



**WILL  
INDONESIA  
JOIN IN IT?**

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World Bank, Jakarta, 15 December 2015

# Trans Pacific Partnership



# Regional Comprehensive Economic Partnership



China  
Japan  
Korea  
Australia  
New Zealand  
India



# Regional Architecture



Regional Comprehensive Economic Partnership



# Comparasion TPP & RCEP: Share in World GDP, Population and Trade

	<b>TPP</b>	<b>RCEP</b>
World GDP (nominal)	38.4	29.7
World GDP (PPP)	31.6	32.8
World population	11.2	47.9
World merchandise trade	25.3	27.4
World commercial services trade	24.7	23.0

Source: Trade Hot Topic, the Commonwealth issue 107, 2014

# TPP MACROECONOMIC INDICATORS

Country	Population (mill)	GDP, (bill USD)	Imports, (bill USD)	Exports, (bill USD)
Australia	23	1,560	304	304
Brunei *	0.4	16	5	13
Canada	35	1,826	579	536
Chile	17	277	94	89
Japan	127	4,919	995	860
Malaysia	29	313	250	268
Mexico	122	1,260	419	399
New Zealand	4.4	185	51	52
Peru	30	202	50	48
Singapore	5.4	297	501	532
US	316	16,768	2,760	2,241
Viet Nam	89	171	145	142
<b>TPP</b>	<b>801.7</b>	<b>27,799</b>	<b>6,159</b>	<b>5,489</b>
World	7125	75,621	23,285	23,470
<b>TPP Share (%)</b>	<b>11</b>	<b>37</b>	<b>28</b>	<b>23</b>

Country	Share (%)			
	Population	GDP	Imports	Exports
Australia	2.88	5.61	4.94	5.55
Brunei *	0.05	0.06	0.08	0.25
Canada	4.38	6.57	9.40	9.77
Chile	2.20	1.00	1.53	1.63
Japan	15.88	17.70	16.16	15.67
Malaysia	3.71	1.13	4.07	4.88
Mexico	15.26	4.54	6.82	7.28
New Zealand	0.55	0.67	0.84	0.96
Peru	3.79	0.73	0.83	0.88
Singapore	0.67	1.07	8.14	9.70
United States	39.43	60.32	44.82	40.83
Viet Nam	11.19	0.62	2.35	2.59
TPP	100.00	100.00	100.00	100.00

# Scope of Negotiations

## RCEP

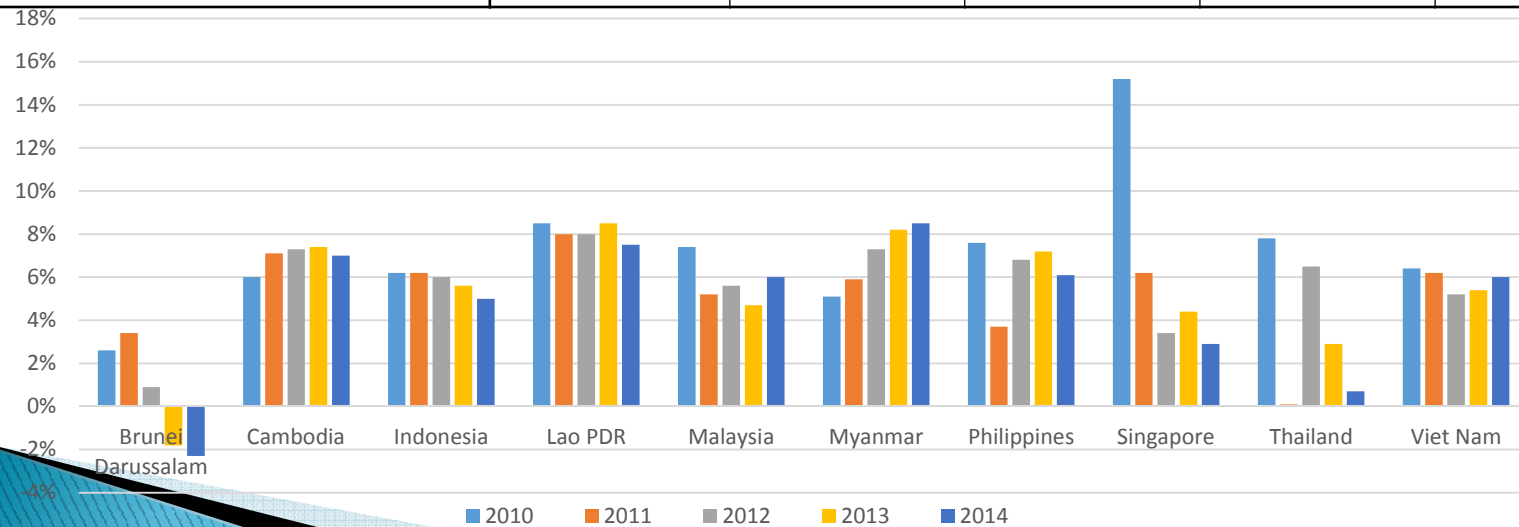
- Trade in Goods (including ROO, SPS, Customs, Facilitation, possibly Trade Remedy)
- Trade in Services (possibly covers Telecom, Financial Services)
- Investment
- ECOTECH
- IPRs
- Competition
- Dispute Settlement
- Others (Government Procurement, Sustainable Issues, e-Comm)

