

Cooperation For Mutual Interests: Reinstating U.S. Influence And Indonesia Green Economy Through Green Investment

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Abstract

This article dissects the dynamism of environmental sentiment in the international political economy that is currently on the rise in the United States and Indonesia. Using qualitative approach with data analysis from literature studies, this article explores the United States as a superpower country post-President Donald Trump, and the challenges that arise and its response during President Joe Biden's presidency. Moreover, this paper further examines Indonesia as a developing country that has great potential for decarbonization on how to put it into practice, while maintaining economic development. Seeing the interests of both countries could crosscut, the paper analyzes the potential of environmental-economic cooperation that can deepen bilateral relations. Three theories apply to put into practice: Green Theory, Green Capitalism, and Corporatism. The findings of the paper largely on how the foreign policy of the United States to be the pioneer in decarbonization can be accommodated by Indonesia. However, the decarbonization in Indonesia, facilitated by the United States, does not immediately ignite regressive economic development. Instead, it is an opportunity for Indonesia to start a sustainable green economy. The multilateralism approach of the United States, followed by the opportunity of Green Capitalism and Corporatism by Indonesia, could benefit, deepen, and strengthen relations between both countries.

Keywords: Green Investment, Green Economy, Indonesia, United States, Multilateralism

JEL : F59, P33, Q56

A. INTRODUCTION

The American-centered United States (U.S.) during President Donald Trump in power has diminished the superiority of America in global issues -- potentially overshadowed by China, notably after the country's significant growth and development. It is projected that by 2028, China will overtake the U.S. in the gross domestic product (GDP) two years earlier than previously predicted (Wu & Hancock, 2021). The dominance of China in its current global standing is backed by avid active, and expansive global engagement, noticeably under the Belt and Road Initiative (BRI) economic cooperation that many consider a win-win agreement (Voon & Xu, 2020). As a result, bolstering the global standing of the U.S. has become one of the main priorities of the administration of President Joe Biden after the

dwindling economic leverage and the vast decline of the presence and influence of the U.S. on the global critical issues under President Trump (Fabian & Epstein, 2020).

As the rise of China is undeniably present, restoration of the U.S. influence is seen as urgently needed as the current state of the U.S. has been immensely inferior and began to wane - - utilizing the momentum by China to accelerate its global prominence. As a counter-response, President Biden brings a contrasting vision and mission compared to their predecessor. The decision to replace the policy approach from President Trump's American inward and business-oriented rhetoric with a rule-based international system and cooperation among the international community (Nakajima, 2021). To revive its relevance, the U.S. must dedicate and

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consistently champion international cooperation to resolve the world's suppressing challenges ahead, and the most consequential current issue that arises is the climate crisis (United Nations, 2021).

The climate crisis has become a clamant emergency to date. Lloyd & Shepherd (2020) justify that the vast environmental degradation caused by climate change has been impacted by a steep imbalance of human and natural fluctuation systems that has exceeded its degree of resilience. The state of a disproportionate human and nature balance system leads to extreme weather events, eventually causing catastrophe to the ecosystem and human ability to live. The COVID-19 pandemic and its widespread disruption to global stability have proven the world's fragility and the danger of human and nature imbalance (Lawler et al., 2021). As a result, the 26th United Nations Framework Convention on Climate Change (UNFCCC) COP Glasgow has addressed the immeasurable danger considering the absence of substantial mitigation and solution are taken. Therefore, to increase its prominence and distinguish itself from the other great powers, the U.S. brings the climate crisis as one of the pivots in its foreign policy (Friedman, 2020). The U.S. will persistently promote the rhetoric of cooperation within the international community to restore the human and nature-balance system, especially in countries that play a critical role in acting on climate change as part of the approach to regain global political traction.

Indonesia also plays a crucial role in response to the global climate crisis. In recent studies, Indonesia is the fourth largest greenhouse gasses (GHG) emitter and the 16th largest economy globally (Dunne, 2019). Since 2010, under the Ministry of Environment and Forestry of Indonesia (MEFI) (2022), Indonesia has pledged to curb climate change with the enforcement of Nationally Determined Commitments (NCDs). It is eventually the country's participation in contributing to the Paris

Climate Agreement – reducing carbon emissions by 31.89 percent or 43.20 percent with the international community's assistance. On the other hand, the importance of economic development is one of the main focuses of the current Government of Indonesia (GoI). Indonesia continuously becomes one of the top foreign direct investments (FDI) destinations, making it one of Asia's top 5 largest FDI recipients (UNCTAD, 2020). The prominent market development, relatively politically stable, and stable inflation rate make Indonesia one of the most attractive countries for FDI (Chanda & Handoyo, 2020). However, compromises arise as the climate-friendly policy is always seen as counter-productive. As happened in Indonesia, GHG produced predominantly comes from the vital sectors of agriculture, energy, industry, and land use (Gütschow et al., 2019; CAT, 2020). On the other hand, infrastructures to support climate change intervention are commonly identified as costly and unbeneficial in the short term (Kronsell et al., 2018). As a result, commitment involves consistently and comprehensively on climate change issues is prone to be stagnant.

