

Meeting with the members of the EU-Indonesia Vision Group

Objectives

- 1. Explain the unavailability of the Commissioner to meet the Vision Group and provide political support and impetus to its work*
- 2. receive an update on the work of the EU-Indonesia Vision Group and potential direction*
- 3. express interest of the Commissioner to hear the recommendations of the group, possibly during his visit to Jakarta in May 2011*

Speaking

- On behalf of Commissioner De Gucht, who is unfortunately unavailable to meet you today for unavoidable engagements, I welcome you to Brussels for this second meeting of the EU-Indonesia Vision Group.
- The Commissioner is very much supportive of this exercise launched by our President in December 2009 and he is looking forward to receiving your recommendations, possibly during his forthcoming visit to Jakarta next May.
- We have a mutual interest in pursuing closer commercial ties, with two-way trade now around 20 billion euro, and the EU constituting the largest market for Indonesian goods, excluding oil and gas. Significant further opportunities exist for Indonesian companies in the EU market. As our trade is complementary there is a lot of scope to further increase trade flows.
- Also in terms of investments we can contribute much stronger to each others' economies: Even though EU is the second largest export partner for Indonesia and arguably the largest source of investments, the relative share of EU in terms of Indonesia's trade is recently dropping and the EU investments only represent 1.5% of EU investments to Asia.
- I understand that your very first meeting in December went on very well in a positive and constructive atmosphere and I would be interested in hearing more from you on the main issues discussed and how you see your work progressing.
- What are the main areas you have identified so far as key for enhancing our relations? As you know, on a strategic and longer term perspective, the Commission is currently offering to engage in exploratory talks for a bilateral agreement with those ASEAN countries which are ready to negotiate a comprehensive Free Trade Agreement.
- Have you already explored the possibility of a bilateral agreement? What would be the scope and the content of a possible agreement that would find the support of different stakeholders in Indonesia? What would be the key differences of an agreement with the EU compared to, for instance, with Australia or Japan?
- Commissioner De Gucht is looking forward to receiving the final recommendations of your work and I would like to thank you all for your good work.

Background

The EU-Indonesia Vision Group has the task to examine ways on how to enhance bilateral trade and investment relations (see the ToR in Annex) and started the preparatory work in September 2010. The first meeting on substance took place on 2nd December 2010 in Jakarta and was co-chaired by two well known academics: Professor Pelkmans (CEPS Brussels) and Professor Djisman Simandjuntak (Prasetiya Mulya Business School).

The idea of a creating a Vision Group to enhance trade and investment between Indonesia and EU was launched in December 2009 when President Yudhoyono met President Barroso. Soon after, the Indonesian Trade Minister Mari Pangestu appointed 10 members for the Indonesian side coming from different line ministries, private sector (the powerful chamber of commerce, Kadin) and academics. It was agreed that this group should focus on opportunities more than obstacles and to advise the governments by June 2011.

From the EU perspective, this joint group will be instrumental in keeping engaged the Indonesian Government in a period during which the risk of increasingly inward looking policies is very high and will contribute bringing the trade dialogue (often focusing on trade irritants) to a more constructive level. As there is already an invitation to Indonesia to start FTA talks (following the 'pause' in ASEAN talks, the main reason for this exercise is for the Indonesian key players (minister of trade, chamber of commerce Kadin, etc.) to ensure enough domestic, political, support exists for a potential deal.

A positive sign of the Indonesian commitment to this exercise was the fact that Minister Mari Pangestu decided to personally welcome the group in Jakarta and have a discussion on its goals and ambition. This initiative gave a boost to the members and contributed to the positive and constructive atmosphere of the first meeting. Given this positive dynamics, the objective of delivering constructive recommendations before the summer is very much feasible.

The first meeting resulted in substantive and lively discussions and concluded on the need of further research work to support the recommendations. The results of these researches will be presented during the second meeting scheduled for 22/23 February 2011 in Brussels. The main objectives for this meeting are as follows:

1. To find out if a finalization of the Vision Group process / recommendation by end of April is feasible, to ensure a constructive set of recommendations can be delivered on 4 May 2011 in Jakarta.
2. To clarify the kind of scenario the VG-members would want to go for (PCA, PCA+, FTA, CEPA, etc.) and in case of CEPA, what the 'add-ons' should entail more specifically.
3. To ensure the Indonesian VG-members have received the necessary feedback regarding the issues that came up during the first meetings (such as: potential losers, opportunities, capacity building, etc.)

**ANNEX - TERMS OF REFERENCE:
A VISION FOR ENHANCING EU-INDONESIA TRADE AND INVESTMENT
RELATIONS**

When the Indonesian President Susilo Bambang Yudhoyono met with the European Commission President José Manuel Barroso in December 2009 they discussed ways of enhancing our bilateral ties. The two Presidents agreed that trade and investment is an area where the bilateral relationship has great potential to develop, and on the need to explore ways to strengthen these ties. **The two leaders decided to set up a "Vision Group"** that will examine how to increase trade and investment between Indonesia and the EU. The expected output is a strategic paper (vision) with recommendations to Ministers (including on the potential for a comprehensive Free Trade/Economic Partnership Agreement). This Group should be constituted by eminent persons from both sides consisting of members of the respective Governments, business and academia.

The Specific Objectives of the Vision Group are:

- To provide a strategic view of EU-Indonesia trade and investment relations and identify on what basis EU-Indonesia trade and investment relationship can best be enhanced in an innovative way.
- To identify opportunities for fostering trade and investment between EU and Indonesia, bearing in mind the market characteristics and potential, evolution of bilateral flows and the challenges for realisation of this potential
- To provide recommendations to relevant parties (GoI, EU, business community, academia) for the full realisation of this trade and investment potential
- In this context, to explore the feasibility of a Free Trade/Economic Partnership Agreement between EU and Indonesia.

Members

For the EU

- **Chair:** Prof. Jacques Pelkman (CEPS and College of Europe)
- **Commission:** Julian Wilson (EU Delegation Jakarta), [REDACTED] (DG Trade [REDACTED]), [REDACTED] (DG AGRI), [REDACTED] (DG SANCO)
- **Business:** [REDACTED] (ING), Jakob Sorensen (Maersk) (Indonesia based), Pascal Kerneis (BE)

For Indonesia

- **Chair:** Djisman Simandjuntak (Executive Director of business School Prasetya Mulya),
- **Indonesian Government:** [REDACTED] Ministry of Trade), [REDACTED] Ministry of Industry), [REDACTED] Ministry of Fisheries), [REDACTED] Investment Coordination Board BKPM), [REDACTED] Ministry of Agriculture)
- **Business:** [REDACTED] Kadin) and [REDACTED] Kadin)
- **Academic:** [REDACTED] Gajah Mada University), [REDACTED] University of Indonesia.

[All redactions are made under Art. 4.1(b)]