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POSITION PAPER

AGRICULTURE, FOOD AND BEVERAGES SECTOR

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SECTOR
AGRICULTURE, FOOD AND BEVERAGES

INTRODUCTION

Indonesia is the fourth most populous country in the world with a population of around 250 million people, stable economic growth of 5.7 % and a growing middle class. The agriculture, food and beverages industries have been highlighted as key industrial development priorities set by the Indonesian Government and are promising sectors for both domestic manufacturers and importers. The sectors have thus far proven to be very resilient throughout economic downturns, and for many multinational food companies, Indonesia is among their most important markets.

Over the last two decades, EU-Indonesia trade and investment flows have grown significantly. With over EUR 24 billion in trade in 2013 alone, the EU is Indonesia's third largest trading partner, offering Indonesian companies access to the largest market in the world.Indonesia also offers an extensive market for food and beverages products.The trade is in Indonesia's favour, with a recorded surplus of EUR 4.6 billion in 2013. In 2014, for the period January-September, the EU has overtaken China as Indonesia's largest export market. Major shares of these exports aremade up by agricultural exports, as the EU is the world's largest importer of food products. The EU with its 28 Member States is the second largest market for Indonesian palm oil exports. In 2013, Indonesian palm oil exports to the EU reached 3.730 million metric ton (MT) with a total value of EUR 2.07 billion.

Indonesia is attractive for investors, as the largest, and widely considered to be, the most stable democracy in Southeast Asia; it is one of the largest economies in a dynamic ASEAN region, posting progressive domestic growth in the consumer market European companies in particular are increasingly interested in Indonesia and, in 2013, FDI from the EU reached a record high of EUR 1.7 billion. In 2014, the EU has emerged as the second biggest investor in Indonesia as well as contributing to the country's development with substantial transfers of skills and technology.

A large degree of potential can be seen in Indonesian–EU trade and investment in the agriculture, food and beverages sectors. Such potential could be most efficiently harnessed through:

- Expanding investment in Indonesia's natural resources, using advanced technologies to produce higher value-added products;
- Enhancing access to Indonesia and the EU's markets through the increasing in the use of quality standards;
- Establishing economic partnerships with SMEs around Indonesia to help to minimise social status differences;

- Providing best-practice sharing through capacity development in Indonesia's agriculture, food, and beverages sectors, especially for small and medium enterprises, particularly in EU Food Regulations, hygienic standards and market access procedures such as REACH (Registration, Evaluation, Authorization and Restriction of Chemicals), DMF (Dimethyl Fumarate), SPS (Sanitary and Phytosanitary Standards), RED (Renewable Energy Directive) and the most important voluntary codes applied by importers, processers and retailers in Europe.
- Supporting Indonesia to take a leading role in ASEAN integration. As an established regional union, EU could support Indonesia to leadinitiatives that bring ASEAN closer as single economy, such as regulatory harmonization or work sharing on registration of agricultural products. These practices have been implemented across EU member states and proven to increase business competitiveness by reducing complexity in product registration.

Indonesia's trade climate offers numerous opportunities for European exporters to invest and export their products to Indonesia. For Indonesia, the EU is currently the biggest destination for non-oil and gas exports and the volume of trade have been consistently growing over recent years. European investors have also proven to be among the most stable and reliable partners of Indonesia.

Combining the vast natural and human resources of Indonesia with the know-how and technology of European investors would result in an increase in the competitiveness of the Indonesian agriculture, food and beverages industries. It is important to look at how opportunities in these sectors can be developed for both Indonesia and the EU in an agreement on investment and cooperation in technology and knowledge transfers.

There are several challenges that Indonesia needs to overcome to unleash its economic potential to the fullest. The Government of Indonesia could utilize this momentum to further attract foreign investors, in turn leading to an acceleration of the country's economic growth. Furthermore, the Government of Indonesia inherits the responsibility to craft and manage the execution strategy around Indonesia's resilience and competitiveness in welcoming the ASEAN Economic Community (AEC) 2015.

INVESTMENT – FRIENDLY ENVIRONMENT

The agriculture, food and beverages industries are among the most highly regulated in Indonesia, due to the high standards implemented by the Government of Indonesia. These industries in Indonesia continue to face a demanding market environment that requires adjusting and actively managing constant change. The impact of public policy and regulatory changes also affect the sales and performance of companies.

