

***Environmental Challenges and Economic Growth in Developing Countries:  
Indonesian Perspective***

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The Asian Conference on Sustainability, Energy and the Environment 2015  
Official Conference Proceedings

**Abstract**

Economic growth has become an objective of developing countries, including Indonesia. The sustainability of economic growth in developing countries depends on the sustainability of natural resources. Hence, it is very important to apply sustainable development principles to boost economic growth in developing Countries. The concept of sustainable economy should be integrated in the economic growth, because all economic activities may affect the environment in general and natural resources particularly. However, the conflicting factors in economic growth and protection of the natural resources can be resolved by harmonizing the interest of economic growth and protection of the environment. In order to achieve both of the objectives need appropriate planning, strategies and programmes. Each state has its own planning, strategies and programmes. Indonesia as one of the developing countries should design its own planning, strategies and programmes how to deal with negative impacts of economic growth. The paper questions the Indonesian government how to cope with the environmental challenges in enhancing economic growth. The paper focuses on the short, middle and long term planning of the Indonesian government including the strategies. The emphasis, therefore, is on the programmes how to cope up with the environmental challenges and economic growth in Indonesia in order to improve the welfare of the citizens mandated in the Indonesian Constitution. The methodology employed in addressing these issues is library-based research and the normative approach.

Keywords: Environmental challenges, economic growth, sustainable development, and natural resources.

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## 1. Introduction

Indonesia is the world's largest archipelagic state encompassing over 17,000 islands and home to over 237 million inhabitants<sup>2</sup>, which makes it the fourth most populated country in the world. The population has more than doubled since 1970 and is estimated to grow to 262 million people by 2020. Nearly 60% of Indonesia's terrestrial area is forested. The landscape is also mountainous and volcanic with over 500 volcanoes out of which 129 are still active. Indonesia's macro-economic development during the past 30 years is to a large extent based on its natural resources. However, these resources have been exploited unsustainably and communities living in the vicinity of formerly resource rich areas are experiencing increasing levels of poverty.<sup>1</sup>

Economic growth in Indonesia becomes one of the parameters to indicate the success of development. It contributes to the fruit of development that can be enjoyed also by the poor people through trickle down effect. However, it should bear in mind that economic growth in Indonesia is affected by the economic and social welfare objective stipulated in the Indonesian Constitution in Article 33 (4) which mentions that “ The organization of the national economy shall be conducted on the basis of economic democracy upholding the principles of togetherness, efficiency with justice, continuity, environmental perspective, self-sufficiency, and keeping a balance in the progress and unity of the national economy”.<sup>2</sup> It means that the economic growth in Indonesia shall be based on those principles. Hence, it is important to integrate sustainable development principle in the process of economic growth in Indonesia.

In the early 1970s several factors, such as awareness of expanding environmental degradation, depletion of natural resources, poverty and social disruption, led states to realize the harmful impact of human activities especially economic activities on the environment. Because of that the sustainable development principles surfaced in the international community and international environmental law. The 1972 Stockholm Declaration marked the beginning of new conception of development. Development was no longer regarded in term of gross national product but as a policy aimed at better living condition for all.<sup>3</sup> The sustainable development principle was introduced by the World Commission on Environment and Development in 1987 which defined sustainable development principle, as “ development that meets the needs of the present without compromising future generations to meet their own needs”. Thus, sustainable development principle is aimed at establishing norm for environmental protection and conservation that were ecology-oriented rather than utilization oriented.

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<sup>1</sup> School of Business Economics and Law, university of Gottenburg, Departement of Economic, “ Indonesia Environment and Climate Change Policy Brief, 2008”, Retrieved from <http://sidaenvironmenthelpdesk.se/wordpress3/wp-content/uploads/2013/04/Environmental-policy-brief-Indonesia-2008.pdf>. 25 April 2015.

<sup>2</sup> Article 33(4) the 1945 Constitution of Republic Indonesia.

