

## Indonesia In Final Stages Of Securing EFTA Deal

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# Indonesia in final stages of securing EFTA deal

*Trade between RI, EFTA countries valued at \$3.3 billion last year*

Eisy A. Eloksari

### The Jakarta Post/Jakarta

Indonesia is one small step away from having its first trade agreement with European countries after legislators approved a bill over a deal between Indonesia and the European Free Trade Association (EFTA).

The House of Representatives approved on Friday the draft for the Comprehensive Economic Partnership Agreement (IE-CEPA) between Indonesia and EFTA, which comprises Iceland, Lichtenstein, Norway and Switzerland.

The legislation is now pending a signature from President Joko "Jokowi" Widodo that would immediately make the IE-CEPA come into effect. The President very rarely rejects bills approved by the house.

"We ask all members again: Do we agree to turn the bill over the [IE-CEPA] into law?" said House

Deputy Speaker Sufmi Dasco Ahmad, who brought down his gavel after hearing a resounding "Agreed!" from other legislators.

Trade Minister Muhammad Lutfi said the agreement would open Indonesia to new markets and investors, boost small and medium enterprises' (SMEs) participation in global value chains and increase overall exports.

"We are optimistic that, with this bill's implementation, the agreement can help Indonesia in its post-COVID-19 economic recovery," he said at the House plenary session on Friday.

Lutfi went on to say that Indonesia would also push for the Indonesia Sustainable Palm Oil (ISPO) certification to be accepted by Switzerland, as stated in the IE-CEPA framework.

After seven years of negotiations, the agreement was signed in December 2018. However, since then, only Iceland and Nor-

way have ratified the agreement.

Indonesia exported goods valued at US\$15.27 billion in February, up 8.56 percent year-on-year, according to Statistics Indonesia. The increase was mostly due to higher commodity prices, while export volumes shrank.

Trade between Indonesia and EFTA countries was valued at \$3.3 billion last year, a 92.6 percent increase over the previous year. Meanwhile, Indonesia's exports to EFTA countries amounted to \$2.4 billion, a significant increase from \$829.4 million in 2019.

The EFTA countries together ranked 15<sup>th</sup> among Indonesia's export destinations. Indonesia mainly exports gold, jewelry, fiber optics, bulldozers and precious metal scrap and waste to the trading block.

"EFTA will be our door to introduce national products to the European Union and increase our partnership to maximize the

agreement," said Aria Bima, deputy chairman of Commission VI, which oversees trade, industry and investment.

Indonesia has been pursuing stronger economic ties with nontraditional partners, such as EFTA, Latin American and Middle Eastern countries, in a bid to spur trade and attract new investment amid the global trade disruption caused by the pandemic.

The IE-CEPA is aimed as a hub for Indonesia to lure investment from EFTA countries and the broader European market.

Under the agreement, Indonesia is committed to liberalizing 182 subsectors for investment. Most of them are in the manufacturing sector, followed by the agriculture, hunting and fishery sector.

For services, Indonesia is committed to liberalizing 95 subsectors across 11 sectors. These exclude recreational, cultural and sporting services.