

## **Update on EU trade negotiations with Indonesia and trade relations with other ASEAN countries**

The purpose of this meeting is to update EU civil society organisations on the state of play of trade relations with Indonesia, with a particular focus on the outcome of the 14th round of negotiations on CEPA, held during the week of 8 May 2023.

Date: 06/06/2023, 10:00-12:00

**Philip Deraedt**

**Lead speaker**

- **Chief Negotiator for the EU-Indonesia CEPA – South and South-East Asia, Australia and New Zealand, Directorate-General for Trade, European Commission**
- EU made a second tariff offer in December 2019 round of negotiations with a view to putting some impetus in the discussions, but found that the pandemic in 2020, 2021 and 2022 rather derailed discussions.
- The energy from Indonesia has dissipated in terms of their investment in the negotiations.
- Indonesia has been growing more confident over the last years, including with its raw materials policy, and G20 chairmanship, political confidence of Indonesia is stronger. The G20 was very useful to discuss political ambition for the FTA.
- Upcoming round in July, both parties were keen to advance progress so that they can conclude negotiations in their current term (both having elections in 2023)
- Round 13 in Feb and 14 in May has seen some easier chapters close,
- On TSD, this is a component of the agreement where the Commission has put forward suggestions to make subject to sanctions material breach of fundamental ILO/Paris subject to sanctions.
- The TSD discussions have been going slowly, in part due to friction around palm oil, and since Indonesia has taken the palm oil issue to the WTO, this is less of a point of friction in the FTA and also given the EU has been working

**Q&A:** How will the FTA be impacted by the deforestation regulation? Cooperation of Indonesian authorities will be essential

**Philip Deraedt:** The FT article on Malaysia and Indonesia pausing the FTA discussions is not correct, but indeed they are concerns about market access due to the deforestation regulation.

The Commission will have to work a lot on sensitising the trade partners on this.

On the raw materials policy of Indonesia, the view of the COM is that the FTA can be used as means of promoting a predictable investment environment in Indonesia – the objective is OK, but not the mechanism.

Indonesia has been working on an export ban on some materials but and the EU is challenging this, and COM feels that there are other

### ASEAN

**Philip Deraedt, DG TRADE**

On ASEAN, there are sectoral cooperations on supply chain resilience and green transition among others, but no regional agreement

The Commission is still working hard on bilateral trade agreements with other ASEAN countries, hoping to add soon Indonesia, and following up with Thailand, chief negotiators to the selected teams will be working on with first round on new text meeting in September in Brussels

The Commission is also doing a scoping exercise to be launched with Malaysia to be launched.

The 2015 negotiations launched with Philippines, put on hold in 2017 following human rights concerns due to past administration of Duterte due to war on drugs, now there is a new tone, new government, with a new outreach to the EU, and change to the war on drugs, but still looking presently whether the Philippines is in compliance with its GSP+ obligations.

The GSP report will come out after summer, and then the Commission will be in a better position to evaluate how to proceed in relation to the FTA

**Q&A:** where are the discussions on agricultural market access for the Indonesia FTA?

**Philip Deraedt:** no market access discussions on sensitive products yet, as this is a sensitive product (starches)

Trilogue discussions on GSP taking longer than expected, next week important discussions under the Swedish presidency next week in Strasbourg, if it's not possible to find an agreement then it would make it difficult to have a regulation concluded and enter into force by end of this year. Possibility perhaps for prolongation of the current regulation, and the aim though is still to hammer out an agreement

New regulation foresees 2 years to reapply, submit and reprocessed, leading until end of 2025, but cannot say how it will turn out will be based on the report of the GSP, the activities of the new administration and too soon to speculate on the new FTA.

On India – next CSD meeting 17 June