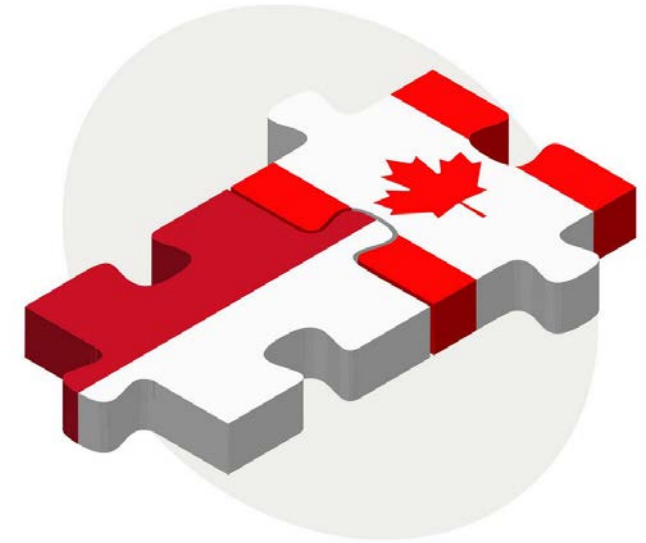




**Importance of FTAs  
to boost  
Canada-Indonesia**



**Bilateral Economic, Trade and Investment Relations  
Opportunities and Challenges**  
*and what can be achieved in the mean time...*

**September 14 Canada, September 15 Indonesia, 2020**

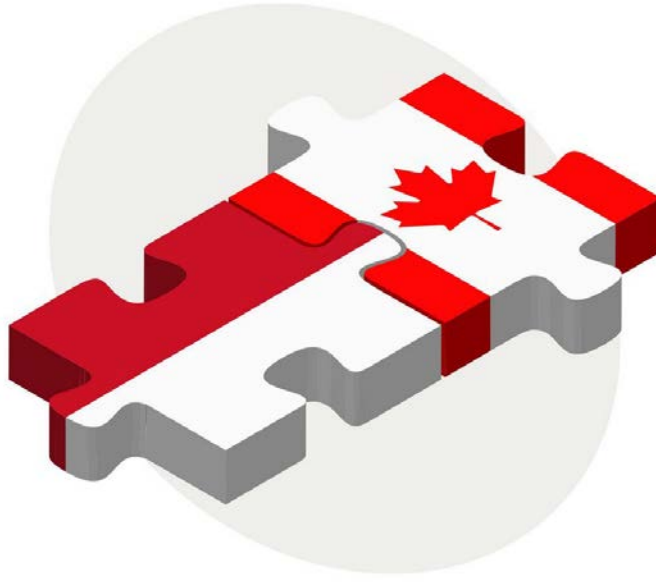
**by Gregory (Greg) A. Elms**

Advisor to the Indonesia-Canada Bilateral Committee (KIKAN) of KADIN  
Vice Chairperson, Indonesia-Canada Chamber of Commerce  
Private Sector Development Advisor to the Government of Indonesia

# Topic areas of my presentation



1. Canada-Indonesia Trade and Investment
2. Expected Advantages of an FTA with Canada
3. Recent Knowledge Sharing between Canada and Indonesia
4. Opportunities for increased Indonesian exports to Canada
5. Opportunities for increased investment from Canada
6. Opportunities for Indonesian Investment into Canada
7. Key Concluding Messages



# 1. Canada-Indonesia Trade and Investment (high-level)

# Indonesia-Canada Trade Snapshot

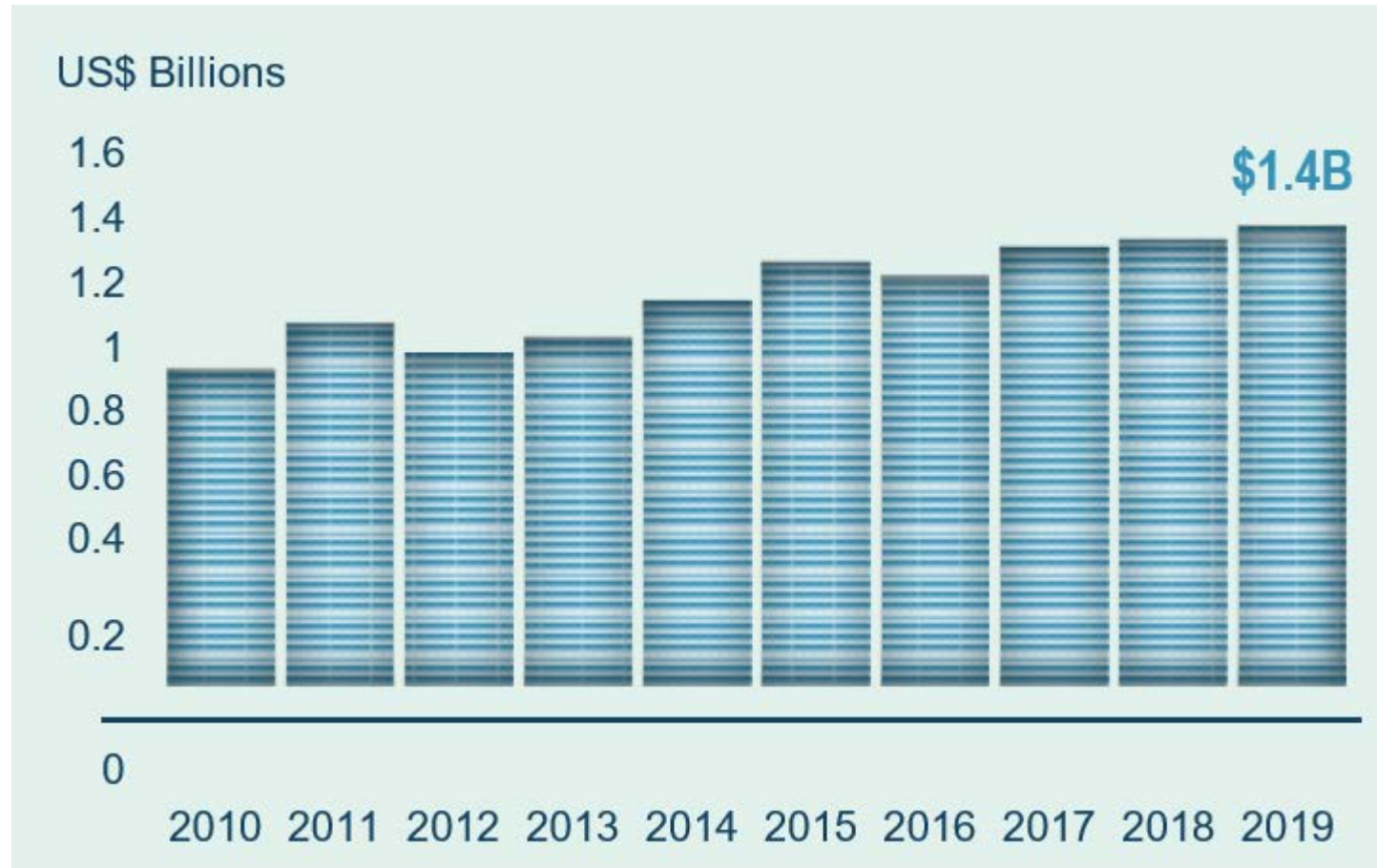
**Canada is  
Indonesia's 5<sup>th</sup>  
Largest non-  
FTA Trading  
Partner by  
GDP**

