fulfil the requirements for earning the Bachelor of Laws degree



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ABSTRACT

It is important to note that climate change is considered one of the most pressing challenges of the 21st century. This term refers to long-term shifts in regional and global climate patterns, including alterations in average temperature, humidity, atmospheric pressure, precipitation, wind systems, ocean salinity, and the shrinkage of ice sheets and polar glaciers. It has driven the international community to adopt the Paris Agreement under the UNCCC, which Indonesia ratified through Law No. 16/2016 on ratification of the Paris Agreement to the United Nations and operationalizes through the Indonesia Carbon Exchange (IDX Carbon) as a market-based mechanism for mitigating domestic GHG emissions. Form of the research question: What are the regulations carried out by Indonesia as a participant in the UNCCC (COP21) to mitigate carbon emission regarding carbon exchange, and what kind of effective mechanism of carbon exchange to mitigate carbon emission in Indonesia. This study seeks to understand how Indonesia's regulatory framework aligns with its UNCCC (COP21) obligations and which carbon-exchange mechanisms, an Emission Trading System and a Carbon Offset scheme, might be most effective nationally. This research is normative-empirical research and applied statute and conceptual research approaches. It employed document sourcing and in-depth interviews as its data collection method. Interviews with officials from the Ministry of Environment, the Financial Services Authority (OJK), and Forest Watch Indonesia were conducted. The primary legal instruments include the Kyoto Protocol, the Paris Agreement, Law No. 16/2016 on Ratification of the Paris Agreement To The United Nations Framework Convention on Climate Change, Law No. 7/2021 on the Harmonization of Tax Regulations, Presidential Regulation No. 98/2021 on the Economic Value of Carbon, Law No. 4/2023 on developing and strengthening the Financial Sector, and OJK Regulation No. 14/2023 on Carbon Trading Through Carbon Exchanges. The research finding of this study: 1) the issuance of the policy by the government of Indonesia, which ratifies the Paris Agreement create an obligation for Nationally Determined Contribution targets and Long-Term Strategy for Low Carbon and Climate Resilience (2050) and the presidential regulation No. 98/2021 on the Economic Value of Carbon, and 2) the mechanism of carbon exchange in Indonesia potentially reduce the carbon emissions with two indicator analyzes, first by conducting the cost-benefit analysis by Richard Posner, and by comparing with the European Emission trading system.

Key Words: Climate Change, Greenhouse Gas, Carbon Emissions, Paris Agreement, Carbon Exchange, Carbon Trading, Indonesia.