## TPP

- Trade in Goods (similar)
- Agriculture
- Textiles
- Trade in Services (similar)
- Investment + ISDSM (similar)
- IPRs (similar)
- E-Commerce (similar)
- Competition (similar)
- State-Owned Enterprises
- Business Mobility
- Government Procurement (similar)
- Labor
- Environment
- Capacity Building

# ASEAN Countries Economic Growth (Year 2010 – 2014)

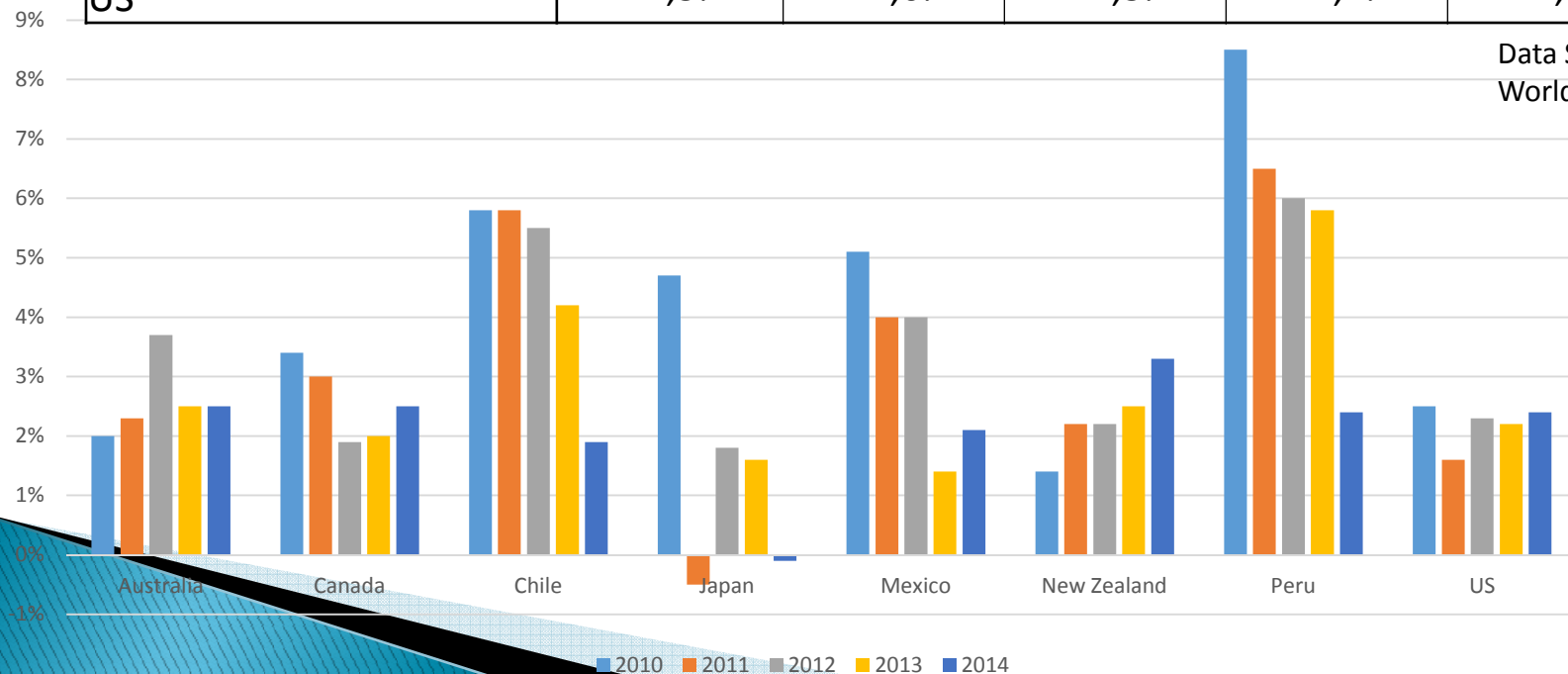
ASEAN Countries	2010	2011	2012	2013	2014
Brunei Darussalam	2,6%	3,4%	0,9%	-1,8%	-2,3%
Cambodia	6,0%	7,1%	7,3%	7,4%	7,0%
Indonesia	6,2%	6,2%	6,0%	5,6%	5,0%
Lao PDR	8,5%	8,0%	8,0%	8,5%	7,5%
Malaysia	7,4%	5,2%	5,6%	4,7%	6,0%
Myanmar	5,1%	5,9%	7,3%	8,2%	8,5%
Philippines	7,6%	3,7%	6,8%	7,2%	6,1%
Singapore	15,2%	6,2%	3,4%	4,4%	2,9%
Thailand	7,8%	0,1%	6,5%	2,9%	0,7%
Viet Nam	6,4%	6,2%	5,2%	5,4%	6,0%



