



TPSA Project Sponsors Participants at the 10th WTO Ministerial Conference

The topmost decision-making body of the World Trade Organization (WTO)—the Ministerial Conference—meets every two years. It brings together all members of the WTO, all of which are countries or independent customs territories. Because the Ministerial Conference can take decisions on all matters on any of the multilateral trade agreements under the WTO, it is critical for countries to make their voices and concerns heard. Developing countries, including Indonesia, require advanced technical skills among government officials to effectively negotiate and implement WTO and free trade agreement (FTA) commitments. This TPSA capacity-building activity aimed to give Ministry of Trade officials first-hand experience at this important event.

Three officials from the Ministry of Trade of Indonesia got a first-hand opportunity to observe and participate in the 10th WTO Ministerial Conference (MC10) in Nairobi from December 15 to 18, 2015.

The goal of the technical assistance was to familiarize the participants with WTO negotiations and also update their knowledge and skills on current key issues in the multilateral trade negotiations and their implications for Indonesia.

The three participants who accompanied TPSA Senior Trade Expert Wenguo Cai to the WTO Ministerial Conference were:

- Dina Kurniasari, Head of Trade in Goods Section, Directorate of ASEAN Cooperation, Directorate General of International Trade Cooperation (DGITC), Ministry of Trade, Indonesia
- Boris Situmorang, Deputy Director of America, Directorate of Bilateral Cooperation, DGITC, Ministry of Trade, Indonesia



Left to right, Wenguo Cai, Jully Paruhum Tambunan, Dina Kurniasari, and Boris Situmorang in Nairobi.

- Jully Paruhum Tambunan, Deputy Director of Non-Agriculture Goods, Directorate of Multilateral Cooperation, DGITC, Ministry of Trade, Indonesia



Pre-conference Workshop: What to Expect From Nairobi?

Before travelling to Nairobi, Mr. Cai organized a workshop in Jakarta to prepare participants for the conference. He began the workshop by outlining the historical background of the Doha Development Agenda (DDA) negotiations and what has happened in the two years since the Bali Ministerial Conference (MC9) in 2013. He also discussed what the key outstanding issues are leading up to the MC10 and what the main differences are among the major WTO members/groups.

The remainder of the workshop was organized around three topics of interest chosen by the participants. Mr. Situmorang had chosen the topic of agricultural trade negotiations. His section of the workshop focused on understanding what the key issues were in the Doha development round, what progress has been made on agricultural trade, and what the key positions of the major WTO members/groups are on agriculture.

Mr. Jully Tambunan chose the topic of non-agricultural market access (NAMA) and used the time with Mr. Cai to review the key issues in NAMA negotiation in DDA, what progress has been made on the issue, and what will likely be the key differences among the WTO members/groups regarding NAMA.

Ms. Dina Kurniasari took on the topic of the Trade Facilitation Agreement (TFA). During the workshop, she reviewed the status of the TFA approval, what the issues and challenges have been in



TPSA senior trade expert outlines for participants what to expect from the WTO Ministerial Conference.

implementing the TFA, and what positions have the key WTO players taken on the TFA ratifications and implementation.

"I was very excited to learn that I had been chosen to attend this important ministerial conference and have the opportunity to enhance my knowledge, expand my networking, and receive such extensive training. However, considering that my expertise is in regional cooperation, I was pleased that the TPSA expert developed a pre-program to prepare us for Nairobi, consisting of a workshop and readings. This really helped me make the most of the conference."

—DINA KURNIASARI
*Head of Trade in Goods Section,
Directorate of ASEAN Cooperation*

In addition to providing on-the-spot advice and guidance to the three Indonesian participants, Wenguo Cai chose to focus on services negotiations, and outlined the key issues emerging from the DDA and what progress has been made since then.

At the end of the workshop, Mr. Cai suggested that, throughout the MC10 conference, the participants think about what implications the conference proceedings will have for Indonesia.