<sup>3</sup> Christina Voigt, *Sustainable Development as Principle of International Law*, 2009, Leiden-Boston, Martinus Nijhoff Publishers, at 13-14.

It is now widely belief that the planet faces diverse and growing range of environmental challenges which can only be addressed through international cooperation<sup>4</sup> by integrating environmental concern in the national policy of a state. In the context of economic growth in Indonesia, economic activities initiate environmental problems in Indonesia, such as air pollution, water pollution and also environmental degradation. The Indonesian economy is based on its natural resources, however, the natural capital is consumed rapidly in an unsustainable way, causing human poverty as well as losses to the national economy. Consequently, Indonesia must balance the need of making productive use of its natural resources with maintaining and managing its natural capital. Indonesia is highly dependent on its natural resources, which have been, and still are, the basis for Indonesia's economic growth.<sup>5</sup>

Hence, it is very important to integrate sustainable development in the economic growth in Indonesia. The sustainable development principle has been adopted in the Act No. 32 /2009 concerning the Protection of the Environment. Realizing the bad impact of economic growth in Indonesia to the environment, and especially to the sustainability of the natural resources in Indonesia, the Indonesian government establishes National development planning which is regulated by law and coordinated by the National Development Planning Agency by integrating environmental protection in the long time Development Plan which consists of four stages. Within the current long-time planning framework (2005-2025), four five-year plans have been, put in place. These are so-called medium-term development plans. The first stage was started in 2005 and end in 2009, while the second stage was started in 2010 and end in 2014.<sup>6</sup> Indonesian government has adopted green economy concept in its economic growth and it was materialized in the Medium Term Development Plan and Annual Development Plan.<sup>7</sup>

It is submitted that the article analysis how the government of Indonesia copes up with the environmental challenges in enhancing the economic growth in Indonesia. Firstly, it discuss how the Long Term Development Plan which is carried out step by step through the Medium and Short Term Development Plan. Secondly, it discusses the environmental challenges in order to enhance economic growth in Indonesia, especially only the second stage of the Medium-term Development Plan (2010-2014) because of the limitation of the article. Finally, it is followed by opportunities to harmonize between protection of the environment and enhancing economic growth in Indonesia.

## **2. Statement of Problem**

Based on the background which is mentioned previously, the question is closely examined how does the Indonesian government addresses the environmental

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<sup>4</sup> Philippe Sands, *Principles of International Environmental Law I Framework, Standards and Implementation*, 1995, Manchester University Press, Manchester and New York, at 9.

<sup>5</sup> Federal Department of Economic Affairs, Swiss Economic Cooperation and Development “Indonesia Country Strategy 2013-2016”. Retrieved [www.seco-cooperation.admin.ch/.../index.html?](http://www.seco-cooperation.admin.ch/.../index.html?) , 24 April 2015.

<sup>6</sup> Ibid.

<sup>7</sup> Act No 17/ 2007 Regarding the Long Term Development Plan

challenges in enhancing economic growth especially in the second stage of the Medium –Term Development Plan in 2010-2014?

### **3. Objective of the Research**

The objective of the research is to analyze how the government of Indonesia in addressing the environmental challenges to enhance economic growth especially in the second stage of the Medium-Term Development Plan in 2010-2014.

### **4. Research Method**

It is qualitative research. The methodology employed in this article is library-based research. It uses normative approach. While the main research materials used in the research are primary and secondary sources. The primary sources consist of Kyoto Protocol, Indonesian Constitution, Act No. 32 /2009, regarding Environmental Protection and Management, Act 25/2004 on the National Development Planning System, Act No 17/2007 on National Long-Term Development Plan, Regulation of the President of Republic Indonesia, No. 5 /2010 regarding the National Medium Term- Development Plan 2010-2014. While the secondary sources consist of books, Journal, report and internet which are relevant to the subject matter.

### **5. Results/Findings**

Based on the research that has been conducted regarding the environmental challenges and economic growth in Indonesia in the second stage of Medium Term Development Plan in the Year of 2010 -2014, there are some results that can be presented based on the analysis that has been determined in the objective of the research.

