

CHECK AGAINST DELIVERY

Trade Policy Review of Indonesia, April 2013

Second Statement by the Discussant
Ambassador Martin Eyjólfsson
Permanent Representative of Iceland to the WTO

Thank you, Mr Chairman.

To begin with I would like to thank Vice Minister Bayu Krisnamurthi, Head of the Indonesian Delegation, Ambassador Syafri Baharuddin, who on Wednesday was nominated “the busiest Ambassador in Geneva” and the whole of the Indonesian team for their hard work in replying to the Members’ numerous questions as well as the open and constructive attitude that they have approached this exercise with.

In my intervention I will try to pick up on some of the messages and comments by Members from the first day – both positive ones as well as when members have spotted imperfections in Indonesia’s trade policy.

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Mr Chairman,

A couple of days ago we had fruitful and enlightening exchange of views. From the number of questions, the approximately 750, we received, it should be clear that the Indonesian economy is of key interest to the WTO membership.

On Wednesday Indonesia was generally commended for her **economic performance** since the last TPR. Eight years of 6% growth, increased investment, strong fiscal position, stable purchasing power and decreased unemployment and poverty levels were hailed. The debt to GDP ratio level is something that even Joakim’s employers in Stockholm would envy ... not to mention my own bosses in Reykjavík!

So ... I think it is a fair assessment to claim that there is consensus in the room that Indonesia’s economy has been among the brighter performers in Asia during the past years.

Regulatory reforms such as better procedures for registering and licensing businesses, enhanced climate for FDI, measures to speed up property registrations and building permits and developments

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of initiatives to curb corruption were also looked at positively by members in the Wednesday session.

All this being said and not to be underestimated, the membership was also critical. Especially of the developments in the past couple of years where some felt that economic modernisation had been sidelined in favour of domestic industries.

What was mentioned in this context was i.a. pre-shipment inspection requirements, foreign equity restrictions, import licensing requirements, i.a. for horticulture products, significant decrease of import quotas, especially for livestock products, export restrictions, i.a. in the area of mining, and trading rights limitations. The importance of increasing the numbers of licensed import ports was furthermore underlined.

The prudent and sparse use (and desirable the non-use) of safeguards lies close to the WTO heart and the extensive initiation of safeguards by Indonesia, 16 new ones since 2010, was criticized by some members, as well as anti-dumping measures.

The low scores in the World Bank and Transparency International Indexes were described as worrisome while efforts to curb corruption were also praised.

Many members have noticed Indonesia's serious efforts in enhancing GP system and would highly welcome Indonesia's full membership of the Government Procurement Agreement. So I guess they were a little bit disappointed when on Wednesday, Indonesia stated that it was not on the agenda to join the GPA "anytime soon". It is furthermore safe to say that Indonesia's formal participation in the negotiations of the expanded coverage of the ITA would also be highly welcomed by the members of the WTO.

So now I will allow myself to sum up the criticism in the following manner:

Whilst the aim to transform Indonesia into one of the top ten economies in the world by 2025 is widely acknowledged and the decade long painful restructuring for banks and companies is applauded the recent trends of renewed protectionism is regarded by some members as ill-considered and a renewed openness to foreigners would be highly appreciated.

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One of Indonesia's main tasks is the enormous structural and geographic challenge it is faced with. Foreign money to finance much-needed roads, ports and power plants are needed, even more so in light of the present current account deficit. Shaking off the confidence of international investors would be costly and legitimate and easily understandable domestic interests will have to be reconciled with international obligations.

On Wednesday, the Indonesian Head of Delegation Vice Minister Krisnamurthi, emphasized that the policies Indonesia has adopted in recent months and years are "living policies" and will "evolve and be readjusted".

I think that I talk on behalf of all members participating in this TPR when I say that they would appreciate if their comments, both the positive and critical ones, will be kept in mind in the constantly on-going readjustment phase ... not least that they be kept informed of imminent changes that can affect their economic operators in one way or another.

Mr. Chair, Vice Minister Krisnamurthi, ladies and gentlemen.

Finally I want to mention Indonesia's lead on trade.

On Wednesday Indonesia as a load bearing and responsible partner of the international trading system was widely recognised and applauded. To mention a few, her key roles in the G20 and in the ASEAN integration process as well as a leading role in the DDA round is both welcomed and highly appreciated. This year is especially important for Indonesia and members are grateful for her role as the host of the MC 9 in Bali which will hopefully restore the confidence of the multilateral trading system.

It is obvious that Indonesia has assumed the role of a key global player that will only grow ever more important in the near future.

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Before I conclude my remarks I want to wish the Indonesian Delegation a safe trip back home and I am looking forward to meeting with some of you in Bali in December.

Thank you!