Data Source:  
World Bank

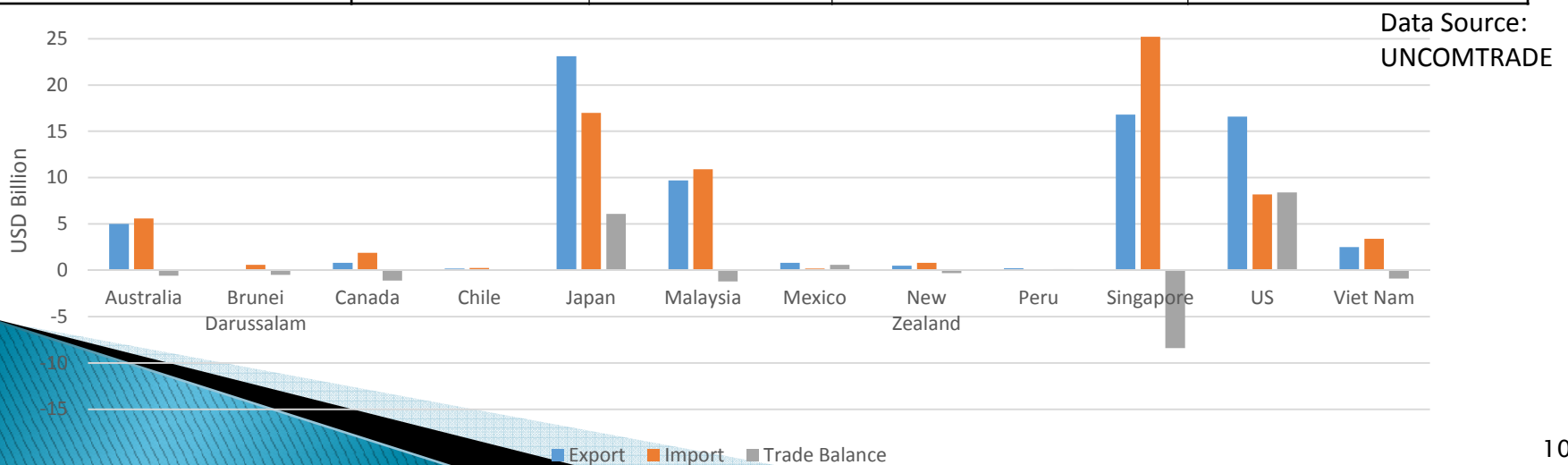
# TPP Countries Economic Growth (Year 2010 – 2014)

TPP Countries	2010	2011	2012	2013	2014
Australia	2,0%	2,3%	3,7%	2,5%	2,5%
Canada	3,4%	3,0%	1,9%	2,0%	2,5%
Chile	5,8%	5,8%	5,5%	4,2%	1,9%
Japan	4,7%	-0,5%	1,8%	1,6%	-0,1%
Mexico	5,1%	4,0%	4,0%	1,4%	2,1%
New Zealand	1,4%	2,2%	2,2%	2,5%	3,3%
Peru	8,5%	6,5%	6,0%	5,8%	2,4%
US	2,5%	1,6%	2,3%	2,2%	2,4%