#### **5.1 Environmental Challenges and Economic Growth in Indonesia**

The implementation of development in the period of 2010-2014 has produced encouraging results, but it still leaves works ahead. There are many environmental problems which are faced by the Indonesian government as the impacts of economic growth. Indeed, there are many regulations in Indonesia to regulate environmental Protection, such as Act No 32/ 2009 regarding the Protection and Management of Environment. However, the law enforcement is still weak and the government policy regarding the environmental protection has not carried out properly. The global population will continue to increase, all the natural resources will become increasingly more scarce and valuable, thus it is necessary to be managed in sustainable manner.<sup>8</sup>

The Indonesian government has already determined the vision and mission of Long Term Development Plan and the Medium Term Development Plan. The vision of Medium and Term Development Plan is to materialize prosperity, democratic and justice , while the mission is to continue development in order to achieve prosperity in Indonesia, strengthen democratic pillars and strengthen justice in every aspect of development.<sup>9</sup> Based on the vision and mission, the government of Indonesia

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<sup>8</sup> Appendices Regulation of the President of the Republic of Indonesia No. 5/2010 Regarding the National Term Development Plan 2010, at 1.

<sup>9</sup> Ibid.

determines the strategy and target that were achieved in 2010-2014. Based on vision and mission of Medium Term Development Plan, the economic growth in Indonesia is based on “green economic”.<sup>10</sup> However, in the year of 2010-2014 there are many environmental challenges that are faced by the Indonesian government how to materialize green economic growth in Indonesia.

It cannot be ignored that economic growth is a triggering factor of environmental degradation if it ignores protection of the environment. According to Carol J. Miller, the tension that exists between the contending goals of environmental protection and economic growth accelerates from the following three sources: (i) different valuations of environmental priorities between states; (ii) the extraterritorial nature of measures designed to remedy them; and (iii) the perceived incompatibility of free-trade goals and trade measures directed at the environment.<sup>11</sup> In the context of economic growth and protection of environment in Indonesia, it can be submitted that Indonesia government actually has already put environmental protection as one of the elements that to be integrated in the economic growth.

### **5.1.1 Environmental Challenges in Indonesia in the National Medium Term Development Plan (2010-2014)**

Economic growth that has been achieved by the Indonesian government is reflected in the National Medium-Term Development Plan (hereinafter RPJMN 2010-2014). Based on the result of RPJM demonstrated that economic growth in Indonesia increased significantly. Indonesia as one of the most biologically rich countries in the world with abundant natural resources. Because of the escalating economic and social pressure post economic crisis in the late 1990s caused the government to intensify natural resource extraction for short-term economic gains. Though the rate has declined in recent years, Indonesia still experiences one of the highest rates of tropical forest loss worldwide. The carbon intensive economic growth continues today with increases in energy demands without concurrent increases in production or system capacity. The impacts of over exploitation of the natural resources are disproportionately felt by the poor whose livelihoods are directly tied to the quality and productivity of natural resources, are often located in high-risk disaster areas and cannot afford mitigation strategies to cope with degradation.

Rapid growth of Indonesia’s industrial sector to support economic and trade activities has serious worldwide environmental implications. Increased exploitation of natural resources including high consumption of water and accelerated forest conversion, increased generation of energy and deterioration of other resources, as well as increased levels of pollution, are examples of environmental problems happening worldwide. The international community is

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<sup>10</sup> Bambang PS Brojonegoro, “Accelerating Green Economy Transition Through Greening the RPJMN”, Retrived <http://apgreenjobs.ilo.org/resources/accelerating-green-economy-transition-through-greening-the-rpjmn>, 24 April 2015.

