



## **Report of the 14<sup>th</sup> round of negotiations for a Free Trade Agreement between the European Union and Indonesia**

8 to 12 May 2023, Brussels

The 14<sup>th</sup> round of negotiations on an EU-Indonesia Free Trade Agreement was held in the week of 8 May 2023 in Brussels. Discussions covered a substantive range of areas under negotiation, with 18 working groups meeting during the week. The respective negotiating teams were led by Mr Filip Deraedt (Directorate General for Trade of the European Commission) and Pak Johni Martha (Indonesian Ministry of Trade).

The chapters on Trade Remedies, on Small- and Medium-Sized Enterprises (SMEs) and on Transparency were concluded, and good progress was made in several other chapters, including Investment, Intellectual Property Rights, Rules of Origin, Dispute Settlement, and Economic Cooperation and Capacity-building.

Negotiations on Government Procurement took place in a constructive spirit, although Indonesia is still consulting internally on its initial market access offer. Discussions on State Owned Enterprises and on Subsidies, as well as on the alignment of the Trade and Sustainable Development (TSD) chapter with the outcome of the EU TSD review, remained of a preliminary nature.

Discussions will continue intersessionally in several areas, including Technical Barriers to Trade, Trade in Services, and Energy and Raw Materials.

The next round is pencilled in for the week of 10 July 2023, in Indonesia.

### **Details per negotiating area**

#### **Trade in Goods**

The working group discussed all open articles in the text, making progress on provisions related to origin marking, import licensing, repaired goods, and institutional matters. On some others issues, such as remanufactured goods or import and export restrictions and monopolies, there is a need for further reflection and discussion, while provisions on export duties remain sensitive.

#### **Rules of origin**

The working group held positive discussions, both on product specific-rules and on the origin procedures. On product-specific rules, the working group discussed several chapters (including some agricultural/processed agricultural products, fish and fisheries, textiles, and industrial products), with progress mainly on chemicals. On origin procedures, agreement was reached on several provisions.

#### **Trade remedies**

The working group reached agreement on the outstanding elements of the chapter, which is now concluded.

## **Anti-fraud clause**

The working group held constructive discussions, reviewing the text and clarifying their respective positions, as a basis for further discussions in the next round.

## **Technical Barriers to Trade**

The working group discussed the remaining open issues within the TBT chapter, making some progress on the main provisions on conformity assessment and preparing the ground for further advancements at the next round on market surveillance and on the list of international standard setting organizations. Discussions on the Annexes will take place intersessionally.

## **Services**

The working group had constructive discussions, with some progress on the text on mutual recognition of professional qualifications and related guidelines, and on the regulatory sections on international maritime transport, delivery and domestic regulation sections. On market access, the working group exchanged information on possible improvements for the future revised offers.

## **Digital Trade**

The working group continued to engage, making some progress on less contentious parts of the text, such as on the scope of the chapter and on the conclusion of contracts by electronic means. The working group also had a first discussion on provisions on cybersecurity.

## **Investment**

Discussions on investment were positive, addressing both investment liberalisation and investment protection provisions, following Indonesia's confirmation of its agreement on the future architecture of having a Free Trade Agreement and an Investment Protection Agreement.

## **Government Procurement**

The two sides held detailed discussions on the text of the government procurement chapter and made further progress, reaching agreement on almost all provisions, including on non-discrimination of suppliers (but not yet goods and services) of the other Party. Market access was discussed conceptually but Indonesia was not yet in a position to table its initial market access offer, on which internal consultations should be concluded in the coming weeks.

## **State-owned enterprises**

The two sides had detailed discussion regarding their respective policy approaches to the provisions on commercial consideration and non-discrimination, relevant challenges stemming from cross-cutting policies, as well as the possible scope of the provisions. The working group also discussed elements related to the regulatory framework and exchange of information and identified elements for further follow-up.

## **Subsidies**

The working group held discussions in a positive atmosphere but remained noncommittal, reviewing the text and discussing possible updates as a basis for negotiations in the next round.

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## **Intellectual Property Rights**

The working group had open and constructive discussions and continued to make progress. The in-depth exchange focused on general provisions, copyright, trademarks, designs, plant varieties, patents, enforcement, cooperation and transparency, and the annex on geographical indications. The two sides reached an agreement on several provisions and worked on some alternative texts as a basis for making further progress in the next round.

## **Energy and Raw Materials**

The working group had constructive discussions, covering all outstanding issues as well as recent developments, such as provisions on environmental impact assessments, off-shore risks and safety, and energy transition, preparing the ground for textual advancements by the next round.

## **Trade and Sustainable Development**

The working group held detailed exchanges, including in a joint sessions with the Dispute Settlement working group, and made progress on the labour provisions. On the rest of the text, the focus remained on conceptual discussions and clarifications of the respective text proposals – notably the adjustments presented by the EU to bring the text in line with the outcome of the TSD review.

## **Small- and Medium-sized Enterprises**

The working group reached agreement on the outstanding elements of the chapter, which is now concluded.

## **Transparency**

The working group reached agreement on the outstanding elements of the chapter, which is now concluded.

## **Dispute Settlement**

The working group continued discussions on the state-to-state dispute settlement chapter, including its annexes on rules of procedure and for a code of conduct for panellists. The discussions took place in a constructive atmosphere, making good progress on several aspects, including on the principle of rosters and on hearings.

## **Investment Dispute Settlement**

The working group had constructive exchanges, making progress in particular on mediation. Further discussions are needed on the key open issues, notably the Investment Court System, as well as consent and transparency.

## **Final and Institutional Provisions**

The working group held in-depth discussions on the remaining open articles, in particular on fulfilment of obligations, on no direct effect and on mechanisms for civil society involvement.

## **Economic Cooperation and Capacity Building**

The working group made very good progress, reaching agreement on most of the text. The remaining open issues concern matters related to discussions in the horizontal institutional and final provisions of the agreement.