

Client Alert May 2026

Indonesia's new detailed framework for forestry carbon trading through greenhouse gas emissions offsetting

[Minister of Forestry Regulation Number 6 of 2026 on Procedures for Carbon Trading through Greenhouse Gas Emissions Offsetting in the Forestry Sector](#)

Background

Presidential Regulation Number 110 of 2025 regarding Organization of Carbon Economic Value Instruments and National Greenhouse Gas Emissions Control (Perpres 110/2025) identifies sectors involved in efforts to achieve Indonesia's nationally determined contribution (NDC) targets through climate change mitigation. Among the sectors addressed is the forestry sector, which had previously established its own carbon trading procedures under the now-revoked Minister of Environment and Forestry Regulation Number 7 of 2023 on Procedures for Carbon Trading in the Forestry Sector (MoEF Reg. 7/2023). In response to the updated regulatory framework, the Minister of Forestry (MoFr) has issued Regulation Number 6 of 2026 regarding Procedures for Carbon Trading through Greenhouse Gas Emissions Offsetting in the Forestry Sector (MoFr Reg. 6/2026).

MoFr Reg. 6/2026 comes into force on 13 April 2026 and provides implementing guidelines for Perpres 110/2025. The regulation establishes that carbon trading in the forestry sector shall now be conducted exclusively through a greenhouse gas (GHG) emissions offset mechanism; thus, removing the emissions trading (cap-and-trade) scheme recognized under the prior framework. It further aligns the sectoral mechanism with Perpres 110/2025 by recognizing both GHG emission reduction certificates (*Sertifikat Pengurangan Emisi Gas Rumah Kaca* (SPE GRK)) and non-SPE GRK carbon units.

Overview

This Client Alert highlights the key aspects of carbon trading through offset mechanisms in the forestry sector under MoFr Reg. 6/2026 and focuses on how the regulation further refines the classification of carbon sources for GHG emissions offsetting, the carbon unit¹ application process, and changes to reporting obligations for participating business actors compared to the previous framework. MoFr Reg. 6/2026 also clarifies the categories of business actors eligible to participate in carbon trading activities and introduces adjustments to foreign carbon trading arrangements.

Key provisions

Scope of applicability

Eligible participants

MoFr Reg. 6/2026 specifies the categories of business actors eligible to participate in carbon trading activities within the forestry sector, expanding upon the list provided under MoEF Reg. 7/2023 as follows:

- Holders of forest utilization business licenses (*Perizinan Berusaha Pemanfaatan Hutan* (PBPH)) and holders of management rights (*hak pengelolaan*);
- Holders of social forestry management approvals (*Persetujuan Pengelolaan Perhutanan Sosial*);
- Indigenous communities with formally recognized customary forest (*hutan adat*) status;
- Holders of private forest (*hutan hak*) registrations; and
- Holders of business permits for the utilization of carbon environmental services (*Perizinan Berusaha Pemanfaatan Jasa Lingkungan Karbon* (PB-PJL Karbon)).

PB-PJL Karbon is a permit granted to business actors to utilize carbon environmental services within zones or blocks of nature conservation areas and hunting reserves.² Nature conservation areas include national parks (*Taman Nasional* (TN)), forest parks (*Taman Hutan Raya* (Tahura)), and natural recreation parks (*Taman Wisata Alam* (TWA)).³ Within this scope, permit holders are eligible to apply for carbon units for GHG emissions offsetting.

Further, MoFr Reg. 6/2026 introduces a requirement for certain categories of business actors to be **accompanied by registered partners (*mitra*) or assistants (*pendamping*)** when engaging in carbon trading activities.⁴ These categories of business actors include:

- Holders of social forestry management approvals;
- Indigenous communities with formally recognized customary forest status; and
- Holders of private forest registrations.

MoEF Reg. 7/2023 required the above-mentioned business actors to obtain assistance (*pendampingan*) or engage partners with demonstrated experience or expertise in carbon measurement, project planning and implementation, or access to carbon markets.⁵ However, the regulation did not specify the selection criteria of the partners nor whether the business actors must register their partners to the government. MoFr Reg. 6/2026 requires the business actors to register their partners to the government and the registering procedures would be governed in a separate regulation.

¹ Article 1 item 12 and Article 10 paragraph (1) of MoFr Reg. 6/2026. Carbon units are the result of emission reductions and/or removals, certified through a national certification scheme (SPE GRK), international certification scheme (non-SPE GRK), or GHG emission quota scheme, expressed in tons of carbon dioxide equivalent. Such certificates or quotas are used in carbon trading activities. Under MoF Reg. 6/2026, carbon units for carbon trading activities consist of only SPE GRK and non-SPE GRK certificates.