It reflects on the challenges that the U.S. and Indonesia encounter; cooperation between both countries shows a promising prospect for the interests of both countries. During the need for leadership in the helmet climate crisis, the U.S. can propose solutions to uphold environmental principles that are feasible to be adopted universally and do not compromise on economic interest. The conditions parallel with President Biden's administration's priorities to respond to the climate emergency while empowering businesses and workers with a green economy (The White House, 2020). Consequently, the opportunity can elevate the relevance of the U.S. as a major global superpower to lead the global climate emergency. On the other hand, Indonesia can set a model of a developing country that is credible to respond to the climate crisis effectively. The commitment of the GoI can set a distinguishable advantage in the future,

economically and politically. Most importantly, in the domestic interest, a green economy through green investment does not compromise economic growth, such as increasing productivity and generating jobs, while still maintaining the commitment to resolving climate change issues (Jakob et al., 2020).

Seeing the conversion of the U.S. climate concern foreign policy and its influence on global politics, what is the expected policy framework and sentiment to be observed in the future? Moreover, with the expected shortcoming of the climate concern foreign policy, what is the most compatible economic paradigm for Indonesia to effectively welcome the U.S. new approach to the climate issue? Lastly, to adjust according to the U.S. expected conditions and demands, how does Indonesia have to respond to increase its capability of the playing field? This article aims to study and understand the foreign policy of the current U.S. administration to answer the global climate crisis and how the Gol can capture the opportunity for green investment and productively attune to the principles of the green economy. As the high potential of U.S. green investment followed by the foreign policy of the U.S. on the climate crisis, this study also examines the conditions needed by Gol to efficaciously accommodate green investment that is not limited to alleviating climate issues but also economic growth.

B. LITERATURE REVIEW

The 2021 Summary for Policymakers report conducted by the IPCC has concluded that the global temperature will temporarily reach the 1.5°C threshold agreed globally under the Paris Agreement (IPCC, 2023). It is calculated that the rapid hike in global surface temperature has reached an estimated 1.1°C between 2011-2020, a significant increase from the previous forecast at the rate of 0.2°C per decade (IPCC, 2023; 2021; 2018). Thus, with the constant occurrence of "work as-usual" human activities that generate a substantial amount of greenhouse gases (GHG), it

is estimated that between 2030 and 2050, the global surface temperature will be reached 1.5°C. Based on the risk and crisis management research results, the warmer global surface temperature could result in frequent and severe magnitude of catastrophic climate and weather disasters, such as heavy rain, heatwaves, and extreme droughts (Herro et al., 2015). The level of risks and dangers varies depending on the intensity of the warming temperature, level of vulnerability, and geographic locations. The most evident determination to reduce the likelihood is only implementing mitigation towards climate-related risks (IPCC, 2018). As human activities have been continuously proven to cause climate change, experts have concluded drastic reduction of GHG produced is necessary. GHG emissions that are predominantly generated by the use of conventional energy sources, particularly fossil fuels for industrial and transport activities, have to remain within the carbon budget (IPCC, 2023). Eventually, the end goal, according to the 26th COP outcome, is to achieve, sustain, and eventually decline zero global anthropogenic carbon emissions compulsory to reduce the acceleration of future climate-related risks (UNFCCC, 2021). Edenhofer (2011) believes renewable energy can suffice and replace conventional energy as the primary energy source for industry, transport, and even commercial use. Although many parties see the transition to renewable energy as economically costly, a calculated model showed that the average global economic growth would only reduce by 0.06 percent (Stern, 2016). Therefore, the economic cost is not significant compared to the permanent devastating impact caused by climate change.

The COVID-19 pandemic has reinstated the urgency of the climate crisis and exposed the fragility of the world (Perkins et al., 2020). The National Security of the U.S. response to the climate crisis has been a part of the administration's immediate priorities in achieving scientific requirements of global decarbonization

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while considering economic empowerment to businesses and workers (The White House, 2021). The urgency perception and extensive idea on the need for a comprehensive resolution to resolve the climate crisis in the President Biden administration have been developed since the Presidential campaign. Congresswoman Alexandria Ocasio-Cortez was also included in President Biden's campaign climate panel (Noisecat, 2020). The outcome of the panel is to create a green economy platform that is inclusive and holistic to be executed and implemented to support substantial decarbonization. The concept includes the importance of bureaucracy, environment-focused management, and financing that leads to job creation (Bloomfield & Steward, 2020). The initiative of green economy policy focuses on aims that are not merely jargon but achievable targets that highly consider inclusivity, feasibility, and sustainability -- not limited to domestic U.S. interest but apply worldwide to address the climate emergency. The policy bolsters effective financing methods, green projects that create jobs, and the technology and knowledge to ensure the transition to a green economy is consistent and sustainable. A green economy will determine the long-term relevance of a country, judging from indicators of successful implementation and sustainability of a green economy. Therefore, the concept of a green economy suitably fits President Biden's concern and priority, curbing the climate crisis with calculated efforts in the transition across economic sectors towards decarbonization.

