

THE EU-INDONESIA PARTNERSHIP

3 September 2019

Indonesia and the EU share a long history of positive relations, based on their similar values on regional integration, democracy, trade, human rights and their commitment to implement the Sustainable Development Goals (SDGs). EU relations with Indonesia reflect its position as a G20 member, the world's third largest democracy and its influential position within ASEAN. Indonesia is the first ASEAN country to have concluded a Partnership and Cooperation Agreement (PCA) with the EU, which governs our overall relation and cooperation.



As Indonesia's status on the world stage increases, its partnership with the EU becomes stronger. The EU and Indonesia continue to deepen this relationship, with the EU focusing its engagement with Indonesia in a variety of areas.

Priorities for EU engagement:

- Strengthening of economic and trade ties by concluding the EU-Indonesia Comprehensive Partnership Agreement (CEPA);
- A stronger EU-Indonesia partnership in promoting security, democracy and human rights, regionally and globally;
- The Sustainable Development Agenda and especially environment and climate change.



The Partnership and Cooperation Agreement (PCA)

- A framework for political and economic relations as well as cooperation across the board between the EU and Indonesia. Entered into force in May 2014.
- The first of its kind in the ASEAN region.
- Covers areas such as trade, environment, energy, education, science and technology, migration and counter-terrorism, as well as people links.
- Encompasses multiple dialogues for deepening cooperation in various areas:
 - **Political Dialogue**
 - Working group on **Trade and Investment**
 - **Human Rights Dialogue**
 - Working group on **Development Cooperation**
 - **Security Dialogue**
 - **High Level Dialogue on Fisheries and Maritime Issues**
 - **Working group on Environment and Climate Change**

POLITICAL, SECURITY AND DEFENCE



*EU Monitoring Mission in Aceh
(15 September 2005)*

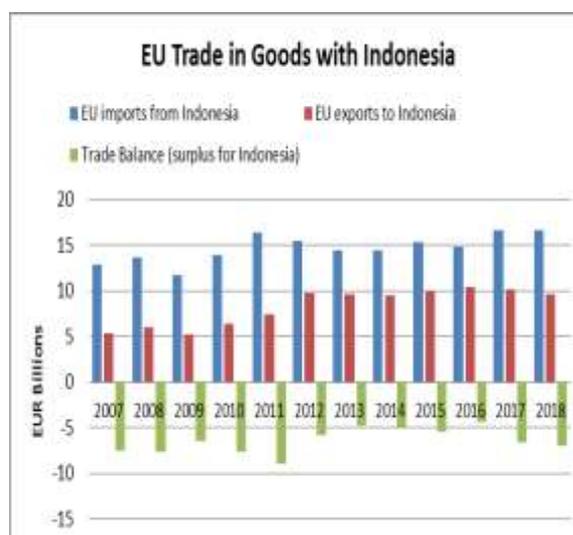
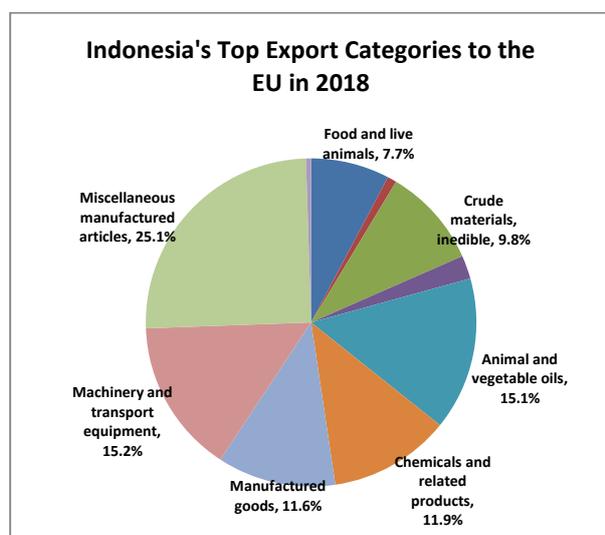
The EU and Indonesia share a long history of cooperation in their commitment to peace and stability. This is best exemplified by the 2005 [Aceh Monitoring Mission \(AMM\)](#), where the EU led a peacekeeping and crisis management operation in the province to monitor the implementation of the peace agreement. This operation was a huge success, and ended in December 2006.

Today, cooperation extends to **countering terrorism and violent extremism, peacekeeping training and defence education**, as well as working on drug trafficking. There is increasing cooperation between the Indonesian Armed Forces (TNI) and specialised

Indonesian agencies with their EU counterparts in these areas.

