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PRIVATE SECTOR ASSISTANCE PROJECT



Public-Private Consultation for Free Trade Agreement Negotiations in Canada and Indonesia

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Canada

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Public–Private Consultation for Free Trade Agreement Negotiations in Canada and Indonesia

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About the Author

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About the TPSA Project

The Canada–Indonesia Trade and Private Sector Assistance (TPSA) project is a five-year, \$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, Indonesian 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.

The overall objective of TPSA is to support greater 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.

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Executive Summary



A consultation mechanism between government and the private sector, generally known as public-private consultation (PPC), needs to be established and maintained in order to ensure that business interests are brought to the free trade agreement (FTA) negotiating table. In the context of FTA negotiations, PPC is a two-way consultation between the government and the private sector¹ that is conducted in a transparent, systematic, and continuous way through a variety of instruments.

PPC is a living mechanism. It changes over time in line with a country's development. In Canada, consultation on FTA negotiations has shifted to a more inclusive approach that includes the public in general (both business and non-business stakeholders). PPC in Canada is carried out through various instruments that are accessible by all Canadian stakeholders, including:

- the *Canada Gazette*
- Global Affairs Canada's website
- other electronic means (such as e-mail and social media)
- meetings and conference calls
- open consultations

The Canadian private sector generally feels that the current PPC instruments have been successful in addressing the objectives of PPC for FTA negotiations and implementation.

Indonesia, on the other hand, has only limited PPC for FTA negotiations. Based on the PPC practices in Canada, this report offers several key recommendations.

To improve PPC, the **Indonesian government** needs to:

- establish a single-window, user-friendly web portal for PPC;
- establish a committee to monitor PPC;
- produce a template form for input/contributions;
- produce briefing notes prior to PPC;
- organize regular capacity-building activities for private-sector stakeholders;
- conduct regular meetings with the private sector.

To improve PPC, **Indonesian business associations** need to:

- be more proactive in reaching out to the Indonesian government on a regular basis;
- engage in a two-way exchange of information with the Indonesian government;
- consult with in-house committees;
- engage members with relevant expertise or partner with external experts to offer quality input into PPC;
- summarize all views received from their members.

This report contributes to a better understanding of the PPC mechanisms in Canada and Indonesia. The practices of PPC in Canada might also contribute to improving Indonesia's current PPC practices in order to help Indonesia succeed in FTA negotiations and utilize FTAs to benefit their country.

¹ In this report, "private sector" refers to the business sector, represented by business associations.



Acronyms

APINDO	Employers' Association of Indonesia
ASEAN	The Association of Southeast Asian Nations
CEPA	Comprehensive Economic Partnership Agreement
CUSFTA	Canada–United States Free Trade Agreement
FTA	Free Trade Agreement
GAC	Global Affairs Canada
KADIN Indonesia	The Indonesian Chamber of Commerce and Industry
NAFTA	North American Free Trade Agreement
NGO	Non-Governmental Organization
PPC	Public-Private Consultation
SAGIT	Sectoral Advisory Group on International Trade
SMEs	Small and Medium-Sized Enterprise(s)
TPP	Trans-Pacific Partnership
WTO	World Trade Organization





Introduction

Research Background

Research Objectives

This report provides:

- a comprehensive description of Canadian PPC mechanisms in the context of FTA negotiations as well as a summary of best practices and lessons learned from Canada;
- recommendations to establish a PPC mechanism in Indonesia to support its bilateral and regional trade negotiations;
- best practices on how to prepare trade negotiating position papers based on the needs and priorities of the country, particularly those of the private sector, on relevant topics and issues;
- a list of approaches to conducting FTA negotiation consultations by the government and private sector associations, in order to distinguish offensive and defensive negotiation interests and to balance opposing inputs from various industries and sectors.

Methodology

To achieve the research objectives, meetings and interviews were conducted in Canada to gather intelligence from primary sources, such as Canadian government officials and private-sector representatives directly involved in trade negotiations or consultations on FTAs (as listed in Appendix 1). In addition, desk research was undertaken to collect information on PPC mechanisms for FTA negotiations in Canada.

The Importance of PPC to FTA Negotiations for Indonesia

As of December 2017, Indonesia has 21 FTA negotiations with various trading partners, bilaterally and regionally, that require consultations. Each of these FTA negotiations falls under one of three statuses: concluded but under review (i.e., concluded FTAs which certain chapters are reviewed by parties based on the implementations), current negotiations, and upcoming negotiations. (See Table 1.)

TABLE 1

INDONESIA'S FTA NEGOTIATIONS BY STATUS

Concluded but Under Review	Current Negotiations	Upcoming Negotiations
1. Indonesia–Japan EPA	1. Indonesia–Australia CEPA	1. Indonesia–Turkey CEPA
2. Indonesia–Pakistan PTA	2. Indonesia–EU CEPA	2. Indonesia–Peru PTA
3. ASEAN Economic Community	3. Indonesia–EFTA CEPA	3. Indonesia–Mozambique PTA
	4. Indonesia–Iran PTA	4. Indonesia–Nigeria PTA
	5. RCEP	5. Indonesia–Kenya PTA
		6. Indonesia–Morocco PTA
		7. Indonesia–SACU PTA
		8. Indonesia–Sri Lanka PTA
		9. Indonesia–Bangladesh PTA





10. Indonesia–Taiwan ECA

11. Indonesia–EAEU

12. Indonesia–GCC

13. ASEAN–Canada FTA

Source: Ministry of Trade of the Republic of Indonesia.

