



Questioning Sustainable Environmental Policies and Practices in Indonesia: Would Durkheim's Structural Functionalism Theory Have a Relevance?

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Abstract

The Indonesian government introduced Carbon Economic Value (CEV) to reduce greenhouse gas emissions through carbon trading, levies, and performance-based payments. Despite criticism and resistance, implementing such a policy is crucial for driving significant societal and lifestyle changes toward a greener future. This article analyzes the creation of CEV policies in meeting Indonesia's emission targets and international commitments. It also identifies and assesses societal and business attitudes towards CEV policies and their impact on the transition to renewable energy and sustainability practices. It is a legal research that examines the validity of positive law, legal principles, and legal doctrines hierarchically. The collected legal materials are analyzed using qualitative descriptive analysis techniques. This paper found the interplay between SDGs and carbon emission trading underscores a global commitment to combating climate change and advancing sustainable development. Indonesia's CEV policy not only encourages reductions in GHG emissions, the adoption of clean technologies, and in line with SDGs Goal 13 and Goal 7, but also serves critical societal functions akin to Durkheim's theory. It integrates environmental objectives with economic incentives, promoting sustainable growth and social stability. Positive attitudes of society and business leaders towards Indonesia's CEV policy reflect increasing recognition of its long-term benefits in green technologies and emerging markets, signaling a growing embrace of sustainable practices.

1. INTRODUCTION

Addressing global climate change and achieving a sustainable environment requires not only government efforts but also the commitment of society. This societal commitment should be reflected in actions and attitudes of society that align with the goal of reducing greenhouse gas (GHG) emissions.¹

¹ See, among others, Andreas Tedy Mulyono and Rudy Pramono. "Updating Public Legal Awareness of Restricting Carbon Emissions in Indonesia." *Law Review XXII*, no. 2 (2022): 265-267; Ministry of Environment, Republic of Lithuania, "Voluntary National Review on the Implementation of the 2030 Agenda for Sustainable Development,"

The creation of Paris Agreement 2015 by the United Nations Framework Convention on Climate Change (UNFCCC) marked a pivotal moment in global environmental policy.² This landmark accord brought nations together with a shared vision to combat climate change and limit global temperature rise to well below 2 degrees Celsius above pre-industrial levels.³ The Paris Agreement commits participating countries to collectively reduce GHG emissions, utilizing mechanisms like international emission trading.⁴ A key element is the use of Internationally Transferred Mitigation Outcomes (ITMOs)⁵ to meet Nationally Determined Contributions (NDCs).⁶

Indonesia, a state party to the UNFCCC, has ratified The Paris Agreement through Law No. 16 of 2016.⁷ Indonesia's commitments to limit the global temperature rise to below 2°C, with NDC targets set for a 31.8% reduction by 2030 through national efforts and 43.20% with international help.⁸ Additionally, Indonesia's "Low Carbon and Climate Resilience 2050 (LTS-LCCR)" strategy aims to achieve net zero emissions by 2050.⁹

To meet these commitments, Indonesia has enacted several regulations and adopted several programs, including Presidential Regulation No. 98 of 2021, which focuses on Carbon Economic Value (CEV) policy.¹⁰ This regulation introduces carbon pricing mechanisms such as carbon trading, performance-based payments, and carbon levies.¹¹ Emission trading

<https://am.lrv.lt/uploads/am/documents/files/Voluntary%20National%20Review%202023%20LITHUANIA.pdf>, 21.

² Jeff Price et al., "Assessing the Potential Risks of Climate Change on the Natural Capital of Six Countries Resulting from Global Warming of 1.5 to 4 °C above Pre-Industrial Levels," *Climatic Change* 177, no. 3 (2024): 2. See also Richard G Newell, William A Pizer, and Daniel Raimi. *Carbon Markets: Past, Present, and Future*, 1 (Washington, DC: Resources for the Future, 2012), 2.

³ Rachel Warren et al., "Quantifying Risks Avoided by Limiting Global Warming to 1.5 or 2 °C Above Pre-Industrial Levels," *Climatic Change* 172, no. 3–4 (2022): 1–2.

⁴ Lambert Schneider and Stephanie La Hoz Theuer, "Environmental Integrity of International Carbon Market Mechanisms under the Paris Agreement," *Climate Policy* 19, no. 3 (2019): 387. See also Jennifer P Morgan, "Carbon Trading Under The Kyoto Protocol: Risks and Opportunities for Investors," *Fordham Environmental Law Review* 18, no. 1 (2006): 151.

⁵ Samuel Corbalán Arévalo, "German Environmental Concerns on Carbon Offsetting and Reduction: How It Deals with European and International Rules?," *Udayana Journal of Law and Culture* 7, no. 2 (2023): 124 .

⁶ Schneider and Theuer, *op.cit.*, 388.

⁷ Elda Sofia, "Implikasi Hukum Paris Agreement Melalui Program REDD+ Berbasis Blue Carbon Di Indonesia," *Jurnal Magister Hukum Udayana (Udayana Master Law Journal)* 8, no. 2 (2019): 175-176.

⁸ Otoritas Jasa Keuangan, "Peluang Perdagangan Karbon Dalam Upaya Dekarbonisasi," <https://www.ojk.go.id/ojk-institute/id/capacitybuilding/upcoming/2733/peluang-perdagangan-karbon-dalam-upaya-dekarbonisasi>.

⁹ *Ibid.*

¹⁰ Linda Yanti Sulistiawati and Louie Buana, "Legal Analysis of the Carbon Pricing Regulation in Indonesia," *Journal of Central Banking Law and Institutions* 2, no. 1 (2023): 182.

¹¹ Presidential Regulation No. 98 of 2021, Art. 47 (1).

(cap and trade) and offset emissions are the two main approaches used for carbon trading.¹² Offset emission mechanisms involve trading carbon units generated from emission reductions or increased carbon absorption/storage after achieving specific sub-sector NDC targets and having a surplus.¹³

Indonesia's carbon levies, established under Law No. 7 of 2021,¹⁴ targeting sectors like coal-fired power generation and high GHG-emission industries.¹⁵ However, the current low carbon tax rates have raised concerns about the effectiveness of CEV policies¹⁶ and the transition to green energy.¹⁷ Businesses argue that carbon taxes increase production costs, affecting prices and potentially straining the public's purchasing power and national economic growth.¹⁸

To further support its CEV policies and aim for carbon neutrality, Indonesia is drafting a New and Renewable Energy Bill and seeks international partnerships through the Just Energy Transition Partnership (JETP) with G-20 countries.¹⁹ This partnership aims to secure funding totaling IDR 300 trillion (equivalent to USD 20.5 billion) sourced from both public and private investments in the form of low-interest loans and grants from international partners.²⁰

¹² See Sulistiawati and Buana, *op.cit.*, 183; and Biro Hubungan Masyarakat KLHK, "Perdagangan Karbon Untuk Pencapaian Target NDC, Kontribusi Indonesia Bagi Agenda Perubahan Iklim Global," <https://ppid.menlhk.go.id/berita/siaran-pers/7443/perdagangan-karbon-untuk-pencapaian-target-ndc-kontribusi-indonesia-bagi-agenda-perubahan-iklim-global>.