Learnings from Nairobi

On December 22, 2015, the three participants shared their experiences and learnings with their colleagues at the Ministry of Trade after the MC10 in Nairobi. The event was opened by Ibu Herliza, Director of the Trade in Services Division, DGITC. The three Indonesian participants and the TPSA Senior Trade Experts made the presentations on their specific topics to share their key learnings from the MC10 in Nairobi.

Agricultural Trade Negotiations at Nairobi: Implications for Indonesia

Boris Situmorang presented the main highlights related to agriculture trade negotiations at MC10. He noted that agriculture remains an important



and controversial trade negotiating issue since DDA was launched in Doha, Qatar, in 2001. Different positions of WTO members on DDA negotiations have slowed down the negotiating progress and, while the MC9 conference in Bali reached agreement on trade facilitation, there was no agreement on agriculture.

"I would like to thank the Government of Canada and the TPSA project for giving me the opportunity to attend the 10th WTO Ministerial Conference in Nairobi. I gained much experience on international negotiations that can be applied in my daily work."

—BORIS SITUMORANG

Deputy Director of America, Directorate of Bilateral Cooperation, DGITC, Ministry of Trade Indonesia

While agriculture remained one of most politically sensitive issues in the MC10 negotiations, four main issues were negotiated and resulted in four ministerial decisions, including the historic decision to end export subsidies:

1. Export competition (EC)

- **Ministerial Decision on Export Competition (WT/MIN(15)/45):**

Developed members committed to removing export subsidies immediately, except for a handful of agriculture products, and developing countries will do so by 2018. Developing members will still have the flexibility to cover marketing and transport costs for agriculture exports until the end of 2023. The poorest and food-importing countries would enjoy additional time to cut export subsidies. Director-General Roberto Azevêdo described this decision as the "most significant outcome on agriculture" in the organization's 20-year history.¹

- **Implications for Indonesia**

The elimination of export subsidies in developed members could enhance Indonesian agricultural products' competitiveness, either in domestic or international markets.

2. Public Stockholding

- **Ministerial Decision on Public Stockholding for Food Security Purposes (WT/MIN(15)/44)**

This decision committed members to find a permanent solution by the next ministerial conference in 2017. Currently, under the Bali Ministerial Decision of 2013, developing countries are allowed to continue food stockpile programs (in order to supply cheap or free food specifically to the poor or malnourished), which are in risk of breaching the WTO's domestic subsidy cap.

- **Implications for Indonesia**

This decision will help Indonesia strengthen the government's role in providing food security for its vulnerable citizens.

3. Special Safeguard Mechanism (SSM)

- **Ministerial Decision on Public Stockholding for Food Security Purposes (WT/MIN(15)/43)**

This decision recognized that developing members have the right to temporarily increase tariffs in the face of import surges by using an SSM. Members will continue to negotiate the mechanism in dedicated sessions of the Agriculture Committee.

- **Implications for Indonesia**

Indonesia benefits from its position as a developing WTO member to have the right to temporarily increase tariffs when facing import surge, especially in special products.

4. Cotton

- **Ministerial Decision on Cotton (WT/MIN(15)/46)**

This decision requires cotton from least developed countries (LDCs) be given duty-free and quota-free access to the markets of developed countries, and to those of developing countries declaring that they are able to do so, as of January 1, 2016. The decision also mandates that developed countries immediately prohibit cotton export subsidies and developing countries do so at a later date.

- **Implications for Indonesia**

China is willing to give duty-free and quota-free access to LDCs for cotton products.



Indonesia is considering this policy. This could affect Indonesia's exports to China, but not in the near future since the main cotton exporter to China is India, which is not an LDC.

