

**To:** KONIG Helena (TRADE); GUEREND Vincent (EEAS-JAKARTA); 4.1(b)

**Cc:** 4.1(b)

**Subject:** FYI/Report of the meeting between DDG Korte and the IDN Federation of commerce and industry, 9/10/2017

At today's meeting with Kadin , the Indonesian federation of commerce and industry, DDG J. Korte (accompanied by Ambassador V. Guerend, 4.1(b) and myself) had an exchange with KADIN's main representatives, including its president 4.1(b) .

Kadin visited Brussels as part of a delegation accompanying vice-president Kalla on occasions of the opening of EUROPALIA.

The meeting **clearly concluded that there is a small window of opportunity now for making progress on the CEPA negotiations**, as mid-2018 will witness Indonesia's regional elections (170). Presidential elections will take place in early 2019, at the same time as the renewal of the EU institutions mandates and the entry into force of Brexit negotiations. Times ahead will therefore be unstable and may dilute the perspective for a quick conclusion of negotiations.

#### DETAIL

Main points:

KADIN:

- presented itself as being **very close to the Government** of Indonesia and at the same time as an independent body. With a very high number of offices in Indonesia— and since today a representation in Brussels to help companies invest- it is mandated to provide input to Government policies and at the industry's level.
- stressed the **importance to attract foreign investors** to accomplish the ambitious infrastructure project (430 bn U\$) launched by Indonesia;
- While stressing that Indonesia is currently negotiating 16 FTA, KADIN hinted at the difficulty of the task and the **need to see the private sector involved in the CEPA negotiations from the beginning**. Support to develop a "**socialization**" process" was highlighted as much as the **need to identify needs for the implementation of the agreement** (N.B. KADIN appears to corroborate the Government CEPA negotiator's stance on the chapter on economic cooperation and capacity building and the need to identify specific projects for support, while securing important EU support in this regard);
- highlighted that the rationale of Indonesia's commitment to be on the global trade scene is motivated by the fact that **Indonesia is lagging behind countries such as Vietnam in FTAs negotiations**. It stressed that **there is currently continued political will to pursue CEPA negotiations**.

- An **ad hoc task force** is **overseeing the implementation of the reform packages** issued by the Government (the **labour law** fixing the minimum wage has just been issued).

DDG Korte:

- provided an overview of the key axes of the current EU trade policy and its state of play;
- stressed the **need for KADIN's support in keeping the Government on the reformist track**. There are many barriers, while at the same time the potential for trade and investment is huge.
- The EU is also negotiating various FTAs, creating competition and the need to fix priorities. Against this background, **keeping negotiations active with Jakarta is important**.
- Stressed the need to **ensure the ownership of the agreement** and put in place the adequate structure, where the EU can provide help.
- Asked about the **EU stance on palm oil**, DDG Korte hinted at the EP resolution and the Commission's more nuanced stance. 4.1(a)

Best regards,

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**European Commission**

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