¹³ Thomas Stoerk, Daniel J. Dudek, and Jia Yang, "China's National Carbon Emissions Trading Scheme: Lessons from the Pilot Emission Trading Schemes, Academic Literature, and Known Policy Details," *Climate Policy* 19, no. 4 (2019): 476.

¹⁴ Budiawan Sidik A, "Tantangan Penerapan Kebijakan Reduksi Emisi Karbon," <https://www.kompas.id/baca/ekonomi/2023/08/25/tantangan-penerapan-kebijakan-reduksi-emisi-karbon>.

¹⁵ Law No. 7 of 2021, Art. 13 (5) and (6). See also Margono Margono et al., "Keabsahan Pengenaan Pajak Karbon Dalam Peraturan Perpajakan," *Jurnal Usm Law Review* 5, no. 2 (2022): 768.

¹⁶ Mazaya Nurbaity, "Pro Kontra Pajak Karbon Sebagai Upaya Transisi Energi Hijau Dalam Presidensi G20 Di Indonesia," <https://www.kompasiana.com/mazayabaity3140/62a49a1dbb44867ba7148ab3/pro-kontra-pajak-karbon-sebagai-upaya-transisi-energi-hijau-dalam-presidensi-g20-di-indonesia?page=all#section2>.

¹⁷ Margono et al., *op.cit.*, 769.

¹⁸ Amanda Martini, "Pro-Kontra Penerapan Carbon-Tax Serta Dampaknya Pada Investor Dan Emiten Di BEI," <https://kumparan.com/amandamartini5942/pro-kontra-penerapan-carbon-tax-serta-dampaknya-pada-investor-dan-emiten-di-bei-1xPrJnwBhTE>.

¹⁹ The G-20 is an international forum of the world's largest economies, established in 1999, representing over 80% of global GDP and 75% of international trade, which addresses global economic issues such as financial stability, climate change, and sustainable development. James McBride, Anshu Siripurapu, and Noah Berman, "What Does the G20 Do?," <https://www.cfr.org/background/what-does-g20-do>. See also Rosamond Hutt and Timothy Conley, "What is the G20?," <https://www.weforum.org/agenda/2022/11/g20-summit-what-you-need-to-know/>

²⁰ KLHK, *loc.cit.*

Despite challenges and opposition, the government's efforts signify a committed approach to reducing GHG emissions, adhering to international climate agreements, and striving towards a sustainable future. Based on the exposition provided, discussing further opinions referring to the structural functionalism theory in the following subsection is crucial. Based on the exposition provided, it is crucial to further discuss referring to the structural functionalism theory in the next subsection.

Several previous studies have explored various perspectives on reducing GHG emissions, carbon trading, and carbon neutrality policies. In China, several scholars i.e. Tang, et al (2020),²¹ Yingde Hu, Liu, and Ahmed (2022),²² Xiaoqian Liu, et al (2023),²³ Baoliu Liu, et al (2023),²⁴ have conducted studies on the effects of Chinese government environmental attention, carbon trading policies, emission trading systems, and their impact on corporate innovation, productivity, and regional economies. These studies provide insights into the mechanisms through which environmental policies influence firm behavior, technological progress, economic growth, and carbon reduction targets.

Additionally, Arévalo (2023) examines the implementation of international climate protection instruments like Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) and its relationship with the EU's emissions trading system (EU-ETS) in aviation. The study highlights uncertainties regarding the alignment of CORSIA with existing EU policies and explores potential scenarios for their coexistence.²⁵

Several studies in Indonesia have focused on carbon trading policy and its implications. Sofia (2019) highlights challenges in implementing REDD+ regulations in the forestry sector affecting NDC targets,²⁶ while Afandi (2023) suggests using carbon trading schemes and incentives in agriculture to promote green economic development during Indonesia's G20 presidency.²⁷ Prihatiningtyas et al. (2023) stress the importance of incorporating justice perspectives, including inter-generational justice, in

²¹ Hong li Tang et al., "The Effects of Emission Trading System on Corporate Innovation and Productivity-Empirical Evidence from China's SO2 Emission Trading System," *Environmental Science and Pollution Research* 27, no. 17 (2020): 21604.

²² Yingde Hu, Jixun Liu, and Minhaz Ahmed, "Does Emission Trading Policy Restrain Economy? A County-Scale Empirical Assessment from Zhejiang Province of China," *Energy Policy* 168, no. April 113138 (2022): 1.

²³ Xiaoqian Liu et al., "Government Environmental Attention and Carbon Emissions Governance: Firm-Level Evidence from China," *Economic Analysis and Policy* 80, no. August (2023): 121.

²⁴ Baoliu Liu et al., "Carbon Trading and Regional Carbon Productivity," *Journal of Cleaner Production* 420, no. August (2023): 1.

²⁵ Arévalo, *op.cit.* 120.

²⁶ Sofia, *op.cit.*, 174.

²⁷ Frendy Ahmad Afandi, "Pemanfaatan Presidensi Indonesia Dalam G20 Untuk Pembangunan Ekonomi Hijau Dan Dekarbonisasi Indonesia 2060," *Jurnal Analisis Kebijakan* 6, no. 1 (2023): 86.

carbon trading policies.²⁸ Diaz et al. (2023) advocate for strengthening carbon tax regulations aligned with Pancasila economics principles²⁹ to foster green investments and increase state revenue.³⁰

It is slightly different from the previous studies, this research analyzes Indonesia's commitment to reducing GHG emissions and achieving its NDC and net zero emission targets by 2050 through the implementation of the CEV policy. It examines the positive impacts of CEV policy via carbon trading mechanisms, carbon levies/taxes, and partnership funding mechanisms, emphasizing the need for societal and business support as part of an interconnected social system from the perspective of structural functionalism theory.