<b>Merchandise Trade (2019)</b>	
Imports from Indonesia to Canada	US\$ 1.4 billion
Exports to Indonesia from Canada	US\$ 1.5 billion

<b>Services Trade (2018)</b>	
Imports from Indonesia to Canada	US\$ 162 million
Exports to Indonesia from Canada	US\$ 131 million

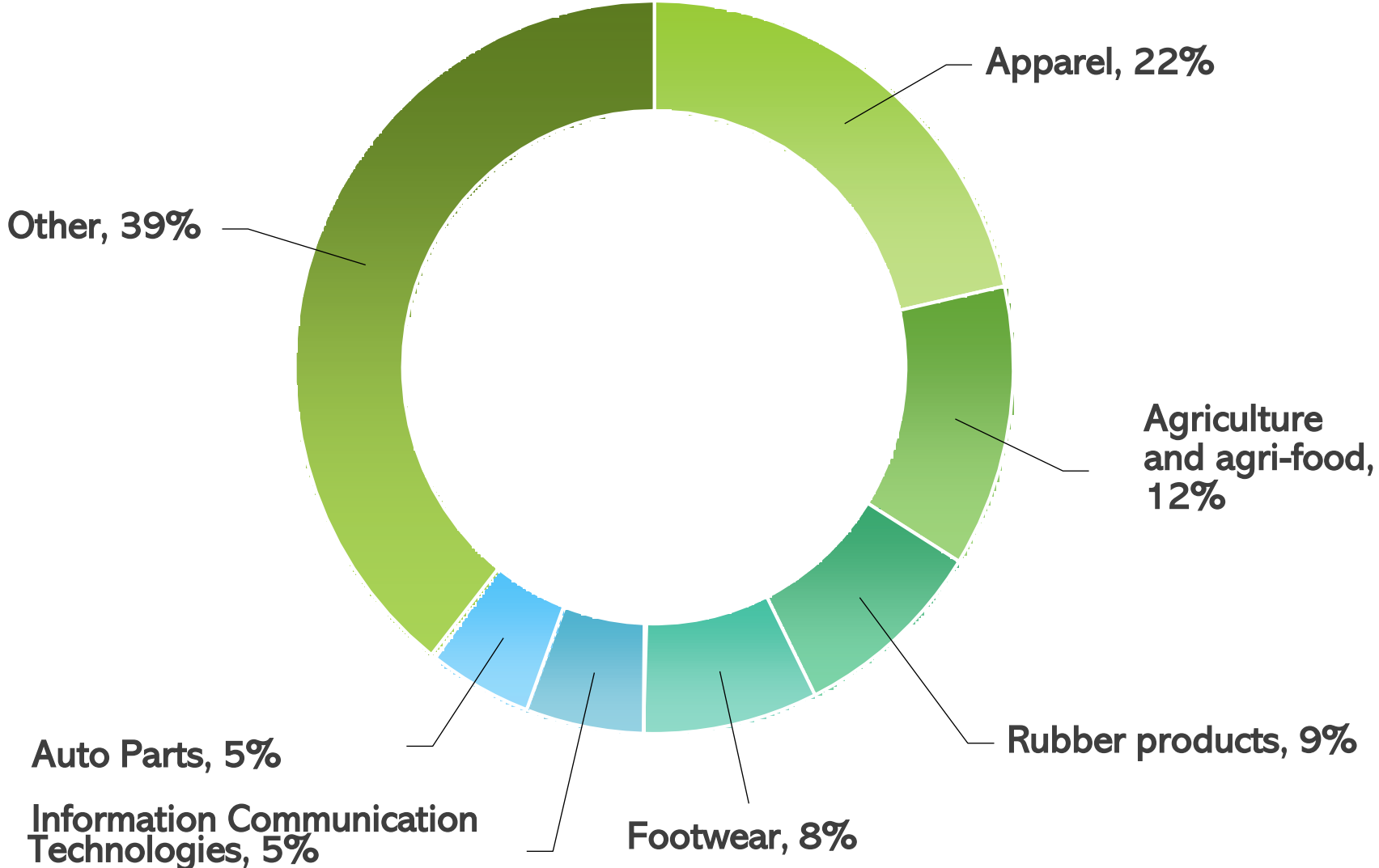
(courtesy Global Affairs Canada. Sources IMF, Statistics Canada)

# Canadian Merchandise Imports from Indonesia



**A steadily  
growing  
bilateral trade  
relationship  
from 2010 to  
2019**

# Key Canadian Merchandise Imports from Indonesia (2019)



Source: Statistics Canada

(courtesy Global Affairs Canada)

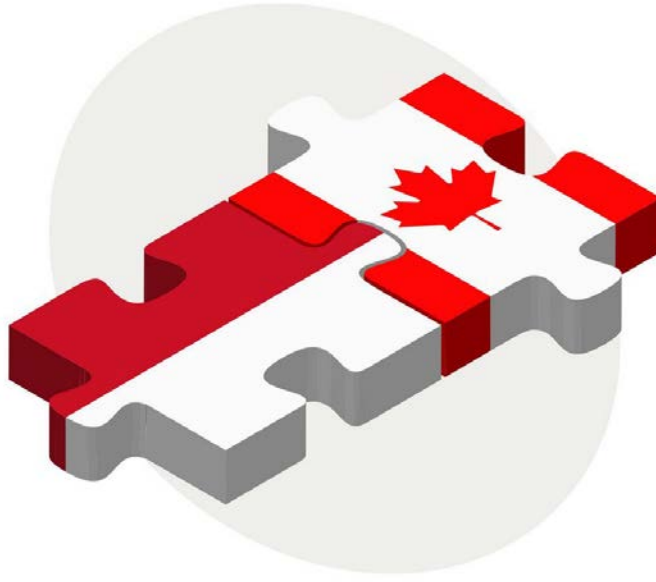
# Major Canadian Companies Active in Indonesia

Stock of Canadian FDI in Indonesia (2018):

**US\$2.4 billion**

- Husky Energy
- BlackBerry
- Manulife
- Redpath
- SNC Lavalin
- Hatfield
- Palliser Furniture
- Alimentation
- Couche-Tard
- LaSalle College
- Bombardier
- CAE (Aviation)
- Sun Life Financial

**Investment  
by Indonesian  
Firms into  
Canada is also  
Growing**



## 2. Expected Advantages of an FTA with Canada



# Key Expected Advantages of an ASEAN-Canada FTA

## **Greater Sourcing Flexibility:**

An ASEAN-Canada FTA will benefit all members states and contribute to ASEAN regional economic integration

## **Complementary Economies:**

Indonesia's export strengths (e.g. apparel, leather products, textiles) align with Canada's import needs.