Two FTAs have recently been signed by Indonesia: the ASEAN–Hong Kong FTA, signed on November 12, 2017, and the Indonesia–Chile CEPA, signed on December 14, 2017. Both are targeted for ratification in 2018.

In addition to the FTA negotiations listed in Table 1, Indonesia began an in-depth study to determine whether to join the TPP after President Joko Widodo stated Indonesia's interest in doing so during his visit to the United States in October 2015. Given the withdrawal of the United States from the TPP and the negotiating framework recently reached by 11 members of the TPP (now called CPTPP), Indonesia has placed this issue on hold.

With so many FTA negotiations taking place at the same time, it is crucial to understand the economic and social impact of an FTA. Signing an FTA does not solely mean lower tariffs; a modern FTA goes beyond traditional market access issues to touch on broader matters including investment, labour, the environment, economic cooperation, and capacity-building. It is important for Indonesia to have a clear position on each topic, make advantageous decisions while securing an FTA, and utilize that FTA to benefit the country.

Arriving at a clear position is not easy. The questions that need to be addressed include: What does Indonesia expect from the FTA negotiations? What are the opportunities and challenges? What does Indonesia have to offer to its negotiating partners in exchange for their concessions and commitments? What does Indonesia need from its negotiating partners in terms of economic cooperation and capacity-building? The Indonesian private sector² plays a very important role in answering such questions, given the fact that they are the market players who have most to gain or lose from FTAs.

However, FTA negotiations are conducted only between the governments of the negotiating parties. The private sector is not at the table. To ensure that business views and interests are properly conveyed during FTA negotiations, a consultation mechanism between government and the private sector needs to be established and maintained. In a nutshell, public-private consultation (PPC) is a two-way discussion that connects the government and private sector through various mechanisms. With PPC, the private sector will have clear mechanisms to convey their views³ (based on their knowledge, practices, and experiences) to government negotiators, who will receive timely information and inputs from the private sector needed for successful FTA negotiations.

PPC between the Government of Indonesia⁴ and the Indonesian private sector is very limited in its implementation. As a result, the private sector often does not receive sufficient information on the issues and status of ongoing FTA negotiations. Systematic, transparent, and continuous PPC between the government and the private sector is a key element of successful FTA negotiation and implementation.

² The Indonesian private sector refers to business associations comprised of companies duly established in Indonesia, and/or individual businesses with Indonesian citizenship.

³ For the purpose of this report, views include comments, opinions, and recommendations.

⁴ Government of Indonesia refers to government officials responsible for conducting FTA negotiations on behalf of the Republic of Indonesia. The lead negotiator for Indonesia is the Ministry of Trade.



PPC for FTA Negotiations in Indonesia and Canada

PPC Definition and Objectives

Definition

Based on research and meetings conducted in Canada, PPC in the context of FTA negotiations is defined as:

a two-way consultation between the government and private sector on FTA negotiations and implementation that is conducted in a **transparent, systematic, and continuous way** through a variety of **instruments**.

A Two-Way Consultation

PPC is a two-way consultation, meaning that both the government and the private sector make themselves available for consultations. Through PPC, the government provides information on FTA negotiations (updates, issues, and opportunities) and seeks views from the private sector. In turn, the private sector and other stakeholders can convey their views at any time and have direct access to the government through the PPC instruments.

Transparent, Systematic, and Continuous

Transparent: Related information provided by the government (through PPC instruments) and the private sector (through position papers) is made available to the public.

Systematic: There is a mechanism comprising the whole process of PPC, from disseminating information and collecting views to providing feedback and following up.

Continuous: PPC is conducted prior to, during, and after each FTA negotiation round to ensure full involvement of the private sector and other stakeholders.

PPC Instruments

The government establishes certain PPC instruments to reach out to the private sector and accommodate the dissemination of information and the collection of views. PPC instruments are developed over time by both the government and the private sector to enhance PPC implementation.

Objectives

PPC is conducted to achieve the following key objectives:

- build trust and strong relationships and establish a mutual understanding between the government and private sector, and gain support from each other;
- disseminate and collect related information accurately and in a timely manner;
- obtain the views of the private sector and other key stakeholders;
- identify offensive and defensive interests, as well as economic and cultural sensitivities from the private sector and other stakeholders;
- formulate solid positions for FTA negotiations to benefit the whole country.

