



## **Report of the 11th round of negotiations for a Free Trade Agreement between the European Union and Indonesia**

8 November to 12 November 2021 (per video-conference)

The 11th round of negotiations on an EU-Indonesia Free Trade Agreement took place in virtual format in the week of 8 November 2021. Discussions covered a substantive range of areas under negotiation, although some groups could not meet due to scheduling constraints. The respective negotiating teams were led by Mr Filip Deraedt (Directorate General for Trade of the European Commission) and Pak Iman Pambagyo (Expert Staff on International Trade Negotiations at the Indonesian Ministry of Trade).

Overall, the round allowed for picking up the pace at technical level, after the slowing down over the last months related to the Covid19 pandemic. While no major advancements could be made on key outstanding issues that require political decisions, most groups were able to make progress at technical level and prepare the ground for further discussions.

Agreement was reached on the SPS chapter, which is now technically closed. The round also provided an opportunity for the EU to give a first presentation of its proposal for a chapter on Sustainable Food Systems.

### **Details per negotiating area**

#### **Trade in Goods**

Discussions focused on the more technical open issues in the Trade in Goods text, with both sides engaging constructively in exchanges on customs fees and formalities, import and export monopolies, origin marking and transposition of schedules. While no discussions took place on market access, further clarifications were provided on the methodology followed by the EU for applying tariff reductions in its existing FTAs.

#### **Rules of origin**

Both sides engaged in constructive discussions, covering General Provisions (Section A), Origin Procedures (Section B), and Product Specific Rules for certain agricultural and processed agricultural products, leather and footwear, ceramic products. While gaps remain, agreement could be reached on several headings/full chapters of the Product Specific Rules. Furthermore, the Working group exchanged views on introductory and explanatory notes to the Product Specific Rules.

#### **Trade remedies**

The negotiation group continued discussing the remaining open issues. Provisions regarding expiry reviews in the anti-dumping/anti-subsidies section, or the duration of possible safeguard measures and the length of the transition period in the bilateral safeguards section need further discussion. Each side flagged possible solutions, which, while not yet fully harmonized, provided a positive contribution to achieve future progress in the negotiations.

## **Sanitary and Phytosanitary matters (SPS)**

Building on previous exchanges on how to bridge the remaining outstanding issues, both sides reached agreement on the SPS chapter, which is now technically closed – pending final fine-tuning of provisions linked to horizontal matters, such as on institutional aspects.

## **Technical Barriers to Trade**

Both sides held in-depth discussions to further clarify the outstanding issues in the chapter and feed into further internal consultations, including on public consultations, subcontracting, and marking and labelling. Some progress could be made on the list of international standard setting organisations and a first exchange of views took place on possible provisions on market surveillance.

## **Services**

The negotiation group discussed in depth the texts on delivery, telecommunications, financial and international maritime transport services, as well as on mutual recognition arrangements and the general provisions of the text. The discussions were constructive, allowing for finalising the text on telecommunication services and for making good progress in some other texts. The group did not address in detail market access, for which further discussions will be required.

## **Investment**

Both sides held constructive discussions, focussing on investment liberalisation, addressing in particular provisions on Scope, National Treatment and Performance Requirements, as well as the article on Coverage (General Provisions). This allowed for useful clarifications and for some cleaning up of the text, while further internal consultations are needed on certain issues. No discussions took place on revised market access offers on investment. Investment protection was not covered this round.

## **Government Procurement**

Both sides had constructive discussions on the rules and standards for the procurement procedures, and could make progress on various provisions. Accordingly, the vast majority of the text is now agreed. However, key issues like the non-discrimination principle remain to be agreed upon. Discussions on market access commitments also remain outstanding.

## **Subsidies**

Discussions focused on the scope of the provisions, and in particular on how to address subsidies in services, in respect of which Indonesia flagged ongoing internal discussions. Both sides also engaged in clarifications on the notion of public policy objectives in the context of this chapter.

## **Small and Medium-Sized Enterprises**

Both sides engaged in constructive discussions, leading to good progress on the text, notably with regard to provisions on information sharing. Both sides also exchanged views on the scope of responsibilities for contact points and on possible provisions related to cooperation.

## **Trade and Sustainable Development**

Both sides engaged in a constructive and pragmatic manner, with discussions focusing on labour provisions, allowing for further consolidation of the text, as well as on the article on sustainable management of fisheries, providing additional clarifications on the respective objectives and paving the way for further convergence on the scope of the relevant provisions. The negotiation group also reviewed the state of play concerning provisions on responsible business practices and on scientific and technical information, and agreed to revert to discussions on climate/environmental provisions after COP26.

---

### **Good Regulatory Practice**

Both sides engaged in fruitful discussions, allowing for progress in further cleaning up the chapter. Notably, agreement was reached on the use and maintenance of a dedicated and, if available, single electronic portal, and on provisions on availability of summaries of the results of public consultations. Further internal consultations are needed on the Indonesian side concerning the scope of the chapter and impact assessment procedures.

### **Dispute Settlement**

Both sides reviewed the state of play of the state-to-state dispute settlement chapter, including its annexes for rules of procedure and for a code of conduct for panellists, and aimed at finding solutions for outstanding issues. The discussions took place in a constructive manner and allowed both side to better understand respective positions and priorities.

### **Economic Cooperation and Capacity Building**

Both sides took stock of the key open issues in the chapter and exchanged views on possible alternative approaches to streamline the text, including with regard to forms of cooperation, involvement of non-governmental entities, potential sectors for cooperation, resources, and institutional matters.