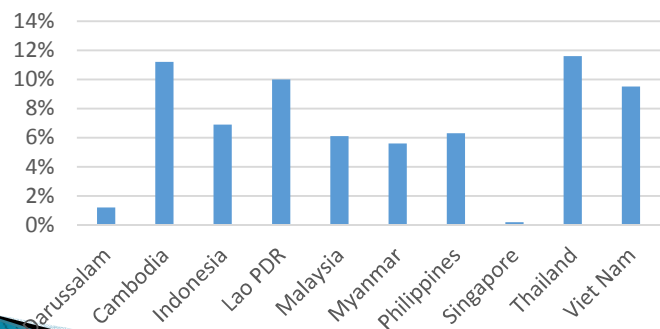
# Indonesia's Trade Position With TPP Countries (Year 2014)

TPP Countries	Export (USD Billion)	Import (USD Billion)	Trade Balance (USD Billion)	Indonesia's Export Destination
Australia	5	5,6	-0,6	No. 10
Brunei Darussalam	0,1	0,6	-0,5	No. 70
Canada	0,8	1,9	-1,1	No. 31
Chile	0,18	0,24	-0,06	No. 52
Japan	23,1	17	6,1	No. 1
Malaysia	9,7	10,9	-1,2	No. 7
Mexico	0,8	0,2	0,6	No. 30
New Zealand	0,5	0,8	-0,3	No. 34
Peru	0,21	0,07	0,14	No. 47
Singapore	16,8	25,2	-8,4	No. 3
US	16,6	8,2	8,4	No. 4
Viet Nam	2,5	3,4	-0,9	No. 16

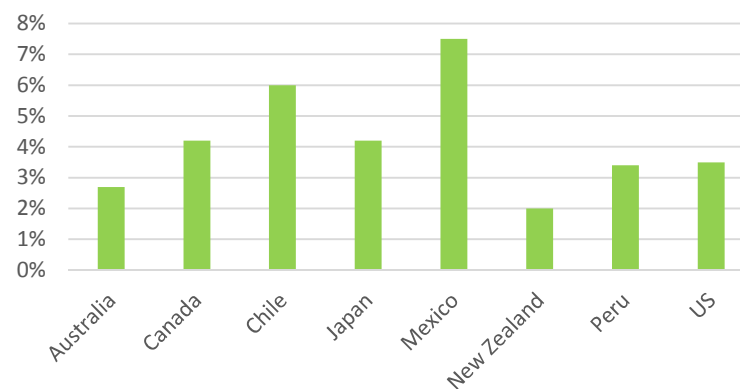


# Most Favored Nation (MFN) Tariff for ASEAN and TPP Countries (Year 2014)

ASEAN Countries	MFN Applied Tarif (Year 2014)
Brunei Darussalam	1,2%
Cambodia	11,2%
Indonesia	6,9%
Lao PDR	10,0%
Malaysia	6,1%
Myanmar	5,6%
Philippines	6,3%
Singapore	0,2%
Thailand	11,6%
Viet Nam	9,5%



TPP Countries	MFN Applied Tarif (Year 2014)
Australia	2,7%
Canada	4,2%
Chile	6,0%
Japan	4,2%
Mexico	7,5%
New Zealand	2,0%
Peru	3,4%
US	3,5%



