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MISSION REPORT

following the ad hoc delegation to Indonesia (Jakarta), 19-21 June 2023

Committee on International Trade

Members of the mission:

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Introduction

A six Member delegation of the Committee on International Trade (INTA) visited Indonesia (Jakarta) from 19 to 21 June 2023 in order to engage with Indonesian partners to bolster the EU-Indonesia Comprehensive Economic Partnership Agreement (CEPA). The two sides started negotiations for it in 2016. INTA visit reiterated the importance of ASEAN region and Indonesia for the EU, and very strong focus on cooperation and partnership. Given that for the time being there appears to be no opportunity for a region-to-region agreement with ASEAN, a strong push was given to advance the CEPA negotiations and finalize them hopefully before the upcoming 2024 elections (both in Indonesia and in the EU).

The delegation held meetings with high-level representatives of the government, the Indonesia Parliament and ASEAN representatives. Moreover, the delegation also met with relevant stakeholders with a strong presence on the ground, in particular regarding labour issues and trade-related aspects of the EU's new Deforestation Regulation.

The delegation was very well received by all high-level stakeholders, who engaged and gave clear opinions about the Indonesian expectations and objectives on the CEPA negotiations. Inter alia, INTA met with Mr Luhut Binsar Pandjaitan, the Coordinating Minister for Maritime and Investment Affairs; with Mr Airlangga Hartarto, the Coordinating Minister for Economic Affairs; with Mr Zulkifli Hasan, the Minister of Trade; and with Mr Kao Kim Hourn, ASEAN Secretary-General.

Summary account of meetings

Commission President Ms Von der Leyen and Indonesian President Mr Widodo met in May 2023 at the margins of the G7 Summit and set a joint aim of concluding an ambitious bilateral trade deal under their respective mandates hoping to find common ground. The EU is, in principle, committed to deliver that objective and achieve an ambitious trade deal with Indonesia, because our trade figures remain way below their potential and thus the case for CEPA remains compelling.

Despite several years and many rounds of negotiations, there are still several issues which need to be solved before the talks could be concluded and agreement signed. If the two sides want to meet the joint goal of concluding the talks, the remaining negotiating rounds must advance fast and intensively around the remaining issues.

INTA delegation made a strong push for Indonesia to move on remaining outstanding issues (public procurement in particular, where Indonesian offer must be on the table before any flexibilities could be discussed). On Halal (affecting mainly food, but not only) there is a need for a certification scheme covering the entire EU. The Russian war of aggression against Ukraine was briefly touched upon in various meetings, with the Indonesian counterparts sharing the European concerns and views (and having voted in the UN to condemn Russia).

Indonesian authorities showed their commitment to advance in the negotiations and eventually close them. However, on energy and raw materials Indonesian partners stressed the importance of further developing its own industry (nickel, bauxite, copper etc), moving from simple raw materials supplier up to processed products (incl. lithium batteries), and in that context were keen to cooperate with Europe (and its companies) and form partnerships provided that it also

brings benefits to Indonesia. A call for EU investments was flagged throughout different meetings, but regarding raw materials the Indonesian authorities insisted that they expect EU firms to invest in a permanent and sustainable manner in the country, and not just extract and export mining products. In this sense, the Indonesian Ministers indicated that a large part of the value chain is to be established locally, taking in particular the example of nickel and bauxite of which they hold large reserves. INTA delegation took due note of the Indonesian perspective but also underlined the need for due respect of WTO rules in particular (EU had referred the nickel dispute with Indonesia to WTO, and the Panel confirmed the EU's claims that Indonesia's measures were inconsistent with WTO rules and were not justified by any of the available exemptions; however, Indonesia has appealed the matter 'into the void').

One of the main concerns expressed by the Indonesian counterparts was the EU Deforestation Regulation and its alleged potential to damage the Indonesian agricultural sector, in particular the palm oil subsector and within it the smaller producers. In addition, the Indonesian government representatives defended Indonesian sovereignty over its agricultural resources and argued that the EU Green Deal initiatives both interfere in domestic policies but also can become disguised protectionist measures hampering Indonesian and other developing countries agricultural exports to the EU. These fears were calmed by the INTA Members, explaining the broader goals and universal and non-protectionist nature of the legislation. INTA delegation insisted on the need to globally tackle the climate challenge and that EU measures are non-discriminatory, treating EU and foreign operators alike, and that EU legislation has been developed in full compliance with our WTO obligations, and build in cooperation with different third countries and economic operators.

