

	<p>BRIEFING</p> <p><i>Origin: DG TRADE</i></p>	<ul style="list-style-type: none"> ○ Meeting with Indonesia's Minister for Economic Affairs, Indonesia, Mr Darmin Nasution ○ Commissioner Malmström ○ Date: 18 July 2017, 11.30-12.15 ○ Place: Brussels
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SCENE SETTER

You will meet Minister Darmin Nasution for the first time. A former Central Bank Governor and three times deputy minister, including at the Ministry of Trade and industry, Minister Nasution is a respected technician, who overviews the economic policies, coordinates various ministries and has a role in the FTA negotiations. 4(1)(a)

Indonesia started issuing reform packages in September 2015. However, implementation of the reforms is slow. Trade barriers continue to apply in a high number. Minister Nasution is reported to have pushed for the review or suspension of some controversial regulations (e.g. a manufacturing local content requirement in an IPR law and a dairy products protectionist regulation). While changes are still uncertain and minor as compared to the high number of Indonesia's trade restrictive measures - particularly at a time when we are entering into the third round of FTA negotiations- they are evidence of a more balanced attitude.

4(1)(a)

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KEY MESSAGES

FTA

- We are entering the third round of negotiations for an EU/Indonesia CEPA in early September: we are starting core discussions now.
- EU pleased about the ongoing mutual commitment, but concerned about the proliferation of Indonesia trade restrictive measures and lack of reforms. For instance:
 - Recent import restrictions applied on tyres;
 - Draft measures on import restrictions of dairy product.
 - Worrisome provisions in the Patent Law: if no movement of production in IDN, then competitors would be able to produce patented products (especially pharma).

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- The expected benefits of CEPA risk being nullified by the effect of the existing trade barriers. Successful conclusion of CEPA will require economic reforms, including by removing WTO incompliant or FTA incompliant measures. For instance:
 - Export duties: our agreed scoping paper agreed last year provided for ambitious language on the elimination in principle of all export duties and the prohibition on introducing new ones, yet at the latest FTA discussions Indonesia signalled great difficulty with this.
 - Non-automatic import licensing applies to most goods in addition to cumbersome pre-shipment verifications. Operators need predictability and legal certainty instead of arbitrary measures;
 - Local content requirements are a systemic issue, as relevant provisions are found in legislation on energy, raw minerals, government procurement-related legislation, retail and franchising, among others;
 - Cumbersome and unpredictable sanitary and phyto-sanitary measures which hamper imports into Indonesia;

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- Halal measures which, if fully implemented, would be extremely trade restrictive and could bring to a halt trade flows in various sectors, beyond food produce.
- When will reform packages be implemented and enforced? We need confidence building measures to build trust.
- How does Indonesia intend to solve the termination of expiring BITs? Investment protection is key.
- CEPA should provide a stable, predictable and transparent long-term framework for bilateral trade relations, also providing certainty for exporters and investors on both sides, hereby stimulating more FDI.
- We regret that Indonesia has not refrained from discontinuing of Bilateral Investment Treaties with EU Member States, but we hope CEPA can ensure a smooth transition towards and a new, modern EU-Indonesia framework for investment and investment protection.
- We are convinced that the EU and Indonesia share the same objective of increasing and facilitating bilateral investments to the benefit of both economies while minimising the risks. This is why we propose an investment court system – which could over time evolve into a multilateral investment court.

Visit President Jokowi

- Hope we will find a slot during President Jokowi's state visit to Brussels to meet also President Juncker. Good if Presidents can touch base and give steer to the many areas of cooperation between both sides.

4(1)(a)

1. **Identify the main components of the system.**
 2. **Define the scope and objectives of the study.**
 3. **Formulate hypotheses or research questions.**
 4. **Design the experimental setup or methodology.**
 5. **Collect and analyze data.**
 6. **Draw conclusions and discuss the results.**
 7. **Present the findings in a clear and concise manner.**