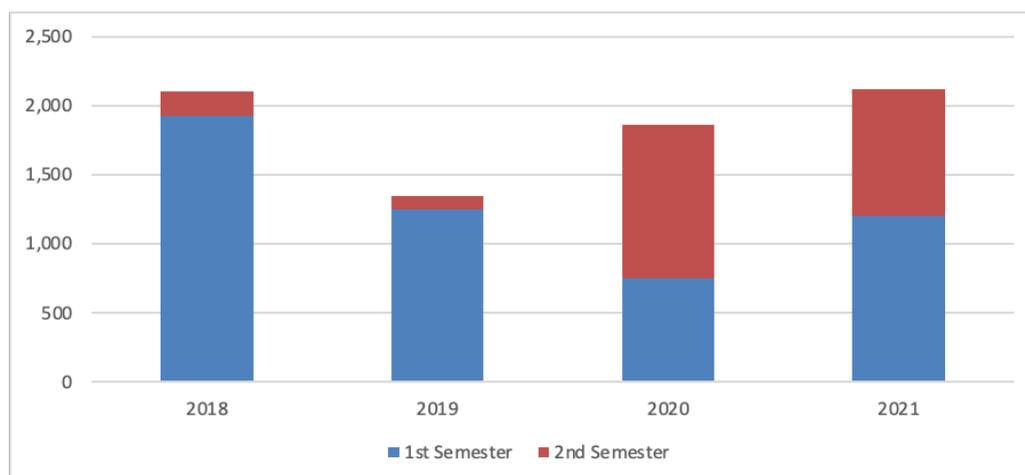
In an effort to reestablish U.S. foreign influence that experienced a setback during President Trump's administration, climate action plays a strategic role in the U.S. global approach. The U.S. Department of State (2021), under Secretary of State Antony Blinken reinstated climate crisis countermeasures that will become an integral part of the administration's foreign policy, and at the same time appointing John Kerry, a prominent U.S. political figure as Special

Presidential Envoy for Climate to restore U.S. global leadership that has primarily overtaken by China in many aspects of global political narratives. In a relatively short time, China has broadened its presence on the international stage, filling the gap that President Trump withdrew from the U.S. in vital agreements and forums, for example, the World Health Organization (WHO) and Paris Agreement (Gilsinan, 2020; McGrath, 2020). Additionally, in 2020, China spent \$64 million to fund its wide-range pro-China foreign lobbying operation, a 500 percent increase compared to 2016 and surpassing the U.S. on foreign influence spending (Markay, 2021). The operation is notable for promoting positive Chinese narratives, for instance, through Chinese state-run media. As the worldwide attention to climate emergency rapidly escalated, in 2020, President Xi Jinping announced China to be carbon neutral by 2060 (Harvey, 2020), intensified China as the U.S. adversary as a dominant country and global leader in combating climate change.

Nonetheless, no countries are currently dominant in tackling climate change. As of 2020, China and U.S. are still ranked first and second as the world's largest emitter of GHG (Friedrich et al., 2020). On March 31st, President Joe Biden introduced the \$2 trillion American Jobs Plan, a program to support the U.S. economy, infrastructure, and climate projects that stimulate American jobs (Jaeger et al., 2021). The program specifically allocated \$1 trillion to support climate initiatives promoting clean energy and environmental equity. The policy unveiled proved that the U.S. under President Biden is taking climate threats as a critical issue, showcasing the country's commitment and capacity to tackle the world's greatest challenge.