## **Trusted Supplier:**

Canada is a stable supplier of goods and services

## **Competitive Advantage:**

FTA will help to level the playing field with competitors and ensure preferential access to Canada

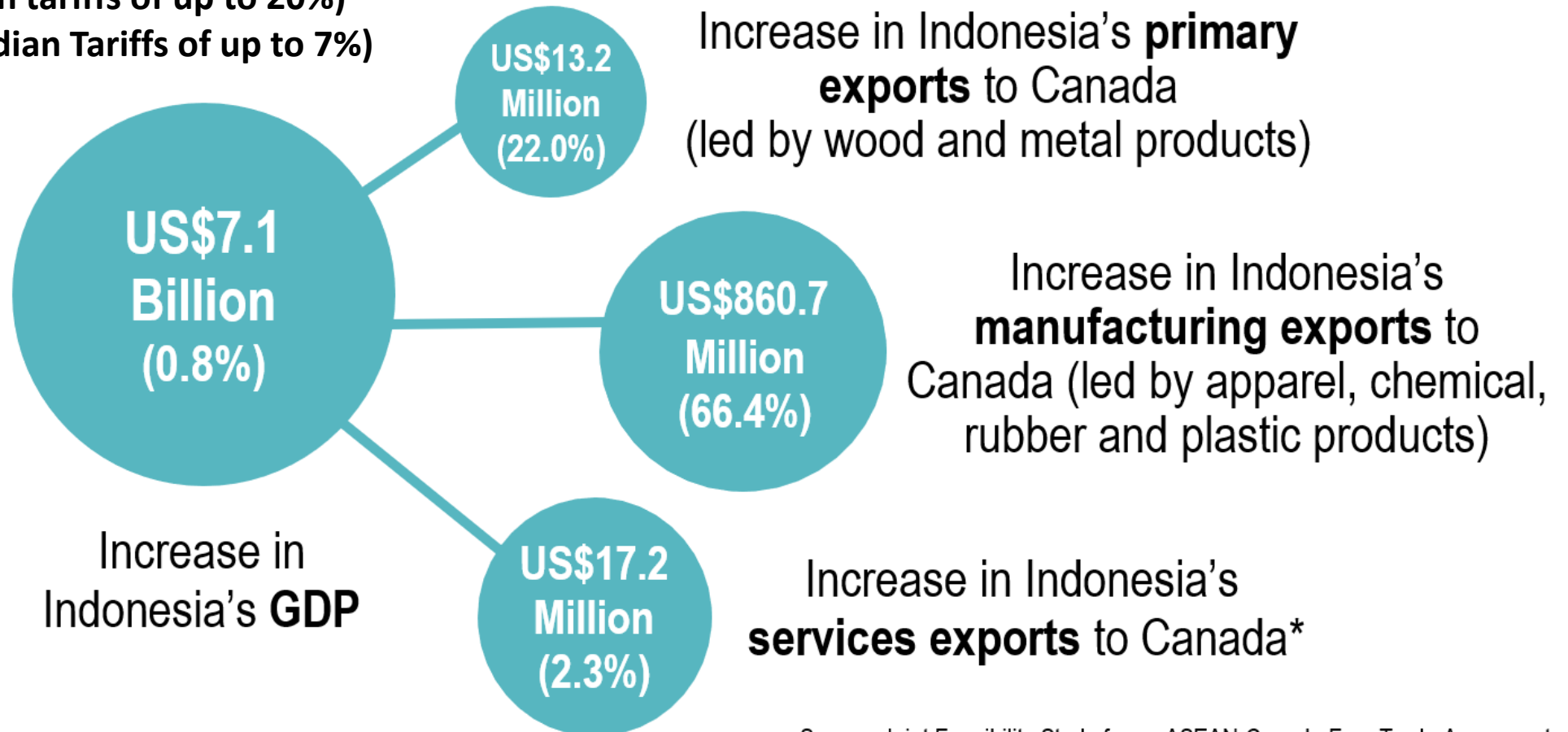
## **Gateway to Global Markets:**

Canada has 14 FTAs with 51 countries across the Americas, Europe and the Asia-Pacific

# Projected FTA Benefits for Indonesia

## Tariff Elimination for:

- Apparel (Canadian tariffs of up to 18%)
- Footwear (Canadian tariffs of up to 20%)
- Rubber tires (Canadian Tariffs of up to 7%)



Source: Joint Feasibility Study for an ASEAN-Canada Free Trade Agreement

\* Projection for services exports based on Canada's results incorporating goods, services and investment liberalization

# What Canada Offers Indonesia

- ✓ 10<sup>th</sup> largest economy in the world, G7 country
- ✓ Integration into North American supply chains
- ✓ A leader in sustainable development and infrastructure
- ✓ Some of the world's largest institutional investors
- ✓ Expertise in infrastructure development and public-private partnerships
- ✓ Dedicated programs to negotiate and benefit from FTAs

*"Canada is not only willing, but ready to be a key partner for the next 50 years."*

*Prime Minister Justin Trudeau  
31<sup>st</sup> ASEAN Summit*

*"Canada remains a strong friend and partner of ASEAN. We are proud to work closely with our ASEAN partners in support of peace and security, sustainable development and economic growth for all people in Southeast Asia and beyond."*

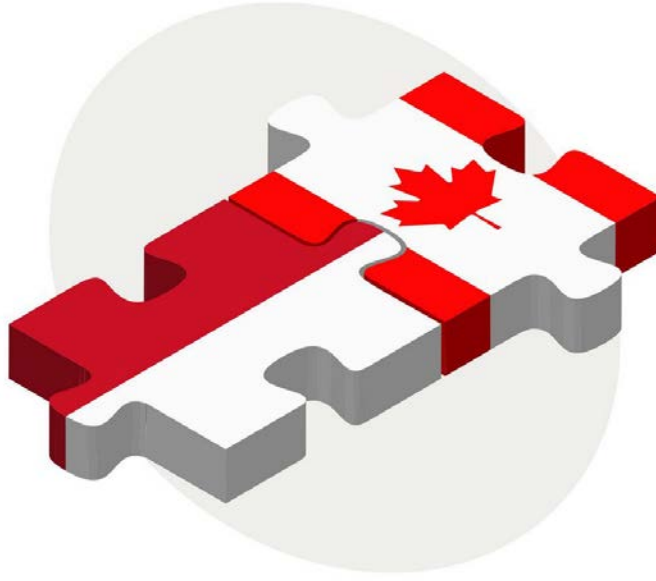
*Deputy Prime Minister Chrystia Freeland  
July 2019*

