

	<p>BRIEFING</p> <p><i>Origin: DG TRADE</i></p>	<ul style="list-style-type: none"> ○ Subject: EU-Indonesia Trade and investment relations ○ Meeting : Meeting with Foreign Minister of Indonesia, Retno Marsudi ○ Date: 29 November 2016 ○ Place: Brussels, Commissioner's office 	 Ref. Ares(2016)7089964 - 20/12/2016
--	---	---	--

SCENE SETTER

It is the first time you meet Minister of Foreign Affairs Retno Marsudi (see profile in annex), who is in Brussels on occasion of her meeting with HR/VP Mogherini for the inauguration of the first Joint Committee under the EU-Indonesia Partnership and Cooperation Agreement.

Your meeting is a golden opportunity to stress the EU's commitment to an FTA (which Indonesia refers to as CEPA – the Comprehensive Economic Partnership Agreement), and press for stronger engagement to the negotiations from the Indonesian side (so far we have only had one introductory round and haven't even started to negotiate on substance). On the other hand, you should underline the need to see the main restrictive measures removed and to stop the clock on terminating Bilateral Investment Treaties (BITs) with individual Member States (by contrast to India, 7 BITs have already been terminated in Indonesia).

Former Trade Minister Tom Lembong, who is now heading the investment agency BKPM and was tasked by President Widodo to attract foreign investment, was informed in a recent meeting with our Head of Delegation of the legal implications of the vacuum left by the termination of the BITs with EU Member States. 4(1)(a)

4(1)(a)

The Dutch Prime Minister is likely to raise the same issue of BITs in his visit to Jakarta on 21-23 November 2016, where he will also meet Foreign Minister Retno.

CHECKLIST OF KEY MESSAGES

- EU-Indonesia trade and investment relations are solid and are entering a new chapter with the launch of ambitious FTA negotiations on 18 July 2016. We look forward to a successful second round scheduled for the last week of January 2017.
- We hope the EU-Indonesia FTA will help the reform process, open up new opportunities and remove trade restrictive measures that will bring mutual benefits for traders and consumers on both sides. The EU will send textual proposals soon.
- When the negotiations were launched, President Widodo said they should be completed within two years. For me, an FTA with Indonesia is a top priority, and I am willing to expedite the talks. But since the scoping exercise was completed in April, we have no longer witnessed the same level of engagement from the Indonesian side; what is your assessment of Indonesia's commitment to achieve an early and ambitious agreement? How do you see the impact of TPP's failure? *[N.B. Indonesia was interested in joining it]*

- Subject: EU-Indonesia Trade and investment relations
- Meeting : Meeting with Foreign Minister of Indonesia, Retno Marsudi
- Date: 29 November 2016
- Place: Brussels, Commissioner's office

- We also hope the FTA can ensure a smooth transition towards and a new, modern EU-Indonesia framework for investment and investment protection. In this respect, the EU is very concerned about Indonesia's unilateral termination of Bilateral Investment Treaties with EU member states, since this creates a legal vacuum and possible legal conflicts with the future FTA chapter on investment protection. [*refer to your letter to FM Retno*]
- 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 ensuring the right of governments to regulate in the public interest. The EU has initiated a major reform of its investment protection framework away from private arbitration towards a public Investment Court System, which we have agreed to include in our trade agreements with Vietnam as well as Canada.
- With the FTA/CEPA talks we have a unique opportunity to take this reform process forward together. From this perspective, we would urge not to proceed with the termination of BITs with EU Member States for the time being.
- We propose a workshop back-to-back with the next round where our experts can present the EU's proposal on the Investment Court System to interlocutors in Jakarta.

Defensives

4(1)(a)

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

4(1)(a)

- [REDACTED]

	<p>BRIEFING</p> <p><i>Origin: DG TRADE</i></p>	<ul style="list-style-type: none"> ○ Subject: EU-Indonesia Trade and investment relations ○ Meeting : Meeting with Foreign Minister of Indonesia, Retno Marsudi ○ Date: 29 November 2016 ○ Place: Brussels, Commissioner's office
--	---	---

- 4(1)(a) 
- 

- Subject: EU-Indonesia Trade and investment relations
- Meeting : Meeting with Foreign Minister of Indonesia, Retno Marsudi
- Date: 29 November 2016
- Place: Brussels, Commissioner's office

SHORT BACKGROUND

Thanks to a favourable political context, we concluded an ambitious scoping paper on 21 April 2016. We have officially launched negotiations for an EU-Indonesia FTA (CEPA in Indonesian jargon) on 18 July 2016. The first introductory round was held in a constructive 2-day meeting on 20 and 21 September in Brussels. It paved the way for the second round of negotiations, which the Indonesians have recently confirmed to hold during the week 24 to 27 January 2017, in Bali.