A number of recent policy developments have been positive, however, a keen focus for improving the investment regulations for these industries is still necessary from the Government of Indonesia. Overall, a strong, clear and consistent regulatory environment is necessary to attract long-term, value-added investments contributing to the overall welfare of Indonesia and to its economic development.Yet, due to the prevailing regulatory framework,in previous years, several Government Regulations have caused challenges and uncertainty for the foreign investment climate,particularly in the agriculture industry.

The Government of Indonesia issued the Presidential Decree No. 39/2014 on the List of Business Fields Closed and Business Fields Open with Conditions to Investment ("Presidential Decree No. 39/2014") effective as of 24 April 2014. The Presidential Decree No. 39/2014 limits the foreign ownership up to 30% in the agriculture sector. Foreign ownership of up to 30% will be permitted for seeding, cultivation, processing and research for horticulture products (namely grapes, apples, oranges and vegetables). The same upper threshold will also be applicable for horticultural tourism and other horticulture-related services such as post-harvest services, consultancy and landscaping.

In addition, the Presidential Decree No. 39/2014 also adjusted foreign investment to the Horticulture Law No. 13/2010 leading to a reduction in foreign investment in the agricultural sector from 95% to 30%. Furthermore, companies looking to invest in Indonesia are required to divest their ownership to 30% within 4 years.

Similarly, imports of horticultural products are restricted by a limitation of ports through which horticultural products are allowed to enter Indonesia. This is a long-standing issue for European exporters who need smooth and easy access to the main entry port to Jakarta for fresh and perishable products. The current port restrictions are highly costly to exporters, and are leading to severe disruption in agricultural exports, and are even reducing trade. This adds to other key issues faced by the EU agricultural industry such as cumbersome, expensive and non-transparent import licensing systems for a wide range of horticultural and animal-based products. This remains a common concern ofthe EU agricultural export industry, and it is hoped that with a new Government in place, the procedures can become more simplified, transparent and streamlined.

In order to improve the investment climate, incentives for manufacturers who invest in Indonesia could be offered by the Government of Indonesia. Larger production lines will lead to an increased demand for local suppliers of raw materials, and thus will attract the investment of raw material providers in order to supply the demand. Considering the overall objective of the EU to support the sustainability of Indonesia's economic growth by improving its trade and investment climate, it is vital that all industry associations – whether local or foreign – are encouraged to be part of the policy making process.

In October 2014, the Government of Indonesia ratified the Law on the Halal Product Assurance, which mandates mandatory halal certification for food and beverages, cosmetics, pharmaceuticals, biological products, chemical products, genetically engineered products, or any products which are applied, used or utilized by people, if such products are manufactured, imported, distributed and/or traded in Indonesia customs area. The Halal Law requires the establishment of separate halal and non-halal manufacturing facilities, reapplication/new application of Halal Certification and Audit, and mandatory affixing of Halal Label/non-halal label, which contributes to huge complexity in managing logistics, administrative cost, and implementation in the field due to the separation of facilities by halal and non-halal commodities.

European investors are hopeful that Indonesia will continue in its efforts to improve transparency in trade and investmentregulations in order that businesses can develop their investment activities in Indonesia at a more reasonable cost and with less bureaucratic and timing difficulties. We encourage the Government of Indonesia to see the presence of foreign investors as beneficial to both sides and to seize the opportunity and establish firmer cooperation as partners, working together to improve Indonesia's economy.

ASEAN ECONOMIC COMMUNITY 2015; TOWARDS FREE TRADE IN 2015

The ASEAN Economic Community Blueprint is a guideline for the ASEAN member states in realizing the AEC in 2015. The Blueprint includes four main pillars, namely: (1) ASEAN as a single market and single production-based which is supported by elements of the free flow of goods, services, investment, skilled labour and freer flow of capital, (2) ASEAN as a region with high economic competitiveness, with elements of competition rules, consumer protection, intellectual property rights, infrastructure development, taxation and e-commerce, (3) ASEAN as a region with equitable economic development with elements of small and medium businesses development, and initiatives for the integration of ASEAN countries Cambodia, Myanmar, Laos and Vietnam, (4) ASEAN as a fully integrated region into the global economy with elements of a coherent approach to economic relations outside the region and increased participation in global production networks.

The implementation of the AEC will certainly have an impact on the economies of the countries in the ASEAN regions. The opening of economic access will allow for increasing competition in the business sector. For Indonesia, the AEC will provide market opportunities whereby Indonesia will be in a position to market its local products to other ASEAN countries, in turn, increasingIndonesia's capital income. Another benefit for Indonesia is that consumers will have more product choices available in the market with more varyingprice and quality levels.

