



DEWAN PERWAKILAN RAKYAT REPUBLIK INDONESIA

INDONESIA'S COUNTRY REPORT ON SUPPORTING THE MULTILATERAL TRADING SYSTEM

Indonesia joined the World Trade Organization (WTO) in January 1st, 1995. The participation of Indonesia in the WTO is followed by Law No. 7 of 1994 regarding the ratification of the Agreement Establishing World Trade Organization. The Law underlines that the success of a national economic development is also affected by the country's participation in the international trading system. The benefits of Indonesia's participation in the WTO agreements are, in principle, not only to enable the opening of wider opportunities in the international market, but also to provide a better multilateral protection for national interests in international trade, especially in dealing with trade partners.

Indonesia is constantly seeking to renew its commitment to the WTO as a multilateral trading system. The WTO and its predecessor, GATT, have succeeded in creating a stable environment of trading provisions for its members. The WTO's multilateral trading system is a law-based trading system as a facility to preserve economic growth, development and provision of employment.

Indonesia believes in gaining benefit from the WTO trading system, and it seeks to base its policy-making within the WTO framework. Indonesia seeks to convince the people of the world by persuading them to trust the WTO's Multilateral Trading System. In order to achieve this goal, Indonesia is actively involved in the settlement process of the DDA negotiations and by conducting a series of coalitions with developing countries such as the G-33 and NAMA-11, as well as other groups, such as the *Cairns* group and the G-20. Indonesia is actively involved in other negotiation groups in order to build a general position that prioritizes DDA's development goals.

Indonesia played a prominent role in the DDA negotiations as a G-33 coordinator. In this G-33 group, Indonesia holds a leadership position by conducting regular meetings in the technical level, ambassadors level, senior officials level, and ministerial level inside and outside of Geneva, to strengthen its commitment to the Multilateral Trading System, particularly in agriculture. This meeting was conducted

with the aim to achieve consensus in negotiations and to provide a way for developing countries to protect small and poor farmers. As a coalition of developing countries, G-33 has an effect on agricultural negotiations and its membership has expanded to 46 countries.

This G-33 contributes to the DDA negotiations by conveying concepts and ideas for a more fair and balanced DDA negotiations. Indonesia's contribution include the suggestions of "Special Products (SPs)" and "Special Safeguard Measures (SSM)" in negotiations regarding Agricultural Product; active participation in negotiating import duty tariff reduction / elimination for Non-Agriculture Market Access; conveying various proposal as an effort in supporting negotiations in a more equitable Trade and Services sector, improving various Trade Provisions such as Anti Dumping / Countervailing Measures, Fisheries Subsidy and so on.

Indonesia is also a member of the Cairns Group. Indonesia's Minister of Trade became the host of the meeting in Bali in June 2009 with an aim to gain momentum and political support for the continuation of DDA negotiations. Political commitments resulting from this meeting are expected to contribute to the round conclusion and high urgency regarding the global economic crisis and the need to avoid protectionism.

Another cooperation nurtured by the Indonesian Government is the Asia Pacific Economic Cooperation (APEC) which was formed in 1989 with 21 member countries located in the Asia Pacific region. APEC was formed with the purpose of among others, materializing trade liberalization and investment as well as becoming a non-negotiation forum to review and follow-up any initiatives from the member countries as an effort to promote the integration of regional economy. Indonesia participates in supporting such cooperation to accelerate economic growth, the even distribution of development, as well as poverty eradication in regions through the utilization of the existing resources, in expectation to support the preparedness of countries in facing economic liberalization and the era of world trade.

Moreover, in the scope of ASEAN, Indonesia actively participates in the ASEAN Free Trade Area and e ASEAN-China Free Trade Area, its most recent cooperation. The Economic integration of the ASEAN region has been an important sector in the greater peace, stability, and prosperity of the region. In this sense, Indonesia considers its regional agreements as building blocks for longer term multilateral liberalisation.

At the national level, Indonesia seeks to preserve national interests by establishing the National Team for International Trading Negotiation. This National Team functions by conducting coordination in the multilateral trading negotiation process taking place at the moment (*Doha Development Agenda Negotiation – DDA*). The DDA is an international effort to improve the Multilateral Trading System guided by

the WTO. This Team also coordinates Indonesia's positions in various international trading cooperation negotiation (Regional and bilateral) so it can still provide support to Multilateral Trading System.

Indonesia also supports the implementation of the existing Multilateral Trading System, for instance, by improving and complementing national provisions in the area of Intellectual Property Rights (IPR); establishing institution and national provisions in conducting trade measures to protect domestic industries that are in line with the WTO's provisions, such as Anti Dumping, Countervailing Duty, and Safeguard measures; putting into effect Export / Import Policy, Standard, Sanitation / Health Requirements that are in line with the provisions of the WTO and so on.

In a situation where the world experiences global economic and financial crisis as well as economic slowdown, Indonesia faces challenges such as the proliferation of protectionist policies that are undertaken by major trading partners' countries. This condition is highly detrimental to Indonesia's export performance. It is also a threat to Indonesia, as trading partner countries strives to make Indonesia their export transfer destination. The impact of the global economic crisis is exposing Indonesia to a number of challenges it must overcome. To overcome these challenges, Indonesia must try to enhance the initiative to restore world confidence in the Multilateral trading system. In this regard, Indonesia periodically submits reports on policy and trade-related policies through the Trade Policy Review Body.

Furthermore, Indonesia also supports the principle of Transparency in the Multilateral Trading System by constantly conveying "notification" of the national provisions relating to the WTO trade and preparing the process within the framework of Trade Policy Review Mechanism (TPRM) on a regular basis.