To increase the U.S. international presence, especially to lead on the global climate action agenda, Indonesia has the advantage of being a strategic partner and potential quintessential model of the green economy in developing

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Source: CBI (2022)

Figure 1: Indonesian Green, Sukuk, and Sustainability Bonds (USD Million)

countries. In 2007, under the presidency of President Susilo Bambang Yudhoyono (SBY) in the 13th UNFCCC CoP in Bali, Indonesia initiated an initiative to develop policy on emission reduction and low carbon development that also promises "pro-growth, pro-job, pro-poor, pro-environment" (Elliott & Setyowati, 2020). Over time, as the financing mechanism vastly progressed, the Gol issues various financing instruments through green and sustainable bonds, green *sukuk* (Islamic bond), and

Sustainable Development Goal (SDG) bonds. As one of the emerging countries with promising prospects of green investment and a pioneer of green *sukuk*, the total value of bonds and *sukuk* issued are staggering, with USD 7,44 billion since 2018 (Climate Bond Initiative, 2022). In fact, Indonesia ranked 5th in green bonds, 8th in sustainability bonds, and 4th in green *sukuk* issuance in the world (Climate Bond Initiative 2022; 2019). Besides that, in 2021, with United Nations Development Program supervision, Gol launched the issuance of a 12-year €500 million SDG bond that was oversubscribed 2.4 times (Asian Development Bank, 2022). The issued bonds are expected to be utilized for low-carbon infrastructure financing – such as, but not limited to, sustainable transportation, renewable energy, energy efficiency, waste management, and green building.

Furthermore, in the issue of forestry countermeasure, Indonesia expanded the policy into comprehensive low-carbon policies that corroborate Reducing Emissions from Deforestation and Forest Degradation (REDD+), energy conservation and efficiency, and geothermal and biofuel development. Referring to the latest findings by MEFI (2021), deforestation in 2019-2020 has dropped 75,03 percent compared to 2018-2019, the lowest ever recorded in the last two decades. Similar studies also proved that Indonesia's forest loss is declining by one-fourth in five consecutive years (WRI, 2022). The pronounced result is claimed as the result of comprehensive efforts to improve and revitalize peatlands and forest management to promote a favorable sustainable environment, though the ending of the policy was embittered, especially the cooperation between the Gol and Norway. Seeing the development, The U.S. Ambassador to Indonesia 2014-2014, Ambassador Robert Blake (2021), remarked that the continuous effort by the Gol made Indonesia the leader in curbing deforestation. The effort also extended to support a sustainable forestry economy by making the renowned world's first timber legality verification (SVLK) to verify across timber products are sourced responsibly.

Indonesia's achievement in forest management also reinforces the goals of Gol.

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President Joko Widodo unveiled the vision of Indonesia 2045, a long-term national development plan to turn Indonesia into a high-income country and the fifth-largest economy in the world by 2045 (MNDP, 2019). Resosudarmo & Abdurrohman (2018) pointed out that advancement in various vital sectors is prioritized to support the "advanced economy," such as the digital economy, technological and infrastructure developments. Besides that, Negara & Ramayandi (2020) added that priorities on increasing the quality of human resources, simplifying bureaucracy, and government reform to create credible institutions are essential as the foundation to support the developments. In the process of accomplishing the targets, the GoI is prioritizing promoting climate-friendly FDI. FDI is believed to provide immediate effect in the condition of budget restraint in economic development. At the same time, it also delivers asset transfer, technology transfer, and job employment, increases national incomes, fixes the balance of payments, and improves managerial skills (Nguyen, 2018). High-quality FDI, such as green investment that also assists in realizing a green economy is satisfactory for Indonesia's vision for 2045. On the other hand, following the increase of international pressure on climate actions from developing countries, Indonesia can participate by embracing green investment to tackle climate change.

Theoretical Framework

In examining further the environmental centrality in U.S. foreign policy, the issue has to be observed through Green Theory's lenses. Hardin (1968) defines the climate emergency as unanimously "the tragedy of the commons." The collateral damage arises from the issue of climate change defined by the predominantly anthropocentric view, the rational choice of humans in exploiting the environment; however, humans chose not to defy in taking action. As a result, the dilemma creates an injustice to current and future humans who do not respond to the

problems, including the natural ecosystem. Therefore, there is a need to evaluate and shift the relationship between current human moral values and the environment. Goodin (1991) argues that Green Theory presents an unorthodox view of political interest that emphasizes the importance of ecological perspective.

In comparison to the traditional international politics theory that serves only the state's interest, Ari & Gökpinar (2019) considers that Green Theory has ecocentrism as the feature in resolving the climate emergency, setting boundaries for the interest of the environment rather than economic advantages. In addition, as climate change is an ongoing common urgent issue, Green Theory asserts cooperation's importance and prioritizes long-term over short-term goals. The different aspect of Green Theory sees the importance of agent involvement that is not limited to the government and legal bodies, such as non-governmental organizations (NGOs) (Greene, 2001).