AEC 2015 is a challenge for Indonesia. Soon after the AEC is applied in 2015, ASEAN Member States will be open to a freer flow of goods, services, investment, capital, and skilled labour. Each country must do what it can to ensure the above will be of benefit to its market, rather than having a negative impact. However, we are hopeful that the Government of Indonesia will support the business community by eliminating obstacles so that businesses can improve competitiveness. Meanwhile, Indonesian businesses will need to continuously adapt their ways of doing business in order to ensure that they can compete effectively with businesses in other ASEAN member countries and can take advantage of market opportunities from domestic and other ASEAN member countries.

Indonesia is considered as a major player in ASEAN and therefore needs to accelerate its preparations to face the region`s market integration in 2015. To embrace a smoother implementation of AEC 2015, Indonesia needs to increase its competitive power, improve the competitive edge of its products and services, improve its human resources and harmonize regulations. In this case, Indonesia is well positioned to begin improving the quality, not only of its goods and services, but also of its labour skills, so that it would not serve as a mere market for other countries in the region. Indonesia should also become a production hub for the export of goods as well as a big exporter of skilled workers.

CHALLENGES IN EXPORTING TO THE EUROPEAN UNION

For Indonesian exporters, entering the EU market can be a difficult process, as Indonesian agriculture products must comply with EU Regulations. Factors that must be considered for Indonesian products entering the EU market are; higher tariffs and EU requirements which often place stricter standards on quality and safety which are often considered to be higher than those standards in Indonesia which do not reach the EU's maximum limit standards. The regulatory environment that the EU applies on import products also can cause difficulties for Indonesian exporters in exporting their products and can mean that Indonesian farmers may have less opportunity for example in exporting tropical products. However, another approach in improving the export market for Indonesian companies to the EU would be in improving facilities at major Indonesian airports, particularly to support Indonesian exports of horticultural products.

The EU also setshigh standards over food and food product hygiene, animal health and welfare, plant healthwith its Sanitary and Phytosanitary (SPS) Measures. Also, EU legislation applies rules on the labelling of foodstuffs and food products. This policy follows a so-called ‘From the Farm to the Fork’ approach that ensures a high level of safety for foodstuffs and food products at all stages of the production and distribution chains. Indonesian exporters however face difficulties in complying with these requirementsand need to implementimproved practices to minimise the risks of mould contamination and subsequent formation of aflatoxinin order to export to the EU.

Tropical fruits producers in Indonesia also face difficulties in complying with EU SPS standards on residues for tropical fruits but also with plant health standards forwooden packaging.

1. AGRICULTURE

a. Palm Oil

The palm oil industry is a significant contributor to Indonesia’s economy and a vital employer in the vast rural areas of Sumatra and Kalimantan. As one of the country’s major export commodities, palm oil is also an important foreign exchange earner. Traditionally, the bulk of Indonesia’s palm oil was exported in crude form to be further processed elsewhere, but that is now changing as the Government of Indonesia is looking to nurture downstream business activity. The industry is also under pressure to react to global concerns about its environmental credentials.

Most Indonesian exports of palm oil go to India, followed by the EU and China. Aside from increased consumption in major export markets and in Indonesia itself, potential for further growth in palm oil demand hinges particularly on its use as a renewable source of energy. EU regulations require that at least 10% of transportation fuel be biofuel by 2020, while India and China have even more ambitious targets. Capturing these markets, however, will be challenging for Indonesian crude palm oil (CPO) producers.

In late 2013, the EU launched an anti-dumping investigation based on a complaint by the EU biofuels industry of unfair market practices by Indonesian exporters. In accordance with due WTO procedures and, based on the results of the investigation, the EU decided to impose anti-dumping duties on certain Indonesian biofuel exporters.

The most prominent body issuing certificates is the Roundtable on Sustainable Palm Oil (RSPO), which brings together plantation firms and environmental NGOs.While criticism has been lodged at the RSPO, it is still the principal organization setting the minimum ecological standards for the global palm oil industry. The Indonesian Government has come up with an alternative scheme, the Indonesian Sustainable Palm Oil (ISPO). Companies should make their own assessment on which of these schemes sufficiently meets the objective of ensuring the sustainability of palm oil production.

