

Subject

**Comprehensive Economic Partnership Agreement (CEPA)
between the European Union and Indonesia**

Foreign Trade

VDMA welcomes the possibility to contribute to the negotiations of the EU-Indonesia foreign trade agreement CEPA.

General

For the German mechanical engineering industry Indonesia is ranked place 37 of the most important export markets, with an average yearly export volume between 700 and 1000 Mio EUR.

Tariffs and customs procedures

Import duties for mechanical engineering goods range between 0 and 5 per cent. VDMA supports the complete dismantling of remaining duties for mechanical engineering products, when exporting to Indonesia.

Non-tariff barriers

For certain manufactured goods that can be introduced to the EU internal market without third party certification (using a CE marking) according to the Indonesian National Standards (SNI) a third party test has to be undertaken.¹ The SNI rules apply primarily to consumer products, but also to certain electrical and electronic components, which are listed on the National Accreditation Committees product list (KAN) and need a third party certification. The third party certification implies a product test and an onsite audit at the production place. The product in question may be introduced to the Indonesian market only after a successful product check using the “SNI marking”.

Investment agreement

Regarding foreign investments, Indonesia is a location of less importance to the German mechanical engineering industry than other SOA-states. Only a few foreign investments were reported to VDMA, which do not allow for a general conclusion on the benefits of an EU-Indonesian investment agreement. The investment climate in Indonesia can be described as difficult especially for small and medium sized enterprises, due to a business situation which is strongly influenced by local business practice and local network situations.

¹ *In Europe a third party test is only necessary for machines that require a higher safety check and for certain pressure equipment or for explosion security reasons.*

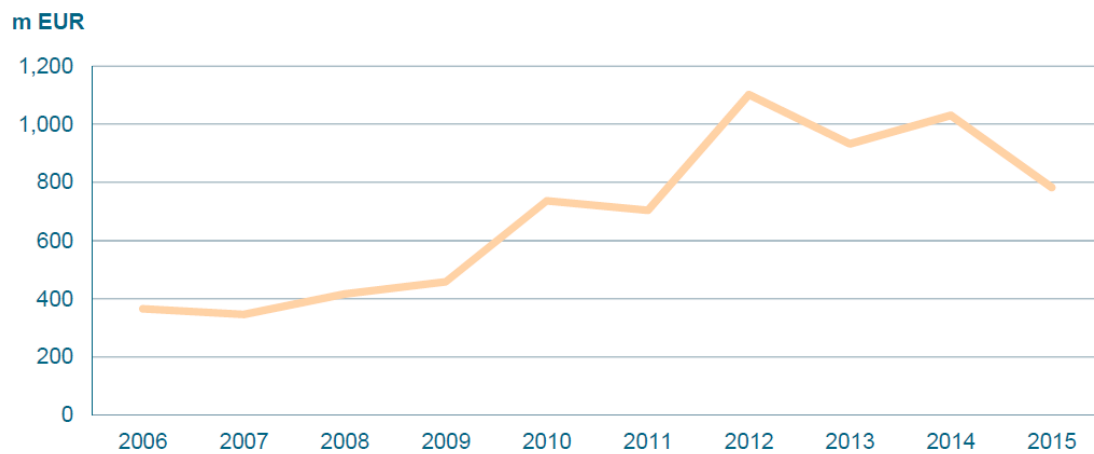
Indonesia

German Exports to Indonesia

Year	Total Exports of Goods	Machinery exports		
	m EUR	m EUR	Share in Total Exports in percent	Changes to previous year
2006	1,508	366	24.3	
2007	1,586	346	21.8	-5.4
2008	1,772	417	23.5	20.5
2009	1,487	458	30.8	9.9
2010	1,986	737	37.1	60.8
2011	2,120	704	33.2	-4.4
2012	3,134	1,102	35.2	56.5
2013	3,135	932	29.7	-15.4
2014	2,952	1,030	34.9	10.5
2015	2,656	782	29.5	-24.0
2016/01-06	1,123	310	27.6	-19.6

Source: Federal Statistical Office Germany, VDMA

Development of German Machinery Exports to Indonesia



Source: Federal Statistical Office Germany, VDMA