Based on the background provided above, the research addresses two research problems. First, Can Indonesia achieve its NDC and net zero emission targets by 2050 through implementing CEV policies, including carbon trading mechanisms, carbon levies/taxes, and partnership funding, thereby fulfilling its commitments to the Paris Agreement 2015? Second, how do the perspectives of structural functionalism theory explain the attitudes of society and businesses towards CEV policies in Indonesia, and what positive impacts can these policies have on promoting green energy transition and sustainable environmental practices? This article, therefore, specifically aims to analyze the creation of CEV policies to meet Indonesia's emission targets and international commitments, identify and assess societal and business attitudes towards CEV policies, and assess their impact on the transition to renewable energy and sustainability practices.

This article is a normative legal research. It examines the validity of positive law, legal principles, and legal doctrines in a hierarchical manner.³¹ In this study, the focus will be on the normative level of a positive law concerning the implementation of CEV policy in Indonesia through Law No.

²⁸ Wilda Prihatiningtyas et al., "Perspektif Keadilan Dalam Kebijakan Perdagangan Karbon (Carbon Trading) Di Indonesia Sebagai Upaya Mengatasi Perubahan Iklim," *Jurnal Ilmu Hukum* 7, no. 2 (2023): 163.

²⁹ Pancasila, as explained by Muhammad Yamin, etymologically means "five connections" but can also be interpreted as a foundation consisting of five elements, serving as a basis for life and the official philosophical foundation of the Indonesian state (see Nur Salim Hidayatullah, "Pancasila Dalam Wajah Globalisasi Dan Pembangunan Sustainable Development," *The Indonesian Journal of Social Studies* 6, no. 2 (2024): 66.) The Pancasila economic principle focuses on balancing economic growth with environmental quality, advocating for carbon tax policies that ensure sustainable, efficient, and equitable development, ultimately achieving sustainable economic growth. See also Marchethy Riwani Diaz, "Penguatan Bank Perekonomian Rakyat Berbasis Asas Demokrasi Ekonomi: Paradigma Keadilan Sosial," *Jurnal Yustika: Media Hukum dan Keadilan* 26, no. 01 (2023): 11.

³⁰ Marchethy Riwani Diaz et al., "Kebijakan Pajak Karbon Sebagai Strategi Pembangunan Ekonomi Berkelanjutan," *Jurnal Magister Hukum ARGUMENTUM* 9, no. 1 (2023): 156.

³¹ Nurul Qamar and Farah Syah Rezah. *Metode Penelitian Hukum: Doktrinal Dan Non-Doktrinal* (Makassar: CV. Social Politic Genius (SIGn), 2020), 34.

16 of 2016, Law No. 7 of 2021, Presidential Regulation No. 98 of 2021, and Minister of Environment and Forestry Regulation No. 21 of 2022, as well as international legal instruments such as the Paris Agreement 2015. This normative research uses legislative, legal concept analysis, fact, and comparative approaches, followed by elaboration through literature review document study techniques. The collected legal materials are then analyzed using qualitative descriptive analysis techniques, which involve systematic categorization, description, and explanation stages.³²

The results and discussion section will address two research questions, which will be subdivided into five subsections. The first and second subsections will focus on this research's theoretical and conceptual foundations. The first subsection will elaborate on the structural functionalism theory articulated by Emile Durkheim, Talcott Parsons, and Robert Merton. The second subsection will discuss Carbon Emissions Trading from the Sustainable Development Goals (SDGs) perspective. The third subsection will detail Indonesia's commitment to reduce GHG emissions through the CEV policy. Next, the fourth subsection will present the implementation of the CEV policy to catalyze Indonesia's commitment to the Paris Agreement 2015. Finally, the fifth subsection will analyze Indonesian society's and business actors' attitudes toward implementing the CEV Policy.

2. RESULT AND ANALYSIS

2.1. The Structural Functionalism Theory

This paper argues that the theory of structural functionalism proposed by three scholars i.e Emile Durkheim, Talcott Parsons, and Robert Merton has a relevance to analyze government's efforts related to the implementation of CEV policy to reduce GHG emissions in Indonesia. Their ideas provide a comprehensive framework for understanding how the policy functions in various aspects of society. Durkheim offers insights into social integration and the functions of institutions, Parsons provides tools to analyze systemic functions essential for societal balance, while Merton helps identify the direct and indirect impacts of the policy. This approach enables a holistic and in-depth analysis of the CEV policy implementation in Indonesia. Therefore, it is essential to examine each scholar's foundational ideas or theories briefly.

Firstly, Emile Durkheim is a French social scientist who tried to develop a positive social science that might influence society's attitude

³² Kornelius Benuf, Siti Mahmudah, and Ery Agus Priyono, "Metodologi Penelitian Hukum Sebagai Instrumen Mengurai Permasalahan Hukum Kontemporer," *Refleksi Hukum: Jurnal Ilmu Hukum* 3, no. 2 (2019): 150.

toward greater solidarity.³³ His thoughts are rooted in a social context characterized by a distribution of social labor, which he perceives as heterogeneous and relatively static during development.³⁴ This distribution leads to competition among individuals and social unity among like-minded groups, requiring specialized professions to meet societal needs.³⁵ From a functionalist perspective, Durkheim suggests that any societal group or organization with the authority to perform continuous tasks is considered 'functional'. Additionally, Durkheim explains that values or phenomena occurring in a certain place and time result in functional or dysfunctional conditions based on the reasons or causes of social change.³⁶ If social change promotes balance and harmony, it leads to functionality; if it disrupts balance and causes conflict, it leads to dysfunction. Therefore, Durkheim emphasizes that society is like a biological organism with interdependent social institutions, norms, and rules regulating the social system.³⁷

Secondly, Talcott Parsons, drawing from Emile Durkheim's ideas, elucidates the assumptions of structural functionalism theory by likening society to a biological organism with structures and subsystems that function according to their respective roles to create balance.³⁸ Parsons views structural functionalism as an agreement of individual will adapting to societal norms and existing reality.³⁹ Parsons philosophy emphasizes natural law enforcement, progressive social change, and social reformism, illustrating how systemic reactions in society aim to balance political, social, and economic issues.⁴⁰ Functionalism, according to Parsons, involves society collectively performing its functions based on norms, values, and

³³ Henri M. Peyre, "Émile Durkheim," Encyclopedia Britannica, 6 Jul. 2024, <https://www.britannica.com/biography/Emile-Durkheim>

³⁴ Gideon Hasiholan Sitorus, "Sumbangsih Teori Fungsionalis Emile Durkheim Untuk Mewujudkan Agama Sebagai Wacana Performatif Dalam Mewujudkan Solidaritas Di Tengah Pandemi," *Pute Waya: Sociology of Religion Journal* 3, no. 1 (2022): 59-61.