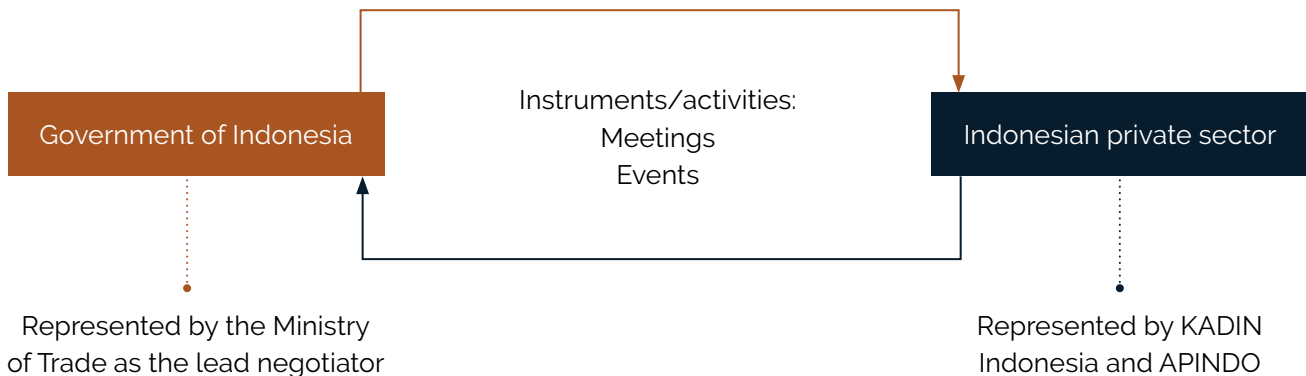


PPC in Indonesia

Current Implementation

During the implementation of PPC for FTA negotiations, the Government of Indonesia is represented by the Ministry of Trade as the lead negotiator for Indonesia. (See Exhibit 1.) The Indonesian private sector is represented by the Permanent Committee on Multilateral Institutions and Free Trade Agreements of KADIN Indonesia and the International Relations and Investment Division of APINDO. In addition, certain business leaders also conduct direct communications with relevant ministries and trade negotiators on specific issues.

EXHIBIT 1: PPC PROCESS FOR FTA NEGOTIATIONS



Source: Author.

The implementation of PPC for FTA negotiations in Indonesia is very limited, revealing weaknesses that may hamper the country's ability to obtain the full benefits of each FTA under negotiation. Currently, PPC in Indonesia is implemented through two major instruments: meetings and events (such as seminars and workshops).

The Government of Indonesia has tried to provide information on certain FTA negotiations to the Indonesian private sector (via KADIN Indonesia and APINDO) by inviting them to meetings to provide updates on those negotiations. The government also asks for the public sector's views during these meetings. For certain FTAs, government negotiators seek the private sector's views via e-mail. However, this particular instrument has its drawbacks. Before the meetings, very limited information is provided to the private sector (such as briefs or memos containing updates and related information on FTA negotiations) and these meetings are not conducted prior to, during, and after each round of FTA negotiations.

The government has also tried to educate the private sector in different regions, particularly SMEs, through seminars and workshops on FTAs (mostly on ASEAN).

On the private-sector side, KADIN Indonesia and APINDO have been actively involved in some FTA negotiations by providing their views on various agreements, including the Indonesia–Australia Comprehensive Economic Partnership Agreement (IA CEPA), the Indonesia–European Union Comprehensive Economic Partnership Agreement (IEU CEPA), and the Indonesia–EFTA Comprehensive Economic Partnership Agreement (IE CEPA). They also provided opinions on whether Indonesia is ready to join the TPP by attending meetings with the Coordinating Ministry for Economic Affairs to convey business interests, issues, and recommendations, and by conducting studies on certain TPP agreements.





KADIN Indonesia and APINDO have different approaches and methods for supporting certain FTA negotiations, as is evident regarding the following agreements:

- **Indonesia–Australia Comprehensive Economic Partnership (IA CEPA)**

KADIN Indonesia and APINDO have assisted consultations between various business associations regarding trade, investment, and other related matters in Australia. They have also attended meetings with the Indonesian negotiating team to gather news and updates about the negotiations, which they later convey to relevant business associations for further discussion.

KADIN Indonesia and APINDO are members of the Indonesia–Australia Business Partnership Group responsible for coordinating efforts, conducting discussions, and formulating recommendations from the Indonesian private sector regarding the negotiation of FTAs. They were also involved in reviewing the report *Two Neighbours, Partners in Prosperity* prepared by the Business Partnership Group. On August 2, 2016, the report was presented to Indonesian Minister of Trade Enggartiaso Lukita and Australian Minister of Trade, Tourism, and Investment Steven Ciobo at a joint ministerial meeting in Jakarta. It contains various important issues to be raised for IA CEPA, including recommendations for negotiations, business expectations, impediments to trade, investment and economic cooperation, and a strategic model for partnership.

By reviewing the report, KADIN Indonesia and APINDO ensured that recommendations from the Indonesian private sector had been incorporated and that the business interests of Indonesia and Australia were included in a balanced manner. To keep the momentum and communication going, KADIN Indonesia and APINDO have attended meetings with the Australian Chamber of Commerce and Industry, the Australia Indonesia Business Council, and the Indonesia Australia Business Council.

- **Indonesia–EU Comprehensive Economic Partnership Agreement (IEU CEPA)**

IEU CEPA was officially launched on July 18, 2016, and is expected to be a comprehensive trade agreement that addresses various aspects of the economic relationship between Indonesia and the EU, including trade in goods, trade in services, trade remedies, investment, public procurement, intellectual property rights, competition policy, trade and sustainable development, dispute settlement, SMEs, economic cooperation, and capacity-building. To better understand the various chapters of the IEU CEPA, KADIN Indonesia and APINDO have conducted studies on the EU–Vietnam FTA and have also attended meetings with the Indonesian negotiating team for updates.

In April 2017, KADIN Indonesia and APINDO started consultations with selected members (approximately 70 participants from sector business associations and private companies) to gather their views on business opportunities, barriers to trade and investment, scope for economic cooperation and capacity-building, and other matters related to the IEU CEPA. The consultations were summarized in a report, which KADIN Indonesia and APINDO presented to the Indonesian negotiating team on September 4, 2017.

Further, KADIN Indonesia, APINDO, and the European Chamber of Commerce in Indonesia (EuroCham) agreed to collaborate in producing a joint report on recommendations for the Indonesian negotiating team. The report was presented to Vice-President Jusuf Kalla during his visit to Belgium on October 9–10, 2017.