Indonesian companies hope that the Government of Indonesia can comply with the EU standards and, on the other hand, also introduce the ISPO certificate to other countries, especially the EU Member States so that they can acknowledge the certificateand can combine the certificate with the RSPO, which is voluntary and based on business interest.

b. Concerns in registration of new chemical products

Agriculture chemicals play an important role in farm production but do not receive much attention from the policy makers. Agriculture chemicals are important tools that farmers can resort to in order to fight with plant diseases, weed, and insects that destroy agriculture produce. Countries have put in place rigorous requirements in line with international standards to evaluate these products to ensure its safety and efficacy before they are allowed in the market place. As the world changes, farm technology also continues to evolve. Scientists and researchers work rigorously to invent a new chemical molecule that is more efficient and much safer to the applicator, environment and the consumer. After a series of testing and studies, these new products will be evaluated by the competent authority to ensure its safety and efficacy. When approved, these new products will enter the market and replace old highly toxic chemicals, bringing out a higher level of safety to the farmers.

In general, the process to submit registration for the new products are highly regulated and complex: toxicology, residue, environmental fate, etc. From the registration to the market introduction, the company need to allow for approximately 4 to 5 years. This will certainly delay the benefit of the product for the farmer. Not only does it require a complicated and lengthy process, the company also need to bear a costly procedure; it is estimated that a company needs to invest approximately EUR157million on the development for new active ingredients and another EUR1-4 million for the registration process. The high cost of discovery and product development has led some companies to abandon their discovery research effort.

Unfortunately, despite the growing needs for safer, technology-savvier products, the registration process is not getting any faster or cheaper. What needs to be achieved is the faster adoption of new technology, reduced costs from the Government and most importantly ensuring a high standard in the evaluation process.

With AEC on the horizon, one potential solution could be harnessed through a work sharing registration process which has been implemented at OECD and NAFTA. This process will allow regulatory agencies in ASEAN to collaborate and work together in the evaluation of a new chemical compound. The end result of this project isto gain simultaneous approval of this new compound in a group of ASEAN countries in a significantly reduced time without sacrificing scientific rigor or thoroughness in the evaluation process.

c. Innovation & Technology in agriculture

As Indonesia is an agricultural country, agriculture is a key strategic sector to be developed. The Government of Indonesia strives for self–sufficiency in several key commodities, achieving national food security, diversifying food sources, increasing the competitiveness of agricultural production and value-added processing, balancing the needs of producers and consumers, increasing farmer welfare through higher incomes, and managing the effects of climate change.

To achieve these goals, science and technology plays an important role in agricultural development. Despite the growing need fornew agricultural innovation and technology, the Indonesian Government has not invested heavily in is agricultural research. Based on the Global Food Security Index, Indonesia’s food ‘availability’ is hindered due to the lack of research and development in agriculture.

In fact, public expenditure of Research & Development (R&D) in agriculture is one of the lowest in the region. The highly fragmented nature of the agricultural R&D effort, the limited involvement of universities, and weak Intellectual Property Rights (IPR) for agricultural technologies has also been an issue.

One of the important aspects of agricultural research and development is related to IPR. This aspect is fundamentally regulated under Government Regulation No. 20/2005 and the Minister of Agricultural Regulation No. 6/2012. The former states that intellectual property rights include the license, co-operation, science and technology services, and publications of agricultural research and development results. Meanwhile, the latter regulates the guidelines to obtain the legal protection of IPR.

We applaud the positive developments achieved in relaxing foreign ownership in the business fields ofutilization of agriculture genetic resource, and GMO products (genetic engineering) through the issuance of Presidential Decree No. 39/2014, which are now open with a maximum of 49% foreign ownership.

The seeding of horticulture, cultivation of horticulture, horticulture processing industry, horticulture research business and horticulture test laboratory business, on the other hand, however, are now being regulated with a maximum of 30% foreign capital ownership, whereas in previous regulations, these sectors were not regulated. In the instance of testing requirements, such tests are not applied equally to all supplying countries leading to further uncertainty.

To attract positive sentiment, the reform of bureaucracy in order to accelerate business licenses and permits issuance should also be listed as the new administration's main priorities. The establishment of a strong, clear and consistent regulatory environment is necessary to attract long-term, value-added investment that benefits the people of Indonesia and supports Indonesia's resiliency strategy. The European agriculture, food and beverages industries welcome the positive steps taken by the Government of Indonesia and are ready to support in offering assistance in technology sharing with local companies based in these sectors. Such measures would benefit the supply and the quality of products on the market.