We will exchange negotiating texts with Indonesia on at least 10 subjects well in advance of the round and count on constructive discussions.

Still, negotiations will be challenging, as they are taking place in a climate of persisting restrictive measures, which the reforms announced during the past 15 months have not yet managed to address - despite a favourable political context.

Together with key restrictive measures, the current main preoccupation concerns the termination of Bilateral Investment Treaties of EU member states 4(1)(a)

Also beyond the FTA, EU relations with Indonesia are currently in full swing:

- The Partnership and Cooperation agreement, in force since 1 May 2014, is now fully operational and holds its first Joint Committee on 29 November.
- The FLEGT licensing for timber under the EU-Indonesia FLEGT-VPA agreement has been fully implemented since November- and is the first fully implemented agreement of its *genre*. On the occasion of her visit, Ms Retno is scheduled to receive the first shipment of FLEGT certified wood arriving in Antwerp at an event with the press.

Contact person: 4(1)(b) TRADE C2 4(1)(b) 16 November 2016

	<p>BRIEFING</p> <p><i>Origin: DG TRADE</i></p>	<ul style="list-style-type: none"> ○ Subject: EU-Indonesia Trade and investment relations ○ Meeting : Meeting with Foreign Minister of Indonesia, Retno Marsudi ○ Date: 29 November 2016 ○ Place: Brussels, Commissioner's office
--	---	---

Annex

Foreign Minister Retno Marsudi is the first female Minister for Foreign Affairs of Indonesia. The Minister is a career diplomat with no political affiliation and was formerly Ambassador to the Netherlands. She knows the EU well from her time as the DG for America and Europe in the Foreign Ministry where she dealt with the 2009 blacklisting of Indonesian air carriers.

Minister Retno is faithfully implementing President Widodo's pragmatic vision of foreign policy which has become more narrowly aligned with domestic development objectives and economic interests. President Widodo's administration is focused on law enforcement issues, including fighting against illegal fishing, human trafficking, countering terrorism and narcotics. Therefore these issues also figure prominently in Minister Retno's agenda. She has been following the migration crisis in Europe closely. South East Asia is facing its own boat people crisis, with tens of thousands of Rohingya having left Myanmar for Thailand, Malaysia and Indonesia in particular. Indonesia is also hosting thousands of migrants who have tried to reach Australia but were pushed back.

Curriculum Vitae



Minister for Foreign Affairs Retno L.P. Marsudi, was born in 4(1)(b) . Minister Marsudi is the first female Minister for Foreign Affairs of Indonesia. She was sworn in as member of President Joko Widodo's Working Cabinet, on 27 October 2014. Prior to her appointment, she was Ambassador to The Kingdom of The Netherlands (2012 – 2014) and was formerly Director General for America and Europe (2008 – 2012). Minister Marsudi graduated in 1985 from Gadjah Mada University, Yogyakarta, majoring in International Relations. Minister Retno Marsudi is married to Agus Marsudi, an architect graduated from Gadjah Mada University, Yogyakarta, and TU Delft, the Netherlands. The couple have two sons.



BRIEFING

Origin: DG TRADE

- Subject: EU-Indonesia Trade and investment relations
- Meeting : Meeting with Foreign Minister of Indonesia, Retno Marsudi
- Date: 29 November 2016
- Place: Brussels, Commissioner's office

letter: Ref. Ares(2016)6580983 - 23/11/2016


To: Retno Marsudi, Minister of Foreign Affairs of the Republic of Indonesia

CC: Thomas Lembong, Chairman BPKM

Enggartiaso Lukita, Minister of Trade

Honourable Minister,


4(1)(a)



**BRIEFING***Origin: DG TRADE*

- **Subject:** EU-Indonesia Trade and investment relations
- **Meeting :** Meeting with Foreign Minister of Indonesia, Retno Marsudi
- **Date:** 29 November 2016
- **Place:** Brussels, Commissioner's office

4(1)(a)



Yours sincerely,

Cecilia Malmström