- **Indonesia–EFTA Comprehensive Economic Partnership Agreement (IE CEPA)**

Similar to their approach to the IEU CEPA, KADIN Indonesia and APINDO also conducted consultations with Indonesian stakeholders on the opportunities and barriers to trade, investment, and other matters



as regards the EFTA countries (Switzerland, Iceland, Norway, and Liechtenstein). They have also conveyed certain recommendations to the Indonesian negotiating team and attended meetings for status updates on the negotiations.

Other activities that KADIN Indonesia and APINDO have carried out to contribute to Indonesian FTA negotiations include organizing an FTA workshop in March 2017. Intended to help deepen the private sector’s understanding of FTA, the two-day workshop was tailored to accommodate studies and discussions within the sector, facilitated by selected expert speakers. The Indonesian negotiators were also invited to participate and provide updates on FTA negotiations. During the workshop, participants received general knowledge about FTAs and were encouraged to discuss more specific issues during focus-group discussions led by the experts.

In addition, KADIN Indonesia and APINDO also produced a handbook in 2017, the *Free Trade Agreement Practical Guide*, that aims to provide a helpful primer on selected aspects of FTA. The book contains the trade frameworks of the WTO, NAFTA, and the TPP, along with 32 aspects that are generally included in an FTA (such as general principles, market access, tariffs, non-tariff measures, trade facilitation, rules of origin, trade in services, investment, movement of natural persons, and so forth).

Key Weaknesses

Due to the limited implementation of PPC and the small number of instruments used, there are several key weaknesses in the current PPC mechanism for FTA negotiations in Indonesia. (See Table 2.)

TABLE 2

KEY WEAKNESSES OF THE CURRENT PPC MECHANISM FOR FTA NEGOTIATIONS IN INDONESIA

Key Weaknesses	Descriptions
Low awareness of FTAs	Most private-sector companies (particularly SMEs) are unaware of the FTA negotiations that Indonesia has completed or is currently conducting. Low awareness of FTAs leads to poor knowledge of FTA issues and passive involvement by the Indonesian private sector.
Lack of transparency	The private sector finds it difficult to obtain timely information on each FTA negotiation round (such as status, issues, and updates) and current FTA implementation.
Limited number of views received and little access for the general public	During consultations, the views received are limited to certain private-sector entities (business associations and companies) that may not represent all sectors of the country. In addition, although PPC is more about government and private-sector consultations, the broader topics encompassed in newer FTAs indicate that PPC should reach out to the general public as well (including non-business stakeholders), which is not the case in Indonesia.
Lack of follow-up information and no continuous consultation mechanism	The private sector finds it difficult to follow up on the views that have been conveyed to the Government of Indonesia. In addition, consultations should be conducted before, during, and after each FTA negotiation round.
Limited access to negotiators	The private sector (especially SMEs) has limited access to government negotiators for direct consultations.

Source: Author.





PPC in Canada

History and Evolution

PPC for FTA negotiations in Canada was implemented in the 1980s when Canada began negotiating the Canada–U.S. Free Trade Agreement (CUSFTA) and joined the Uruguay Round of trade negotiations. The consultation mechanism has been evolving since then, and various factors have contributed to shaping Canada's trade policy and consultation on FTA negotiations (such as the WTO, CUSFTA, and other FTAs). Table 3 provides an overview of the history and evolution of PPC for FTA negotiations in Canada.

TABLE 3

HISTORY AND EVOLUTION OF PPC FOR FTA NEGOTIATIONS IN CANADA

WTO and CUSFTA	<ul style="list-style-type: none"> • Consultation was implemented as part of the Uruguay Round negotiations of the GATT/WTO. • Consultation was also initiated in the 1980s when Canada was negotiating an FTA with the United States. At that time, the Canadian population and civil-society representatives were against free trade with the United States as they felt it would damage the country, both economically and politically.
SAGIT⁵	<ul style="list-style-type: none"> • Consultations on FTA negotiations were first conducted using a formal mechanism among government institutions when the Government of Canada⁶ established a consultative body known as the Sectoral Advisory Group on International Trade (SAGIT). SAGIT operations were confidential, with committee members appointed by the government and required to sign a confidentiality agreement. • Committee members consisted of senior experts from government, business associations, labour unions, NGOs, and academia. • Their tasks were to provide advice to government negotiators and to inform the Canadian private sector,⁷ as well as other interested parties, on new trade policy initiatives and FTA negotiations. • In 2005, 12 SAGITs were established, each with a specific focus on a different industry, including agriculture, food and beverage, apparel and footwear, the environment, fish and sea products, forest products, and information technology. • However, due to the broadening of the scope of FTAs, the Government of Canada decided to adopt a new approach for FTA consultation. SAGITs are no longer operational.
3Cs	<ul style="list-style-type: none"> • Currently, the Government of Canada uses the "3Cs approach" to FTA consultations: • coordination among the three levels of government in Canada (federal, provincial, and municipal) including inter-governmental agency coordination, particularly among federal government departments; • consultation held between the government and private sector, as well as with other stakeholders; • communication and consultation with the general public, with the aim of educating about, and increasing public awareness of, FTA negotiations and implementation.

⁵ Laura Ritchie Dawson and Christopher Maule, *Background Paper on Public Consultation and Trade Policy* (Ottawa: Centre for Trade Policy and Law, 2005).

⁶ Government of Canada refers to government officials responsible for conducting FTA negotiations on behalf of Canada. Consultations on FTA negotiations are led by Global Affairs Canada (GAC).

