

Scene Setter

Your first official meeting with Minister Gita Wirjawan in his new capacity as Indonesian Minister of Trade took place last December in the margin of the WTO Ministerial in Geneva. During this meeting, Minister Gita showed an interest for possible negotiations with the EU (he is very keen in upgrading the quality of the Indonesian products and the education level of the population). However, he asked more time for extended consultations with stakeholders in Indonesia before entering in negotiations.

He also suggested that his services will be ready to engage in a scoping exercise next spring and that he will be more explicit on the launch of negotiations in 2012 (procedure that requires the approval of the Cabinet) at your scheduled meeting in Cambodia early April.

Moreover, in a letter of 10 January, Minister Gita he confirmed that domestic procedures are underway and suggested the intensification of bilateral contacts at all levels as well as the reinforcement of capacity building activities.

These indications came after the high level bilateral meeting held in Cannes last November when Presidents Barroso and Van Rompuy and the Indonesian President Yudhoyono welcomed the recommendations of the Vision Group and agreed on the intensification of technical work with the aim at launching negotiations in 2012.

Most recently, Indonesia has launched a number of new protectionist measures – including in the areas of standards, export taxes and new pre-import shipment controls. However, so far these measures have been mostly directed to non-EU partners (notably China).

Despite all the outcries in the media, trade figures between EU and Indonesia are up by 18% resulting in record high trade numbers of 21 billion euro (January-November 2011).

Objectives

- Reconfirm the commitment of the Commission to a reinforced substantive dialogue on trade and investment matters including the negotiation of an ambitious trade agreement

Briefing

- **Subject: Indonesian Trade Minister Gita Wirjawan**
- **Meeting**
- **Date: January 2012**
- **Place: Davos**

- If needed, remind the Minister about the need for the EU to proceed with the preliminary technical work (scoping exercise) necessary before the launch of the negotiations

Key Messages

- I have appreciated our first meeting in Geneva and I share your views expressed in your follow-up letter on the positive outcome of it.
- I agree that we had a good discussion about the follow-up to the EU-Indonesia Vision Group recommendations and I understand very well the need for you to complete the domestic consultation process.
- Looking at the most recent trade figures, it shows that the current crisis in Europe has not affected trade with Indonesia. In 2011, our bilateral trade is up by 18% to over 21 billion euro – resulting in a trade surplus for Indonesia of 8 billion euro.
- Business and students exchanges are on the rise and we started some very interesting cooperation programmes with KADIN and APINDO in support of our trade policy dialogue.
- In this context, we hear Indonesia is starting trade negotiations with South-Korea and Australia. How will this decision influence our bilateral discussion on future trade negotiations? Does Indonesia still think that it is realistic to aim for a start of negotiations in 2012?
- As you know, in our system we need to finalise a joint scoping paper assessing the level of ambition of each partner and identifying the areas that should be included in the negotiation. On the basis of this

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understanding we can go to our Member States and with their green light we can officially launch the negotiations.

- I would also be interested in hearing how your internal consultation process is going? What kind of feedback are you receiving? When you foresee to be ready for the next steps?
- I have noted, with some concern, in recent press reports that Indonesia plans to use standards and other means to limit imports. Such media reports add to the perception that Indonesia is not open for business, and we know that this deters European businesses from investing in Indonesia. What reassurance can I offer to European businesses about the trade and investment climate in Indonesia?

Contact person:

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DG TRADE C2

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