Data Source:  
World Tariff Profiles 2015

# 5 MAIN COMPONENTS UNDER TPP



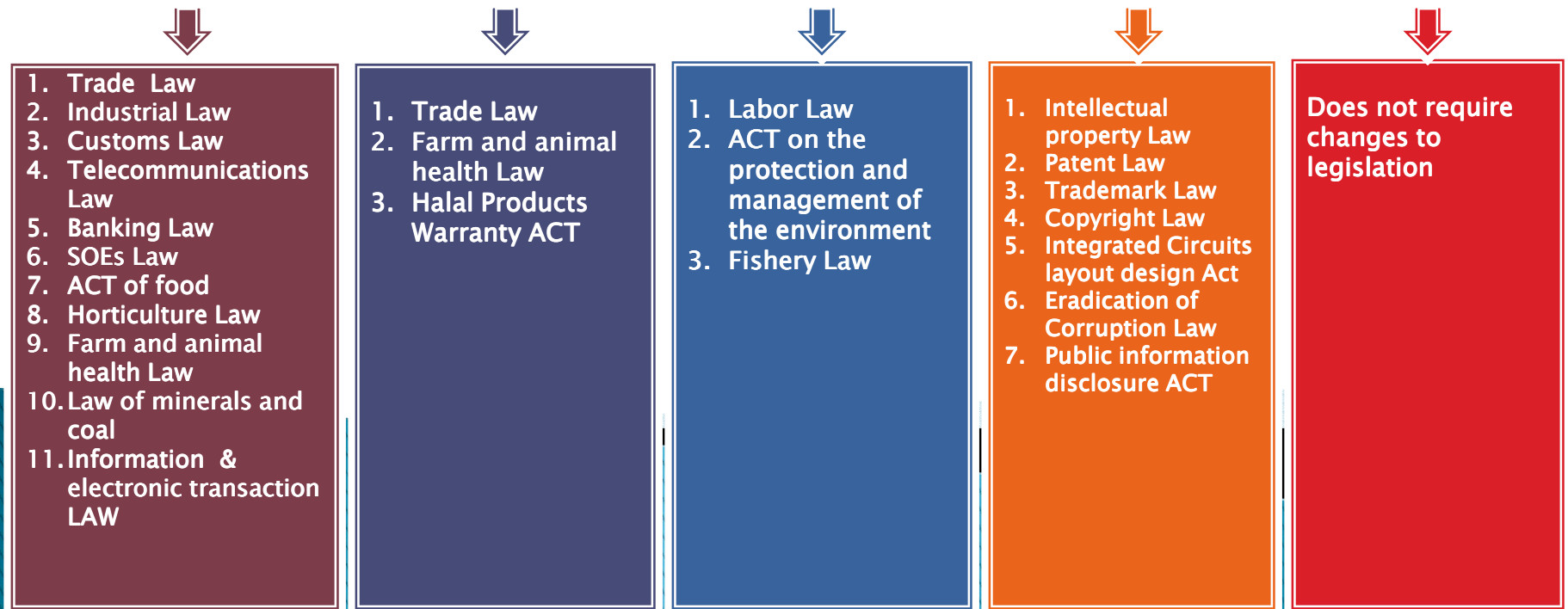
## COVERAGE

THE PROHIBITION OF DISCRIMINATION AGAINST GOODS, SERVICES, INVESTMENT, FOREIGN AND DOMESTIC TRADE	GUARANTEES GRANTING EASE MARKET ACCESS	STRENGTHENING HUMAN RESOURCES DEVELOPMENT COOPERATION, ENVIRONMENT, AND SMES	THE INTELLECTUAL PROPERTY ARRANGEMENTS, BUSINESS COMPETITION AND TRANSPARENCY	IMPLEMENTATION AND ENFORCEMENT OF THE AGREEMENT
<ol style="list-style-type: none"> <li>1. National Treatment and Market Access for Goods (Ch.2)</li> <li>2. Investment (Ch.9)</li> <li>3. Trade in Services (Ch.10)</li> <li>4. Financial Services (Ch.11)</li> <li>5. Temporary Entry Business Person (Ch.12)</li> <li>6. Telecommunications (Ch.13)</li> <li>7. E-commerce (Ch.14)</li> <li>8. Gov. Procurement (Ch.15)</li> </ol>	<ol style="list-style-type: none"> <li>1. ROO (Ch.3)</li> <li>2. Textile &amp; Apparel (Ch.4)</li> <li>3. Customs (Ch.5)</li> <li>4. Trade Remedies (Ch.6)</li> <li>5. SPS (Ch.7)</li> <li>6. TBT (Ch.8)</li> <li>7. Competitiveness (Ch.22)</li> <li>8. Regulatory Coherence (Ch.25)</li> </ol>	<ol style="list-style-type: none"> <li>1. Labour (Ch.19)</li> <li>2. Environment (Ch.20)</li> <li>3. Cooperation &amp; Cap. Building (Ch.21)</li> <li>4. Development (Ch.23)</li> <li>5. SMEs (Ch.24)</li> </ol>	<ol style="list-style-type: none"> <li>1. IPR (Ch.18)</li> <li>2. Competition Policy (Ch.16)</li> <li>3. Transparency and Anti Corruption (Ch.26)</li> </ol>	<ol style="list-style-type: none"> <li>1. Initial Provisions &amp; General Definitions (Ch.1)</li> <li>2. Administrative &amp; Institutional Provisions</li> <li>3. Dispute Settlement (Ch.28)</li> <li>4. Exceptions &amp; General Prov. (Ch.29)</li> <li>5. Final Provisions (Ch. 30)</li> </ol>

