

**To:** art 4(1)(b)  
**Subject:** Meeting with LEGO on Indonesia FTA (2 Dec 2016)

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**From:** art 4(1)(b)  
**Sent:** Tuesday, December 13, 2016 12:43 AM  
**To:** art 4(1)(b)  
**Cc:** art 4(1)(b)  
**Subject:** Meeting with LEGO on Indonesia FTA (2 Dec 2016)

**Meeting with LEGO, at their request, on Indonesia FTA (2 Dec)**

**LEGO:** art 4(1)(b)  
**EU:** art 4(1)(b)

LEGO offered a short introduction about the company and stressed the importance of Indonesia as a sales market, noting that it was a very problematic country as regards trade barriers. LEGO intends to reduce the delivery time of their products and, due to their seasonal nature (most of the sales take place within the last 4 weeks of the years, during the Christmas campaign), it is important for LEGO to tackle any trade barrier. LEGO briefly described the current Indonesian system for conformity assessment (testing samples in the country of export + pre-shipment inspection of every(!) shipment), which implies a long delay and very burdensome requirements (probably hiding protectionism objectives). art 4(2)

LEGO referred to the little progress made by Indonesia in the toys case discussed in the TBT Committee (G/TBT/N/IDN/ 64 and Add. 1 and 2) and explained the recent proposal made by the South East Asian Toy Association (SETA, of which LEGO is a member, together with HASBRO and MATTEL) to the Indonesian Ministry of Industry on adopting for both domestic and imported products, system 5 of product certification. This system combines product testing (with test reports having a validity of 3-4 years) with a factory audit to evaluate the company quality management system. As to the possible acceptance of foreign test reports, LEGO considered that a government to government Mutual Recognition Agreement is not necessary. LEGO, like the EU, agrees that Indonesia should accept test reports issued by third countries labs that are accredited under international schemes (ILAC, IAF). LEGO referred to the Toy Industry Roadmap currently under preparation by the Indonesian Ministry of Industry, to promote the development of a more competitive toy industry and expressed concerns for its protectionist character, usually including local content requirements. LEGO mentioned the compulsory standards proliferating in Indonesia for different products (SNIs).

The Commission referred to the discussions held during the first round of negotiations of the CEPA with Indonesia last September and to the EU objectives at concluding the FTA

(acceptance of Self Declaration of Conformity in the sectors for which this possibility exists in the EU; recognition of tests by foreign labs). SNIs will be closely monitored.

LEGO indicated that in the bigger scheme of NTBs faced in the Indonesian market, tariffs are not the major issue. They however did not seem to be concerned by import licensing schemes. On IPR they noted the huge lack of capacity (the IPR enforcement team has about 15 people, and needs to rely on the police).

They generally agreed that the FTA provides a unique opportunity (the upside could be enormous) – while acknowledging that the reform-minded vision of the leadership does not appear to be shared or translated (yet?) by the administration.

Comment: art 4(1)(b) seemed highly knowledgeable on the day to day irritants faced in the Indonesian market – and could be a useful contact in future. He is based in Singapore, and I suggested he would on occasion reach out to art 4(1)(b)

out of scope