2. FOOD

a. Discrepancy of cocoa products tariff

Indonesia is the world's third largest cocoa producer in the world. Indonesia's equatorial climate, coupled with the fertility of the soil, provides ideal geographic conditions for cultivating cacao trees. The cocoa sector can have a bright future in Indonesia, but creating the necessary economies of scale to boost productivity requires extensive investment to implement modern farming methods and technology. Once that is achieved, Indonesia will be well positioned to capitalize on growing cocoa and domestic chocolate consumption, and across the wider region.

Indonesia views the EU as the prospective market for Indonesian cocoa products due to the consumption of cocoa in the EU being regarded as the largest and most stable in the world. Most of the European Union Member States are industrious countries; therefore they need to import almost 90% of their food necessities, including cocoa. To meet the cocoa needs of its Member States, the EU imports cocoa not only from Indonesia, but also from Ghana, Kenya, and the Ivory Coast.

Based on data from the Ministry of Trade, in 2013, the amount of Indonesian cocoa exported to EU countries EUR 69.4 million.

Exporters of Indonesian cocoa experience difficulty in entering the EU market due to the lower quality of Indonesian cocoa produce compared to that of Ghana, Kenya or the Ivory Coast. The EU also imposes an 8–12% import tariff on Indonesian cocoaproducts while those from West Africa are subject to 0% import tariff.

b. Fish

Based on Eurostat data, Indonesian export in fisheries to EU member in 2013 states totalled EUR 312 million. The number was increased 17.2% from 2012 where the export value on that year was only EUR 266 million.

There are specific challenges brought forward by the Indonesian fisheries and aqua-culture industry that is affecting Indonesian exports of fishery products to the EU, particularly the issue in tariff rate and illegal fishing.

3. BEVERAGES

The import and export values of beverages between the European Union and Indonesia in the year 2013 can be seen in the table below:

EU Countries	Import Value from Indonesia (1000 Euro)	Export Value to Indonesia (1000 Euro)
Austria	1.937	500.457
Belgium	6.701	108.324
Czech Republic	-	5.128
Finland	-	0.076
France	3.496	4 198.066
Germany	5.588	1 257.169
Ireland	0.415	0.020
Italy	19.838	1 507.619
Lithuania	-	9.282
Luxemburg	-	0.012
Netherlands	983.767	540.895
Poland	-	92.271
Portugal	-	22.240
Spain	1.422	184.177
Sweden	-	0.003
UK	402.242	98.753

Source: http://exporthelp.europa.eu/Eurostat

The level of people in Indonesia consuming carbonated soft drinks compared to other Asian countries is still lower and, thus, the opportunities in expanding the market in carbonated soft drinks are still abundant, as the market in carbonated soft drinks is predicted to increase in the upcoming year.

a. Non-Alcoholic Beverages

The non-alcoholic beverages market in Indonesia has become significantly promising in recent years. During 2013, a number of local and non-local soft drinks manufacturers introduced new premium products targeting the middle-to upper-income consumers, who still had high disposable incomes amidst the significant fuel price hikes. The launch of these new premium products helped to boost the value growth of various soft drinks in 2013.

In 2014, businesses estimate that the consumption of bottled water in Indonesia can reach 23,59 billion litre of water or increasing by 7% compared to the previous year which reached 22,05 million litre. The consumption of soft drinks in Indonesia is also increasing each year. This can be seen from the fact that some alcoholic beverage companies now build new businesses in the production of soft drinks. Consumption of carbonated soft drinks per capita in Indonesia is 2.4 litres per year, which indicates that the unrealized market potential for the soft drinks industry in Indonesia is still huge. Based on data compiled by the Asian Development Bank, the sales value of soft drinks in 2014 will grow for 11.7% with CAGR (Compound Annual Growth Rate) and will reach 18 – 9.3%.

However, there is an indication that the Government intends to implement an excise on soft drinks especially on flavoured carbonated drinks. It is believed that the Government's main reason in proposing the excise on soft drinks is to protect consumer health as soft drinks are considered to have negative impacts on health if consumed excessively. Therefore, its distribution should be strictly controlled.