NAMA Negotiations and Nairobi: Opportunities and Challenges

Jully Paruhum Tambunan began his presentation by reminding the audience that the Doha mandate was to "reduce, or as appropriate, eliminate tariffs, including the reduction or elimination of tariff peaks, high tariffs, and tariff escalation, as well as non-tariff barriers, in particular on products of export interest to developing countries.... The negotiations shall take fully into account the special needs and interests of developing and least-developed country participants, including through less than full reciprocity in reduction commitments."²

At the 10th WTO Ministerial Conference in Nairobi, limited progress was made on NAMA negotiations. Ministers acknowledged that views differed among WTO members on how best to proceed with the DDA negotiations. Nevertheless, there remains a strong commitment to advance negotiations on the remaining DDA issues, including NAMA.

The Trade Facilitation Agreement From Bali to Nairobi and Beyond: Implications for Indonesia

Dina Kurniasari began by noting that the TFA was adopted at the MC9 in Bali in 2013. The main purpose of the TFA is to ease customs procedures and facilitate the movement, release, and clearance of goods. The TFA is expected to cut bureaucracy and corruption in customs procedures, as well as speed up and lower the cost of international trade.

The WTO estimates that, if the agreement was signed by all WTO members, global trade costs would be reduced by an average of 14.3 per cent.³ African countries and LDCs would see the biggest average reduction in trade costs. Implementing the Agreement will also help developing countries and LDCs diversify their exports, allowing them to enter more foreign markets and sell a wider variety of goods.⁴ The WTO notes that there is also growing evidence that trade facilitation boosts participation by SMEs in trade.⁵



Nairobi conference participants share their learnings with colleagues at MoT.

Two-thirds, or 107 out of 161, of the WTO members are needed to ratify the TFA before the agreement becomes operational. At the start of the MC10, 63 WTO members had formally accepted the TFA. By the end of April 2016, 77 WTO members ratified the TFA, including eight ASEAN countries (Brunei, Cambodia, Laos, Malaysia, Myanmar, Singapore, Thailand, and Vietnam) Two ASEAN countries—Indonesia and Philippines—have not ratified the TFA yet.

Trade facilitation was not a negotiating issue at the Nairobi Ministerial. The WTO members were encouraged to ratify the agreement if they had not already done so in order to implement the FTA as early as possible. During the course of the Nairobi Ministerial, the Global Alliance for Trade Facilitation was launched as a new public-private platform that seeks to use private sector expertise and resources to support trade facilitation reforms, particularly for developing countries.

There will be some positive implications for Indonesia if the TFA is finally implemented. However, Indonesia will have to strengthen its capacity in the TFA implementation, particularly in the areas of customs modernization, transparency, and trade facilitation.

Services Negotiations in Nairobi: Implications for Indonesia

Wenguo Cai, TPSA Senior Trade Expert, made a presentation on trade in services negotiations at the knowledge-sharing event. In his presentation,



he covered the importance of trade in services, the services negotiations in WTO/DDA, the Trade in Services Agreement (TiSA) negotiations, and the services negotiations in Nairobi.

In the run-up to the MC10, WTO members made a number of proposals on services negotiations, particularly on transparency of domestic regulation. However, there was not sufficient time to reach consensus among WTO members on the texts related to the transparency issue. In the end, the only services-related decision adopted by ministers was a proposal that extends the current waiver period under which WTO members may grant preferential treatment to LDC services and services suppliers. The waiver, which was adopted in December 2011, runs 15 years. At the Nairobi Ministerial, the decision was extended an additional four years until December 31, 2030.

The WTO Ministerial in Nairobi saw little progress on General Agreement on Trade in Services (GATS) rules in the negotiation process. These GATS rules included emergency safeguard measures, government procurement, and subsidies in the areas of services. However, there was no agreement on those issues in Nairobi.

In addition to the results of MC10 services negotiations, Mr. Cai also highlighted the TiSA negotiations at the knowledge-sharing event. TiSA is an initiative of 25 WTO members (including Canada, U.S., and EU) aimed for a plurilateral service agreement. Indonesia is not participating in the TiSA negotiations.