# IMPLICATION OF TPP ON DOMESTIC LAWS

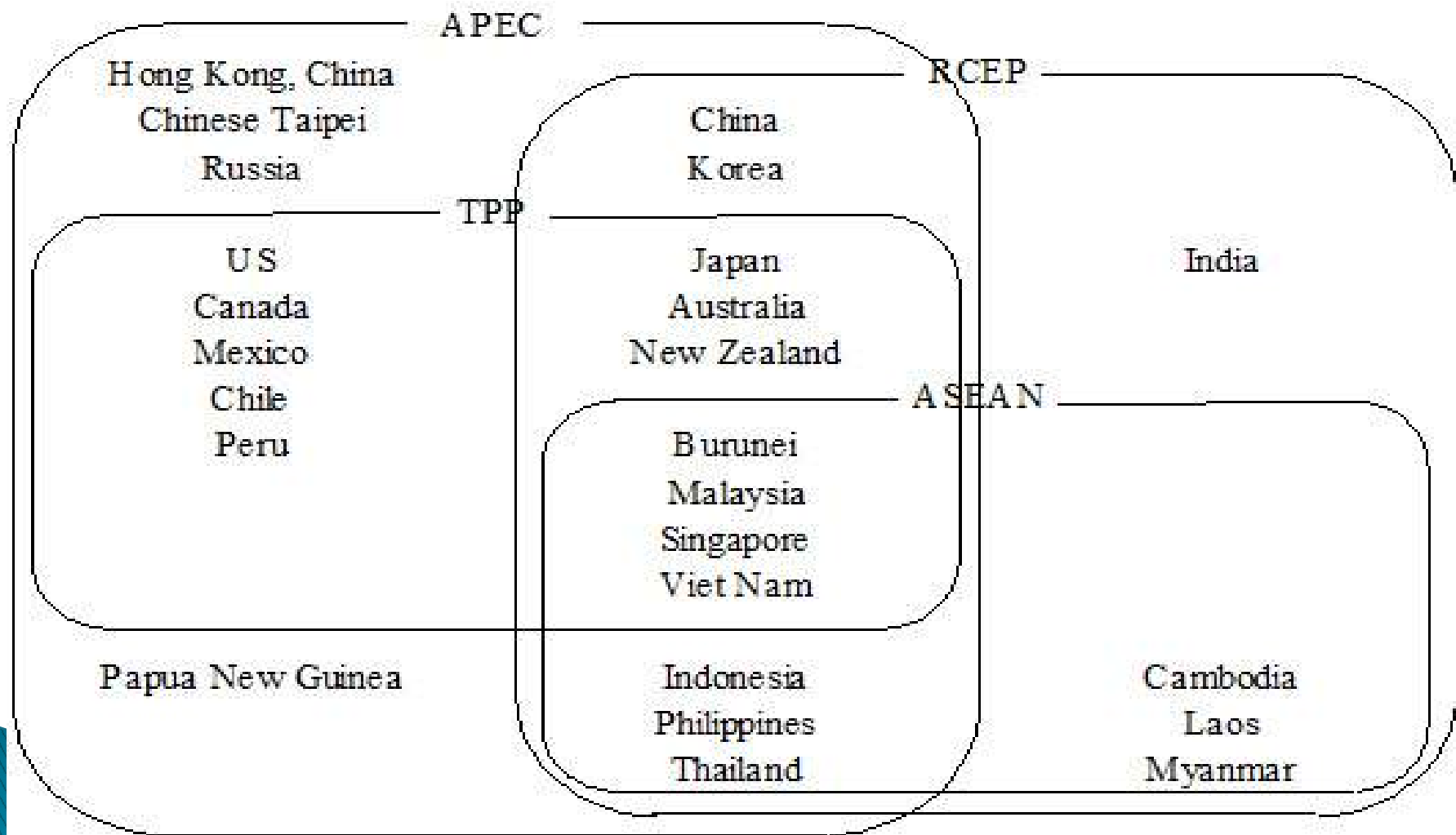


## ADJUSTMENTS TO THE LEGISLATION ARE NECESSARY



# The Future Regional Architecture

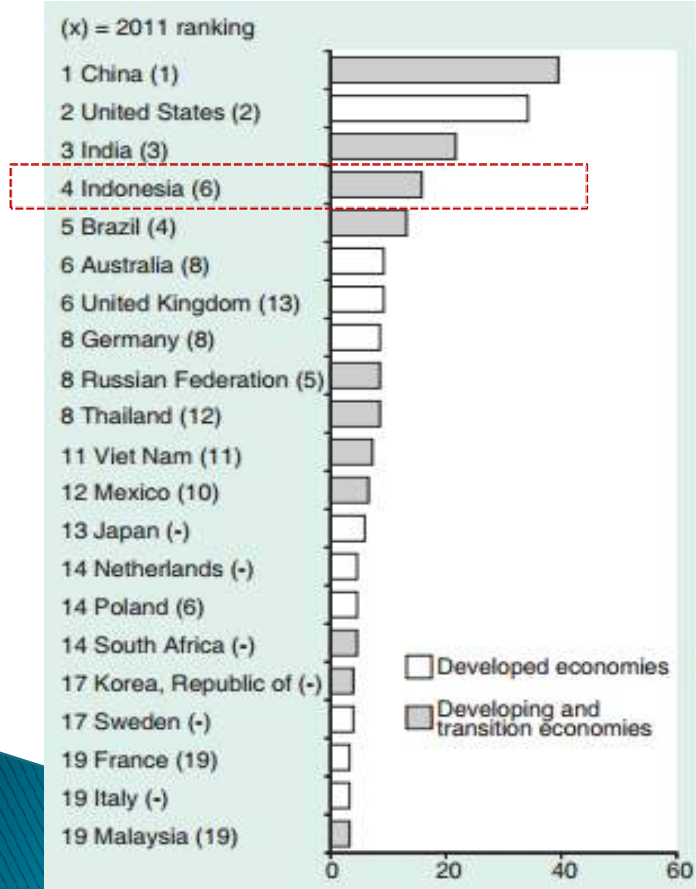
## The Asia-Pacific integration framework



# Direct foreign investment outlook remains positive

- International surveys on investment prospects highlighted Indonesia as one of the most attractive investment destinations