<sup>11</sup> Carol J. Miller and Jennifer L. Croston, “WTO Scrutiny Environmental Objectives: Assessment of International Dolphin Conservation Program act”, (Fall, 1999), *American Business Law Journal*, Vol. 37, at 78.

making efforts to take concrete actions to protect the environment, mitigate the negative impacts of increased trade and promote the positive impacts.<sup>12</sup>

There are many environmental challenges in the process of economic growth in Indonesia, in the year of 2010-2014, some of them are: **First**, deforestation is thus a critical problem in Indonesia. The primary causes of deforestation include (i) illegal logging, (ii) conversion for agriculture, (iii) forest fires, and (iv) mining. Large-scale land conversion was the biggest single cause of the 1997/1998 forest fires that destroyed nearly 5 million ha of forest. Much of the land conversion has been related to increases in palm oil plantations. **Second**, loss of coastal resources. Indonesia is home to the most extensive and biologically diverse mangrove forests (42 species) and sea grass beds (13 species) in the region, 18% of the world's coral reef, and 60% of the world's coral species. Coastal resources are being endangered because of inland activities that have increased the discharge of sediments onto the reefs; pollution from agricultural and industrial activities; damaging harvesting practices; and conversion of mangrove forests into fish/shrimp ponds, housing, and industrial use. **Third**, Urban waste management. Water quality degradation from industrial sources and urban settlements continues to be a problem. Solid waste from households and commercial operations suffers from poor collection and disposal solutions. Urban air pollution is an issue in major metropolitan cities, especially Jakarta. **Fourth**, Environment and natural resource institutions and capacity. Since 2000, Indonesia has devolved many environment and natural resource management authorities to 495 districts and municipalities and 33 provinces, each with their own institutions. This devolution of authority has left ministries at the national level with largely a role in developing national policies; preparing technical guidelines and standards (norms, standards, procedures, and criteria); and supervising implementation at the local level.<sup>13</sup>

### **5.1.2 Economic Growth in Indonesia in the National Medium Term Development Plan**

Indonesian people are steadfast to strategically step forward in the 2010-2014 period to jointly overcome the problems and face challenges in order to utilize all of the existing potentials and opportunities. All these are endeavored by the people of Indonesia for attaining their ideal goals, namely (i) to realize public welfare through economic development that is based on its competitive advantage, its natural resources, its human resources and national culture, which is fully supported by the mastery of science and technology, (ii) to realize a society, nation and state that is democratic, civilized, dignified, and upholds the responsibility of freedom and basic human rights, and (iii) to realize development that is just and equitable, that is carried out actively by all, and which results can be benefit by all the Indonesian people.<sup>14</sup>

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<sup>12</sup> UNEP, "Sustainable Use of Natural Resources in the Context of Trade Liberalization and Export Growth in Indonesia : A Study on the Use of Economic Instruments in the Pulp and Paper Industry". Retrieved <http://www.unep.ch/etb/publications/indonesia.pdf>, 21 April, 2015.

<sup>13</sup>The Appendices Regulation of the President of the Republic of Indonesia No. 5/2010 Regarding the National Term Development Plan 2010, *op.cit*, 18-19.

<sup>14</sup> The Appendices Regulation of the President of the Republic of Indonesia No. 5/2010 Regarding the National Term Development Plan 2010, *op.cit*, at 4.

Furthermore, according to Bambang as chairman of Fiscal Policy, Ministry of Finance Indonesia, economic growth reached 7% in 2014.<sup>15</sup>

However, green economic growth will not occur automatically. A number of challenges must be overcome in order to realize the sustainable development to reach the objective of sustainable development. Indonesia's current economic structure is primarily focused on agriculture and industries which extract and harvest natural resources. There are only limited industries which focus on products with added value. In addition to this, there is a development gap between western and eastern parts of Indonesia. Another challenge for a huge archipelago such as Indonesia is the provision of infrastructure to support economic activities. Infrastructure itself has a very broad spectrum. Connectivity between regions should be developed to accelerate and expand economic development.<sup>16</sup>

