



# EUROPEAN FREE TRADE ASSOCIATION

16 December 2022

**EFTA – INDONESIA  
1<sup>ST</sup> JOINT COMMITTEE MEETING  
under the Comprehensive Economic Partnership Agreement (CEPA)**

*Jakarta, Wednesday 7 December 2022*

**PUBLIC REPORT**

**I. Context**

The EFTA States and Indonesia held their first Joint Committee meeting one year after the entry into force of the Comprehensive Economic Partnership Agreement (CEPA). The agreement was signed in Jakarta on 16 December 2018 and entered into force on 1 November 2021. The Joint Committee meeting was preceded by the first meeting of the Sub-Committee on Trade in Goods and the first meeting of the Sub-Committee on Cooperation and Capacity Building on 6 December in Jakarta.

Mr Markus Schlagenhof, Ambassador and Delegate of the Swiss Federal Council for Trade Agreements, acted as the EFTA spokesperson, while Mr Djatmiko Bris Witjaksono, Director General for International Trade Negotiations at the Ministry of Trade headed the Indonesian delegation. Iceland, Liechtenstein, and Norway were represented by their heads of delegation. Experts on trade in goods, customs, cooperation, and sustainable development also participated.

**II. General Assessment**

Delegations confirmed that the CEPA had functioned well in its first year and did not identify any substantial implementation issues. EFTA and Indonesia both expressed a keen interest in assessing further the utilisation of preferences under the agreement and to identify possible obstacles in fully utilising the trade benefits. It was agreed that targeted trade promotion activities may be explored in this regard. Indonesia and EFTA discussed the implementation

of the trade and sustainable development Chapter of the agreement. Heads of Delegation from the four EFTA States and Indonesia underscored the importance of a proper implementation of the Chapter and agreed to continue the dialogue also between joint committee meetings.

### **III. Individual Agenda Items**

The Joint Committee adopted Decision 1 of 2022 establishing its rules of procedure. The Decision entered into force on adoption.

Indonesia and EFTA engaged in an exchange of information on developments in their respective domestic economies and foreign trade relations, noting that total merchandise trade between Indonesia and EFTA amounted to 1 108,5 million Euro in 2021.

Both sides referred to the disruptions induced by Covid-19 and EFTA underlined the importance of holding the borders open for international trade. EFTA also congratulated Indonesia for their successful hosting of the G20 meeting in Bali that took place shortly before the Joint Committee meeting.

EFTA addressed the Russian war against Ukraine. It was underscored that the Russian invasion is a serious violation of international law, and reference was made to the joint statement by EFTA Ministers calling on Russia to de-escalate the situation. EFTA States also expressed their concern about the ongoing suffering of the direct victims in Ukraine, as well as the further effects on the world economy and global trade.

The Parties also informed each other on their respective agendas for free trade negotiations.

On trade in goods, the Joint Committee received an oral report from the Sub-Committee on Trade in Goods. In the Sub-Committee meeting, which had been held in a constructive atmosphere, the delegations discussed the implementation of the agreement and the issues faced concerning the interpretation of some provisions, exchanged updated information on contact points and took stock of their ongoing work related to the HS 2022 updating of the different annexes and the appendix to the CEPA. Experts agreed on a working plan to finalise the HS update. Developments in trade facilitation were discussed and EFTA had shared its updated model text before the meeting. Additionally, delegations agreed on the usefulness

and importance of assessing preference utilisation rates under the agreement and agreed to exchanging data towards this end on a yearly basis.

In the Joint Committee, EFTA expressed concerns related to the implementation of the Halal Product Assurance Law of 2014, in particular regarding the large scope of the law and the wide range of products covered and the cumbersome procedures for the recognition of foreign Halal-certifications. Indonesia provided an explanation on how this law is implemented, noted that non-Halal products are not barred from being imported and explained that several institutions within Europe could certify products.

On services, EFTA informed Indonesia that EFTA recently had started to propose provisions on electronic commerce in its free trade agreements and noted that the COVID-19 pandemic had accelerated the use of e-commerce in both goods and services. The two sides agreed to continue the discussion about this issue in the next meeting.

On government procurement, delegations talked about ongoing negotiations and possible market access commitments in these discussions. EFTA expressed concerns about increasing local content requirements to participate in government procurement in Indonesia.

Indonesia and EFTA had before the meeting exchanged written questions on the implementation of the commitments in the Chapter on trade and sustainable development. EFTA's questions touched, inter alia, on the revision and the implementation of the Indonesian Omnibus Law on Job Creation, the state of play regarding the ratification and implementation of ILO Conventions in Indonesia, Indonesia's plans to combat child labour and its efforts to protect the rights of vulnerable groups, including smallholders and subsistence farmers. EFTA also enquired about Indonesia's priorities in the fight against climate change and the role of its forest policy in this regard, Indonesia's policies to ensure the sustainable management of the palm oil sector, Indonesia's plans to ensure that recent or planned revisions of the mining law and the legislation governing the fisheries sector would not lead to negative effects on sustainable development. Initial answers to the questions were given in the meeting, and it was agreed to submit written answers to the questions and to convene an online meeting among experts in 2023 for more in-depth discussions of the issues at hand. EFTA underlined the importance of a continuous exchange on this topic.

On cooperation and capacity building the committee received an oral report from the Sub-Committee on Cooperation and Capacity Building. EFTA reported about the ongoing bilateral cooperation undertaken by the individual EFTA States in Indonesia and indicated possible activities that may be undertaken by EFTA. Indonesia proposed several project proposals and agreed to consolidate the request and submit an updated list.

Indonesia and EFTA discussed dates for next meeting noting that the Joint Committee meeting normally meets every two years and agreed to be in contact through respective contact points to solve any issues if needed.