## Beyond Trade

**Long-standing relationship:**  
68 years of diplomatic relations

**Strong people-to-people ties:**  
More than 21,000 Canadians are of Indonesian origin

**Partner in education:** Over 23,000 students from the ASEAN region study in Canada



### 3. Recent Knowledge Sharing between Canada and Indonesia

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

## WORKSHOPS, TRAININGS & DISSEMINATION EVENTS



<b>2780</b>	<b>Participants</b> Workshops/Training 1462 F/1318 M
<b>2979</b>	<b>Participants</b> Dissemination Events 2334 F/655 M
<b>102</b>	<b>Events</b>
<b>4</b>	<b>Investment</b> Webinars
<b>99.45%</b>	<b>Reporting</b> Increased Trade and Investment Knowledge/Skills

## PARTNERS & BENEFICIARIES



<b>28</b>	<b>Ministry of Trade</b> Directorates
<b>43</b>	<b>Government</b> Ministries/ Agencies
<b>500</b>	<b>Private Sector</b> Organizations (Firms & Associations)
<b>20</b>	<b>University/ Research</b> Institutes

## PUBLICATIONS & KNOWLEDGE RESOURCES



<b>80</b>	<b>Activity Briefs</b>
<b>63</b>	<b>Training Material</b> Sets
<b>20</b>	<b>INATRIMS</b> Commodities
<b>9</b>	<b>Investment</b> Presentations
<b>11</b>	<b>Guidelines and</b> Manuals
<b>20</b>	<b>Reports</b>

- ❖ Five year project from 2014 to 2019
- ❖ CDN\$12 Million
- ❖ Funded by Global Affairs Canada
- ❖ Executed by The Conference Board of Canada
- ❖ Ministry of Trade and BKPM as primary partners

- Increasing Access to Knowledge
- Enhancing Business Linkages
- Strengthening Analytical Skills, Knowledge
- Improving the Regulatory Framework



# 20 Reports, 11 Guidelines & Manuals, 80 Activity Briefs

(majority in both Bahasa Indonesia and English)

## Gender Equality



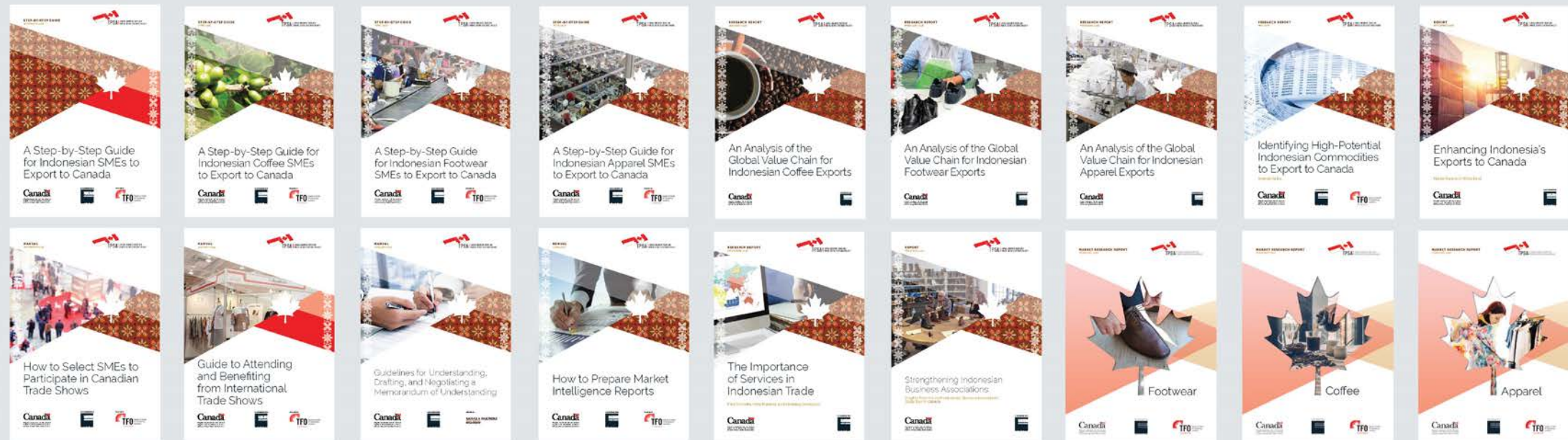
## Regulatory Reform

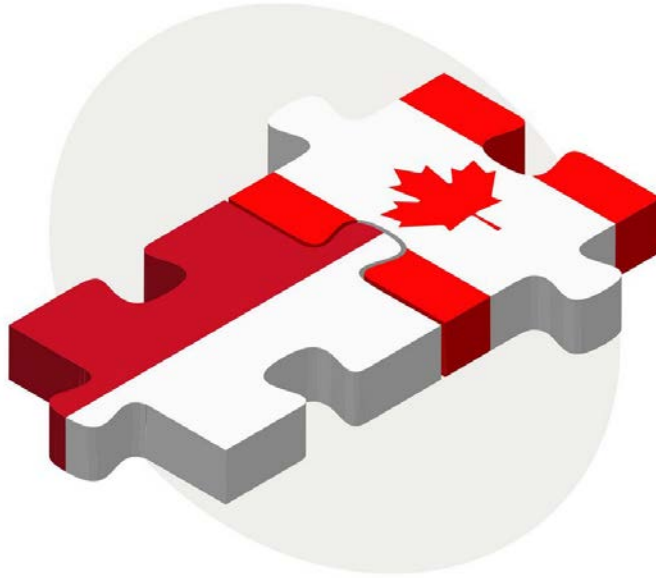


## Investment Promotion



## Trade Facilitation





## 4. Opportunities for increasing Indonesian Exports to Canada

# Identifying Export Opportunities Using a Market Driven Analysis



<http://www.tpsaproject.com/event/tpsa-interns-share-research-results-with-ministry-of-trade-officials/?lang=id>

<http://www.tpsaproject.com/wp-content/uploads/2017-05-01-Report-IDN-1211.02.pdf>



# Methodology: Normalized Revealed Comparative Advantage (NCRA)

## COMPETITIVENESS MATRIX

---

	Indonesia's market share for the commodity is increasing	Indonesia's market share for the commodity is decreasing
The commodity has an increasing share of Canadian imports	Rising star	Missed opportunity
The commodity has a decreasing share of Canadian imports	Declining star	Retreat

---

Focus Efforts on RISING STARS and MISSED OPPORTUNITIES

**Top 15 Rising Stars and Missed Opportunities** as of 2014 (date when the analysis was made) →

*Applying this methodology, the TPSA project was able to generate \$ 6.5 million of new exports by 15 SMEs in the COFFEE, FOOTWEAR, and APPAREL sectors over a 2-year period.*