³⁵ Andi Erlangga Rahmat and Firdaus W Suhaeb, "Perspektif Emile Durkheim Tentang Pembagian Kerja Dan Solidaritas Masyarakat Maju," *JISIP (Jurnal Ilmu Sosial Dan Pendidikan)* 7, no. 3 (2023): 2143.

³⁶ Sulthan Ahmad, "Totem, Ritual Dan Kesadaran Kolektif: Kajian Teoritik Terhadap Pemikiran Keagamaan Emile Durkheim," *Al-Adyan: Journal of Religious Studies* 2, no. 2 (2021): 160.

³⁷ Harahap Nurmalita Ayuningtyas, "Analisis Tindak Pidana Korupsi Yang Dilakukan ASN Menggunakan Teori Fungsionalisme Struktural," *Widya Yuridika: Jurnal Hukum* 4, no. 1 (2021): 4. See also Ken Thompson. *Emile Durkheim*, Revised Edition (New York: Routledge, 2003), 48, 75.

³⁸ Marlian Arif Nasution, "Agama Dan Masalah Makna Dalam Teori Sosiologis Talcott Parsons," *Jurnal Theosofi Dan Peradaban Islam* 4, no. 1 (2022): 132.

³⁹ Ismail Ismail, "Penggabungan Teori Konflik Strukturalist- Non - Marxist Dan Teori Fungsionalisme Struktural - Talcott Parsons: (Upaya Menemukan Model Teori Sosial-Politik Alternatif Sebagai Resolusi Konflik Politik Dan Tindak Kekerasan Di Indonesia)," *ESENSIA: Jurnal Ilmu-Ilmu Ushuluddin* 13, no. 1 (2012): 72.

⁴⁰ *Ibid*, 73.

formal institutions to meet societal needs within a unified system.⁴¹ Parsons identifies four essential conditions for societal function:⁴² “Goal Attainment,” where social systems endure as long as goals are defined by members; “Adaptation,” where systems adapt to and adjust the environment; “Integration,” where systems manage important components through socialization and internalization; and “Latency,” where systems sustain themselves by maintaining and improving individual motivations and cultural patterns.⁴³

Thirdly, Robert K. Merton offers a different perspective on structural functionalism theory compared to Talcott Parsons, focusing on social roles, processes, institutional patterns, cultural emotions, social norms, and means of social control.⁴⁴ Merton argues that traditional structural functionalism has not provided methods for resolving social issues and suggests developing a functional analysis model, drawing on the works of Max Weber.⁴⁵ Merton's theory can be summarized in three assumptions: “first, the functional unity of society, where parts cooperate with sufficient internal consistency to avoid unresolved conflicts; second, universal functionalism, where all established social and cultural forms have positive functions that establish social balance; and third, the indispensability of existing social structures and norms.”⁴⁶ These assumptions assert the necessity of the overall social structure and its functions for the existence of society.

Referring to the ideas of those three scholars of structural functionalism theory, this paper leans towards Emile Durkheim's view that society resembles a biological organism with social institutions structuring its own system and interdependent norms, statuses, roles, and rules within specific patterns.⁴⁷ Durkheim also assessed events in specific times and places, considering them as functional or dysfunctional depending on social changes. This notion aligns with formulating arguments for the implementation of CEV policy by the government to reduce GHG emissions in Indonesia, utilizing Talcott Parsons' concept of four essential

⁴¹ Nasution, *op.cit.*, 133.

⁴² *Ibid.*

⁴³ See Talcott Parsons, “The Social System,” in *Routledge Sociology Classics* ed. Bryan S. Turner (London: Taylor & Francis e-Library, 2005), part. Introduction: Interpretative Difficulties and Sudjana Sudjana, “Penegakan Hukum Terhadap Pembajakan Karya Cipta Dalam Perspektif Teori Fungsionalisme Struktural,” *Kanun Jurnal Ilmu Hukum* 22, no. 1 (2020): 104.

⁴⁴ Ayuningtyas, *op.cit.*, 5.

⁴⁵ Ari Cahyo Nugroho, “Teori Utama Sosiologi (Fungsionalisme Struktural, Teori Konflik, Interaksi Simbolik),” *Majalah Ilmiah Semi Populer Komunikasi Massa* 2, no. 2 (2021): 187.

⁴⁶ *Ibid.*, 188. See also Volker Meja, and Nico Stehr. “Robert K. Merton's Structural Analysis: The Design of Modern Sociology” in *Robert K. Merton and Contemporary Sociology* ed. Carlo Mongardini and Simotta Tabboni (London: Transaction Books, 1998), 26-27.

⁴⁷ Sitorus, *op.cit.*, 61.

requirements for societal functioning known as Adaptation, Goal Attainment, Integration, Latency (AGIL).⁴⁸

2.2. Carbon Emissions Trading from the Perspective of Sustainable Development Goals

The Sustainable Development Goals (SDGs) are a set of 17 interconnected global goals established by the United Nations General Assembly in 2015, intended to be achieved by the year 2030.⁴⁹ They are part of the 2030 Agenda for Sustainable Development and aim to address various global challenges, including poverty, inequality, climate change, environmental degradation, peace, and justice.⁵⁰ The 17 goals include: No Poverty, Zero Hunger, Good Health and Well-being, Quality Education, Gender Equality, Clean Water and Sanitation, Affordable and Clean Energy, Decent Work and Economic Growth, Industry, Innovation, and Infrastructure, Reduced Inequality, Sustainable Cities and Communities, Responsible Consumption and Production, Climate Action, Life Below Water, Life on Land, Peace, Justice, and Strong Institutions, and Partnerships for the Goals.⁵¹ The SDGs are designed to be a blueprint for achieving a better and more sustainable future for all. They build on the success of the Millennium Development Goals (MDGs) and aim to go further to end all forms of poverty.⁵² The goals are universal, meaning they apply to all countries, and they require collaboration among governments, the private sector, civil society, and individuals.⁵³

The SDGs and carbon emission trading are closely related in their collective aim to address and mitigate climate change while promoting sustainable development.⁵⁴ Carbon emission trading, also known as cap-and-trade, is a market-based approach that allows countries or companies to buy and sell allowances for GHG emissions.⁵⁵ This system incentivizes the reduction of carbon emissions, aligning with Goal 13, which calls for urgent

⁴⁸ Nasution, *loc.cit.*

⁴⁹ See Department of Economic and Social Affairs Sustainable Development of United Nations, "The 17 Goals," <https://sdgs.un.org/goals>. See also Yuliia Voronina et al., "Economic and Environmental Component in The Field of Sustainable Development Management," *Quality - Access to Success* 25, no. 201 (2024): 8.

