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INDONESIA'S UPDATE TO THE FORESTRY CARBON TRADING FRAMEWORK: KEY CHANGES UNDER MINISTER OF FORESTRY REGULATION NO. 6 OF 2026

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Introduction

To implement Presidential Regulation No. 110 of 2025 regarding the Administration of Carbon Economic Value Instruments and Control of National Greenhouse Gas Emissions, the Ministry of Forestry issued Regulation No. 6 of 2026 regarding Procedures for Carbon Trading through Greenhouse Gas Emission Offsets in the Forestry Sector ("**MOFR 6/2026**"), which came into effect on 13 April 2026. MOFR 6/2026 revoked the previous carbon trading regulation under Minister of Environment and Forestry Regulation No. 7 of 2023 ("**MEFR 7/2023**"). Given the broad rules of MOFR 6/2026, this Client Alert focuses on several key features introduced under this new regulation.

Key Highlights under MOFR 6/2026

***Narrowed Eligible Participants* –** MEFR 7/2023 adopted a relatively broad approach to eligible participants in forestry carbon trading. Meanwhile, MOFR 6/2026 tightens this scope, limiting participation to specifically the concession holders of: (**i**) forest management business licenses; (**ii**) social forestry management approvals; (**iii**) customary law communities with customary forest status; (**iv**) private forest rights; and (**v**) carbon environmental services utilization business licenses.

***Mechanism Scope: From Dual-Track to Offset-Only* –** MEFR 7/2023 governed carbon trading through two mechanisms: (**i**) emissions trading and (**ii**) emission offsets. Currently, MOFR 6/2026 narrows it to only the emission offset mechanism.

***GRK Emission Offset Trading Mechanism* –** The Minister of Forestry carbon trading roadmap forms the basis for greenhouse gas emission offset trading, which may be carried out by business entities, the Minister of Forestry, and Governors. Business entities holding a Greenhouse Gas Emission Reduction Certificate (*Sertifikat Pengurangan Emisi Gas Rumah Kaca*, "**SPE-GRK**") may trade offsets with: (**i**) parties whose emissions exceed the cap in a given period; (**ii**) other Business Entities that voluntarily undertake offsets; and/or (**iii**) the public.

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Project Documentation – MOFR 6/2026 formalizes the full lifecycle documentation of a carbon project which differentiates the treatment of domestic (SPE-GRK) and international certification carbon units:

Requirements	Domestic Carbon Units	International Carbon Units
Project Documentation (*Established by Participant*)	Mitigation Action Design Document (*Dokumen Rancangan Aksi Mitigasi Perubahan Iklim*, "**DRAM**")	Project Design Document (*Dokumen Perencanaan Proyek*, "**DPP**")
Validation and Verification	Validated and verified by accredited institutions (either by a national accreditation committee or an internationally recognized accreditation body)	
Government Authorisation	• Recommendation from the Ministry of Forestry • Issuance of SPE-GRK by the Ministry of Environment	• Approval from the Ministry of Forestry (valid for 6 months) • Projects to submit the approval to international standard institutions
Registry	Carbon Unit Registry (*Sistem Registri Unit Karbon,* "**SRUK**")	

Corresponding Adjustment for International Carbon Markets – Where carbon units are intended for international trading, projects shall initially obtain a recommendation for (**i**) authorisation and (**ii**) corresponding adjustment, supported by a carbon trading agreement to the Ministry of Forestry. Once the recommendation from the Ministry of Forestry is passed, the projects shall obtain the authorisation and corresponding adjustment from the Ministry of Environment.

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Closing Remarks

MOFR 6/2026 represents a structural shift in Indonesia's forestry carbon governance. It marks an important step in Indonesia's ongoing effort to align its forestry regulatory framework with the demands of the energy transition and the country's broader climate commitments. For project developers, carbon credit buyers, and financiers active in Indonesia's forestry sector, the regulation introduces both greater clarity and new compliance obligations. It is hoped that this regulation will provide a more mature and investment-friendly regulatory environment for the stakeholders.

For further assistance on the above topic, please do not hesitate to contact our Partner, Nugrahani Astiyanti (nastiyanti@mkklaw.net).