The reform on Indonesian labour law (also known as 'omnibus law') was discussed with all interlocutors: the government, businesses, trade unions, civil society organisations. While some argued it has led to a reduction in labour rights, others were promoting additional clarities and flexibilities. In the meetings with stakeholders, INTA delegation received useful on-the-ground input on the application of labour legislation and the real respect of environmental concerns. It gave assurance to the stakeholders that the role of Domestic Advisory Groups in monitoring the implementation of Free Trade Agreements is very relevant and has always been respected.

The possible benefits of finalising the negotiations by early 2024 were thoroughly discussed, inter alia as the agreement would help modernising Indonesian economy and becoming a better competitor in Asia. In addition, the FTA with Chile was mentioned as a way to bring value added to the export of raw materials. Finally, on the Green Deal initiatives, INTA Delegation reiterated the broader environmental and non-discriminatory background.

INTA delegation achieved its objective of passing clear cooperation messages to the Indonesian counterparts.

Conclusions

This ad hoc delegation was an indispensable tool for strengthening the EP parliamentary diplomacy in the trade field with the Indonesian authorities and also to send a clear message to ASEAN partners. This visit was very timely in order to smooth bilateral relations in the trade dimension given the way some partner countries have perceived the Deforestation Regulation, the Carbon Border Adjustment Mechanism (CBAM), or the Corporate Sustainability Due Diligence Directive (CSDDD).

In addition, it must be recalled that INTA already visited Indonesia in 2016, at the start of the bilateral CEPA negotiations. At that time, the delegation had to basically focus on the strong controversy regarding the use of palm oil and the problem of deforestation to develop palm oil plantations, which was by the time of the latest visit no longer the main focal point of discussions.

This delegation fostered the momentum in the bilateral CEPA negotiations, since one of the key messages delivered was to grasp the window of opportunity to finalise the CEPA agreement and create a more dynamic economy for several hundreds of millions of people. In order to achieve this objective, the EP representatives took due note of Indonesian concerns and explained need for flexibility for the negotiations to be concluded.

The visit also allowed for a better engagement with civil society and trade union stakeholders by highlighting the general philosophy behind the EU's trade policy and by underlining in particular the sustainable trade aspects that the EU is striving to promote in its FTAs. Members had the opportunity to explain how INTA scrutinizes the implementation of FTAs and the processes in place for the interaction with civil society in the monitoring of implementation.

The INTA delegation chair published an article in one of the main newspapers (Jakarta Post) just before the official start of the visit, and a press conference was held which enjoyed very good media attendance. It should be also mentioned that INTA Chair was wearing the traditional batik shirts (local business attire), which was very much appreciated by the local counterparts and also served as an ice-breaker. There was a very close cooperation with the EU Delegation (and engagement of both EU Ambassadors to Indonesia and ASEAN) throughout the preparation and during the visit in Indonesia allowed for an efficient running of the programme achieving the expected objectives; close involvement also of DG PART colleague both before and during the visit, allowing also to make a further case for establishing EP liaison office.

As regards the follow up, INTA will continue following the CEPA negotiation rounds between the Commission and Indonesia, both at committee level and at the Monitoring Group.

Annex: Final programme

EP press release



**Committee on International Trade
Ad hoc delegation to INDONESIA**

19 – 21 June 2023

FINAL PROGRAMME

Monday, 19 June	
09:00-10:30	Meeting with EU Delegation EU Ambassadors to Indonesia and to ASEAN Heads of Political and Press, Trade and Economic, and Cooperation, Environment, Climate and Digital Counsellor Head of EIB Regional Representation
10.30-11:30	Meeting with Civil Society Organisations: Roundtable on Sustainable Palm Oil (RSPO) and World Wildlife Fund (WWF)
12:00 - 13:00	Working lunch with EuroCham and EU-ASEAN Business Council representatives/EU Businesses
13:30 -14:30	Meeting with Coordinating Ministry for Maritime Investment Affairs, HE Mr Luhut Binsar Pandjaitan
15:00-16:00	Meeting with Mr Airlangga Hartarto, Coordinating Minister for Economic Affairs
16:15-17:00	Tour of Monas
18:30 -20:00	Reception with EU and EU MS Ambassadors, Eurocham and EU ASEAN Business Council (Cocktail type)