⁵⁰ Yali Liu et al., "Overlooked Uneven Progress Across Sustainable Development Goals at The Global Scale: Challenges and Opportunities," *Innovation* 5, no. 2 (2024): 1.

⁵¹ See Department of Economic and Social Affairs Sustainable Development of United Nations, *loc.cit.* See also Xutong Wu et al., "Three Main Dimensions Reflected by National SDG Performance," *Innovation* 4, no. 6 (2023): 1.

⁵² Voronina et al., *loc.cit.*

⁵³ Yali Liu et al., *loc.cit.*

⁵⁴ Cameron Allen et al., "Modelling Six Sustainable Development Transformations in Australia and Their Accelerators, Impediments, Enablers, and Interlinkages," *Nature Communications* 15, no. 1 (2024): 7.

⁵⁵ Schneider and Theuer, *op.cit.*, 386.

action to combat climate change and its impacts.⁵⁶ By placing a monetary value on carbon emissions, emission trading encourages investment in clean technologies and renewable energy sources, supporting Goal 7 for affordable and clean energy.⁵⁷ By fostering a global market for carbon credits, emission trading also strengthens international partnerships (Goal 17),⁵⁸ ensuring a collaborative approach to achieving the SDGs. Overall, carbon emission trading serves as a vital tool in the global strategy to achieve a low-carbon economy, directly contributing to several SDGs and their overarching goal of sustainable development.

2.3. Indonesia's Commitment to Reduce GHG Emissions through the CEV Policy

To analyze Indonesia's commitment to reducing GHG emissions, which is manifested through the implementation of the CEV policy, this subsection applies Durkheim's structural functionalism theory which views society as an entity composed of various interdependent parts.⁵⁹ The CEV policy can be seen as a mechanism that helps maintain social balance and order by regulating how natural resources are used and how they impact society. On a practical level, Durkheim emphasizes the importance of social solidarity and collective norms.⁶⁰ In the context of Indonesia, this policy can promote collective awareness of the importance of environmental preservation and balancing economic needs with ecological sustainability. Thus, this policy would enhance solidarity among community members who work together for the common goal of environmental protection.

Indonesia, as a member state of the UNFCCC since 1994, has ratified both the Kyoto Protocol in 1997 and the Paris Agreement in 2015, obligating it to address climate change by implementing CEV policies among other instruments to achieve NDC targets and mitigate greenhouse gas emissions. These policies align with international commitments outlined in the LTS-LCLR 2050 document, focusing on effective preventive and adaptive actions to maintain national achievements in climate action.⁶¹ This document details mechanisms and obligations for developed countries to achieve carbon neutrality by 2050.⁶²

Carbon neutrality can be achieved when carbon emissions are offset through methods such as carbon isolation, capture, and reduction. Carbon

⁵⁶ Cristian A. Vargas and Stefan Gelcich, "Integrated Actions Across Multiple Sustainable Development Goals (SDGs) Can Help Address Coastal Ocean Acidification," *Communications Earth and Environment* 5, no. 1 (2024): 4.

⁵⁷ Allen et al., *op.cit.*, 5.

⁵⁸ Vargas and Gelcich, *loc.cit.*

⁵⁹ See explanation of Durkheim ideas in Part 2.1.

⁶⁰ *Ibid.*

⁶¹ Government of Indonesia. *Indonesia Long-Term Strategy for Low Carbon and Climate Resilience 2050*. (Jakarta: Minister of Environment and Forestry, 2021), 1.

⁶² *Ibid.*

isolation and reduction can be facilitated through projects that generate carbon credits or green projects.⁶³ Carbon credit projects can be developed globally,⁶⁴ with specific emphasis in developing countries on forestry sectors, notably through “Reducing Emissions from Deforestation and Forest Degradation (REDD)” initiatives.⁶⁵

These projects incentivize forest preservation to mitigate carbon emissions, supported financially by developed nations.⁶⁶ In Indonesia, these projects have been piloted since 2017 in eleven provinces located on the islands of Kalimantan, Sulawesi, Sumatra, and Papua, which are rich in forest cover.⁶⁷ These initiatives have garnered support from local governments, corporations, and communities.⁶⁸ This is in line with Afandi findings (2023) that revealing REDD in the forestry sector such of fulfilling obligations under the Paris Agreement 2015 led to achieving Indonesia's NDC targets, including law enforcement and legal certainty in forest areas.⁶⁹

To accelerate the realization of the NDC targets in line with CEV policies, the government is undertaking various efforts. One of these efforts is aiming to achieve a renewable energy mix target of twenty-three percent by 2025. Over the next decade, the government targets an additional capacity of 40.6 gigawatts (GW) of new power plants, prioritizing environmental-friendly principles.⁷⁰ The majority of renewable energy sources come from hydroelectric power plants, geothermal, and solar power.⁷¹ Moreover, with the increasing government efforts to reduce carbon emissions, Indonesia State Electricity Company has finally canceled the construction of coal-fired power plants with a capacity of 13.3 GW planned between 2019-2028.⁷² This demonstrates the Indonesian government's seriousness in meeting its commitments to reduce GHG emissions by gradually transitioning away from fossil fuels towards renewable energy sources. While such policies may not be easy to implement, they are not necessarily difficult if all parties consistently support these new policies together.

Durkheim's structural functionalism theory views society as a biological organism with a social institution structure governing its own social system, and each of them interdependent (norms) due to the status, roles, and rules among them in certain patterns towards the balance of the social system.⁷³

⁶³ Prihatiningtyas et al., *op.cit.*, 166.

⁶⁴ Sulistiawati and Buana, *op.cit.*, 192.

⁶⁵ Sofia, *op.cit.*, 177.

⁶⁶ *Ibid*, 182.

⁶⁷ Afandi, *op.cit.*, 84.

⁶⁸ Sulistiawati and Buana, *loc.cit.*

⁶⁹ *Ibid*, 86.

⁷⁰ Nurbaity, *loc.cit.*

⁷¹ *Ibid*.

⁷² Diaz et al., *op.cit.*, 166.

⁷³ See explanation of Durkheim ideas in Part 2.1.