In putting policy into realization with the involvement of U.S. investment, Green Capitalism can convey an accurate compromise. It can foster economic growth that empowers the importance of environmental principles and values by making green capitalism not the causation of environmental degradation but to preserve (Lovins & Cohen, 2011). The center-right theory enunciates the massive failure of the market in preventing the catastrophic impact of climate change, whereby businesses focus on serving their interests without taking responsibility for the production side-effects. Nonetheless, the failure of the market does not conclude with the dismissal of the latter. Instead, Pearce et al. (1989) pinpoint the urgency to reform the market to transform it into a more environmentally friendly one. The policy instruments of carbon tax/trade, promoting innovation in low-carbon development, and incentivizing and disincentivizing apparatuses can be utilized to guide the market. Additionally, Green

Table 1: The Concepts Applied In Respective Contextual Events

Theories	Issues	Application
Green Theory	Multilateralism as the Mechanism of U.S. Foreign Policy	U.S. through B3W Partnership that consists of government agencies across G7 countries, private sectors, and international financial institutions in promoting development cooperation, particularly developing and less-developed countries.
Green Capitalism	The market as the driver of environmental perseverance and economic growth	The Indonesian market must be regulated so that it can motivate competition as a catalyst to promote competition in the creation of technological innovation to tackle the climate crisis while limiting environmental hazards.
Corporatism	Policymaking and decision-making are concluded between stakeholders' interests	Stakeholders in a particular industry in Indonesia are necessary to get involved in the process of policymaking and decision-making that represent consensus interests across all parties.

Capitalism's success can only be determined by the drives of technological innovation and the breakthrough in entrepreneurialism, as it holds the optimal equilibrium of response to climate change and maintaining economic growth.

Regarding the application of Green Capitalism in Indonesia, Corporatism as a notion can constructively execute the implementation of environmental principles as part of the transformation process from the conventional methods. The conversion process from the "as-usual" to environmental-friendly practices demands common consensus from multifaceted relevant actors on transformation from conventional rules, norms, and existing practices into understanding and actions that underpin long-term climate targets (Kronsell et al., 2019). Hence, the undertaking and potency of climate-based actions can be determined and observed from the actor relations, government institutions, and social elements, particularly in policymaking (Duit, 2016; Bäckstrand et al., 2010). Along the process, Corporatism will call and prioritize diverse and inclusive discourse, including innovative actors, to formulate sustainable policy

related to the environment (Loorbach, 2010; Smith & Stirling, 2010). Thus, the calculated policymaking process can create a comprehensive and constructive policy to be sustainably implemented and aligned according to the interests of the state and stakeholders.

C. RESEARCH METHOD

This research conducted is based on a qualitative method with data analyses from literature studies, including its interviews, from pertinent sources, primarily from the U.S. government's released reports and statements, the Indonesian government's reports, conference summit's communiqué, and other research studies from international institutions. Using a qualitative method that is less restrictive and provides broader information to be considered allows elaboration and discussion of the latest events that relate to the subjects to examine and analyze from an academic perspective based on relevant theoretical literature (Maxwell, 2012). To verify the studies, the analytical argumentation is enlarged with the recent articles to showcase on-field rationale and understand the possibility of mutual interests and

cooperation based on respective countries' policy development on the issue.

D. RESULTS AND DISCUSSION

Climate-focused Multilateralism as an Integral Element of U.S. Foreign Policy

The immense danger puts extensive pressure on countries worldwide, drives the green theory perspective into action with cooperation beyond national interests, and intensifies inter-state and third-party relations to attain a common goal: prevent the threats on humans and other living species. The signs emerged in the U.S. foreign policy shortly after President Biden was inaugurated as the U.S. President. The signing of the executive order to rejoin the Paris Agreement showed the first monumental approach by putting combating climate change as the central element of U.S. foreign policy (The White House, 2021). Moreover, the appointment of John Kerry through federal directive as Special Presidential Envoy for Climate expresses that the U.S. has returned to the global stage and put the utmost priority on leading the world's climate actions (Milman, 2020). Lastly, the enacted Inflation Reduction Act (IRA) by the U.S. government shows a promising commitment through government intervention in realizing acceleration in carbon emission reduction (Bistline et al., 2023). The early and monumental responses, international and nationally, by President Biden conveyed a strong commitment by the U.S. to cooperate for significant conduct in climate actions openly.

Giorgetti (1998) further explains that in the manner of government's utmost priority, it also delivers gestures on the need of non-governmental organizations (NGOs) necessarily involve assisting in the formulation and monitoring policy and international treaties that represent different elements of stakeholders.

To date, two elaborative actions emphasized the importance of climate cooperation demonstrated by President Biden, and the first is the U.S. held Leaders Summit on Climate 2021.