⁷ The Canadian private sector refers to business associations comprised of companies and individual businesses duly established in Canada.





Inclusive approach

- The consultations on FTA negotiations have evolved over time, due primarily to the increasing number of issues addressed in FTAs. Many FTAs have moved beyond traditional issues (such as trade in goods, trade in services, and intellectual property rights) to touch on new trade-related issues (such as e-commerce, environment, labour, government procurement, and gender).
- To cover these new trade-related issues, the Government of Canada has decided to adopt a more inclusive approach to its FTA consultation mechanism. As a result, the Canadian private sector and other interested stakeholders are welcome to take part in the consultation process.

Source: Author.

PPC Instruments

At present, Canada has not formalized its FTA negotiation consultation mechanism with a law, regulation, or policy. Nonetheless, both the Government of Canada and the Canadian private sector have shown their keen interest in, and commitment to, reaching out to each other regarding FTA negotiations. To support such commitment, the government has established various PPC instruments to gather opinions from the private sector and other stakeholders. Below are the key PPC instruments currently used in Canada:

- **Canada Gazette**

The *Canada Gazette* is an official magazine of the Government of Canada that began publication in 1841. It contains formal public notices, official appointments, proposed regulations, regulations and public acts of Parliament, announcements of government departments and agencies, and occasionally miscellaneous public notices from the private sector. At present, the *Canada Gazette* is published on paper and online.⁸

The *Canada Gazette* also serves as an official tool for PPC (which is considered to be officially launched once published in the *Canada Gazette*). A consultation portal on the government's website contains a list of links to departmental consultation activities and related information.⁹

The government publishes the *Canada Gazette* once a week, and uses it to seek input on certain issues related to FTA negotiations. However, not many members of the general public read it. That said, many Canadian business associations use the *Canada Gazette* to obtain important information on FTAs. They also make online submissions of their views in the form of reports and/or position papers.

- **Global Affairs Canada (GAC) website**

Similar to the *Canada Gazette*, GAC also provides information on FTAs via its website,¹⁰ where one can find information on both active and closed FTA consultations. GAC invites the Canadian private sector and other stakeholders to provide written submissions on both active and closed consultations, either by e-mail or by mail.

- **Other electronic means**

Electronic means, such as websites, e-mail, online consultation, surveys/questionnaires, and social media, are also used for PPC. The government often uses these to make trade-related information

⁸ Government of Canada, "Canada Gazette," accessed December 7, 2017, <http://www.gazette.gc.ca/gazette/home-accueil-eng.php>.

⁹ Government of Canada, "Consulting with Canadians," accessed December 7, 2017, <https://www1.canada.ca/consultingcanadians/>.

¹⁰ Global Affairs Canada, "Free Trade Agreements (FTA) Consultations," accessed December 7, 2017, <http://www.international.gc.ca/trade-agreements-accords-commerciaux/consultations/fta-ale.aspx?lang-eng>.



available to the public. Although these instruments are not considered to be official, the government finds them efficient and effective in gathering the various views of the private sector and other interested parties.

In today's global world, these electronic tools offer flexible, fast, and cost-effective communications on FTA negotiations. Similar to the *Canada Gazette*, private-sector associations and companies often use electronic tools to submit their input during the PPC process.

- **Meetings and conference calls**

The government and the private sector also communicate directly with one another through meetings and conference calls. These activities tend to take place on an ad hoc basis. Government officials make themselves available to the private sector, which finds these meetings and conference calls productive and efficient, particularly when they need to obtain information on an urgent basis for their businesses.

- **Open consultations**

Open consultations (such as seminars and public town-hall meetings) can be initiated and organized by either the government or the private sector. The government initiates open consultations to provide opportunities for all interested Canadians to convey their opinions. For example, in 2016, the government held a public town-hall meeting at the University of Toronto regarding TPP negotiations. The private sector also invited government officials to speak at related events to disseminate FTA information and provide further explanations.

PPC Status

The status of a PPC in Canada is either active or closed.

An **active PPC** is related to an ongoing FTA negotiation, and may be carried out via all available PPC instruments. For example, the Canadian private sector and other stakeholders are welcome to submit their input to GAC at any time through electronic means (such as e-mail and questionnaires). PPC instruments other than electronic means (such as meetings, conference calls, and open consultations) may be carried out weekly or monthly, depending on the issues and urgency of the FTA.

As of December 7, 2017, there were two active PPCs:

- NAFTA renegotiation
- Canada–India CEPA

A **closed PPC** is one whose consultation period (usually 30 days, but sometimes longer, depending on the FTA) has concluded. However, the government continues to be interested in the opinions of the private sector and other stakeholders and encourages them to continue providing their input, which is important for future discussions and negotiations.

There are many closed PPCs archived on the GAC website. The most recent, as of December 7, 2017, were:

- trade with Asia–Pacific nations (closed October 30, 2017);
- possible Canada–Pacific Alliance Free Trade Agreement (closed September 10, 2017);
- possible Canada–China FTA (closed June 2, 2017);
- possible Canada–MERCOSUR FTA (closed May 29, 2017).



Participants in PPC

The Government of Canada wishes to obtain input, ideas, and experiences from the following Canadian stakeholders:

- business community
 - self-employed individuals
 - companies, including SMEs
 - business institutions (industry associations)

- non-business community
 - individuals
 - experts/academics
 - civil-society organizations and NGOs
 - labour unions
 - Indigenous peoples
 - students and youth
 - any other interested Canadian stakeholders

Challenges in PPC Implementation

During consultations, two main challenges have been encountered by both the Government of Canada and the Canadian private sector.