According to the second stage of Medium Term Development Plan (2010-2014), the challenges faced by national development were not easy. In the midst of global competition, there are a number of challenges that have to be faced in the efforts to realize an Indonesian society that is prosperous, such as : **First**, the desired economic growth should involve the largest possible number of Indonesia's population (inclusive growth). This is for accelerating the reduction of the population living below the poverty line and for strengthening the capacity of households to be resilient in facing shocks. The reduction of poverty cannot fully rely on economic growth, but also requires various effective intervention measures. Inclusive growth requires appropriate government intervention measures that affirmatively benefit marginalized groups. This is in order to ensure that all community groups have adequate capacity and equal access to emerging economic opportunities. **Second**, in order to reduce inter-regional gaps, it is necessary that economic growth is spread-out in all regions of Indonesia, especially in regions that still have relatively high poverty rates. Growth in all regions must take into account the linkages of local participants and resources, so that more community members can become involved and benefit from the yields of economic growth and from the added value-in these regions. **Third**, in order to reduce the gap among business participants, it is necessary that economic growth provides the widest possible job opportunities and that it is evenly spread within the development sectors to create large work opportunities. It is expected that through investment, economic growth could create a large number of employment opportunities. It is also to be expected that micro, small, and medium scale enterprises can grow and develop for further productivity and stronger competitiveness. The expected higher economic growth can be realized if workers are equipped with the skills, competence, and the ability to work and be prepared to face global competition in the labor market. **Fourth**, economic growth must not damage the natural environment. Environmental damage will lead to unsustainable economic growth. Ineffective management of natural resources will result in the rapid depletion of resources and could easily lead to the recurrence of a food and energy crisis, as occurred in 2007-2008. Degradation of the natural environment will result in the increase in the cost of living and a reduction of the quality of life. Environmental

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<sup>15</sup> Bambang Bojonegoro, "Accelerating Green Economy Transition Through Greening The RPJMN", Retrieved from <http://apgreenjobs.ilo.org/resources/accelerating-green-economy-transition-through-greening-the-rpjm>

<sup>16</sup> Ibid.

aspects become more widely associated with climate change issues which are strongly linked with degradation of the natural environment and with not environmentally friendly activities. Climate change threats do not only relate to the potential occurrence of unpredictable calamities, like natural disasters, but also threaten the productivity of natural resources. If this happens, then the food crises could recur again.<sup>17</sup>

## **5.2 Opportunities to Solve the Environmental Challenges and to Enhance Economic Growth in Indonesia in the Year of 2010-2014**

The 2010-2014 National Medium-Term Development Plan (RPJMN 2010-2014) is the second phase of implementation of the 2005-2025 National Long-Term Development Plan (RPJPN 2005-2025) promulgated through Law 17/2007. The RPJMN 2010-2014 forms the basis for ministries and government agencies in formulating their respective Strategic Plans (Renstra-KL).<sup>18</sup> Regional governments must also take into account the RPJMN 2010-2014 when formulating or adjusting their respective regional development plans to reach national development targets. For the implementation of the 2005-2025 National Long-Term Development Plan, the RPJMN is to be further elaborated into the Annual Government Work Plan (RKP) that will then become the basis for formulating the Draft Government Budget (RAPBN). Therefore, the RPJMN 2010-2014 is the guideline that central and regional governments, society, and the business community should follow in order to achieve the goals of the nation contained in the Preamble of the 1945 Constitution of the Republic of Indonesia.

### **5.2.1 Opportunities to Solve Environmental Challenges in Indonesia**

Indonesia has an abundance of natural resources, its strategic geographical situation, its ideal demographic structure, its diverse and strong cultural resources, and its human resources contribute to an infinite potential and creativity. Indonesia has succeeded in transforming crises and challenges into opportunities. Regarding energy, Indonesia has various sources, including crude oil, natural gas, coal, and an abundance of renewable energy sources, such as geothermal and hydro power. Based on the environmental challenges that presented previously, there are some opportunities that can be done by Indonesian government to achieve the objective of sustainable development, as followed :

**First**, there are many changing of the government policy regarding the protection of environment in Indonesia. Each Ministry has its own vision and mission to materialize into programme and activities based on the vision and mission in the Long Term Development Plan and the Medium Term Development Plan. Thus all the programme and activities shall be implemented in accordance with the objective of the development.