**TABLE 5**

**RISING STAR AND MISSED OPPORTUNITY COMMODITIES RANKED BY NRCA INDEX 2013**

HS Code	Commodity	Type	NRCA Rank, 2013
40	Rubber and articles thereof	Rising star	1
62	Woven clothing and articles of apparel	→ Missed opportunity	2
61	Knitted or crocheted clothing and articles of apparel	Rising star	3
64	Footwear	→ Rising star	4
18	Cocoa and cocoa preparations	Rising star	5
94	Furniture, lighting, signs, prefabricated buildings	Missed opportunity	6
9	Coffee, tea, mate, and spices	→ Missed opportunity	7
75	Nickel and articles thereof	Rising star	10
42	Articles of leather; saddlery and harness, travel goods, handbags, and similar containers	Rising star	14
16	Meat, fish, and seafood preparations	Rising star	17
80	Tin and articles thereof	Rising star	18
63	Other made textile articles and worn clothing	Rising star	24
15	Fats, oils, their cleavage products, and waxes	Rising star	28
31	Fertilizers	Missed opportunity	29
17	Sugars and sugar confectionery	Rising star	30

Sources: UN Comtrade database; The Conference Board of Canada.

# Practical Step-By-Step Guides on Exporting

<http://www.tpsaproject.com/publikasi/keseluruhan/?lang=id>

How to benefit  
From Trade Shows

How to Export to Canada

How to select SMEs for Results



PANDUAN LANGKAH DEMI LANGKAH  
NOVEMBER 2016

TPSA | CANADA-INDONESIA TRADE AND PRIVATE SECTOR ASSOCIATION PROJECT

Panduan Langkah demi Langkah bagi UKM Indonesia untuk Mengekspor ke Kanada

Canada <sup>TIFA</sup>  
Program dilaksanakan dengan dukungan dana dari Pemerintah Kanada melalui Global Affairs Canada

DEPARTEMEN PERDAGANGAN DAN PERUSAHAAN KECIL  
TFO CANADA  
Aksi dalam perdagangan untuk negara berkembang  
Kerjasama melalui Global Affairs Canada



PANDUAN  
NOVEMBER 2016

TPSA | CANADA-INDONESIA TRADE AND PRIVATE SECTOR ASSOCIATION PROJECT

Bagaimana Memilih UKM-UKM untuk Berpartisipasi di dalam Pameran-Pameran Perdagangan Kanada

Canada <sup>TIFA</sup>  
Program dilaksanakan dengan dukungan dana dari Pemerintah Kanada melalui Global Affairs Canada

DEPARTEMEN PERDAGANGAN DAN PERUSAHAAN KECIL  
TFO CANADA  
Aksi dalam perdagangan untuk negara berkembang  
Kerjasama melalui Global Affairs Canada



PEDOMAN  
JANUARI 2019

TPSA | CANADA-INDONESIA TRADE AND PRIVATE SECTOR ASSOCIATION PROJECT

Pedoman untuk Menghadiri dan Memetik Manfaat dari Pameran Perdagangan Internasional

Canada <sup>TIFA</sup>  
Program dilaksanakan with the financial support of the Government of Canada provided through Global Affairs Canada

DEPARTEMEN PERDAGANGAN DAN PERUSAHAAN KECIL  
TFO CANADA  
Experts in trade for developing countries  
Kerjasama melalui Global Affairs Canada

# Indonesia has a Multi-Dimensional Challenge to Increasing Exports

- Large, growing, attractive domestic market somewhat discourages domestic firms from trying to export, especially if exporting is perceived as “difficult”..
- Non-tariff protection measures on component imports have created some isolation and disconnection, and have inadvertently weakened export competitiveness
- Insufficient accessible and accessible info about export market opportunities
- A long list of licenses, permits and regulations discourages or inhibits exporting by smaller firms.
- 85% of exports arise from approximately 5000 large sized firms
- 15% of exports arise from approximately 5000 medium sized firms;  
the “Missing Middle Syndrome”
- 30 million remaining firms are small or micro and will not contribute much to exports until they grow to M or L size, assuming they wish to grow and have the skills to grow.
- **SUGGESTION: For faster results in the short term, focus on the Large M’s and Small L’s where the ability to grow is faster and greater, and the production volume and quality is better able to meet buyer expectations.**



# Indonesia is Actively Negotiating an Impressive Number of International Trade Agreements in Parallel



## ON-GOING NEGOTIATIONS AND REVIEW

- 1  **Indonesia-European Union CEPA**  
Negotiations started: 2016  
Current status: 7th Round (March 2019); Target: 2019
- 2  **Indonesia-Iran PTA**  
Negotiations started: 2010  
Current status: 5th Round (Feb 2018); Target: 2019
- 3  **Indonesia-Mozambique PTA**  
Negotiations started: 2018  
Current status: 3rd Round (Feb 2019) Target: 2019
- 4  **Indonesia-Turkey CEPA**  
Negotiations started: 2018  
Current status: 3rd Round TIGs (Jan 2019); Target: 2019
- 5  **Indonesia-Tunisia PTA**  
Negotiations started: 2018  
Current status: 3rd Round (March 2019); Target: 2019
- 6  **Indonesia-Japan EPA (Review)**  
Implemented: 2008 (JIEPA)  
Current status: 11th JCM (March 2019/further liberalization)  
Target: 2019 (General Review JIEPA)
- 7  **Indonesia-Bangladesh PTA**  
Current status: 1st Round (Feb 2019); Target: 2020
- 8  **Indonesia-Korea CEPA**  
Current status: 8th Round (Apr 2019) Target: 2019
- 9  **Regional Comprehensive Economic Partnership**  
Negotiations started: 2013  
Current status: 25th Round (Feb 2019); Target: 2019
- 10  **ASEAN Economic Community (AEC)**  
Current status: on-going review; Target: 2025
- 11  **ASEAN-Australia-New Zealand FTA (AANZFTA) (Review)**  
Current status: on-going review; Target: 2019
- 12  **ASEAN-India FTA (AIFTA) (Review)**  
Current status: on-going review; Target: 2019

