



EUROPEAN UNION
DELEGATION TO INDONESIA AND BRUNEI DARUSSALAM

Jakarta, 07 July 2010
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**NOTE FOR THE ATTENTION OF MR JOÃO VALE DE ALMEIDA
DIRECTOR GENERAL, DG EXTERNAL RELATIONS**

Subject: Country Report Indonesia and Brunei Darussalam, June 2010

Summary:


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- Indonesia is warming to the idea of a FTA with the EU, with key Ministers and the Speaker of the House of Representatives – who proved hostile to the Sino-Indonesia FTA – voicing support.

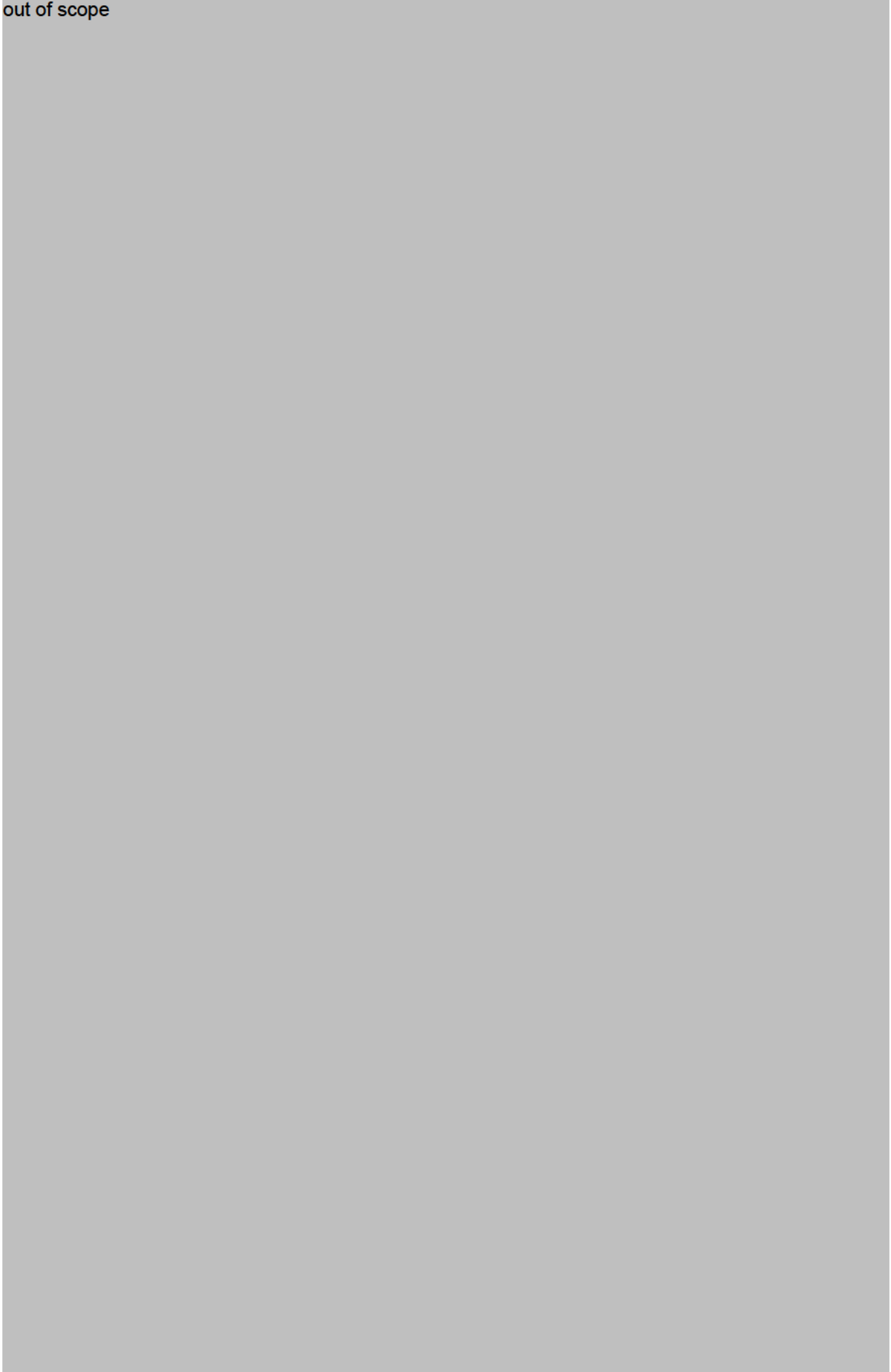
1. POLITICAL DEVELOPMENTS

out of scope


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2. ACEH

out of scope



3. INTERNATIONAL AFFAIRS

out of scope



out of scope

4. BRUNEI DARUSSALAM

out of scope

5. ENVIRONMENT

out of scope

6. ECONOMIC AND TRADE DEVELOPMENTS

EU Delegation met with **Indonesia's Coordinating Minister for Economic Affairs Hatta Rajasa**, also right hand of President SBY and joined by Acting Deputy Minister Rizal Affandi Lukman and Special Adviser Amir Sambodo. The **meeting was done jointly with the Austrian ambassador**, discussing a number of investment / market access issues - **a very good example of implementation of our market access strategy**. A very positive meeting and openness of Hatta towards **strengthening relations, with a request for 'accelerating the vision group / FTA process' (!)** as well as a willingness

to listen to market access issues. Hatta well prepared for some of the **Austrian market access issues**, mainly relating to viscose investment (150 M USD), being jeopardised (further investments might go to China) due to infrastructural problems, which Hatta agreed to discuss with Cabinet. He noted joint EU / Austria request regarding **more clarity and predictability on taxation**, impacting negative on the investment climate.

EU Delegation met as well with **Indonesia's Minister for Fisheries and Maritime affairs**. Overall a **positive meeting with the Minister praised the good cooperation with the EU** on both enhancing Indonesia's ability to meet EU safety requirements for its fisheries exports and on the implementation of the IUU regulation. Minister was interested in receiving more information on European technology for satellite coastal surveillance. On IUU, the Minister informed that implementation is going smoothly (system in place for vessels above 3,000 tonnages), although the Ministry is struggling to put in place a license for small vessels since it requires a common central government/regional province regulation that it not yet adopted.

Trade Minister Mari Pangestu on 16 June formally launched the EU – Indonesia Business Dialogue (EIBD) in presence of EU Ambassadors, European and Indonesian chamber of commerce. The EIBD will organise its second annual gathering from 28 to 30 November 2010 in Jakarta. The Minister said that the EIBD is one the main bilateral tool to sharpen bilateral trade and investment relations.

[Art. 4.1.b]

Péter Maher
Acting Head of Delegation