Indonesia and the EU support a rules-based international order and effective multilateralism with the UN at its core. They share the same vision on many foreign policy issues on which they cooperate, from non-proliferation of weapons of mass destruction to several peace processes across the world.

TRADE AND INVESTMENT

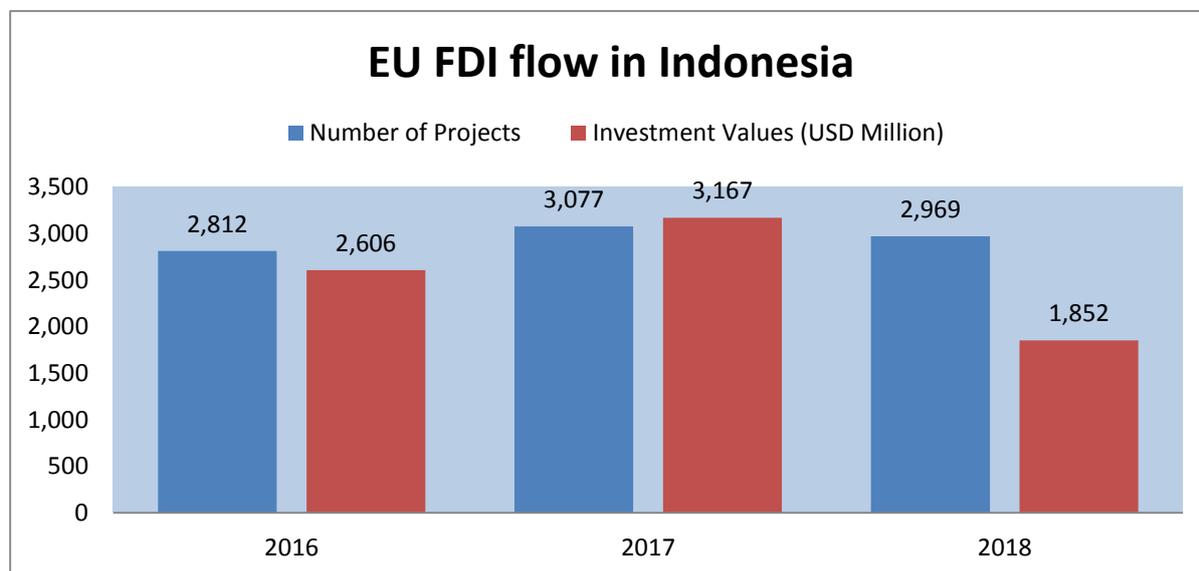


Source: Eurostat

Total bilateral trade in goods between the EU and Indonesia is steadily growing and reached **EUR 26.3 billion in 2018**, with Indonesia enjoying a substantial surplus of EUR 6.9 billion. The EU is the third largest export destination and import source for Indonesia. Trade flows between Indonesia and the EU complement each other and EU products provide essential support for the development of Indonesian infrastructure and industry.

The EU has consistently been **Indonesia's top non-Asian investor for years**, with the flow of Foreign Direct Investment (FDI) amounting to over USD 1.8 billion in 2018. EU FDI stock in the country continues to accumulate, reaching EUR 33.1 billion in 2017. EU companies

invest in sectors with high value added products or activities, providing high quality jobs for Indonesians. An estimated 1,000 **European companies directly employ ~1.1 million Indonesians**. These companies bring cutting edge technologies, helping Indonesia to climb the value added chain. They also attach high importance to Corporate Social Responsibility (CSR) and encourage sustainable business practices supporting inclusive growth.



Source: Indonesian Investment Coordinating Board (BKPM)