## INDONESIA TRADE NEGOTIATIONS

AS OF MAY 2019

### FUTURE/POSSIBLE NEGOTIATIONS

- 1  **Indonesia-Pakistan TIGA**  
Current status: Proposed 1st Meeting in 2019
- 2  **Indonesia-Morocco PTA**  
Current status: Launch of Negotiations (2018)
- 3  **Indonesia-Gulf Cooperation Council**  
Current status: Proposed Feasibility Study (2018)
- 4  **Indonesia-Taiwan ECA**  
Current status: Review Feasibility Study (2018)
- 5  **Indonesia-Sri Lanka**  
Current status: Launch of Joint Feasibility Study (2018)
- 6  **Indonesia-SACU PTA**  
Current status: Been proposed (2017)  
SACU cannot pursue; focus on South Africa
- 7  **Indonesia-EAEU**  
Current status: Proposed JSG (2017)
- 8  **Indonesia-Kenya (EAC) PTA**  
Current status: Being proposed (2017)
- 9  **Indonesia-Nigeria (ECOWAS) PTA**  
Current status: Being proposed (2017)
- 10  **Indonesia-Peru**  
Current status: Joint Study finished
- 11  **ASEAN-Canada FTA**  
Current status: On-going Feasibility Study
- 12  **ASEAN-European Union FTA**  
Current status: Framework Parameter Negotiation

## CONCLUDED/RATIFICATION PROCESS

- 1  **Indonesia-Chile CEPA**  
Current status: Signed in 14 Dec 2017, ratified.
- 2  **Indonesia-EFTA CEPA**  
Current status: Concluded, signed in 16 Dec 2018
- 3  **Indonesia-Australia CEPA**  
Current status: Concluded, signed on 4 March 2019
- 4  **ASEAN-Hong Kong FTA & Investment Agreement**  
Current status: Concluded, Signed in 12 November 2017
- 5  **ASEAN-Japan Investment, Service & MNP Agreements**  
Current status: Concluded (2017), Signed in 2 March 2019
- 6  **4th Protocol to Amend ASEAN Comprehensive Investment Agreement (ACIA)**  
Current status: Concluded. Signed in 23 April 2019
- 7  **1st Protocol to Amend ASEAN TIG Agreement (ATIGA) to Allow the ASEAN Wide Self-Certification**  
Current status: Concluded, signed in 29 August 2018
- 8  **ASEAN Trade in Services Agreement (ATISA)**  
Current status: Concluded. Signed in 23 April 2019
- 9  **Protocol to Implement 10th Package of Commitment under ASEAN Framework Agreement on Services (AFAS)**  
Current status: Concluded, signed in 11 November 2018
- 10  **ASEAN Agreement on E-Commerce**  
Current status: Concluded, signed in 12 November 2018

## IMPLEMENTED

- 1  **Indonesia-Pakistan PTA (Review)**  
Implemented: 1 March 2019
- 2  **MOU Indonesia-Palestine**  
Implemented: 21 February 2019
- 3  **Indonesia-Japan EPA**  
Implemented: 2008 (JIEPA)
- 4  **ASEAN-China FTA**  
Implemented: 2015
- 5  **AANZFTA**  
Implemented: 2012
- 6  **ASEAN-India FTA**  
Implemented: 2010
- 7  **ASEAN TIGA**  
Implemented: 2010
- 8  **ASEAN-Japan CEP**  
Implemented: 2009
- 9  **ASEAN-Korea FTA**  
Implemented: 2006

[ Note, this is only an illustrative snapshot from May 2019. Further progress has been made since May 2019 ]



# KADIN Study: Public-Private Consultation of FTA Negotiations in Canada and Indonesia (PPC)



## Study presented to Indonesia's Vice President Jusuf Kalla in August 2018

- Mr. Sofjan Wanandi, Chief of Special Advisor team to the Vice President of Indonesia
- Mr. Adhi Lukman, Secretary General GAPMMI
- Ms. Jessica Callista, member of International Relations and Investment Committee for FTA, APINDO
- Ms. Liana Bratasida, Executive Director at APKI
- Mr. Jusuf Kalla, Vice President of Indonesia
- Ms. Shinta W. Kamdani, Vice Chairwoman for International Relations of KADIN
- Ms. Anne P. Sutanto, Vice President Director of PT Pan Brothers, Tbk.
- Mr. Wahyuni Bahar, the Head Committee for International Relations and Investment for FTA, APINDO
- Mr. Eddy Widjanarko, Chairman (National Board) at APRISINDO
- Ms. Sherly Susilo, International Relations and Investment Executive at APINDO