Contradictory Views

Differing opinions are common in every consultation, since every company will have its own view. However, when those views directly contradict one another, the government and the private sector need to find a way to balance those views. There are different approaches taken by each side. For the government, listening to all input is a must. It understands that each private-sector actor has its own reasons and justifications for choosing its position, therefore all input received must be considered. With contradicting views, the government carefully filters that input to sum up the points that represent the best interests of Canadians. Comprehensive studies on key aspects such as economic, political, and social impacts are taken into account as well. For the private sector, the majority of business associations adopt a similar approach to that of the government. However, some associations choose to adopt a single view. Business associations provide evidence-based justifications to support their views in their position papers.

Limited Knowledge of International Trade

Some Canadian private-sector entities (especially SMEs) have limited knowledge of international trade and FTAs, which might slow down the consultation process. For this reason, the government and the private sector have designed specific approaches to disseminate information and enrich their knowledge. The government makes all related information available on its websites and open to any queries. Government negotiators also organize events (such as open consultations), seminars, one-on-one meetings, and conference calls. Canadian business associations use a similar approach to disseminating information. Additionally, given the fact that they have closer relationships with their members, business associations provide regular updates, briefs, and memos, organize events (such as seminars and roundtables), and invite government officials to communicate with and educate their members.

Strengths and Benefits

The implementation of PPC has been successful in connecting the government and private sector in the context of FTA negotiations. Table 4 lists the main strengths and benefits of PPC as it is implemented in Canada.



TABLE 4

STRENGTHS AND BENEFITS OF PPC IN CANADA

Strengths	Benefits
Flexibility	The government and private sector have maintained good relationships and built trust with one another. They do not feel that the absence of a law or regulation on PPC has a major negative impact on PPC and, in fact, offers more flexibility in conducting the necessary consultation based on the needs and priorities of each FTA. Flexibility maintains the momentum of PPC and enables faster consultation between government and the private sector without going through unnecessary procedures.
Accurate and timely dissemination of information	The government and private sector reach out to each other prior to, during, and after FTA negotiations to ensure accurate and timely information is received by each party .
Transparency	Although the government keeps FTA negotiations confidential from the public, the implementation of PPC upholds transparency as most of the information and position papers are made publicly available. Furthermore, the government ensures that the private sector and other stakeholders have access to all related information on FTAs in a timely manner .
Access to all parties	The government and private sector make themselves available for consultations and reach out to one another through various PPC means when the need arises. That way, input from the private sector is conveyed directly to the government and trade-related information is also received directly by the private sector .
Communication process	Supported by its flexibility, transparency, and access to the government, PPC in Canada has established smooth communication between the government and the private sector as well as between business associations and their members.
Inclusivity	Even though FTA PPC focuses primarily on business, the government also listens to non-business stakeholders for broader information. The private sector also welcomes the involvement of other stakeholders in the PPC process. Inclusivity enriches the input received by the government in preparing for FTA negotiations.

Source: Author.





Case Study of PPC in Canada: TPP

TPP was first negotiated in 2008 by Singapore, Brunei, New Zealand, and Chile. Canada formally joined the TPP negotiations on October 8, 2012.¹¹ Prior to joining, on December 31, 2011, the Government of Canada launched a comprehensive consultation involving the Canadian public, provinces and territories, businesses and NGOs, and other interested stakeholders.¹²

During the consultation, the government provided general briefings on an ad hoc basis and consulted experts in specific technical areas with regard to Canada's negotiating positions. The government also organized events in each full negotiating round, aiming to provide an opportunity for interested stakeholders to participate in the consultation and to engage directly with TPP negotiators.

Additionally, information on TPP was made available on the *Canada Gazette* website. Interested stakeholders were invited to submit their views by mail or e-mail.¹³

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- ¹¹ Global Affairs Canada, "Canada Joins Trans-Pacific Partnership Round," accessed December 20, 2017, http://www.international.gc.ca/media_commerce/comm/news-communiqués/2012/12/03a.aspx?lang=eng&view=d.
- ¹² Global Affairs Canada, "Trans-Pacific Partnership Free Trade Negotiations—Consulting Canadians," accessed December 20, 2017, <http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/tpp-ptp/consult.aspx?lang=eng>.
- ¹³ Government of Canada, "Canada Gazette—Government Notices: Consultations on Potential Free Trade Agreement Negotiations With Trans-Pacific Partnership Members," accessed December 20, 2017, <http://canadagazette.gc.ca/rp-pr/p1/2011/2011-12-31/html/notice-avis-eng.html#d106>.





Position Papers: The Canadian Private Sector's Contributions to FTA Negotiations

Collecting Opinions From Members

The opinions of Canadian business-association members constitute key points in a position paper for FTA negotiations. To produce an informative and reliable position paper that represents the voices of business, associations must undergo a continuous process of gathering opinions from their members.

Prior to conducting consultations, Canadian business associations disseminate background information on FTA negotiations to their members (generally via e-mail). The information comes from consultations with government as well as research (conducted by the association or others) on relevant topics. For technical issues, some business associations request assistance from members who have specific expertise, particularly on legal issues.

Such information is drafted into a brief memo, structured in a concise way to provide members with the main points. Members are thus presented with the relevant background information to enable them to convey their views, concerns, and ideas, as well as to share their knowledge and experience, during the consultation process. Business associations disseminate such information both on a regular basis (daily, biweekly, or monthly) and on an ad hoc basis (when necessary, depending on the FTA negotiations).