The climate summit consists of 40 countries, including the 17 countries of the Major Economies Forum (MEF) on Energy and Climate on the importance of shared goals and commitment to ensure the limit of global warming at 1.5°C is within reach (The White House, 2021). The ambition also needs to be led by investment in the green economy that supports the transition towards the development and the use of clean energy while followed by the creation of new economic opportunities by establishing new high-quality industries, jobs, and innovation that complement the progress towards climate action (The White House, 2021). The second central framework that also reflects the goals of U.S. foreign policy is unveiled by the Build Back Better World (B3W) Partnership at the G7 Leader's Summit. B3W is an estimated \$400 billion G7-led infrastructure investment initiative that involves public and private sectors and international financial institutions such as domestic financial agencies, private-sectors, multilateral development banks (MDBs), and development financial institutions (DFIs) to focus on a multilateral effort to promote high-standard infrastructure development according to financial, environmental, and social standards (European Council, 2021).

Most importantly, the practical proposal of the initiative that is set to be concluded by late 2021 is prioritizing a green economy in low and middle-income countries to realize the collective ambition of green and resilient economic recovery for advanced development growth. NGOs worldwide appreciate and support the effort to collectively tackle climate emergencies through multilateral cooperation, though it is still argued as conservative headway (WRI, 2021). Although B3W is perceived as unprogressive, NGOs will eventually advocate and socialize the need for an enormous leap in the upcoming green investment initiative (Giorgetti, 1998).

The U.S. Leaders Climate Summit and the announced B3W in G7 Summit collectively show the potential of the U.S. to amend its credibility on the international stage through its foreign

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policy on climate value-focused and high-quality development cooperation. Another aspect is to see the fundamental approach to realizing the aim will be based on multilateralism that consists of like-minded countries and is supported by public, private, and international institutions. This, followed by the 26th COP, reinforces cooperation between various institutions to develop climate-focused investment in accelerating significant decarbonization. Aside from that, the Leader's Declaration of the 2022 G20 Bali Summit has reaffirmed the importance of agility, flexibility, and transparency of multilateral-led macro policy in response to financing climate crisis mitigation (G20, 2022). The importance of policy commitment is to consider financial access, especially to developing and less-developed countries, despite the situation. As a result, attention on investment towards green transition, government-led and private, has become the utmost priority.

In the context of Indonesia, as a developing country and could potentially be applied in less-developed countries, US-led multilateralism delivers an alternative of opportunity. The various sources of financing give financial options to the recipient according to the preferred projects and requirements. The availability of various financing sources opens an opportunity for localized investment, especially for areas with limitations (CEPA, 2021). This benefits Indonesia's rural and out-of-reach areas that experienced development inequality to get involved in the green economy. Additionally, with the increase of Indonesia's negative political assumptions with great powers, financing sources that are not limited to government-led assistance will reduce the risk of political-incorrect tension.

Green Capitalism as the Means of Indonesia to Accommodate U.S. Green Investment

The constant challenges of implementing climate actions in developing countries to address climate change have always lacked funds and technology (Tan et al., 2020). Similar hurdles occurred in Indonesia as a developing country. Instead of focusing the latter on the notion of

costs and technological resources, the GoI is more motivated to fulfil its primary goal – economic growth (Jong, 2020). As the GoI is focusing and unlikely to compromise on the economy, a market economy based on green capitalism is an ideal model to establish a green economy while ensuring economic growth (Zysman & Huberty, 2014).

Currently, the annual GoI state budget is insufficient and restricted to finance the need for green investment. In 2021 – 2022, the estimated annual budget required by the GoI is USD 20 billion and USD 150 – 200 billion on average annually to right on track to achieve net-zero (MNDP, 2022). On the contrary, GoI only spent USD 6.41 billion, or 1.29 percent, on green investment out of the USD 498.25 billion annual state budget between 2018 – 2020 (MNDP, 2020). Although the number does not equivalent to the budget needed to achieve net-zero, yet to date, the U.S. investment in Indonesia shows a rebound, reaching 2,038 billion in 2021 (BKPM, 2022). The notable increase in U.S. investment after a decade of declining trend is particularly led by the spillover of the COVID-19 pandemic recovery effect.

In the case of U.S. green investment through the B3W Partnership, Rana (2021) anticipated that the cooperation would involve private sectors that expect convincing returns from the invested projects. Followed by the global pressure of rapid decarbonization to achieve net-zero emissions and to ensure strong and confident growth in the future, the GoI must consider the importance of a market ecosystem that is regulated according to climate protection interests while stimulating economic progress, primarily to facilitate potential green investment. Hence, Stern (2007) asserts that changes in the principles of the market are essential to support an environmentally friendly economy and incentivize innovation to cultivate growth and respond to climate crises.

