

Ms. Sabine Weyand  
Director General  
Directorate General for Trade  
European Commission  
170, rue de la loi  
BE – 1049 – Brussels

Brussels, 7 October 2021

Subject: **ESF Position Paper on the European Services sectors priorities in the EU-Indonesia CEPA**

Dear Director General,

The European Services Forum strongly supports the negotiations towards an ambitious EU-Indonesia Comprehensive Economic Partnership Agreement (CEPA). I am writing to you to present the revised in-depth ESF Position Paper where the European services sectors expose our various priorities in these important talks with the largest country in ASEAN. Such a trade agreement will contribute to anchoring the EU trade strategy in South-East Asia, where most of the economic growth will be in the next decade.

The EU is Indonesia's fifth largest trading partner, but bilateral trade does not match the importance of the two partners. EU-Indonesia CEPA will contribute to increased bilateral trade. Bilateral trade in services between the EU and Indonesia in 2019 amounted to €7.5 bn, with EU exports amounting for €5.3 bn and imports amounting to €2.2 bn. The €3 Bn surplus in services trade compensates for the trade in goods deficit, but the trade balance is still negative by nearly -€2 Bn. Trade in services is considerably under-developed in Indonesia compared to its potential. The CEPA will be an instrument towards driving more trade and investment in services sectors.

Indonesia is the largest economy in ASEAN and is currently developing a long-term strategy for the services sectors. It is preparing a number of reforms aimed at liberalising trade in services under the ASEAN Framework Agreement on Services (AFAS) and the AEC Blueprint 2025. ESF supports such reforms and encourages the inclusion of related commitments in CEPA.

ESF takes note that Indonesia has signed bilateral FTAs, notably with Australia, Chile, Japan, plus those through the ASEAN. ESF calls upon the negotiators to do their utmost to ensure that European services companies will obtain at least parity with the best FTA signed by Indonesia, and in particular with the treatment that Australian services suppliers enjoy when doing business in Indonesia. At the

end of the Uruguay Round, Indonesia's GATS commitments were very weak. And these commitments remain today the only binding elements towards the European Services companies. CEPA must seriously improve market access for EU service businesses.

CEPA should also include a strong horizontal chapter on Disciplines for Domestic Regulation, rules on State-Owned Enterprises, and strong provisions in the Digital Trade Chapter, including on cross-border data flows, and of course a solid Trade and Sustainable Development chapter, at least similar to the most recent ones negotiated by the EU.

You will find attached the European Services Industries Priorities for the EU-Indonesia Comprehensive Economic Partnership Agreement. In addition to the input on the horizontal issues, ESF goes into the details of all services sectors in the last section of this Position Paper and makes some comments and recommendations for the consideration of the negotiators (in sectors like professional and business services, courier and express, construction services, distribution services, insurance and financial services, transport services, etc).

I would like to thank you for taking these comments and recommendations into consideration. We remain at your disposal for any further information.

Yours sincerely,



Noel Clehane  
ESF Chairman

Cc: EVP Valdis Dombrovskis Cabinet;  
Mr. Filip Deraedt, Chief Negotiator EU-Indonesia CEPA, DG Trade  
Mr. Christophe Kiener, Head of Unit, Services & Digital Trade, DG Trade