

The Coordinating Minister for Economic Affairs of the Republic of Indonesia Holds a Meeting with the Minister of Economic Affairs and Climate Action Germany and Signs the Indonesia-Germany Joint Declaration of Intent (JDoI)



COORDINATING MINISTRY FOR ECONOMIC AFFAIRS REPUBLIC OF INDONESIA

PRESS RELEASE

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Berlin, April 17th, 2023

The meeting between the Coordinating Minister for Economic Affairs of the Republic of Indonesia Airlangga Hartarto and the Minister of Economic Affairs and Climate Action Germany Robert Habeck in Berlin took place after the Coordinating Minister Airlangga accompanied the entire series of activities of the President of the Republic of Indonesia Joko Widodo at the Hannover Messe 2023 in the morning, namely the Opening of Partner Country Indonesia National Pavilion at the 2023 Hannover Messe, visit the booth co-exhibitor Indonesia and Germany at the exhibition site and attended the opening of Indonesia – Germany Business Summit event with President Joko Widodo and Germany Chancellor, Olaf Scholz. With a distance of about 3 hours by train between Hannover-Berlin, Coordinating Minister Airlangga and his entourage immediately visited the office of the German Federal Ministry of Economic Affairs and Climate in Berlin and held a bilateral meeting with Minister Habeck.

"We are very pleased that Indonesia has been appointed as Partner Country for the Hannover Messe for the third time and it is an honor for Germany to receive President Joko Widodo and the Indonesian delegation on the visit, including the results of the talks between the President of Indonesia and the Chancellor of

Germany, Olaf Scholz," stated by Minister Habeck in his remarks.

In addition to promoting Indonesia's leading industries in implementing Industry 4.0, some Business and Government to Business agreements have been agreed upon in various sectors such as renewable energy at the Indonesia-Germany Business Summit event following the opening ceremony of the National Pavilion by President Joko Widodo at the 2023 Hannover Messe exhibition in the morning, with an estimated cooperation value of US\$2 billion and expected to absorb as many as 80,000 workers. This shows the very close and mutually beneficial economic relations and cooperation between Indonesia and Germany.

Previously, on April 11, 2023, the Coordinating Minister Airlangga and Minister Habeck had virtually signed an agreement to form economic cooperation and investment platform (Joint Declaration of Intent on Indonesia – Germany Joint Economic and Investment Committee/JEIC) which will not only involve the government sector but is designed to involve the private sector to increase cooperation in the economic sector and investment. The Joint Committee covers a wide range of sectors, namely: (i) trade, (ii) industry, (iii) investment, (iv) environment and natural resources, (v) energy, (vi) maritime, (vii) tourism, (viii) health, (ix) vocational education and workforce training, (x) research and innovation, (xi) start-up business ecosystem, and (xii) MSME development.

The two Ministers discussed several issues of mutual concern, including efforts to accelerate the completion of the Indonesia-European Union Comprehensive Economic Partnership Agreement (IEU-CEPA), industry downstream efforts in Indonesia, environmental issues and green economy, and energy transition.

"Indonesia has a strong commitment to the environmental sector, including issues of sustainability and deforestation. However, the reinforcement efforts should not be detrimental livelihoods of small farmers and MSMEs," said Coordinating Minister Airlangga.

As explained by Coordinating Minister Airlangga, the European Commission's efforts to launch Deforestation Free Product legislation some time ago were considered to complicate market access for several Indonesian commodities such as palm oil, cocoa, coffee, and timber to the European Union. It is emphasized that the commodity products have been processed according to sustainable standards that have been applied globally. For this reason, Indonesia hopes that Germany can help encourage concrete cooperation in recognizing sustainable standards that have been applied by Indonesia in some agricultural and plantation commodities.

Along with this, Indonesia has also agreed with the G7/G20 countries to reduce exhaust emissions by encouraging the use of new renewable energy to reduce the use of fossil fuels, through the Just Energy Transition Partnership (JETP) scheme which was launched on the sidelines of the G20 Summit within the framework of the Partnership for Global Infrastructure and Investment (PGII) between President Joko Widodo, President Joe Biden, and President Ursula von Der Leyen in Bali last year.

With the newly agreed cooperation platform, the two Ministers agreed to accelerate the completion of the IEU-CEPA negotiations which will enter the 14th round in Brussels in May. In this regard, the two countries also agreed to apply flexibility and pragmatism in negotiations to find solutions, especially sustainability issues. Germany as the largest economy in Europe is ready to help accelerate the completion of the IEU-CEPA negotiations.

In terms of industrial downstreaming, especially mining, Indonesia is open to Foreign Direct Investment to increase added value and global value chains, based on sustainable aspects. The Coordinating Minister Airlangga explained that Indonesia had implemented the digitization of the trading system/balance of basic commodities to maintain inflation of the basic needs of the community and not aim to reduce/eliminate imports of basic commodities.

As a follow-up, the two Ministers agreed to form a working group under the JEIC platform, one of which is the energy sector by involving Ministries/Agencies and assigning senior officials of the two countries to

discuss and immediately implement the agreement. On this occasion, the Coordinating Minister Airlangga proposed increasing cooperation in developing the production capacity of the semiconductor industry where German companies have been operating since 1995 in Indonesia considering that semiconductor products are currently very important. Apart from that, Coordinating Minister Airlangga also added that he would strengthen cooperation in the development of solar panel production in Indonesia with Germany.

At the meeting, Coordinating Minister Airlangga was accompanied by the Minister of Industry, Secretary of Coordinating Minister for Economic Affairs, Deputy for Coordination of International Economic Cooperation, Assistant Deputy for Economic Cooperation, Europe, Africa and the Middle East, Director of Europe II of the Ministry of Foreign Affairs, and Indonesian Ambassador to Germany. While German side, Minister Habeck was present along with some senior officials of Germany's Federal Ministry of Economy and Climate Action. (fwh/aay/dep7/dlt/map/fsr)

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