The U.S. Leaders Summit on Climate and the G7 Summit have summarized multilateralism as a strategical practice of U.S. foreign policy in

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promoting a green economy worldwide. From B3W -- government-led, international institutions, and heavily expected involvement of private sectors are to support infrastructure financing in low- and middle-income countries that need to construct and revitalize essential sectors, including climate-related infrastructures (The White House, 2021). It also opens opportunities for innovation and technological breakthroughs resembling North-South Cooperation to tackle climate change (UNFCCC, 2021). Like BRI alike, besides increasing U.S. and other G7 countries strategic geopolitical eminence through assistance in infrastructure development, B3W also considers strategic economic interest as a return (OECD, 2018; The White House, 2021). Financial investment assistance requires strong accountability and transparency standards to promise fund is used effectively and co-benefits for the parties involved (The White House, 2021; Zhu, 2021).

Green Capitalism is a middle-point, a compromise between economic growth and an approach toward climate response. Fox and Alldred (2019) view that the market's current condition is observed to have failed in protecting the climate and environment from hazards. The market's ignorance and restraint have caused untreated negative impacts, such as GHG, towards severely damaged environments (Stern, 2007). To put this into context, Indonesia is the sixth-largest GHG emission emitter and the largest forest-based emission emitter globally (Wijaya et al., 2015). Thus, a change within the market model is needed to curtail the market's negative impacts and open the opportunity to respond to climate change rapidly. To set up the model, Pearce et al. (1989) and Stern (2007) argue that the business-as-usual (BAU) development of the market needs to be reformed according to policies that support the limitation of hazard activities. Furthermore, incentives to support the advancement of climate-response technology and create new growth by creating a new industry within the climate-focused market (Lovins & Cohen, 2011; Prudham, 2009). In addition, as the latest industry grows and reliable

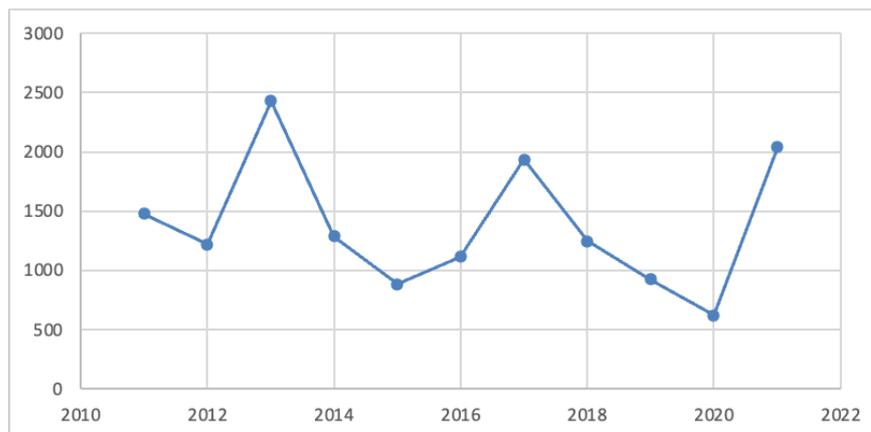
regulation is in place, it gives certainty and pushes competition within the market that eventually accelerates innovation.

To effectively accommodate U.S. green investment, an ideal climate-focused market has to be regulated by the GoI to determine an effective, competitive, and sustainable investment ecosystem. Comprehensive climate regulation regulates market activity to inhibit environmental harm, such as carbon tax and incentivizing technological development to tackle climate issues. As a result, the climate-focused market acts as a catalyst of competition between government, private sectors, and international entities that participated in technological innovation to tackle climate change whilst not putting aside economic growth. As a developing country with a large market and high reliance on entrepreneurialism, a suitable compromise for Indonesia in the global climate response must incorporate both climate actions and economic growth.

Corporatism in Accommodating Green Investment in Indonesia

In light of accommodating and supporting green capitalism in facilitating Green Investment as a vital drive of the Indonesian economy, corporatism as a system has the features to embrace the necessity of political and social conditions of Indonesia in the process of governance. It encompasses the broad involvement of diverse Indonesian top to lower stakeholders in policymaking, enforcement, and monitoring of implemented policy, particularly in environmental-related policy implementation progress. According to Blomkamp et al. (2017), in its practice, for instance, in policymaking, the current process that predominantly conducted by the Indonesian parliament has involved various

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Source: Ministry of Investment/Investment Coordination Board, 2022

Figure 2: U.S. Investment in Indonesia (USD million)

relevant stakeholders in drafting a policy-related ministry, academics, businesses, civil society organization (CSO), and vice versa. Nonetheless, it is also not uncommon to find bills that are drafted prematurely without potent substances (Datta et al., 2016). In particular highly debated and political bills, the parliament is bypassing or selective with interest groups in discussing the drafted bills (The Jakarta Post, 2021).