² Article 1 item 21 of MoFr Reg. 6/2026.

³ Article 1 items 15–17 of MoFr Regulation Number 7 of 2026 on Amendment to MoFr Regulation Number 27 of 2025 on Utilization of Ecosystem Services in Nature Reserves, Nature Conservation Areas, and Hunting Parks.

⁴ Article 6 paragraph (2) of MoFr Reg. 6/2026.

⁵ Article 8 letter (c) of MoEF Reg. 7/2023.

Applicable carbon sources

The categories of carbon sources (areas) eligible for GHG emissions offsetting have been revised under MoFr Reg. 6/2026. These revisions include the introduction of a new carbon source and removal of certain sources previously recognized under MoEF Reg. 7/2023. A comparative overview of the updated and previous lists of carbon sources is set out in the table below:

MoFr Reg. 6/2026	MoEF Reg. 7/2023
<ul style="list-style-type: none"> Permanent production forest areas, production forest areas eligible for conversion, and/or utilization blocks within protected forest areas that have been subjected to business licences, management approvals, or management rights. Utilization zones/blocks within nature conservation areas (<i>Kawasan Pelestarian Alam</i> (KPA)) and hunting parks that are not subject to management rights, business licences, or cooperation agreements. Customary forests Private forests State forests that are not forest areas (forests exist on land that is not subject to any land rights and not yet designated as forest area by the government) 	<ul style="list-style-type: none"> Permanent production forest areas, production forest areas eligible for conversion, and/or utilization blocks within protected forest areas that have been subjected to business licences, management approvals, or management rights. Permanent production forest areas, production forest areas eligible for conversion, and/or utilization blocks within protected forest areas that have not been subjected to business licences, management approvals, or management rights. Other protected forest area Peat and mangrove areas, whether located within or outside forest areas Conservation forest areas Customary forests Private forests State forests that are not forest areas

Participation in carbon trading in state forests that are not designated as forest areas should be conducted in accordance with the provisions governing forest areas with specific management (*Kawasan Hutan dengan Pengelolaan Khusus*) and certain requirements under Government Regulation Number 23 of 2021 regarding Implementation of Forest and Land Rehabilitation. The implementing provisions are further stipulated under Regulation of Minister of Environment and Forestry Number 4 of 2023 regarding Social Forestry Management in Forests Under Special Management (MoEF Reg. 4/2023).

Procedures to obtain carbon units

MoFr Reg. 6/2026 addresses a key gap under the previous framework by setting out detailed procedures for obtaining carbon units for trading purposes. The applicable mechanism varies depending on whether the carbon units sought are in the form of SPE GRK or non-SPE GRK. In principle, business actors are required to apply for a ministerial recommendation in the case of SPE GRK, or a ministerial approval for non-SPE GRK, as a prerequisite for obtaining the relevant carbon units.

Requirements for recommendations and approval applications

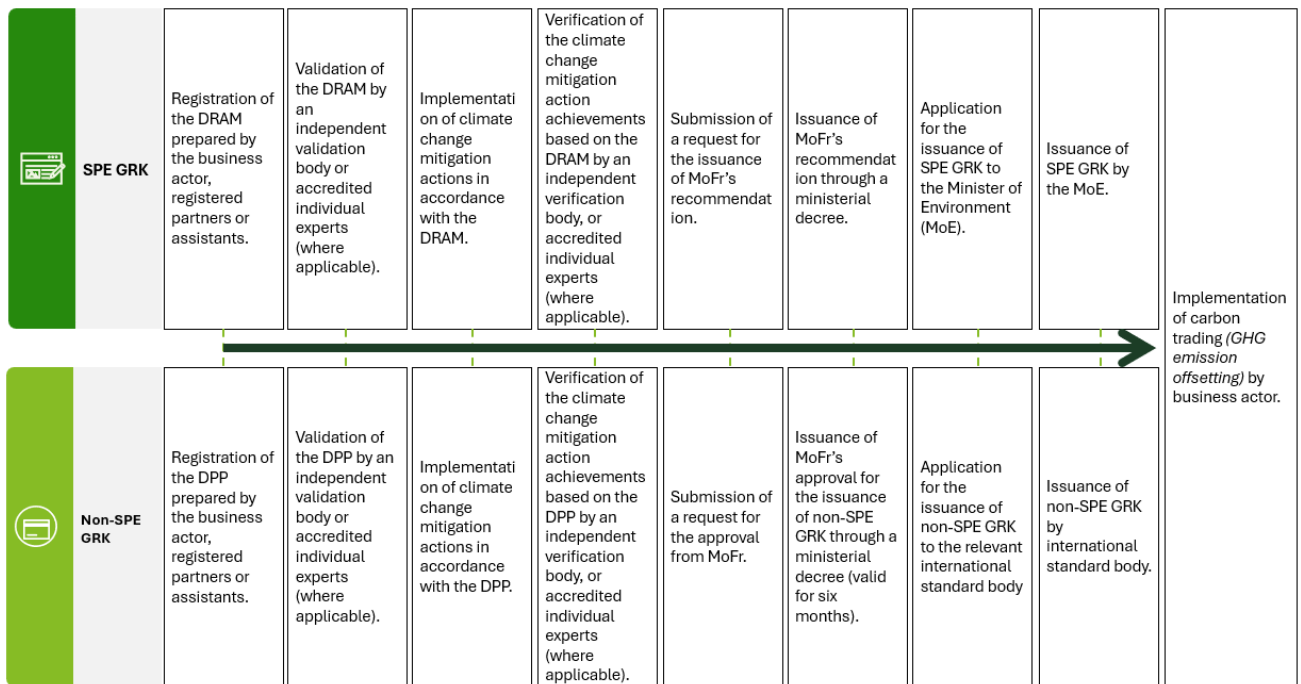
The table below outlines the key documents required for the application for carbon units:

