



# Meeting Summary: Industrial Decarbonisation in a Just Transition

5th Australia-Indonesia Energy Transition  
Policy Dialogue

17 June 2025: 9am WIB | 12pm AEST

# Background to the Dialogue

The **Australia-Indonesia Energy Transition Policy Dialogue** serves as a platform for policymakers, business leaders, and NGO experts from Australia and Indonesia to collaboratively develop practical solutions for a just energy transition.

Participants aim to identify strategies that can accelerate their shared efforts, focusing on how the transition can be fair and equitable for all involved. The Dialogue has met four times since it was established in December 2022.

Both Australia and Indonesia face the critical challenge of ensuring that the human and social aspects of the energy transition are not overlooked. As two of the largest coal exporters in the world, they are adjusting their economies away from dependence on fossil fuels, but must ensure that the transition does not exacerbate social inequalities or leave vulnerable communities behind.

This fifth roundtable discussion took place on 17 June 2025 in person in Jakarta and online. The discussion focused on how industrial decarbonisation aligns with a just transition, and what lessons can be learned from place-based responses to industrial decarbonisation.

The session was opened by Indonesia's Vice Minister for Industry Pak Faisol Riza, and included representatives from the Australian and Indonesian governments, investor groups, business, industry groups, academic and non-government experts. As the meeting took place under the Chatham House Rule of non-attribution, the following is a high-level summary. For more information please contact the organisers.

## Part 1:

# *Industrial Decarbonisation - A Pathway to Collaboration*

### **Place-based industrial decarbonisation as a strategic approach**

- Place-based industrial decarbonisation, especially through Net Zero Industrial Precincts (NZIPs), was discussed as a tool to localise climate action, leveraging existing infrastructure, workforces, and policy contexts.
- Lessons can be drawn from Australia's experience (such as in Gladstone) which show the importance of aligning stakeholders and building ecosystem-wide support; ranging from infrastructure and regulatory frameworks to stimulating demand for clean products.
- Participants gave feedback on the [five locations for Indonesian NZIPs](#) identified by Climateworks Centre as potential case studies for place-based industrial decarbonisation frameworks, namely Cilegon, Gresik, Morowali, Tuban and Halmahera.

### **Industrial decarbonisation policy landscape and initiatives in Indonesia**

- Indonesian industry is a major economic engine for the country, so ensuring positive economic and environmental outcomes is critical.
- There are five industrial policies in place: energy efficiency audits and management, green industry standards and certification, industrial decarbonisation roadmaps for nine priority sectors, eco-industrial park development, and capacity-building for green technology.
- The Ministry of Industry shared how they are trying to develop a green finance initiative, GISCO (Green Industry Ecosystem), to de-risk investment in low-carbon tech, with support from partners such as the World Bank, UNDP, and Bappenas.

## Part 1:

# *Industrial Decarbonisation - A Pathway to Collaboration*

## Barriers and challenges to industrial decarbonisation in Indonesia

- **Perceived investment risk and high upfront costs:** Investors face uncertainty around future demand and pricing for “green” products, making low-emissions projects harder to finance without de-risking instruments or clear offtake commitments.
- **Limited clean-energy supply options:** Rooftop solar quotas are capped under current PLN planning (RUPTL), slowing captive power uptake, while Renewable Energy Certificates (RECs) aren’t universally recognised by industry, undermining trust in off-site procurement.
- **Green finance mismatch:** Most green-financing providers target large (over IDR 50 billion) projects, yet many low-carbon technology (LCT) installations in industry are smaller. In addition, mitigating the risk of “greenwashing”, where funds are used for core production rather than genuine emissions cuts, will require developing robust governance systems.
- **Technical & infrastructure constraints:** Precinct-level decarbonisation needs reliable grid access, port facilities, shared utilities and heat-integration (eg. using waste heat across sectors). The “material circularity” criterion—where one facility’s by-product heat powers another—remains under-utilised in Indonesia.

## Part 1:

# *Industrial Decarbonisation - A Pathway to Collaboration*

### Key lessons and collaboration opportunities identified

- **Demand creation and investment certainty are critical.** Participants stressed the need for long-term policy signals and market mechanisms like carbon border adjustment measures (CBAMs) to support low-carbon industries, while also working to minimise transaction costs
- **Cross-border learning was encouraged.** Participants supported the proposal to formalise shared learning from Australia's NZIP experiences, including through study tours, joint analysis, and stakeholder exchanges. It was promising to hear about some such exchanges and tours already taking place through programs like KINETIK and KONEKSI.
- **Consider coordination.** The idea of an Indonesian coordination mechanism, akin to Australia's Net Zero Economy Authority (NZEa) was also floated as a mechanism to bring together government, industry, and finance actors, and identified as worthy of further exploration.
- **Place-based approaches.** Several Indonesian participants noted the "place based" terminology was new to them and a potentially valuable approach to explore going forward.