Indonesia's CEV policy and its effort to fulfill obligations and commitments under the Paris Agreement 2015 to reduce GHG emissions align with such a theory. This alignment is evident from the existence of a transparent framework (laws and governance) in the implementation of the CEV policy, such as regulators (the Government), implementers (state-owned enterprises in the energy and natural resources sector, private companies, and the community), supervisors (Supporting Bodies of the UNFCCC for Implementation), and program donors (World Bank, IMF).⁷⁴ Among all these stakeholders, they have been synergizing and working together systematically with certain rules referring to the provisions of the Paris Agreement 2015 and Presidential Regulation No. 98 of 2021 (specifically in Indonesia). The roles of each stakeholder continue according to their respective main tasks and functions in reducing GHG emissions, thus achieving a reduction in global temperature rise. Of course, CEV policy in Indonesia brings about changes to many aspects and affects various factors, one of which is changing the dependence on and use of fossil fuels that produce high carbon emissions, to gradually transition to more environmentally friendly energy sources.

The implementation of Indonesia's CEV policy also aligns closely with several SDGs. By adopting a carbon pricing mechanism, Indonesia aims to create economic incentives for reducing carbon emissions, thereby directly addressing Goal 13 (Climate Action).⁷⁵ This policy also encourages the transition to cleaner energy sources, supporting Goal 7 (Affordable and Clean Energy),⁷⁶ and promotes sustainable industrial practices in line with Goal 9 (Industry, Innovation, and Infrastructure).⁷⁷ Furthermore, by fostering responsible consumption and production patterns, the CEV policy contributes to Goal 12 (Responsible Consumption and Production).⁷⁸ The integration of these economic and environmental strategies exemplifies Indonesia's holistic approach to sustainable development, demonstrating its commitment to the global agenda of achieving a low-carbon economy and promoting sustainable growth.

According to Durkheim's structural functionalism theory, societal events occurring in specific contexts can either be functional or dysfunctional based on ensuing social changes.⁷⁹ In the case of Indonesia's implementation of the CEV policy, transitioning from fossil fuels to renewable energy signifies a functional social change. This shift is pivotal as it positively impacts environmental quality and contributes to mitigating the

⁷⁴ Margono et al., *op.cit.*, 776.

⁷⁵ Wu et al., *loc.cit.*

⁷⁶ Allen et al., *loc.cit.*

⁷⁷ Yuli Liu et al., *loc.cit.*

⁷⁸ Voronina et al., *op.cit.*, 9.

⁷⁹ See explanation of Durkheim ideas in Part 2.1.

effects of greenhouse gases, thereby addressing global climate change concerns. Indonesia's commitment to reducing GHG emissions, aligned with stabilizing global temperature rise below 2°C, includes achieving NDC targets and carbon neutrality by 2050. The CEV policy plays a crucial role in realizing these goals, as it resonates with Durkheim's structural functionalism theory by fostering societal stability through sustainable environmental practices. Moreover, this approach closely aligns with the SDGs focused on environmental sustainability.

2.4. CEV Policy Implementation: Catalyzing Indonesia's Commitment to the Paris Agreement 2015

In examining the CEV policy's implementation and its positive impacts on Indonesia's adherence to the 2015 Paris Agreement, this subsection utilizes Talcott Parsons' structural functionalism theory, particularly his AGIL framework. Parsons' theory posits that societal systems must adapt (Adaptation), achieve goals (Goal Attainment), integrate diverse interests (Integration), and maintain cultural values (Latency)⁸⁰ to support environmental sustainability. Practically, this entails fostering cooperation among government, private sector, and civil society to effectively implement the policy, aligning with Presidential Regulation No. 98 of 2021 and Minister of Environment and Forestry Regulation No. 21 of 2022. These regulations mandate the use of carbon trading mechanisms, carbon levies, and other strategies to fulfill Indonesia's NDC commitments. This section will delve into the operational details and implications of these mechanisms.

Firstly, Indonesia's carbon trading employs two mechanisms: emission trading and offset emission. Emission trading, or cap and trade, allows businesses exceeding their emission quotas to buy surplus allowances from those that have reduced emissions.⁸¹ This can be done through the Indonesia Stock Exchange's carbon market. Conversely, the offset emission mechanism involves trading carbon units from surplus reductions after achieving NDC targets. These are verified through Monitoring, Reporting, and Verification (MRV) processes, resulting in Carbon Credits which can be traded as proof of emission reduction.⁸² Research by the Ministry of Finance in 2020 shows that carbon trading could contribute 7.5-26.1% to Non-Tax State Revenue annually, potentially reaching IDR 350 trillion (equivalent to USD USD 24.4 billion).⁸³ This is contingent on the reduction of deforestation and the implementation of strategic forest conservation policies. Optimizing

⁸⁰ Sudjana, *loc.cit.*

⁸¹ KLHK, *loc.cit.*

⁸² KLHK, *ibid.*

⁸³ Prihatiningtyas et al., *op.cit.*, 175.

these factors would not only boost state revenue but also help Indonesia achieve its goal of reducing GHG emissions by 29% by 2030.⁸⁴

Secondly, carbon levies or carbon taxes, incentivizes businesses with high GHG emissions to reduce emissions to avoid high taxes. The tax is calculated based on the carbon quota deficit and is relatively high for each unit of carbon emitted. This policy aligns with efforts to reduce GHG emissions and global warming, and can significantly increase state revenue. The projected revenue from effective nationwide carbon tax implementation is around IDR 3.03 trillion per year, promoting sustainable development in Indonesia. According to Law No. 7 of 2021, carbon taxes serve as a climate control instrument, encouraging economic growth through the polluter pays principle and excise tax mechanisms.⁸⁵ Overall, carbon taxes are a strategic step towards creating a green investment climate and increasing state revenue, aligning with Pancasila economics principles.⁸⁶ Advantages of carbon taxes include:⁸⁷

1. Directly targeting key GHG emission sources such as electricity generation, transportation, and fossil fuel heating.
2. Providing clear value determination for tax assessment and investment in carbon credits.
3. Generating economic benefits to mitigate the negative externalities of fossil fuels, with tax revenue supporting green energy development or vital sector subsidies.
4. Serving as an instrument to fulfill human rights by reducing GHG emissions and improving air quality.⁸⁸

Thirdly, Indonesia established the JETP funding partnership with several developed countries in the G-20, with a total funding of IDR 300 trillion sourced from public and private investments in the form of low-interest loans and grants from international partner countries.⁸⁹ This program is in line with the basic principle of voluntary cooperation in the Paris Agreement 2015, involving international carbon market mechanisms to achieve global climate mitigation contributions.⁹⁰ This mechanism (grant) can assist developing countries like Indonesia, which have high NDC targets

⁸⁴ *Ibid.*

⁸⁵ Ardhelia Putri Salsabila and Tundjung Herning Sitabuana, "Urgensi Penerapan Pajak Karbon Berdasarkan Undang-Undang Harmonisasi Peraturan Perpajakan," *Nusantara: Jurnal Ilmu Pengetahuan Sosial* 7, no. 2 (2020): 2347.