In addition, business associations organize events to increase their members' knowledge of FTA, to which they invite government officials/negotiators to speak.

Once the business association has disseminated background information, it uses one or more of the following approaches to collect views from its members.

Brainstorming With Internal Committees

A business association may establish committees to focus on specific topics (e.g., international trade or the environment). With the many issues encompassed by an FTA, these committees can be called upon to brainstorm ideas and share information, thereby improving the association's inputs on FTA negotiations.

Internal Consultation With Members

After disseminating background information and brainstorming with internal committees (where necessary), business associations consult with their members. Consultations are often carried out via meetings and conference calls as well as by e-mail. Associations reach out to their members on a regular basis (daily, weekly, or monthly) as well as on an ad hoc basis (whenever necessary, depending on the FTA negotiations).



Online Surveys and Questionnaires

Some business associations also conduct online surveys and send out questionnaires to their members to better understand their views on specific issues and to obtain important feedback.

Choosing a Position

Canadian business associations have their own approaches to determining their position based on the input received during internal consultations with their members. There are two approaches adopted by business associations:

Summarize All Views Received

Most Canadian business associations gather all views received from their members (both supporting and opposing). They then carefully summarize and highlight the majority views (whether supporting or opposing) and lay out the minority views in their position papers. This approach is not intended to confuse the government, but to ensure that it is aware of all views for their consideration in identifying the key interests of Canadian businesses for FTA negotiations.

Adopt the Majority View

Some Canadian business associations prefer to present one view that reflects the majority voice of their members, as they feel that this approach upholds the credibility of their association. Although there is only one view presented in their position paper, members with opposing views (the minority) are encouraged to convey their views to the government via other PPC instruments.

It is important to note that all opinions stated in position papers for FTA negotiations must be supported with strong justifications and evidence such as data, statistics, market analysis, and documented experiences.





Conclusion and Recommendations

Conclusion

Although PPC in Canada is not formalized by laws or regulations, both the Government of Canada and the Canadian private sector have shown their interest in and commitment to reaching out to each other on issues related to FTA negotiations and implementation. The government and private sector have established various PPC instruments so that the private sector can freely express its views. The government also invites other stakeholders to join the consultation process on FTA negotiations.

From the private sector's perspective, the PPC mechanism has been an effective advocacy tool in Canada, and the inclusive approach taken by the government is seen as an opportunity to increase transparency and address the legitimate concerns of the private sector and other stakeholders.

The broad practices of PPC in Canada can serve as a best practice example for Indonesia, where PPC for FTA negotiations in Indonesia is more limited.

Recommendations

For the Indonesian Government

Based on the current PPC mechanisms that Canada has implemented, below are several recommendations for the Indonesian government.

Establish a single-window, user-friendly web portal for PPC.

The portal should operate in a similar way to the *Canada Gazette* and the GAC website and be run and managed by the Government of Indonesia (in this case, the Ministry of Trade as the lead negotiator for Indonesia). The government should publish related, non-confidential FTA information in a concise and simple way to ensure complete understanding by the Indonesian private sector and other stakeholders.

It should be transparent, consistent, reliable, and accessible by all interested parties who wish to share their views, not just the private sector.

The portal should provide the Indonesian private sector and other stakeholders with opportunities to comment on all issues as well as to offer their views in the form of submissions or position papers. In commenting or submitting their input, the private sector and other stakeholders should also provide relevant information about their companies and institutions.

Establish a committee to monitor PPC.

Although Canada no longer has a permanent committee (SAGIT) for monitoring its PPC, it is important to establish such a committee in Indonesia. It should be led by the government and its members should include Indonesian business and other key stakeholders (e.g., experts, academia, and others).

The main responsibility of the committee should be to monitor PPC implementation. It should ensure that all information is provided and updated in a timely manner, and that the private sector and other stakeholders have full access and opportunities to submit their input.





The committee should also be responsible for the follow-up activities of PPC, ensuring that the private sector and other stakeholders are properly consulted and that all their views are captured by the government in the consultation process.

Produce a template form for input/contributions.

The government should produce a template form for the private sector and other stakeholders as a guide for submitting their input. The form should be made available for download on its website.

The main objective of producing a template form is to help the private sector and other stakeholders convey their perspectives (with highlights, details, justifications/evidence, and other necessary information) so that the government can obtain accurate and timely input for FTA negotiations.

Produce briefing notes prior to PPC.

The government should produce briefing notes on the key negotiating issues and make them available online for the private sector and other stakeholders prior to conducting PPC.

For internal consultations, business associations should also produce briefing notes and disseminate them to their members prior to conducting internal consultations on FTA negotiations.

Organize regular capacity-building activities.

As PPC for FTA negotiations has not yet been established in Indonesia, it is necessary to organize regular capacity-building activities for both the government and private-sector stakeholders to address the issues that may arise during PPC implementation and progressively improve the PPC mechanism. Facilitators with extensive and related experience and knowledge in PPC should be invited to contribute to capacity-building efforts.

The main objectives of these activities are:

- to develop technical-assistance capacity in PPC implementation;
- to support both the government and private sector in dealing with the issues in the implementation of PPC;
- to provide updated information on PPC implementation (if any).

Conduct regular meetings.