Mr. Cai also summarized the implications of services negotiations for Indonesia and provided some recommendations for policy-makers and private sector businesses regarding the services negotiations and service development for the country.

Participant Feedback

What happens at the WTO ministerial conferences has important implications for Indonesia, and the participants welcomed the opportunity to observe and learn by attending the MC10 in Nairobi.

In a post-activity survey, the participants noted that their skills and knowledge increased and that their new level of confidence/skills in applying the knowledge was either "very good" or "excellent." The three participants indicated that they expect to use the knowledge they gained to improve their work.

Conclusions

The capacity-building activity successfully exposed Ministry of Trade officials to high-level trade negotiations at the 10th Ministerial Conference in Nairobi. Pre-conference activities were customized according to the needs of the three participants and helped prepare them to get the most out of the conference. The knowledge-sharing event after Nairobi benefited a wider group of Indonesian officials who did not have the opportunity to participate in the Ministerial Conference.

Through this training, Canada hopes to contribute to the Indonesian government's capacity-building efforts to effectively manage their existing and new FTAs to allow the country to further expand their markets and enjoy the benefits of trade.

With the successful completion of this activity, the TPSA project anticipates providing continued support to the Ministry of Trade on capacity-building activities that enhance trade and investment between Canada and Indonesia, as well as with the rest of the world.

About the TPSA Project

TPSA is a five-year C\$12-million project funded by the Government of Canada through Global Affairs Canada. The project is executed by The Conference Board of Canada, and the primary implementation partner is the Directorate General for National Export Development, Ministry of Trade.

TPSA is designed to provide training, research, and technical assistance to Indonesian government agencies, the private sector—particularly small and medium-sized enterprises (SMEs)—academics, and civil society organizations on trade-related information, trade policy analysis, regulatory reforms, and trade and investment promotion by Canadian, Indonesian, and other experts from public and private organizations.



Indonesian delegation at the 10th WTO Ministerial Conference in Nairobi, Kenya.

The overall objective of TPSA is to support higher sustainable economic growth and reduce poverty in Indonesia through increased trade and trade-enabling investment between Indonesia and Canada. TPSA is intended to increase sustainable and gender-responsive trade and investment opportunities, particularly for Indonesian SMEs, and to increase the use of trade and investment analysis by Indonesian stakeholders for expanded trade and investment partnerships between Indonesia and Canada.

The expected immediate outcomes of TPSA are:

- improved trade and investment information flows between Indonesia and Canada, particularly for the private sector, SMEs, and women entrepreneurs, including trade-related environmental risks and opportunities;
- enhanced private sector business links between Indonesia and Canada, particularly for SMEs;

- strengthened analytical skills and knowledge of Indonesian stakeholders on how to increase trade and investment between Indonesia and Canada;
- improved understanding of regulatory rules and best practices for trade and investment.

For further information, please contact the Project Office in Jakarta, Indonesia:

Mr. Gregory A. Elms, Field Director

Canada-Indonesia Trade and Private Sector Assistance (TPSA) Project

Canada Centre, World Trade Centre 5, 15th Floor
Jl. Jend. Sudirman Kav 29–31 Jakarta 12190,
Indonesia

Phone: +62-21-5296-0376, or 5296-0389

Fax: +62-21-5296-0385

E-mail: greg@tpsaproject.com

ENDNOTES

¹ World Trade Organization, *WTO Members Secure "Historic" Nairobi Package for Africa and the World*, December 15, 2016. www.wto.org/english/news_e/news15_e/mc10_19dec15_e.htm (accessed July 28, 2016).

² WTO, *The Doha Mandate*, www.wto.org/english/tratop_e/markacc_e/markacc_dohamandate_e.htm (accessed July 28, 2016).

³ World Trade Organization, *World Trade Report 2015* (Geneva: WTO, 2015), 7.

⁴ Ibid., 3.

⁵ Ibid., 8.