**UNCTAD: Indonesia's ranking rose from position 6 → 4 as a prime investment destination 2012-2014**



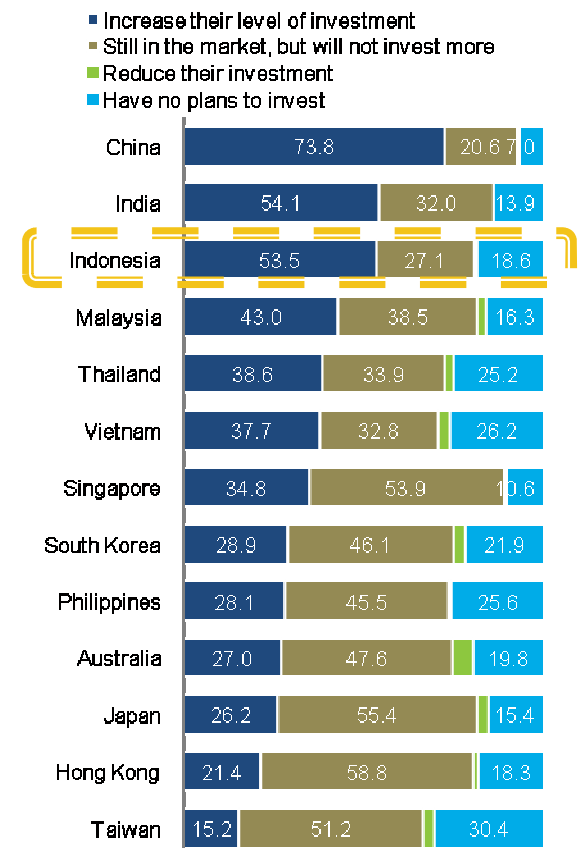
Source: World Investment Report UNCTAD, 2012

**Promising Countries for Japanese Overseas Business for the next 10 years**

Country	% of Total Investment
India	64,9
China	56,3
Indonesia	38,5
Brazil	36,2
Vietnam	28,4
Thailand	26,6
Russia	20,2
Myanmar	16,8
Mexico	11,9
United States	8,8