The Government's plan to impose an excise tax on flavoured carbonated drinks will not only have a huge impact on the economy (especially from tax revenue) but it will also have a social impact. The policy will have multiple effects that will impact the revenue as well as the companies. This will curb sales and decrease workers' salaries, which could force workers to exit the beverage industry. Finally, this could increase the unemployment rate in the industry. It is also feared that if the Government implements this excise, the additional increase of market retail price will be borne by the consumer. Therefore, businesses expect the Government to have another solution besides implementing an excise on flavoured carbonated drinks.

b. Alcoholic Beverages

Alcoholic beverages include beer, cider, ale, wine (including sparkling, barley, and rice wine) and spirits such as rum, whiskey, brandy and vodka. Based on the Indonesia Statistic Body (BPS) data, Indonesia imports of alcoholic beverages in early 2014 was EUR 69,986; vodka was EUR 7,897, and whiskey was EUR 62,270, where most imported whiskey originating from the UK, totalled EUR 58,557, from Singapore totalled EUR 3,712, and from France totalled EUR 7,897.

However, high excise tax, import quota, and tax discrimination has become a barrier for imported alcoholic beverages. In addition, severe local restrictions on distribution make alcohol very expensive which can be a contributory factor to illegal supplying. High taxes applied by the Government of Indonesia have caused a significant retail price gap between Indonesia and other markets. This gap is, in turn, leading to parallel/smuggling products entering Indonesia through the black market channel.

Quotas and tax discriminations between imported and domestic alcohol products are also not in adherence withWorld Trade Organization Regulations. Based on the ASEAN Economic Officials Meeting, alcoholic beverages are to be included in the exclusion list (a list of goods that are subject to low import duties) in relation to the AEC. However, Indonesia continues to claim that such high import duties were applied due to moral and religious reasons. Despite this, the severe restrictions currently imposed, can lead to criminal activity in the form of smuggling /illegal production/illegal distribution and can be a severe health risk for consumers.

Further challenges for the alcohol beverage industry are the inconsistencies between the regulations issued by the regional government in some regions and higher regulations issued by the central government. In practice, the central government does not strictly enforce their regulations nor give direct sanctions for regional governments issuing the regulations which are inconsistent with the central government regulations.

With the impending ASEAN Economic Community drawing near, the Indonesian Government needs to align with other ASEAN countries in order to assert their competitiveness in the market. By reducing high taxes, price discrimination, and quotas for imported spirits to minimize parallel products, the government will be in a stronger position togenerate more revenue from imported alcohol.

4. RECOMMENDATIONS

The growing interest from foreign companies shows once again that Indonesia remains one of the world's major investment destinations. The Government of Indonesia should use this momentum to further attract foreign investors and to help spur the country's economic growth. In welcoming the AEC 2015, the Government of Indonesia must foster more globally competitive agriculture, food and beverages industries that can better compete with other nations, as well as open the door to international expansion opportunities for local companies. Channels by which such accomplishments could be achieved could be explored through:

- Best-practice sharing; comprising of three interactive levels: (i) permanent dialogues, both business to business andbusiness to government; (ii) technical dialogues and commitments, illustrated by proven examples in timber, fisheries; and (iii) financial cooperation to support tangible outcomes followingsuggestions from technical committees of the Joint Agreement.The agriculture, food and beverages industriesare willing to support the policy-making process with its expertise and international experience. It is widely accepted that EU Member States have access to moreadvanced technology than can be harnessed in the agriculture, food and beverages sectors in Indonesia. It is essential to stimulate such EU investment in Indonesia by providing effective incentives, and enhance cooperation between EU Member States and Indonesian businesses to encourage best-practice sharing in order to increase the quality of Indonesian products especially in the agriculture, food and beverages sectors.

- As EU regulations related to agriculture, food and beverages industries are various and complex, two way communications between EU and Indonesian businesses are important so that Indonesian businesses can understand and be fully aware about the demand and requirements in the EU market. The EU might, in turn, through various channels, be better positioned to give assistance or recommendations to Indonesian businesses on howto enter the EU market and how to comply with EU market demand.

- EU and Indonesian agricultural exporters welcome improved market access through further liberalised trade in the agricultural sector, inter alia, through a comprehensive trade and investment agreement which could help boost two-way trade and investment flows. Such an agreement could also help to facilitate trade through the adoption of common rules, standards and practices in the agricultural field. Generally, the industry would urge for reduction of any trade restrictive practices for food imports/exports, as well as a more open and investment-friendly climate in the agricultural and food processing sectors in order to boost large-scale investment and technological know-how.

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