**Second**, the opportunity to maintain protection of the environment are carried out by various institution in Indonesia that has been mandated in the Long Term Development Plan. For Example, there are many programmes that have been made by

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<sup>17</sup> The Appendices Regulation of the President of the Republic of Indonesia No. 5/2010 Regarding the National Term Development Plan 2010 *op.cit*, at 18-19

<sup>18</sup> *Id.* at 1.



the Ministry of Environment how to achieve sustainable development. The Ministry of environment use economic instruments how to encourage companies to participate in the protection of environment, such as Indonesia's Program for Pollution Control, Evaluation, and Rating (PROPER) is a national-level public environmental reporting initiative.<sup>19</sup>

**Third**, all the objectives to protect the environment and sustainable use of natural resources carried out by numerous Ministry in Indonesia, such as the ministry of Industry, Ministry of Economic Affairs, ESDM, Ministry of Planning and Development (BAPENAS) has already designed the green growth programme<sup>20</sup> that has to be coordinated by each Ministry and they also have their priority programme to materialise green growth.

**Fourth**, the opportunities to materialize green growth to achieve sustainable development, the Indonesian government adopted many regulations to regulate this matter, in order to provide clear legal basis to enforce the law. This also conforms with one of the values and principles of the United Nations Millennium Declaration, namely respect for nature.<sup>21</sup>

**Fifth**, Indonesia also contributes to mitigate and to adapt the climate change as one of the opportunity to obtain financial support to mitigate and to adapt the climate change, since Indonesia as the Member of the Kyoto Protocol. Indonesia is endowed with rich biodiversity and natural resources, which to a large extent has constituted the basis for the past decades of macro-economic growth. However, these natural resources have not been managed in a sustainable or equitable manner, which has led to over-exploitation and depletion.<sup>22</sup> As the Party of Kyoto Protocol Indonesian government has the right to use the mechanism which are provided by the protocol such as Clean Development Mechanism.<sup>23</sup>

### 5.2.2 Opportunities of Economic Growth in Indonesia

In order for Indonesia to accelerate its economic development, Indonesia will need to embrace a new way of thinking, a new way of working, and a new way of conducting business. Regulations at the central and regional level need to be streamlined to ease

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<sup>19</sup> Parameeta Kanungo and Magüi Moreno, "Indonesia's Program for Pollution Control, Evaluation, and Rating (Proper), Retrieved from [http://siteresources.worldbank.org/INTEMPowerment/Resources/14825\\_Indonesia\\_Proper-web.pdf](http://siteresources.worldbank.org/INTEMPowerment/Resources/14825_Indonesia_Proper-web.pdf), 27 April 2015.

<sup>20</sup> Secretary Ministry of Planning and Development and Global Green Growth Institute, "Green Growth Program 2013-2014". Retrieved from [http://www.greengrowthknowledge.org/sites/default/files/4D\\_Bappenas.pdf](http://www.greengrowthknowledge.org/sites/default/files/4D_Bappenas.pdf), 24 April 2015.

<sup>21</sup> Article 6 of the United Nations Millennium Declaration.

<sup>22</sup> Departement of Economic, University of Gothenburg, "Indonesia Environmental and Climate Change Policy Brief". Retrieved from <http://sidaenvironmenthelpdesk.se/wordpress3/wp-content/uploads/2013/04/Environmental-policy-brief-Indonesia-2008.pdf>, 24 April 2015.

