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KONIG Helena (TRADE); art 4(1)(b)

FYI/Flash report of the meetings with Indonesian MPs and INTA EP meeting of DASE, 31 August 2016

**From:** art 4(1)(b)

**Sent:** Thursday, September 01, 2016 12:31 PM

**To:** KONIG Helena (TRADE); art 4(1)(b)

**Cc:** art 4(1)(b)

**Subject:** FYI/Flash report of the meetings with Indonesian MPs and INTA EP meeting of DASE, 31 August 2016

FYI

We **art 4(1)(b)** and myself, accompanied by INTA secretariat and a member of EP DG external policies) met the delegation of the Committee of inter-parliamentary cooperation of the Indonesian House of representatives in an informal bilateral meeting organized by INTA secretariat (11 to 12h) as well as in the framework of the EP Delegation for relations with countries of South East Asia and ASEAN (DASE) (14 to 15h).

## DETAIL

### 1) Informal discussions

- During the informal exchange of views held with the Indonesian delegation the Commission provided an overview of the EU trade strategy, overall and with the ASEAN countries, and with Indonesia, in particular. We recalled the launch of negotiations for an FTA on 18 July and informed about the introductory round of negotiations of 20 and 21 September. We described the EU/Indonesian trade and investment relations as solid, but with untapped potential ( 30<sup>TH</sup> EU partner and only 5<sup>th</sup> in ASEAN) and stressed the importance of an ambitious FTA as a means to improve these positions, and reiterated the ambitions spelled out in the scoping paper, including a strong focus on sustainable development. The Commission also stressed the importance of an FTA as a building block towards the ultimate objective a bi-

regional FTA and as a reflection of the broader importance of EU/Indonesia relations (PCA).

- The Indonesian members of Parliament, headed by **art 4(1)(b)**, stressed the importance to negotiate an FTA which can benefit all and wondered how to **maintain Indonesian access to the EU market**.
- **art 4(1)(b)** expressed concern about the fact that Indonesia accounts for more than 30% of ASEAN GDP but ranks low among EU trade partners, only representing 10% of ASEAN's trade with the EU. He also compared intra EU trade (60%) to much lower intra ASEAN trade (below 25%) and hinted at the **need for ASEAN to learn from the EU best practices**. COM replied that IDN has indeed recognised the need to become more outwork-oriented also to be able to better tap into Global Value Chains, but many barriers also remain and hold back foreign investors and traders; hope the FTA could address these.
- Other questions pointed to :
  - (**art 4(1)(b)**) **palm oil and technical barriers faced in the EU**. He also stressed that Indonesia, the largest producer, does not directly export to the EU but through other countries and this situation does not allow to obtain the full picture of exchanges. The Commission confirmed that GVCs may blur statistics and acknowledged the importance of palm oil in our bilateral trade.
  - **EU high Tariffs for shoes**, in particular leather shoes. The EU recalled that tariffs are an issue for negotiations. GSP currently grants preferences for some type of shoes.
  - Ambassador Thamrin intervened to stress that without CEPA Indonesia's position will be more precarious; he suggested **forging a system of VPA-FLEGT licensing also for crude palm oil**.
- The Indonesian delegation thanked the Commission for participating and stressed that the Indonesian MP present at the meeting "are not ignorant about human rights and environmental issues".

## 2) DASE (EEAS attendance: **art 4(1)(b)**)

Participation from INTA members was rather low due to parallel INTA session (15 MPs present mainly from UK, D and HU and representing Green, PPE, S&D. Main interventions made by the David Martin, Ana Gomes, Neena Gil, Butikofer)

Worth of mention the general presentation by **David Martin**, who welcomed forthcoming negotiations ("the EP is an enthusiast supporter of this FTA") and assured participants of EP involvement with an annual monitoring group and regular Commission debriefings after the rounds.

He conveyed that from the EP's viewpoint the FTA should focus on customs, **trade barriers -special mention of barriers to import of EU meat and discrimination-**, services GP, IPR), and a strong (and for S&ED also enforceable) TSD chapter.

Questions and comments from MEPs ranged from trade-related issues to South China sea , tax-related issues and environmental (fires) issues.

Interesting to note :

- Indonesian **art 4(1)(b)** comment to trade barriers on beef meat, which disregarded the word "discrimination" and **played it all down to Australia's proximity and its lower prices and better quality as compared to beef products from other countries.**
- Ana Gomes' intervention on the recent Indonesian tax amnesty in order to bring money back from tax havens like SGP and her call for a level playing field in this area under the FTA;
- Indonesian call for the creation of a regular ASEAN-EU inter-parliamentary group and by other MEPs for the creation of various "friendships groups".

EEAS (**art 4(1)(b)** ) referred to the current strategic relation and hinted at the EU/Indonesia strategic and security dialogues, intense discussions with President Widodo on Islam and democracy and the need for the EU to learn from Indonesia. On forest fires, EEAS informed about the civil support mechanism which the EU activated at Indonesia's request.

Next EP-ASEAN meeting to be held in Strasbourg on 14 September, at 16.15.

Regards, **art 4(1)(b)**

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**European Commission**

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**art 4(1)(b)**