SPE GRK	Non-SPE GRK
Application form for the registration of climate change mitigation action plan document (<i>Dokumen Rancangan Aksi Mitigasi Perubahan Iklim</i> (DRAM)).	Application form for the registration of project planning document (<i>Dokumen Perencanaan Proyek</i> (DPP)).
Application form for the MoFr’s recommendation.	Application form for the MoFr’s approval.
Data validation of DRAM or DPP through an independent validation body.	
Report on implementation of climate change mitigation action in accordance with the DRAM or DPP.	

SPE GRK	Non-SPE GRK
Proof of verification of the achievement of climate change mitigation action by an independent verification body.	
Report of the climate change mitigation action achievement verification.	
Other relevant supporting data or document.	

Carbon unit application process

In order to obtain a ministerial recommendation for SPE GRK and ministerial approval for non-SPE GRK, business actors must adhere to the established procedures, which include the submission of required documents (e.g., DRAM and DPP), independent validation and verification process, and implementation of the carbon unit registry system (*Sistem Registri Unit Karbon/SRUK*). The following steps must be taken:



Foreign carbon trading

Under MoFr Reg. 6/2026, business actors holding carbon units may engage in international carbon trading. Where such transactions require authorization and corresponding adjustment (ACA), the business actor must first apply to the MoFr to obtain a recommendation for the issuance of the ACA. Upon receipt of the application, the MoFr may either issue a recommendation specifying the number of carbon units eligible for corresponding adjustment or decline to issue such recommendation, taking into account NDC considerations. Business actors that have received a recommendation must apply to the Minister of Environment for the issuance of the ACA for the carbon units to be traded.

Reporting obligations by business actors

Business actors are required to incorporate a risk management system and implement social, environmental, and governance safeguard principles, which must be reported to the MoFr. These principles include:

- Legal compliance and consistency with national forestry programs;
- Transparency and effectiveness of forestry governance;
- Rights of indigenous people;
- Meaningful participation of stakeholders;

- Consistency with the conservation of natural forests and biodiversity;
- Efforts to address reversal risks; and
- Efforts to reduce emission displacement.

In addition, business actors are required to submit reports through the designated electronic information system in relation to the implementation of GHG emissions offsetting. Such reports must include the following information:

- Implementation of GHG emissions offsetting;
- Public/community participation;
- Implementation of benefit-sharing agreements;
- Handling of public complaints.

The submitted report will serve as the basis for the MoFr to evaluate the business actors' regulatory compliance in performing carbon trading activities at least once a year.

Key takeaways

- MoFr Reg. 6/2026 introduces a new category of business actors eligible to conduct carbon trading in the forestry sector, namely PB-PJL Karbon holders, which utilize carbon environmental services within zones or blocks of nature conservation areas and hunting reserves. However, the regulation does not specify the procedures for obtaining PB-PJL Karbon.
- Through the issuance of MoFr Reg. 6/2026, the MoFr limits carbon trading schemes in the forestry sector solely to GHG emissions offsetting. In this context, the regulation divides carbon units into two types: (i) SPE GRK and (ii) non-SPE GRK. It stipulates that non-SPE GRK units will be issued by an international standard body, but does not provide further details regarding the criteria applicable to such body.
- MoFr Reg. 6/2026 restricts the areas eligible for GHG emissions offsetting by excluding several forest areas and provisions regarding international carbon trading are now more specifically regulated, including the ACA mechanism. The procedures for issuing the ACA, will be regulated in a separate Minister of Environment regulation.

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