# KADIN Guide: Conducting Public-Private Consultations and Preparing Position Papers

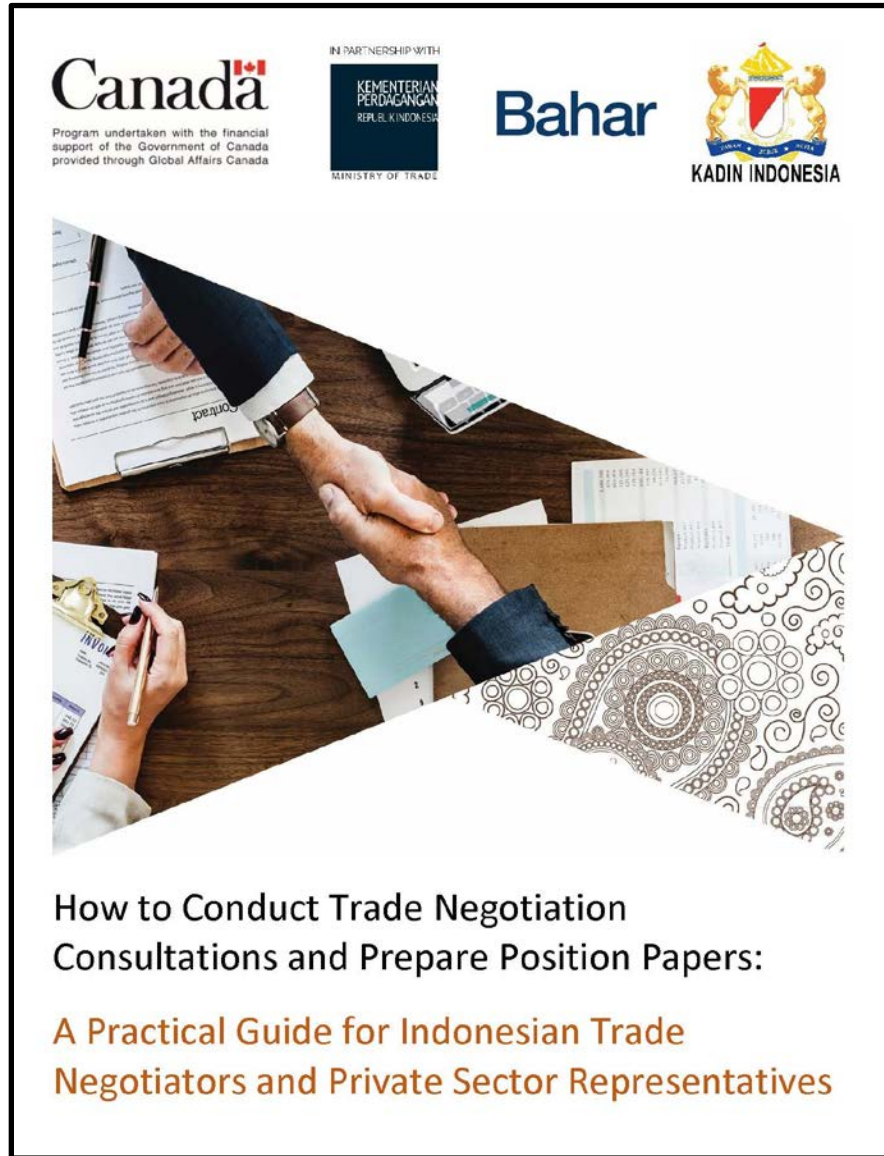


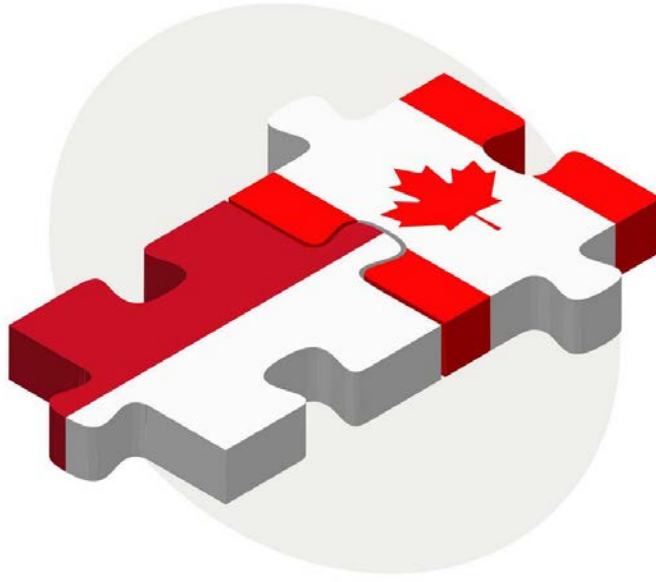
Photo above:  
Guide presented by KADIN to Minister of Industry Airlangga Hartarto and Director General of International Trade Negotiation, Iman Pambagyo

## **Part I: How to Conduct Trade Negotiation Consultations**

1. Establishing a TNC Mechanism in Indonesia
2. Key Stakeholders in TNCs
3. TNC Implementation Principles
4. Benefits of Conducting and Participating in TNCs in Indonesia
5. Formulating a TNC Strategy
6. Successful Approaches to Trade Negotiation Consultations: Three “Cs”
7. Three Stages of Trade Negotiation Consultations
8. Instruments and Resources for Trade Negotiation Consultations
9. Select Instruments and Mechanisms for Trade Negotiation Consultations
10. Suggestions for TNCs

## **Part II: How to Prepare Trade Negotiation Position Papers**

1. Why Position Papers Are Needed in Trade Negotiations and Consultations
2. What Is a Trade Negotiation Position Paper?
3. Purpose and Types of TNPPs
4. Key Steps to Writing a Trade Negotiating Position Paper



## 5. Opportunities for increased investment from Canada



# Methodology: Calculating Revealed Comparative Advantage (RCA) for FDI →



The TPSA project developed a guide on how to identify which types of investment should be promoted to Canada, based on recent trends in outward investment from Canada.

Note: This method of Revealed Comparative Advantage can be applied to any target country.

**TABEL 8**

## RCA-PMA INDONESIA DI ASEAN BERDASARKAN SEKTOR

(berdasarkan jumlah proyek PMA *greenfield* selama Januari 2014–Maret 2018)

Sektor-sektor di mana indeks RCA Indonesia untuk PMA lebih besar dari 1	Skor RCA	Sektor-sektor di mana indeks RCA Indonesia untuk PMA kurang dari 1	Indeks RCA
Minuman	2,71	Transportasi	0,94
Batubara, minyak dan gas alam	2,29	Plastik	0,91
Hotel dan pariwisata	2,24	Mesin, peralatan dan alat industri	0,88
Keramik dan kaca	2,12	Farmasi	0,87
Logam	1,82	Komponen elektronik	0,83
Pergudangan dan penyimpanan	1,72	Perangkat lunak dan layanan TI	0,81
Produk kayu	1,56	Rekreasi dan hiburan	0,81
Bahan bangunan dan konstruksi	1,52	Pesawat udara	0,70
Makanan dan tembakau	1,40	Layanan bisnis	0,64
Produk konsumen	1,38	Jasa keuangan	0,58
Barang elektronik konsumen	1,31	Tekstil	0,55
Kimia	1,30	Perangkat medis	0,43
Komponen otomotif	1,29	Bioteknologi	0,41
Energi terbarukan	1,28	Semikonduktor	0,25
Kesehatan	1,23	Kertas, cetakan dan kemasan	0,23
Transportasi non-otomotif	1,21	Mesin dan turbin	0,00
Otomotif	1,21		
Mineral	1,13		
Perumahan	1,04		
Ruang angkasa dan pertahanan	1,02		
Mesin dan peralatan bisnis	1,00		
Komunikasi	1,00		

Sumber: WAVTEQ berdasarkan data FDI Markets dari Financial Times Ltd.

# Produced Investment Brochures, Presentations, Guides to raise awareness of the opportunities

## Renewable Energy ([learn more](#))

- Biomass ([learn more](#))
- Solar ([learn more](#))

## Services ([learn more](#))

- Technical Services ([learn more](#))
- IT and Software ([learn more](#))

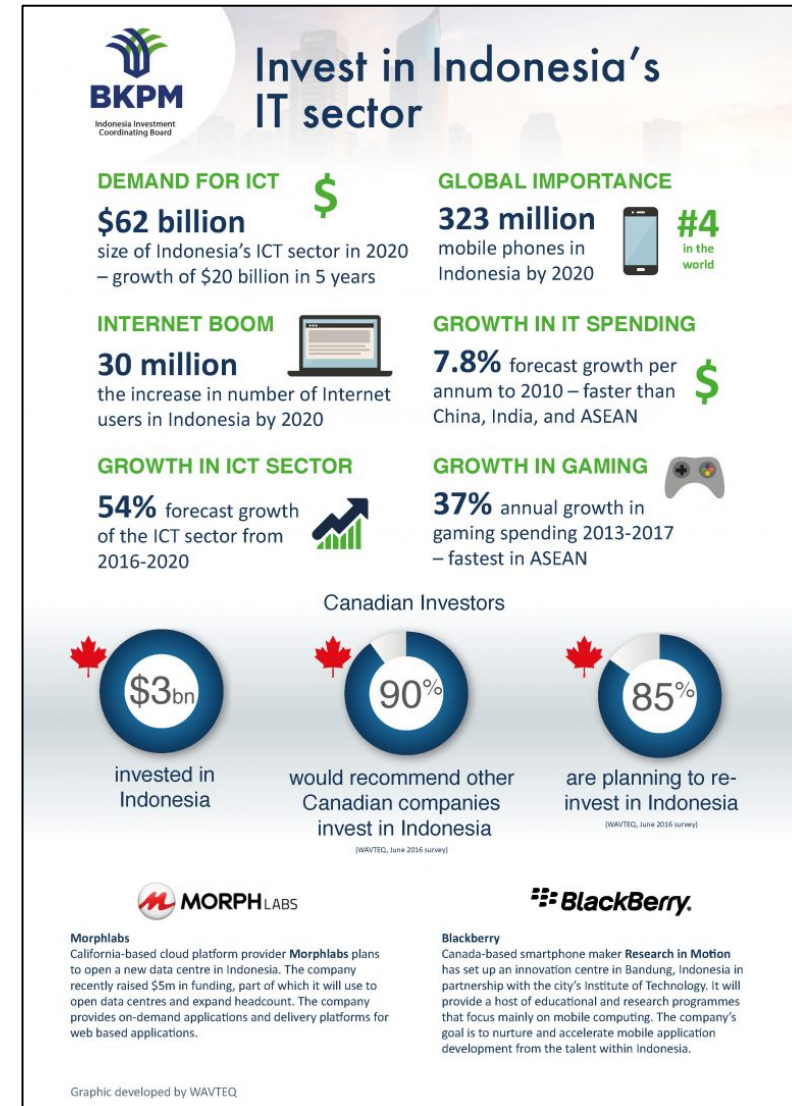
## Manufacturing ([learn more](#))