Regular meetings have proven to be effective in building mutual trust and understanding in the Canadian PPC context. Both the Government of Indonesia and the Indonesian private sector will come to understand each other better and strengthen their relationships.

Meetings should be conducted regularly, either scheduled in advance or mutually agreed-upon. The PPC committee should be in charge of scheduling these meetings.

For Indonesian Business Associations

The following are key general recommendations for Indonesian business associations in preparing position papers for FTA negotiations.

Be more proactive in reaching out to their members on a regular basis.

Business associations and their members should proactively reach out to one another on a regular basis, especially when there are issues on certain topics that need to be communicated in the FTA negotiation process. By being more proactive, the relationship between business associations and their members will be improved and mutual support will be established, making it easier for business associations to draft position papers on FTA negotiations.



Engage in a two-way exchange of information with the Indonesian government.

Information does not have to be only disseminated by business associations; members can also disseminate information (based on their business practices) to business associations and individual enterprises (particularly SMEs), so both are aware of new information and the current issues related to FTA negotiations.

Information on FTA negotiations should be disseminated on a regular basis (every one to two weeks).

Consult with in-house committees.

In practice, a business association establishes several committees on different issues (e.g., a committee on international trade, a committee on the environment, etc.). With many issues now included in modern FTAs, brainstorming among the committees is important to ensure that all perspectives are taken into consideration. Such a practice will improve the knowledge of the business association as a whole.

Engage members with relevant expertise or partner with external experts in order to offer quality input into PPC.

Position papers need to be supported with solid evidence. For technical matters, members with particular expertise (e.g., legal, economic, or environmental) must be engaged to include their views, knowledge, and experience in the position paper. In addition, partnering with external experts is often advisable.

Summarize all views received from their members.

With many industry sectors and various business interests, the private sector must provide all views to the government for their consideration in FTA negotiations.





Appendix 1: List of Meetings and Conference Calls

Canadian Institutions	People Met
Agriculture and Agri-Food Canada Meeting on September 18, 2017 10:00–11:00 Ottawa	<ul style="list-style-type: none">• Denis Landreville, Director/Lead Negotiator, Regional Agreements, Trade Negotiations Division• Alessandro Longo, Trade Policy Analyst, Canada–EU Negotiations, Trade Negotiations Division• Jasmine Labelle
Global Affairs Canada Meeting on September 25, 2017 13:30–15:00 Ottawa	<ul style="list-style-type: none">• Gary Lee, Deputy Director, Trade Policy and Negotiations Division, Asia• Geneviève Chagnon-Lampron, Deputy Director Trade Policy and Negotiations, Asia
Business Council of Canada Meeting on September 26, 2017 10:00–11:00 Ottawa	<ul style="list-style-type: none">• Brian Kingston, Vice-President, Policy, International and Fiscal
Canadian Association of Importers and Exporters Conference call on September 29, 2017 10:00–10:30 Ottawa	<ul style="list-style-type: none">• Joy Nott, President and CEO• James Sutton, Director for Advocacy
Canadian Manufacturers & Exporters Conference call on September 29, 2017 13:00–14:00 Ottawa	<ul style="list-style-type: none">• Mathew Wilson, Senior Vice-President
Munk School of Global Affairs Meeting on October 2, 2017 14:00–15:00 Toronto	<ul style="list-style-type: none">• Mark S. Manger, Associate Professor of Political Economy and Global Affairs
Ontario Ministry of International Trade Meeting on October 3, 2017 10:00–11:00 Toronto	<ul style="list-style-type: none">• Victoria Clark• Jenarra De Souza, Manager
Canada China Business Council Meeting on October 3, 2017 15:30–16:30 Toronto	<ul style="list-style-type: none">• Sarah Kutulakos, Executive Director and COO



Canadian Chamber of Commerce

Meeting on October 5, 2017
10:00–11:30
Ottawa

- Adriana Vega, Director, International Policy
- Susanna Cluff-Clyburne, Director, Parliamentary Affairs

Department of Finance Canada

Meeting on October 5, 2017
14:00–15:00
Ottawa

- Anna Kwik, Chief, General Trade Relations
- Scott Winter, Senior International Trade Relations Officer

Montréal International

Meeting on October 16, 2017
13:00–14:00
Montréal

- Christian Bernard, Chief Economist and Vice-President, Marketing Communication

Quebec Federation of Chambers of Commerce

Meeting on October 18, 2017
9:00–10:00
Montréal

- Pierre-Yves Boivin, Vice-President, Strategy and Economic Affairs
- Marie-Josée Côté, Advisor, Strategy and Economic Affairs

Quebec International

Meeting on October 18, 2017
13:30–14:30
Québec City

- Melanie Abdel-Malak, Director, International Affairs

Ministry of International Relations of Quebec

Meeting on October 18, 2017
15:30–16:30
Québec City

- Mathieu Parenteau, Desk Officer—India, Central, South, and Southeast Asia
- Jessie L. Malone, Desk Advisor—India, Central, South, and Southeast Asia

The Asia Pacific Foundation of Canada

Conference call on October 23, 2017
14:00–15:00
Ottawa

- Justin Elavathil, Program Manager, Trade, Investment, and Innovation
- Yushu Zhu, Program Manager, Surveys and Polling
- Pauline Stern, Project Specialist, Trade and Investment

Chamber of Commerce of Metropolitan Montreal

Conference call on October 23, 2017
9:00–9:30
Ottawa

- Charles Letourneau, Director, Strategy and Communications
 - Erandi Motte Cortes, Director, Market and Entrepreneurship Development
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