Source: JBIC 's Survey Report, December 2012

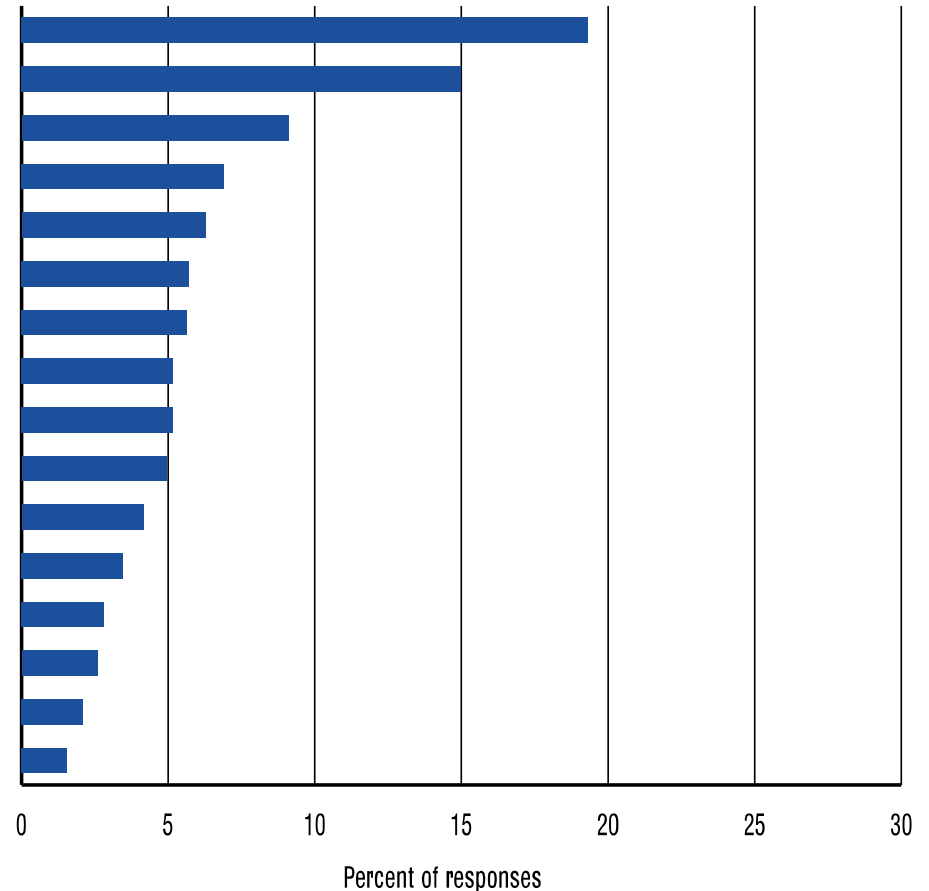
**The Economist: Indonesia is the #3 investment destination in Asia in 2013**



Source: The Economist Corporate Network ABOS, 2013

# Restricting Factors of Doing Business in Indonesia

Corruption .....	19.3
Inefficient government bureaucracy .....	15.0
Inadequate supply of infrastructure.....	9.1
Access to financing .....	6.9
Restrictive labor regulations.....	6.3
Policy instability .....	5.7
Poor work ethic in national labor force .....	5.7
Inflation.....	5.2
Tax rates.....	5.2
Government instability/coups .....	4.9
Inadequately educated workforce.....	4.2
Poor public health .....	3.5
Crime and theft .....	2.8
Tax regulations .....	2.6
Insufficient capacity to innovate .....	2.1
Foreign currency regulations.....	1.6



Source: WEF, *The Global Competitiveness Index, 2013–2014*.

Note: From the list of factors above, respondents were asked to select the five most problematic for doing business in their country and to rank them between 1 (most problematic) and 5. The bars in the figure show the responses weighted according to their rankings.

# Conclusion

- ❖ The condition of the Dynamic ASEAN (TPP, RCEP, and other FTAS)
- ❖ President Jokowi: “Competition vision”  
(external pressure to to domestic Reform)
- ❖ TPP: It needs to be examined carefully for each Chapter/sector that include (possible transition, flexibility, implication on domestic laws and regulation, etc.)
- ❖ Prepare reliable Negotiator supported by qualified Team of experts on international law and business law.

# Thank You

*For your attention*