<sup>23</sup> Article 12 (2) of the Kyoto Protocol stipulates that the purpose of the clean development mechanism shall be to assist Parties not included in Annex I in achieving sustainable development and in contributing to the ultimate objective of the Convention, and to assist Parties included in Annex I in achieving compliance with their quantified emission limitation and reduction commitments under Article 3.

doing business. Based on the economic achievement that has been demonstrated previously, there are some opportunities that can be obtained to enhance green growth in Indonesia, such as :

**First**, The implementation of the new way of thinking in the economic development, needs collaborative efforts among government, local governments, state owned enterprises, private enterprises and the people. The government has very limited funds to finance development through its State Budget (APBN).

**Second**, in order to enhance green economic growth, all economic activities have to be integrated with the environmental protection and the need of the private sector participation. Thus, to foster the economic growth in Indonesia, it will depend on the private sector participation which includes state-owned enterprises, and private domestic and foreign investors. Government policy must be streamlined to allow a bigger participation from private sector.<sup>24</sup>

**Third**, all the regulations which are still overlapping have to be amended to protect the interest of all stakeholders who are involved in the economic activities. Regulations must be clear, and without possibilities for mis-interpretation, in order to encourage trust and maximum participation from investors to build much needed industries and infrastructure. Furthermore all existing regulatory frameworks must be evaluated, and strategic steps must be taken to revise and change regulations.

**Fourth**, Indonesia has already determined the Masterplan for Acceleration and Expansion of Indonesia Economic Development (MP3EI) as a directive for Indonesia's economic development up to the year 2025, since Indonesia has an abundance of renewable (agricultural products) and un-renewable (mining and minerals) natural resources. It must be able to optimize the handling of its natural resources by increasing a processing industry that will provide high added value, while at the same time reducing exports of raw materials.

**Fifth**, Population and human resources, in 2010, Indonesia ranks the 4th most populous country in the world. Its huge population and the rapidly increasing buying power of its population is creating a significant market. Moreover, the population is also increasing in the quality of its human resources, thus providing a desirable competitive edge.

**Sixth**, Geographical location Indonesia is the world's largest archipelago, stretching from east to west with a length of 5,200 km and a width of 1,870 km. Indonesia has a direct access to the world's largest market since it is passed by one of the most active Sea Lane of Communication (SLOC), i.e. The Malaccan Strait. This route is the prime route for global container shippings.<sup>25</sup>

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<sup>24</sup> Jessie Goff, "Future of Indonesia". Retrieved from <http://pardee.du.edu/sites/default/files/The%20Future%20of%20Indonesia.pdf>. 24 April 2015.

<sup>25</sup> Coordinating Ministry for Economic Affairs, "Master Plan Acceleration and Expansion of Indonesia Economic Development 2011-2025". Retrieved from [http://www.kemlu.go.id/rome/Documents/MP3EI\\_PDF.pdf](http://www.kemlu.go.id/rome/Documents/MP3EI_PDF.pdf). 24 April 2015.

## **6. Conclusion**

Economic Growth is always accompanied by environmental challenges. In Indonesia context, the Indonesian economic growth enhances significantly during the second stage of the Medium Term Development Plan. The economic growth can be proven from the increasing of GDP for 7% in the end of 2014. Indonesia as the Party of the Kyoto Protocol has obligation to reduce emission. Consequently, the green growth concept has been integrated in the vision and mission of the long Term development Plan and it is elaborated in the Medium Term Development Plan Year 2010-2014. Indonesia still in the process of achieving the objective of the Long Term Development Plan and the Medium Term Development Plan. The Environmental challenges that are faced by the Indonesian government are solved by various policies, strategies and programmes which are materialized in the Ministry level and also in the Provincial and Distric level. Furthermore, the Indonesian government also establishes Master Plan for Acceleration and Expansion of Indonesia Economic Development 2011-2025 which also includes the environmental protection in the Master Plan. Thus, it can be concluded that environmental challenges in Indonesia can be turned into opportunities to enhance economic growth.

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## **International Instruments**

Kyoto Protocol  
Stockholm Declaration  
United Nations Millennium Declaration

## **National Regulations**

The 1945 Constitution of Republic Indonesia.  
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