Tuesday, 20 June	
09:00-10:00	Meeting with Trade Union

10:30-11:30	Meeting with CSOs: 1. Institute of Global Justice 2. Kaoem Telapak 3. Sahita 4. Indonesia AIDS Coalition
11:30 – 12:30	Press conference
14:00-15:00	Courtesy call with ASEAN Secretary-General, Kao Kim Hourn
15:30-16:30	Meeting with Parliamentary committee on Trade
16:30-17:00	Visit to Paripurna Room and Parliament Museum
17:30-18:30	High Tea with Chair of Inter-parliamentary Cooperation body
19:00	Discussion with University of Indonesia (<i>Private Programme of Mr Bernd Lange</i>)

Wednesday, 21 June	
09:00-10:00	Meeting with Minister of Trade, HE Zulkifli Hasan
11:00-12:30	Factory visit: PT. Pratama Abadi Industri, a local company that supplies NIKE, with large exports to EU (+6000 workers, of which 83% female)
12:30 – 13:30	Lunch offered by PT Pratama Abadi Industri
14:00-15:15	At BASF - Company presentation - Dialogue with MEPs
15:15-15:45	Departure to Airport



Press release

16-06-2023

INTA

Trade Committee delegation to visit Indonesia

From 19 to 21 June, MEPs will travel to Indonesia to discuss political and trade relations as well as regional integration.

A delegation of 6 Members of the [Committee on International Trade](#) (INTA) will travel to Indonesia from 19 to 21 June 2023 to discuss political, economic, trade and investment relations with the EU.

The mission aims to build upon recent progress in negotiations on a free trade agreement and demonstrate the Parliament's commitment to reaching a comprehensive agreement within the expected timeframe. Additionally, it provides an opportunity to address the EU's trade and economic relations with the Indo-Pacific region, as well as the implementation of the trade aspects of the recently adopted deforestation regulation. The delegation, led by the INTA Chair, [Bernd Lange](#) (S&D, DE), will engage with representatives of the government of Indonesia, as well as with Members of Parliament and other relevant partners and stakeholders.

Quote

[Bernd Lange](#) (S&D, DE), Chair of the INTA Committee: "The European Parliament delegation embarking on a journey to Indonesia seeks to engage in discussions on the future of political and trade relations with the country, aiming to deepen economic ties between the EU and Indonesia, thereby promoting prosperity in both regions. The foundation of EU-Indonesia relations is rooted in the 2014 Partnership and Cooperation Agreement, and the European Parliament is committed to ensuring that any future agreement between the EU and Indonesia

is equitable, sustainable and mutually beneficial. Our discussions will focus on the long-awaited conclusion of a free trade agreement, diligently negotiated since 2016. This crucial milestone has the potential to strengthen our partnership before the 2024 European elections. Crucially, this agreement must encompass shared principles pertaining to human rights, encompassing fundamental labour rights, environmental standards and the battle against climate change. With confidence, I anticipate that this mission will serve as a stepping stone towards establishing a robust and lasting partnership between the EU and Indonesia.”

The delegation is led by [Bernd LANGE](#) (S&D, DE) and is composed of 5 other MEPs representing different political groups: [Heidi HAUTALA](#) (Greens/EFA, FI), INTA rapporteur for ASEAN countries; [Marie-Pierre VEDRENNE](#) (Renew, FR); [Jan ZAHRADIL](#) (ECR, CZ); [Thierry MARIANI](#) (ID, FR); [Helmut SCHOLZ](#) (The Left, DE)

Further information

- [Legislative train: EU-Indonesia Free Trade Agreement](#)
- [EU trade relations with Indonesia \(Commission webpage\)](#)
- [Delegation of the European Union to Indonesia](#)
- [Committee on International Trade](#)

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