

## **Panel Discussion on EU-Indonesia CEPA: Threats and Opportunity for Indonesian Industry**

**Time & date: Tuesday, 4 April 2017, starting at 10:30**

**Venue: Four Seasons Hotel, Jakarta, Indonesia**

### **Panelists**

- 4.1(b) [REDACTED], Director-General of International Trade Negotiations, Ministry of Trade (Update on CEPA Negotiations and Challenges for Indonesian Industry)
- 4.1(b) [REDACTED], Executive Director of Ridens Public Affairs (The EU-Decision-making Process in International Trade Negotiations)
- 4.1(b) [REDACTED], President Director of Kharisma Pemasaran Bersama Nusantara (Why the European market is important for the Indonesian Trade Agricultural Company)
- 4.1(b) [REDACTED], Vice Chairwoman for International Relations of KADIN Indonesia (Opening Remarks)
- 4.1(b) [REDACTED], Executive Director of INA (Welcoming Remarks)

### **Details**

On 4 April 2017, the EU Delegation (EUD) attended a panel discussion on the EU-Indonesia CEPA: Threats and Opportunity for Indonesian Industry. Co-organised by the Indonesian Chamber of Commerce and Industry (KADIN), Indonesian Netherlands Association (INA) and Ridens Public Affairs, the event saw presentations given by leading personalities in the Indonesian trade.

4.1(b) [REDACTED], **the Director-General of International Trade Negotiations** and Indonesia's lead negotiator for CEPA, repeated that Indonesia and EU are complementary economies, highlighting that, while decreased tariff posts are important, he sees the "compliance" issues as fundamental to the future success of the CEPA. He acknowledged that Indonesia's main challenges for the EU market have been of non-tariff nature, more to the consumer quality standards compliance, such as the renewable energy regulations – RED (palm oil biodiesel), IUUF, or the FLEGT-VPA.

According to him, both Indonesia and the EU must show more transparency in decision-makings of their non-tariff measures (NTM). Nevertheless, in his opinion, the CEPA can be a positive "external pressure" to discipline Indonesia's stakeholders, both in terms of trade measures and quality of goods and services. Eventually, the CEPA would also present a lot of potential for Indonesian services' exports to the EU. 4.1(b) [REDACTED] further asserted that, in the negotiation process, Indonesia puts a strong emphasis on economic co-operation and capacity building, to leverage the CEPA to improve as a way to enhance Indonesia's competitiveness globally.

During his presentation, 4.1(b) [REDACTED], **Executive Director of Ridens Public Affairs**, stated that there are around 15,000 lobbyists, who are actively involved in various decision-making processes in the EU institutions. He insisted the importance of "making noise" and being present all along the regulatory process in Brussels, if Indonesia is to push its positions and interests, notably from businesses instead of government alone. He went on suggesting that the EU is "over-regulated" on health and consumer protection, losing touch with economic realities; he even referred to "alternative science" that should be provided in order to prevent market access restrictions of some hazardous products. On palm oil, 4.1(b) [REDACTED] proposed that palm oil advocacy efforts should be focused on

EU's Nordic countries and said the European Parliament's report on palm oil sustainability would have a huge impact on negotiations.

Meanwhile, 4.1(b) stated that Indonesia's last year export performance was among the worst compared to its peers in ASEAN, superior only to the Philippines, Laos and Cambodia. Additionally, Indonesia's exports have been declining comparative to countries that exporting similar commodities; this fact reflects the country's falling competitiveness. Hence, trade agreements are essential. Nevertheless, in order to be effective, trade agreements need to be utilised by the private sector, which has not been the case of Indonesia. According to her, only 28% of Indonesian companies are aware of the trade agreements in place in the ASEAN. 4.1(b) further said that CEPA provides an opportunity to enhance Indonesia's position in global value chains in order to become a regional hub for production in South-East Asia. If both Indonesia and the EU are capable to overcome and address the challenges, then CEPA will bring more benefits than harm.

4.1(b), President Director of KPBN (an Indonesian SOE in the agro-food sector), said that Indonesia accounts for 6.12% of the EU's tea imports (342,000 t/year). The European demand for specialty teas and health benefits is negatively hurting Indonesia's exports. She highlighted the importance of international branding to boost tea exports, making reference to tea products from Sri Lanka and Malaysia. It would also help increase the value added of Indonesian production since raw material would be transformed in the country before being exported.

\* \* \*

Page 3 is entirely covered by art. 4.1(b) and was thus removed from the document.