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FACT SHEET

EU-Indonesia relations

EU relations with Indonesia are developing rapidly, reflecting Indonesia's status as the third largest democracy with the fourth largest population in the world, a regional 'giant' representing some 35% of the ASEAN GDP and 255 million inhabitants, and emerging global player (G20 member, 10th economy in the world in purchase price parity). The European Union and Indonesia share similar values, interests and outlook on regional integration, multilateralism, democracy and human rights in open and tolerant societies, the environment and climate change.

Indonesia is the first ASEAN partner to have signed a [Partnership and Cooperation Agreement](#) (PCA) with the EU, which provides the legal and political umbrella for the bilateral EU-Indonesia relations. The PCA [entered into force](#) in May 2014 and provides for wide-ranging cooperation in the areas of political dialogue and security, trade, investments and economic cooperation as well as in the strengthening of people-to-people ties through mobility, educational and cultural exchange programmes.

Political and security cooperation and dialogue

The EU and Indonesia hold both an annual **political dialogue** and a dedicated **human rights dialogue**. A **security dialogue** is to be launched in 2016 to strengthen cooperation on common challenges, including in countering extremism and terrorism, on which a host of

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projects have been or are being carried out, involving state institutions. These include, for example, **counter-terrorism** capacities and training, as well as **civil society** projects, for example targeting the prevention and countering of radicalisation. Back in 2005 the EU deployed the civilian [Aceh Monitoring Mission](#) (AMM) under the European Common Security and Defence Policy, and continued to contribute to the peace process through long term capacity building, reintegration and policy training programmes.

Trade and Investment

There is huge interest from European companies to [export to and invest in Indonesia](#), especially given the growth of the Indonesian market. European companies present in Indonesia currently employ more than 1.1 million workers in the country.

Bilateral trade in merchandise (non-oil and gas) between the EU and Indonesia amounted to **€25.3 billion** in 2015, of which €15.3 billion was generated through Indonesian exports to the EU. In 2015, the EU represented the second biggest non-oil and gas export market for Indonesia, ahead of China, and second only to the United States. **Indonesia's main exports to the EU** are animal or vegetable fats and oils, machinery and appliances, textiles, footwear, plastics and rubber products. Crude Palm Oil exports are Indonesia's number one export commodity to the EU, representing 54% of all EU imports of Palm Oil. **EU exports to Indonesia** mainly consist of high-tech machinery, transport equipment, manufacturing goods, and chemicals. Total trade in services in 2014 amounted to c. €6 billion. EU FDI stock in Indonesia amounted to €25.8 billion in 2014, making Indonesia the EU second destination in ASEAN after Singapore.

Given the size of the two partners, trade and investment levels are well below the volume that could be expected, in particular when considering that Indonesia is by far the largest economy in ASEAN. The EU is also making progress with Indonesia on ongoing discussions on pre- negotiations for a **Comprehensive Economic Partnership Agreement (CEPA)**.

These discussions resumed in September 2015, after having stalled in 2013 and are now in an advanced stage. The EU promotes **sustainability** in its trade relations with Indonesia, as illustrated in the forestry sector by the **Voluntary Partnership Agreement (VPA)** signed by the EU and Indonesia on [30 September 2013](#) and will assure the access of legal Indonesian timber exports to the EU market. Significant progress is being achieved towards the full

activation of the VPA, which will recognise the Indonesian Timber Legality Assurance Scheme as fully meeting EU legal standards. The EU looks forward to the first shipments of Indonesian certified woods, which will be a first among the tropical countries that have engaged on voluntary agreements with EU.

Development cooperation

The EU has spent more than €500 million development assistance in Indonesia in the last ten years, in particular to promote **basic education for all** and **good governance** (public finance management and justice), and to support **efforts against climate change and deforestation**. EU cooperation is designed to support the Government of Indonesia's policies, as reflected in the Government's Medium Term Development Plans. Indonesia has now graduated out of bilateral EU development assistance in the current programming period 2014-2020, but most programmes under the 2007 – 2013 financial framework, where €356 million was allocated, are still under implementation, some of them running until 2019.

Indonesia continues to be eligible for EU Thematic and Regional Cooperation programmes; the latter growing steadily in particular the EU-ASEAN cooperation's allocation which has almost tripled between 2007-2013 and 2014-2020. These regional and regional thematic instruments allow the EU to concentrate its support to Indonesia's own priority sectors:

- **Higher Education** - European Higher Education Fair, [Erasmus+](#) scholarships and projects;
- Continued **Aid for Trade** support - dedicated Indonesia component under the regional Multi Annual indicative programme by 2017;
- **Green Infrastructures and Green Growth** - [Asian Investment Facility](#), and Sustainable Consumption and Production under SWITCH Asia;
- **Climate Change & Forestry** - regional funding on peatlands; additional funding from thematic and global funding linked to Indonesia's new policies efficiency in fighting deforestation and licencing for timber products;
- **South-South and Triangular Cooperation** - the EU looks forward to working with Indonesia, as the largest Muslim majority country in the world and democracy, in the Middle East or in Least Developed Countries in the Asia-Pacific region, starting with concrete pilot actions under available instruments.

- Support to **civil society** with a current portfolio of **NGO projects** managed by the Delegation amounting to over €20 million, including on human rights.

The European Commission has been also providing prompt and substantial responses to **emergencies**, in particular the tsunami/earthquake in Aceh-Nias and Yogyakarta (€246 million) as well as the Aceh Peace Process.

People-to-people exchanges

The EU offers various **scholarships** to Indonesian **students, researchers** and **teachers** to promote exchange and foster educational ties between the EU and Indonesia. 9,000 Indonesians currently study in Europe, of which 1,600 have received scholarships from the EU and its Member States. EU-organised scholarships include: the **Erasmus+ Programme**, **Erasmus Mundus** scholarships for Masters and Doctorate Programmes, **Marie Curie Fellowship**, and the **Erasmus+ mobility scheme**. The EU and its Member States organise in Indonesia the annual **European Higher Education Fair** exhibiting European universities and promoting scholarships, with some 18,000 visitors every year.