*“Transitioning the [industrial] sector to a low carbon model is essential to achieving net zero emissions, while maintaining competitiveness, resilience and inclusive growth.”*

*“Our job is an ultra-marathon until 2060”*

*“This is an economic opportunity not only environmental imperative”*

*“We are the ones with the critical minerals. We are the ones who will be burdened if we don’t prevent harm.”*

## Part 2:

# *Just transition in the industrial sector*

In Indonesia several just transition frameworks exist, but gaps remain. To date work has mostly focused on coal workers and formal employment settings, and would benefit from taking a broader more inclusive approach.

### **Industrial decarbonisation can help to support a just transition by:**

- **Increasing social licence and community buy-in:** Place-based approaches help to build public trust early, and enable smoother implementation of industrial decarbonisation projects by embedding community priorities and ensuring local relevance.
- **Localising planning and workforce considerations:** Targeting regions such as Cilegon or Morowali ensures the transition strategies are responsive to local economic structures and existing workforce capabilities.
- **Creating demand and investment readiness:** To draw private investment, it's important to send clear policy signals that create long-term, predictable demand for clean industrial products and processes.
- **Bridging urban-rural divides:** A place-based approach helps ensure equity by addressing the needs of remote and under-served areas, where energy access and economic resilience may lag, and tailoring approaches that best fit local circumstances.
- **Enabling grid and market reform through industrial anchors:** Industrial clusters can provide grid stability and serve as anchors for broader energy reforms, especially when national-level reforms stall.

## Part 2:

# *Just transition in the industrial sector*

### Enhancing inclusion and collaboration for a more successful just transition

- **Participation of formal and informal workers:** Community forums and structured local consultations offer platforms for both formal and informal workers to voice concerns and contribute to transition planning. With 60% of the workforce being informal, this inclusion is crucial.
- **Union representation and access to re-training:** Union representation and re-training programs are also essential, especially for sectors experiencing major job shifts or losses.
- **Learning from other transition programs:** In addition to those identified in the previous session, existing institutional mechanisms connecting Indonesia and Australia can also promote knowledge-exchange and build regional and national capabilities.
- **Building cross-sector partnerships:** A coordinated approach involving government, finance, civil society, and the private sector strengthens the enabling environment and operational effectiveness.
- **Clarifying the meaning of just transitions:** The term ‘just transitions’ is used to mean different things to different people, and there is a lot of work being done right now under this banner. Being clear about what is meant by this is crucial for effective dialogue and action.

# Next steps:

## Areas identified during the dialogue as worthy of further exploration:

- More detailed work on how place-based approaches can be implemented in the Indonesian context
- Sharing examples from Australia on electricity market reform, and considering how to transition in areas currently lacking electricity access.
- Collaborate with academics to model workforce planning for industrial decarbonisation and just transition work.
- Work to support governments with bottom-up approaches for the just transition.
- Bring together non-traditional actors to ensure the social and human aspects of the just transition are given the same weight as the financial and technical aspects.
- Exploring the value of establishing an NZEA-style coordinating body in the Indonesian context.

**Thank you for participating in the fifth Australia-Indonesia Energy Transition Policy Dialogue. The CPD and Climateworks Centre teams will now reflect on next steps, including the longer-term strategy for the Dialogue.**

We will get back to you with our emerging plans for the future of the Dialogue and look forward to receiving your feedback. Your voice will shape what comes next. Also, look out for invitations to other virtual roundtables from CPD, Climateworks Centre and other partners on relevant topics.

Thank you for all you've contributed so far, and we look forward to staying engaged!

# ABOUT THE ORGANISERS

## Centre for Policy Development

CPD is an independent policy institute with staff based in both Australia and Indonesia. CPD works on practical solutions to complex long-term policy challenges affecting Australia and the Indo Pacific, including just transition, wellbeing, forced migration and social services reform.

Contact: [caitlin.mccaffrie@cpd.org.au](mailto:caitlin.mccaffrie@cpd.org.au) and [ruddy.gobel@cpd.org.au](mailto:ruddy.gobel@cpd.org.au)

## Climateworks Centre

Climateworks Centre is a specialist in climate transitions for Australia, Southeast Asia and the Pacific, working as an independent centre within Monash University with staff based in Australia and Indonesia.

Contact:

[trang.nguyen@climateworkscentre.org](mailto:trang.nguyen@climateworkscentre.org) and [egi.giwangkara@climateworkscentre.org](mailto:egi.giwangkara@climateworkscentre.org)

## The Energy Transition Policy Development Forum (ETP Forum)

This initiative continues the collaborative work of members of the Energy Transition Policy Development Forum, which comprises CPD, Climateworks Centre, the Institute for Essential Services Reform (IESR), the Indonesia Research Institute for Decarbonization (IRID), the International Institute for Sustainable Development (IISD) and the Purnomo Yusgiantoro Center (PYC).

Together this group co-convened a successful [G20 Seminar Series](#) with the G20 Energy Transition Working Group in July 2022, and worked closely with Indonesia as 2023 ASEAN Chair, conducting a [series of official side events](#) between June and October 2023.