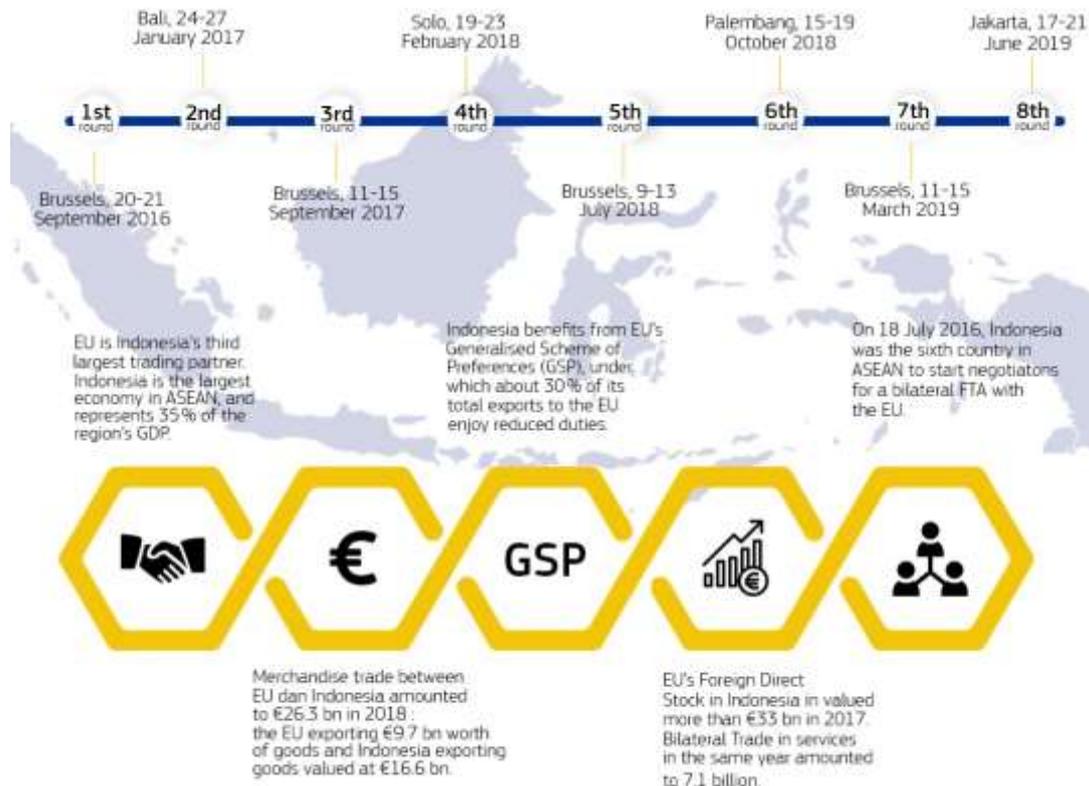
EU-INDONESIA CEPA

The negotiations of the EU–Indonesia Comprehensive Economic Partnership Agreement (CEPA) were **launched on 18 July 2016**. The eighth round of discussion took place in June 2019. Indonesia expressed an intention to conclude the negotiations under the current Presidential administration. The EU has no deadline, insisting on content rather than timing.

The EU estimates that the conclusion of CEPA has the **potential to add almost 0.5% to the amount of Indonesia’s GDP growth**, the annual volume of **Indonesian exports would grow by about 5.4%**, increasing by USD 1.1 billion. This is crucial to reaching the goal of growing at 7-8% of GDP per year. Indonesia’s direct competitors – including Vietnam, the Philippines and Malaysia – have either concluded or are in the process of negotiating trade agreements with the EU. The stability of the mutually agreed trade rules with a market of 510 million consumers with very high purchasing power would also provide much needed protection from the fallout of ongoing trade wars.



EU-Indonesia Comprehensive Economic Partnership Agreement (CEPA)



ECONOMIC COOPERATION AND REGIONAL INTEGRATION

The EU is a longstanding and key dialogue partner of ASEAN, sharing experiences on regional integration across all ASEAN pillars. Support to the **creation of the ASEAN single market** is provided at a regional level and is complementary to bilateral trade capacity building to ensure that Indonesia can benefit from export opportunities.

The EU also works closely together with EU Member States to provide grants accompanying loans from European development banks.

The EUR 15 million ARISE Plus Indonesia programme commenced in 2019, supporting Indonesia's competitiveness and integration in global value chains. The programme is closely linked to the ARISE Plus regional programme (EUR 41 million) that supports the regional economic integration and trade agenda of ASEAN.

HUMANITARIAN ASSISTANCE

The EU works in close solidarity with Indonesia to provide humanitarian assistance in times of crisis. The EU released **EUR 1.5 million in emergency humanitarian aid for the Sulawesi earthquake** relief efforts. It also provided services from its Copernicus satellite to conduct mapping, and activated the EU Civil Protection Mechanism, channelling EU Member States' assistance, deploying experts and co-financing EU Member States' efforts. The **total collective EU aid for Sulawesi** amounts to more than **EUR 18 million**. In 2018, the EU also disbursed **EUR 650,000 to the emergency response in Lombok** in the wake of the August earthquakes. Most recently, the EU provided a total of **EUR 380,000** of humanitarian aid, between December 2018 and February 2019, to communities affected by the **Sunda Strait tsunami**.

EDUCATION

In the EU's partnership with Indonesia on **higher education**, the prestigious **Erasmus+ scholarship** (more than 200 scholarships per year) is particularly popular with Indonesian university students, which funds their studies in Europe while fostering a new generation of young people that appreciate diversity, curiosity and camaraderie. These efforts have helped exchange ideas and knowledge, and promote people-to-people contacts between young Indonesians and Europeans.