⁸⁶ Diaz et al., *op.cit.*, 156.

⁸⁷ Aranta Prista Dilasari, Heti Nur Ani, and Rahma Jariatul Hajah Rizka, "Analisis Best Practice Kebijakan Carbon Tax Dalam Mengatasi Eksternalitas Negatif Emisi Karbon Di Indonesia," *Owner: Riset & Jurnal Akuntansi* 7, no. 1 (2022): 187.

⁸⁸ Rizky Nur Ihsan and Rizky Ganda Utama, "United Nations Economic and Social Council (UNESCO): Pemenuhan Hak Asasi Manusia Melalui Penerapan Pajak Karbon Di Indonesia," *Padjadjaran Journal of International Relations* 5, no. 2 (2023): 175.

⁸⁹ KLHK, *loc.cit.*

⁹⁰ Nurbaity, *loc.cit.*

due to the availability of vast forest areas. Indonesia could accelerate technology transfer and the use of green energy with such funding in the form of low-interest loans for procurement and/or implementation of programs utilizing Renewable Energy.⁹¹

According to Talcott Parsons' AGIL framework, the CEV policy in Indonesia employs three main mechanisms: carbon trading, carbon taxes, and partnerships with developed countries for funding.⁹² The policy addresses Adaptation by gradually introducing these measures to allow societal adjustment and acceptance, particularly evident in the phased implementation of the carbon tax starting from late 2022. Goal Attainment focuses on reducing greenhouse gas emissions through these mechanisms, aligning with Indonesia's NDC target for 2030 and fostering public support for environmental goals. Integration emphasizes the importance of societal cooperation and values alignment, demonstrated by government efforts to educate and engage stakeholders in carbon trading initiatives. Latency, ensures the social system's sustainability by integrating cultural patterns and individual behaviors, exemplified in the carbon trading mechanisms incentivizing businesses to reduce emissions and profit from surplus reductions.

The implementation of these mechanisms under the CEV policy not only supports environmental sustainability but also enhances economic incentives for emission reductions, reinforcing Goal 13 (Climate Action). This comprehensive approach reflects Indonesia's commitment to the Paris Agreement and its strategic alignment with structural functionalism theory, ensuring the policy's efficacy in achieving societal and environmental objectives.

2.5. Attitudes of Society and Business Actors in Indonesia Towards the Implementation of CEV Policy

From a functionalist perspective, Durkheim argued that "every group or institution performs specific and continuous tasks because they are functional, and if an event occurs at a particular time and place, it may bring about social change that can be functional or dysfunctional."⁹³ When linked to the implementation of the CEV policy in Indonesia, which has been in effect since 2021, it demonstrates social change. This change is evident from the efforts to transition from fossil fuel usage to renewable energy sources to reduce GHG emissions and aligning with SDG 7 (Affordable and Clean Energy), and encourages sustainable industrial practices, supporting SDG 9 (Industry, Innovation, and Infrastructure).

⁹¹ Diaz et al., *op.cit.*, 167.

⁹² See explanation about Talcott Parsons' in Part 2.1.

⁹³ Rahmat and Suhaeb, *op.cit.*, 2144.

To drive this change, carbon trading and carbon taxation mechanisms are implemented as accelerators to achieve Indonesia's NDC contributions in reducing GHG emissions. Despite facing resistance from businesses still reliant on fossil fuels and the general public who may not be able to switch to green energy quickly, this social change promotes a harmonious balance. By promoting harmonious balance in the context of the CEV policy, the government aims to create a condition with minimal or zero carbon emissions and prevent worsening global warming through the implementation of the CEV policy with its three mechanisms. If this condition is achieved, there will be a harmonious balance between humans as living beings and their environment, which is clean, healthy, and safe. This is what the government seeks to promote through the implementation of the CEV policy in Indonesia, aligning with Durkheim's structural functionalism theory.⁹⁴

Data indicating that the carbon reduction policy is still not well known by the public. Survey by Kompas in early August 2023⁹⁵ revealed that 65% of respondents claimed they were unaware that the government is currently making vigorous efforts to reduce carbon emissions, including transitioning from fossil fuels to renewable energy. However, the survey results regarding public understanding of the issue of global warming are quite positive, with 53% of respondents stating that they are aware of the issue and the climate change threatening the environment and the future survival of living organisms.⁹⁶

As of the second quarter of 2024, Indonesia's carbon trading market is still in its early stages but shows some increase and development in the number of carbon trading activities. Table 1 below captures the key statistics and developments in Indonesia's carbon trading market up to the second quarter of 2024.

⁹⁴ Sitorus, *op.cit.*, 61.

⁹⁵ Sidik A, *loc.cit.*

⁹⁶ *Ibid.*

Table 1. The Key Statistics and Developments in Indonesia's Carbon Trading Market up to Q2 of 2024⁹⁷

Aspect	Details
Launch Date	26 September 2023
Volume of Carbon Trading	572,064 tons of CO2 equivalent (up to 30 April 2024)
Number of Licensed Users	57 users
Total Trading Value	IDR 35.31 billion
Trading Value Distribution	- 27.9% in the regular market - 19.76% in the negotiation market - 52.34% in the auction market
Comparison with March 2024	March 2024 trading value: - IDR 35.30 billion - 53 licensed users - 571,956 tons of CO2 equivalent traded
Future Potential	High potential with 3,708 registrants in the National Climate Change Control Registry (SRN PPI)
Regulatory Framework	Financial Services Authority Regulation No. 14 of 2023 concerning Carbon Trading Through Carbon Exchange
Administrative System	Connected with SRN PPI to streamline carbon unit transfers and avoid double counting

Information provided in Table 1 indicates that since its launch on September 26, 2023, Indonesia's carbon trading exchange, IDX Carbon, has shown promising signs with 572,064 tons of CO2 equivalent traded by April 30, 2024, involving 57 licensed users.⁹⁸ This indicates growing societal and business interest in carbon trading as a tool for emissions reduction and climate action. The market's total trading value of IDR 35.31 billion across different market segments reflects the initial economic integration of carbon credits into business operations, highlighting increasing recognition of their economic value.⁹⁹ Despite a gradual increase in trading activity from March to April 2024, further incentives and regulatory clarity are needed to foster broader participation. Public support for the CEV policy is evident from the

⁹⁷ Uyu Septiyati Liman, "OJK Sebut Volume Perdagangan Karbon Capai 572.064 Ton per April 2024," <https://www.antaranews.com/berita/4101558/ojk-sebut-volume-perdagangan-karbon-capai-572064-ton-per-april-2024>.

