



Report of the 6th round of negotiations for a Free Trade Agreement between the European Union and Indonesia

15 to 19 October 2018, Palembang

Officials from the EU and Indonesia met in Palembang, Indonesia, from 15 to 19 October 2018 for the 6th round of negotiations for an EU-Indonesia Free Trade Agreement.

The EU negotiating team was led by Ms Helena König, Deputy Director-General of DG TRADE, European Commission, while the Indonesian team was led by Pak Iman Pambagyo, Director General for International Trade Negotiations at the Indonesian Ministry of Trade.

Negotiators made good progress across the board, and particularly on the chapters on customs and trade facilitation, sanitary and phyto-sanitary issues, technical barriers to trade and trade and sustainable development. The round also saw good advancement on government procurement and on disciplines related to state-owned enterprises. The first discussions took place on the respective initial offers on services and investment, while the initial tariff offer for trade in goods was further clarified during this round.

Both sides agreed on a comprehensive list of follow-up items, which will help prepare the seventh round of negotiations to be held during the week of 11 March 2019 in Brussels.

Details per negotiating area

Trade in Goods

Discussions focused on obtaining further clarifications and exploring sensitivities at tariff lines level. There was modest progress on the trade in goods text. With regard to energy and raw minerals, both sides had constructive exchanges on relevant export monopolies; however, export duties and export restrictions remain a difficult issue.

Rules of Origin

Good engagement led to agreement on significant parts of the articles on origin procedures. The discussions also covered the outstanding issues of the general provisions. The EU side introduced its proposal for product specific rules for industrial products. Detailed discussions on this topic will be held during the next round.

Customs and trade facilitation

Very good progress was recorded, with agreement on eight articles of the text. The remaining outstanding issues include temporary admission and pre-shipment inspections.

Technical Barriers to Trade

Good progress was noted, in particular regarding marking and labelling provisions. Both sides agreed on the participation of persons of the other Party in public consultations for the adoption of technical measures. With regard to the principle of accepting a supplier's declarations of conformity for low-risk products, discussions will continue.

Sanitary and Phyto-Sanitary measures

Substantial progress was recorded, bringing the number of completed and agreed articles to eleven out of eighteen. Both sides need to work further to find solutions to the outstanding issues, including for pre-listing, fees and import permits.

Trade in Services

The discussions were focused on both the regulatory text as well as the exchanged initial offers. As regards the sectoral regulatory provisions, progress was made in telecommunications, financial, delivery, and international maritime transport services. Some progress was also recorded on certain horizontal provisions of the text, including on definitions and scope. Mode 4 was discussed in detail and progress was made on the text. Indonesia presented new proposals on Mode 4 and the recognition of professional qualifications.

Investment

Constructive discussions took place with regard to all the investment-related provisions. Progress was made in consolidating the text with regard to investment definitions and provisions on performance requirements, fair and equitable treatment, expropriation, denial of benefits and subrogation. Possible compromises were explored with regard to the remaining issues. A first discussion took place on the initial investment market access offers and both sides provided useful clarifications in this respect.

Investment Dispute Resolution

Although the Indonesian side has not taken a position yet on this issue, good progress was made in this round, in particular on the concept of claims on behalf of a locally established company, and on the annexes on mediation and code of conduct.

Dispute settlement

Discussions advanced well. The main outstanding issue remains the principle of open hearings.

Government Procurement

Constructive text-based negotiations led to agreement in principle on nearly half of the provisions of the text. Both sides also exchanged information in order to prepare for an initial exchange of offers at the next round.

Competition, Subsidies and SOEs

Good progress was made in discussions on state owned enterprises, where the parties agreed on significant parts of the text. On subsidies, both sides also recorded good progress and discussed alternative wording on principles, the definition and scope of subsidies. Discussion on the issue of subsidies for services and subsidies related to trade in goods covered by Annex 1 of the WTO Agreement on Agriculture will have to be further continued.

Intellectual Property Rights

Discussions were constructive with regard to geographic indications and as regards the publication of the GI list for opposition; however, progress was more limited on the other outstanding IPR issues, such as patents and trade secrets.

Trade and Sustainable Development

Both sides continued consolidating their respective text proposals into a joint text. Further progress was made on the objectives and scope of the TSD chapter, respect of the core labour standards and promotion of decent work; the effective implementation of multilateral

environmental agreements and on trade supporting climate action, where both sides agreed on language to effectively implement their respective commitments under the Paris Agreement.

Institutional and final provisions

Both sides continued discussions on the main provisions required under this chapter and expect to start text-based discussions at the next round.

Transparency and Good Regulatory Practices

Initial discussions took place on the EU tabled negotiating texts. However, the parties could not yet engage in detailed text-based negotiations.

Economic cooperation and capacity building

Constructive negotiations allowed some further progress in terms of text consolidation.