



## **Report of the 13<sup>th</sup> round of negotiations for a Free Trade Agreement between the European Union and Indonesia**

6 to 11 February 2023, Bali

The 13<sup>th</sup> round of negotiations on an EU-Indonesia Free Trade Agreement took place from 6 to 11 February 2023 in Bali - the first in-person round since December 2019. Discussions covered a substantive range of areas under negotiation, with 14 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 Good Regulatory Practices and the section on Geographical Indications of the IPR chapter were concluded, and good progress was made in several other chapters, including the Trade in Goods text, Rules of Origin, Trade Remedies, Investment, Intellectual Property Rights, and Technical Barriers to Trade, including discussions on the motor vehicle annex.

Negotiations on State-owned Enterprises and on Government procurement took place in a constructive spirit, although Indonesia is still reflecting internally on its market access offer for the latter and could therefore not signal any commitments yet.

Both sides confirmed their commitment to intensify the negotiations, and dedicated meetings will take place intersessionally on Trade and Sustainable Development, on Energy and Raw Materials, and on the Investment Court System.

The next round is scheduled to take place in the week of 8 May 2023 in Brussels.

### **Details per negotiating area**

#### **Trade in Goods**

The working group discussed all open articles in the text, making good progress and reaching agreement on less contentious issues. The way forward was agreed on some issues normally not part of Indonesia's FTAs, such as goods returned after repair and remanufactured goods, while on some others issues, such as export duties, import and export restrictions and import licensing procedures, there is a need for further internal reflection and discussion.

#### **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, chemicals, machinery and electronics), preparing the ground for further convergence at the next round.

#### **Trade remedies**

Both sides continued discussing the remaining open issues and reached agreement on nearly all provisions, paving the way for closing the chapter at the next round.

#### **Technical Barriers to Trade**

The working group held in-depth discussions on all open issues in the text, making good progress and agreeing on most of the text. The remaining issues now concern the list of international

standard-setting organisations and provisions on market surveillance. Good exchanges also took place on the Annex on acceptance of supplier's declaration of conformity, and for the first time the two sides engaged in a discussion on the EU proposal for a dedicated annex on motor vehicles.

## **Services**

Discussions included dedicated sessions on MRAs and professional services, international maritime transport and Mode 4, but only limited progress was possible. General provisions were discussed and agreed in a joint session with the Investment working group. The group did not engage in detail on matters of market access, for which further discussions will be required.

## **Digital Trade**

The working group continued to engage, making some progress on less contentious parts of the text.

## **Investment**

The working group discussed all outstanding provisions both on investment liberalisation and protection. On investment protection, several compromise solutions were tested for denial of benefits, sunset clause and expropriation, with possible closing of the relevant provisions at the next round. On investment liberalisation, the provision related to future measures as well as the disciplines on performance requirements require further discussions.

Both side agreed to have further discussions on issues related to the architecture of the FTA/Investment Protection Agreement during an intersessional ahead of the next round.

## **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, except for the key principle of non-discrimination. Market access was discussed conceptually but Indonesia was not yet in a position to exchange offers. The EU urged Indonesia to come forward with an initial market access by the next round.

## **State-owned enterprises**

The in-person meeting allowed for detailed exchanges on the elements on the nondiscrimination provisions and helped to identify and narrow divergences. Both sides provided further clarifications on the respective approaches to the scope and definition of SOEs. Other elements such as transparency, regulatory framework and general elements of the proposed chapter were also discussed in a constructive manner.

## **Intellectual Property Rights**

The working group held constructive discussions, resulting in good progress on several articles, including on international agreements, the revocation and invalidation of a trademark, and the protection of registered designs. Agreement was reached on the text on and list of Geographical Indications, with only some technical work in relation to the list of respective names to be finalised.

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

The working group discussed all remaining open issues, reaching agreement on most of the provisions, including on information sharing and on the tasks of the SME Contact Points. The only remaining outstanding issue concerns the placement of the provisions on cooperation.

## **Transparency and Good Regulatory Practices**

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

On the Transparency chapter, the two sides reviewed the respective proposals, preparing the ground for further progress at the next round.

### **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, such as rules on the working language for dispute proceedings, and allowed both sides to better understand their respective positions and priorities.

### **Final and Institutional Provisions**

The working group reached agreement on most of both the Institutional and the Final provisions, and reviewed the draft text for the General Exceptions. Further discussions will be needed in particular on mechanisms for civil society involvement, on fulfilment of obligations, and on the article on no direct effect.

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

The two sides engaged in text-based discussions, making good progress on most provisions, including on the areas, forms and means of cooperation, and on the relation with other chapters. Further discussions will be required on institutional matters and on guidance for the implementation of the chapter.