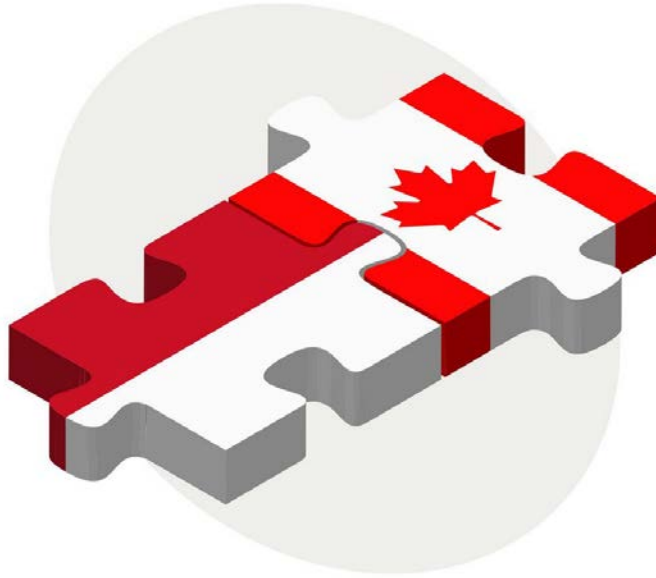
- Machinery & Equipment ([learn more](#))
- Chemicals ([learn more](#))

## Air Transportation ([learn more](#))

## Agri-business ([learn more](#))

- Dairy products ([learn more](#))
- Fisheries ([learn more](#))





## 6. Opportunities for Indonesian Investment into Canada

# Leading Sectors for New FDI into Canada:

[www.investcanada.ca](http://www.investcanada.ca)

## How do Indonesian firms benefit by investing in Canada?

- *Access to Talent*
- *Access to High Technology*
- *Access to New Markets*
- *Access to Resources not available in Indonesia*
- *Acquisition Opportunities*
- *R&D Support Programs and more*

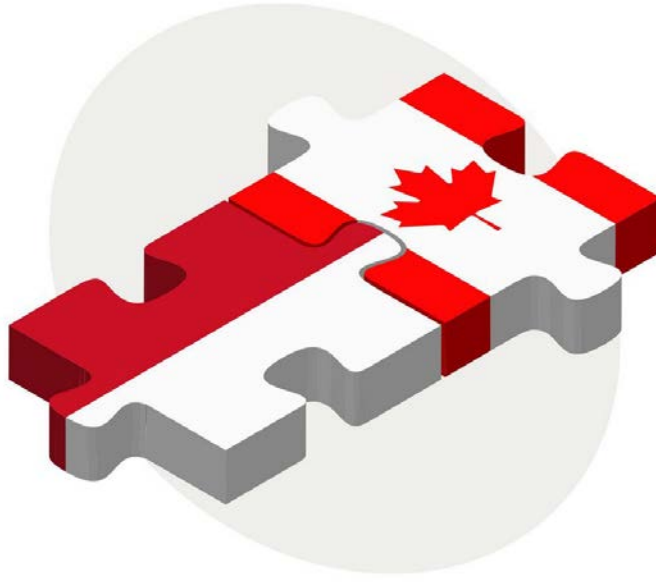
- **Technology**
- **Advanced Manufacturing**
- **Natural Resources**
- **Entertainment and Media**
- **Agribusiness**
- **Cleantech**
- **Life Sciences**

Some of the Fortune Global 500 companies operating in Canada:



“With 14 trade agreements, Canada is the **only G7 country that offers investors preferential market access to over 50 countries**, with over 1.5 billion consumers and a combined GDP of nearly USD\$50 trillion.”





## 7. Key Concluding Messages

# Key Concluding Messages

1. Canada and Indonesia have experienced a **complementary and mutually beneficial** trade and investment relationship over many decades.
2. Considerable **opportunities exist to broaden and deepen** this trade and investment relationship via Trade Agreements between Canada and countries in ASEAN.
3. The Government of Canada has helped to **build capacities** in Indonesia for trade agreement negotiation and trade facilitation, which ultimately benefits both countries. Canada has also learned more about Indonesia in the process.
4. **Private and Public Sectors in Indonesia and Canada have signaled readiness** to explore trade agreements which will enhance our trade and investment interests.
5. **No need to stop and wait however:** Prior to an FTA being in place, two-way trade and investment opportunities have been identified which can be further explored to raise awareness and inform future negotiations.

# About Gregory (Greg) A. Elms

- Greg has over 33 years experience in Indonesia. First 7 years in the private sector in Indonesia, from 1986 to 1994. Gained first hand understanding of how Indonesia works.
- Served as Canadian Investment Advisor for the Canada-Indonesia Business Development Office from 1994 to 2004. Funded by Government of Canada. Embedded in BKPM. Advised around 1000 firms on market entry.
- Managed projects at World Bank Group Indonesia (IFC and IBRD) from 2005 to 2013, on the Investment Law of 2007, the SEZ Law, Investment Promotion, Tax Incentives, and Investment Policy.
- Served as Field Director for the 5-year Canada-Indonesia Trade and Private Sector Assistance Project, funded by the Government of Canada, from 2014 to 2019. Worked closely with Ministry of Trade and BKPM.
- Advisor to KADIN's Indonesia-Canada Committee (KIKAN)
- Vice Chairperson of the Indonesia Canada Chamber of Commerce (ICCC)
- Greg can be contacted via [greg.elms@outlook.com](mailto:greg.elms@outlook.com)