In the past, the **EU has been one of the largest partners supporting education in Indonesia**. From 2008 to 2017, the EU has provided direct budgetary support to the Indonesian government resulting in more than **IDR 5.7 trillion** in grants to the Ministry of Education and Culture. This has directly benefited more than 7 million children in more than 55,000 schools.

HEALTH

The EU and Indonesia share a strong history of working together in the domain of public health. In particular, the EU provides a significant contribution to the Government of Indonesia and its civil society partners through the **Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM)**, amounting to over 44% of the total GFATM budget. In 2017 [in Indonesia](#), this saw 430,000 people treated for tuberculosis, 2,350,000 mosquito nets distributed and 91,400 people on HIV/AIDS retroviral therapy.

In addition to this, the EU has been a key financial contributor to Indonesia's efforts to control **influenza**, notably under the National Strategy for Avian Influenza Control and Preparedness for Human Pandemic Influenza.

GOOD GOVERNANCE

The EU supports the Indonesian government's priorities of **good governance, combatting corruption, improving justice and law enforcement**, promoting greater respect for **human rights** and combatting trans-national **crime**.



In the past, the EU also contributed to the improvement of **efficiency, transparency and accountability in public procurement** of seven local governments and supported the **institutional strengthening of** the Corruption Eradication Commission (KPK), the Indonesian National Police (INP) and the Jakarta Centre for Law Enforcement Cooperation (JCLEC).

CIVIL SOCIETY

The EU has a long history of cooperation with **civil society organisations (CSOs)** in Indonesia on a wide range of topics such as local economic development, sustainable production and consumption, as well as respect for fundamental freedoms and human rights. From 2007-2019, the EU provided **EUR 49 million** in funds to CSOs in Indonesia, implementing **97 projects** in **31 provinces**.



EU funding to CSOs in Indonesia (2007-2019)

Although Indonesia no longer receives bilateral EU development assistance due to its status as a G20 country, the EU continues its support through thematic programmes to promote an **enabling environment for CSOs** in Indonesia and **EUR 11 million** has already been allocated for the period of 2018-2020.

HUMAN RIGHTS

The EU continues its constructive engagement with Indonesia on various human rights issues. So far the EU and Indonesia held seven rounds of bilateral **Human Rights Dialogues**. The EU has provided specific support to the promotion of human rights and fundamental freedoms in Indonesia through the [European Instrument for Democracy and Human Rights](#) (EIDHR). The **42 supported projects** worth over **EUR 12.3 million** range from civic education, election monitoring, rights of vulnerable groups, accountability of human rights violations, prevention of torture, to business and human rights as well as promotion of religious tolerance and freedom of expression.

ENVIRONMENT AND CLIMATE CHANGE

Protecting the environment and addressing global climate change are central to EU-Indonesia cooperation and the EU is among the leading promoters of initiatives especially on air/water quality, resource efficiency, waste, biodiversity, and the sustainable management of Indonesia's rich rainforests.

In 2015, at the Paris climate conference (COP21), Indonesia committed to reducing GHG emissions by 29 to 41% by 2030 as compared to the 'business as usual' scenario. In particular, the forestry sector is expected to contribute to achieving these goals.

Forest Law Enforcement, Governance and Trade (FLEGT)

In 2013, the EU and Indonesia signed a Voluntary Partnership Agreement (VPA) to improve forest governance and promote trade in legal timber from Indonesia to the EU. Indonesia, with the help of civil society, initiated and developed a system giving its timber access to the European market.



- An EU action plan addressing illegal logging
- Has helped Indonesia develop one of the most advanced Timber Legality Assurance Systems in the world (the SLVK or *Sistem Verifikasi Legalitas Kayu*)
- Indonesia subsequently became the first country able to issue its own FLEGT licences
- **Indonesia's share of exports of tropical wood to the EU has subsequently increased drastically to 12% in the past 10 years.**

The EU also supports other Indonesian environmental priorities. For example, it has contributed to **low-emission development planning in Aceh**, the **restoration of peatlands**, and **better information systems for land use and maritime resources**.

Furthermore, the EU is increasing its efforts towards promoting **renewable energies, energy efficiency, and "Circular Economy"**. This includes the collection, reduction, reuse and recycling of solid wastes, as a way to prevent marine litter and detrimental impacts on the lucrative tourism sector. Maintaining the value of products and materials for as long as possible combined with reuse at the end of their lifecycle minimises waste and resource use and could bring major economic benefits to Indonesia, contributing to innovation, growth, job creation, long term sustainability and competitiveness.