⁹⁸ *Ibid.*

⁹⁹ Firman Hidranto, "Jualan Baru Bernama Perdagangan Karbon," <https://indonesia.go.id/kategori/editorial/6930/jualan-baru-bernama-perdagangan-karbon?lang=1>.

3,708 registrants in the National Climate Change Control Registry (NCCCR), affirming widespread endorsement of government climate initiatives.¹⁰⁰ From business actors perspective, navigating regulatory frameworks like Financial Services Authority Regulation No. 14 of 2023, are cautiously engaging in carbon trading, signaling early-stage adaptation and the ongoing integration of carbon market practices into corporate strategies.¹⁰¹ Looking forward, enhancing regulatory frameworks, market incentives, and awareness efforts will be crucial to fully realizing Indonesia's carbon trading potential and advancing climate goals.

Compared to China's policies and compliance regarding emission trading, which began with pilot programs in 2014 and expanded to a national carbon trading market in July 2021, there are notable regional differences.¹⁰² Provincial and local governments in China have significant discretion to set reduction targets, allocate budgets, and enforce regulations. This has led to considerable variation in compliance rates across regions.¹⁰³ For instance, Shenzhen and Shanghai reduce incentives for companies that do not meet targets, while Guangdong and Hubei double these reductions. Beijing imposes fines based on non-compliance levels, but compliance rates in Beijing and Tianjin are lower due to less stringent enforcement and more complex conditions.¹⁰⁴ High compliance rates are observed in Shenzhen, Shanghai, and Guangdong, at 99.7%, 100%, and 98.9%, respectively, largely due to the severity of sanctions and the incentives provided.¹⁰⁵

These variations in compliance are influenced by differences in local enforcement and the fiscal decentralization system. Local environmental protection bureaus are responsible for enforcement, but their effectiveness is limited by the severity of sanctions and the incentives for companies.¹⁰⁶ To improve compliance, especially in regions like Beijing and Tianjin, China conducted and strengthen its regulatory enforcement system, fiscal decentralization, and local government capacity as whole integrated mechanism.¹⁰⁷

The Indonesian government can draw important lessons from China's best practices to ensure smooth implementation and alignment with its objectives. Key to this is fostering mutual support and understanding

¹⁰⁰ Financial Services Authority Regulation No. 14 of 2023 concerning Carbon Trading through Carbon Exchange, Art 3 (1) to (5). See also Danur Lambang Pristiandaru, "Hingga 30 April, Nilai Perdagangan Karbon Rp 35,31 Miliar," <https://lestari.kompas.com/read/2024/05/14/080000386/hingga-30-april-nilai-perdagangan-karbon-rp-35-31-miliar>.

¹⁰¹ *Ibid.*

¹⁰² Xiaoqian Liu et al., *op.cit.*, 125.

¹⁰³ *Ibid*, 9.

¹⁰⁴ Tang et al., *op.cit.*, 21618.

¹⁰⁵ Hu, Liu, and Ahmed, *op.cit.*, 9.

¹⁰⁶ *Ibid*, 10.

¹⁰⁷ Tang et al., *op.cit.*, 21619.

among the government, society, and businesses, all integral parts of the social system. Effective coordination among these stakeholders is essential for successfully implementing the CEV policy and transitioning to green energy. All parties must adhere to established regulations, operating as a unified social system to sustain balance and sustainability.

Attitudes among society and business leaders towards the CEV policy in Indonesia vary but are increasingly favorable. Initially, businesses in energy and manufacturing sectors expressed concerns about economic impacts and compliance costs. However, there is now greater recognition of the policy's potential long-term benefits, including advancements in green technologies and access to new markets, aligned with Goal 9 (Industry, Innovation, and Infrastructure) and Goal 7 (Affordable and Clean Energy). Civil society and environmental groups generally support the CEV policy, seeing it as pivotal in addressing climate change (Goal 13) and promoting responsible consumption and production (Goal 12). This positive shift in perspective reflects a growing awareness of the importance of sustainable practices and the economic opportunities associated with a low-carbon economy, enhancing broader societal support for achieving the SDGs.

Therefore, this paper proposes five attitudes and efforts of the society to support the CEV policy in line with the structural functionalism theory. First, minimizing the use of environmentally unfriendly fossil fuels. It is crucial because they are major contributors to greenhouse gas emissions, which drive climate change. Transitioning to cleaner energy sources can significantly reduce air pollution and improve public health. Second, transitioning to environmentally friendly household appliances. It reduces energy consumption and lowers GHG emissions, leading to a smaller carbon footprint and cost savings on utility bills. Third, observing and providing feedback to the government regarding climate change policies. It should ensure that the policies remain effective and responsive to current environmental challenges, while also promoting public engagement and accountability in climate action efforts. Fourth, encouraging other members of society to support government efforts in reducing GHG emissions. Through a collective approach to combating climate change, amplifying the impact of individual actions and creating a culture of environmental responsibility. Fifth, implementing these practices themselves before promoting them to others ensures personal commitment and credibility. It is essential for fostering widespread adoption and effectiveness in reducing greenhouse gas emissions. This paper believes that if all these actions are consistently carried out by the society, the shared goal of creating a low-carbon environment or even achieving carbon neutrality by 2050 can be achieved.

3. CONCLUSION

The interplay between SDGs and carbon emission trading underscores a shared commitment to combating climate change and fostering sustainable development globally. Carbon emission trading mechanisms, exemplified by Indonesia's CEV policy, not only incentivize reductions in GHG emissions but also promote the adoption of clean technologies and renewable energy sources. Aligned with SDG's Goal 13 on Climate Action and Goal 7 focusing on Affordable and Clean Energy, Indonesia's strategic approach integrates economic incentives with environmental stewardship, thereby advancing towards a low-carbon economy and sustainable growth. Despite initial challenges, ongoing regulatory improvements and increasing stakeholder engagement underscore the policy's potential to drive meaningful environmental and economic benefits. From a structural functional perspective, the CEV policy in Indonesia embodies Durkheim's structural functional theory performing essential functions for social stability and adaptation. Launched in 2021, the policy marks a significant shift towards renewable energy, crucial for reducing GHG emissions and achieving Indonesia's climate targets. By leveraging mechanisms like carbon trading and taxation, the policy encourages societal integration around environmental goals, supporting SDGs such as Industry, Innovation, and Infrastructure (SDG 9) and responsible consumption patterns (SDG 12). Continued policy refinement and broader participation of the society will be key to fully harnessing Indonesia's carbon market potential, fostering a sustainable future that balances economic prosperity with environmental stewardship.

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