Regarding policymaking by the Indonesian parliament or respective stakeholders on the issue of the green economy, inclusion within the process of deliberate discussion between relevant parties is still in question. For instance, forests and land-used commonly function in various areas and are utilized in one of Indonesia's superior sectors, agriculture. Crude palm oil (CPO) is one of the country's top exports, making Indonesia the largest exporter and producer of CPO globally. However, the conduct within the sector remains in the public's attention. Unfair treatment of local and indigenous communities in land clearance and unsustainable agricultural practices have caused exploitative action (Elliott & Setyowati, 2020). From an environmental standpoint, a large area of 6.7 million hectares of peatland that can store a considerable amount of carbon is experiencing degradation (PRA, 2016). Although significant overhaul has been initiated, a similar manner is still found that limits the rights of the rightful communities, and forest management effort

shows no significant improvement (Myers et al., 2017).

U.S. green investment based on environmental, social, and governance (ESG) worldwide increased to 75 percent of the total portfolio in 2019 from only 48 percent in 2017 (BNP Paribas, 2019). Seeing the trend, it is going to hinder the realization of U.S. green investment in Indonesia. ESG that prioritizes climate, social responsibility, and firm management will be key requirements to be fulfilled to attract and accommodate U.S. green investment. To be on par with the high standard such as ESG, corporatism is prominent to collect fruitful aspirations from different perspectives and formulate ideal regulations to facilitate quality green investment. Corporatism also represents the fundamental principle of ESG, as Kronsell et al. (2018) argue that the involvement of various stakeholders is critical to support a sustainable and inclusive green economy. By accustoming and fostering the relationship between different stakeholders, it is hoped to commit to overseeing the implementation of environmental governance, starting from policymaking, decision-making, and monitoring. Most importantly, corporatism in Indonesia requires delivering the objectives of U.S. green investment in larger interests and scale -- to generate a comprehensive and practical policy to address crucial focuses that are strongly intertwined --

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climate, investment, jobs, and equity (Bloomfield & Steward, 2020).

With the alarming signs of environmental degradation and followed by international pressure, collective initiatives into the progress of climate actions must be actively and consistently enforced. Corporatism, especially put into practice in Indonesia, has never been more relevant with the urgency raised in the 26th COP and the need for cooperation between governmental and international financial institutions. Thus, the concept of corporatism in progressing towards inclusive and successful sustainable decarbonization is important to encourage long-term planning, policymaking, and monitoring to support an effective green investment to deliver a larger scale of equitable and inclusive impact, particularly in less developed and developing countries needed the most.

E. CONCLUSION, LIMITATION, AND FURTHER RESEARCH

The vast environmental ecosystem, one of the largest rainforests in the world, and high potential climate initiatives, Indonesia is not limited to geopolitical partner but is also capable of being a strategic environmental partner to the U.S. Additionally, with the increase of China's global dominance, the U.S. and Indonesia environmental cooperation with green investment is mutually beneficial, economically and environmentally for U.S. businesses and Indonesia's development -- only if delivered with a conceptually deliberate framework and process in policymaking. Seeing the increasingly active U.S. multilateralism-led green transition, followed by the green capitalism approach by the GoI and the increase in transparency and inclusivity of stakeholders through corporatism, these proposals can capture the trend of green investment that has been gaining importance over the years. Green capitalism gives assurance in financial access and opportunity for investors to gain profits, accompanied by corporatism that delivers accountability and credibility in

conducting green transition, creating considerable and promising frameworks in attracting and conducting green investment, particularly in Indonesia.

This research is constrained by the impact of the Ukraine-Russia conflict and Indonesia's domestic regulation development. Firstly, the Ukraine-Russia conflict divert the attention of rapid decarbonization that was persistently campaigned globally. Thus, the impact could upset the trend of green investment due to geopolitical influence in Asia, particularly in Indonesia. Revival of the decarbonization policy is expected once the certainty of the conflict is observed. Secondly, the New and Renewable Energy Bill that is supposed to be passed by the Indonesian parliament in October 2021 shows no clear progress. As long as the New and Renewable Energy Bill has not been recognized, there is no robust certainty on a clear and comprehensive regulation in implementing climate action, mainly green investment. Therefore, it is important for the upcoming law will better facilitate U.S. climate cooperation.

In further studies, U.S. and Indonesian climate cooperation can be examined and analyzed once the geopolitics shows its considerable stability and the New and Renewable Energy Bill is legalized. As the U.S. is expected to lead with the profound global initiative and a new overhaul of Indonesia's commitment accompanied by the new energy law, practical and technical research could be held. Studies that lead directly to technical regulation in support of both parties' interests in climate response will develop a practical and profound result of the discussion.

Seeing the effectiveness of BRI, the vital role of Asia, and considering the fiscal and diplomatic capacity, a green investment that promotes businesses and workers' inclusivity is seen as the possible answer to fulfil the equilibrium of economic growth and the issues of the climate crisis.

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