Economic and Trade Relations between the European Union and Indonesia

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Abstract

The European Union (EU) has signed a co-operation agreement with Indonesia in form of an economic relation since the beginning of the 1980s. Comparing to other co-operations is this agreement in the lowest level of economic relation without any preferential treatment in trade except for the common Generalized System of Preferences (GSP). Under the agreement like this, Indonesia does't receive and enjoy special treatments and facilities like the other countries grouping such as African, Caribic and Pacific (ACP) countries.

EU – External Trade Policy

Trade Policy

The external trade policy is one of the most important policy instruments in the field of economy for the EU. The external trade policy of the EU lies in the regulation of the Common External Tariff (CET) and the Common Commercial Policy (CCP). CET deals with a common tax applied on all foreign products entering the EU's market, while the CCP allows the EU-member countries to negotiate and sign deals as one with the non EU-member countries. These measures, which have been stipulated under Article 133, must be compatible with international trade rules by dint of the Community's collective membership of the World Trade Organisation (WTO). Peterson and Bomberg (1999) saw that the Article 133 is one of the most powerful and active elements to all Council committes. Its role is particularly significant because the Council decisions to conclude trade agreements are taken by the qualified majority voting (QMV), at least according to the Treaty.

In reference to the external trade policy, Article 3 of the Treaty of Rome specifies that the activities of the EU shall include a common customs tariff and a common commercial policy with third countries. The key provisions of the CCP are contained in Article 110 -116 of the Treaty of Rome. Heidensohn (1995) argued that according to Article 110, the EU's trade policy objectives are twofold[1]. Firstly, the EU is committed to a liberal approach to trade. It supports a free multilateral trading system in the world with the most efficient producers supplying markets. The second one is that policy objective that can be found in Article 110: the formulation of a customs union resulting in a common market which discriminates against third countries.

The Custom Union (CU) aspect of the EU is the establishment of a discriminatory trading area. It perhaps surprising to observe that the aim of the CCP as outlined in Article 110 of the Treaty of Rome, is to progressively abolish restrictions an international trade and the lower tariff barriers[2]. The corner stone of commercial policy, namely Common External Trade (CET), is common to all participants. For the EU, the CET is the best known example of discriminatory trading practice. This measure is reinforced by other measures designed to protect EU industries. The commercial policy does not apply with full force to all countries. A considerable number of countries are granted trade preferences. Under the same agreements, such countries are less discriminated against those countries which have not been granted any prefential treatment.

The EU nowadays plays a central role in international negotiations due to its increased economic leverage. The EU's leverage stems from the fact that it accounts for 44 per cent of international trade flows, including the intra EU trade and about 30 per cent of foreign direct investment flows. The completion of market integration of the EU, called European Single Market gives EU's international trade policy a very significant leverage. It happens because the single market can determine conditions of access of the largest unified market in the world. The EU's leverage has also been increased by an enlarged membership[3] and the launching of the single currency Euro as a common currency sincethe beginning of 1999[4]. In the context of international trade policy, the enlargement has also made membership more heterogeneous and thus made policy making even more complex.

The EU international trade policy also has a potentially important role to play, because of the willingness on the part of the USA to continue providing a leadership role. The USA still supports multilateralism, but only when this produces the results demanded by an arrange of domestic constituencies. To play a more important role, the EU needs to be an effective and credible actor in terms of international trade diplomacy. To face the rapid changes in the nature of international trade, the EU has created a need for the EU decision making to be more transparent, more democratic and more effective. Two questions arise concerning how the EU uses its greater economic leverage[5]: First, will the EU be able to agree on common positions and thus be a credible actor in international trade policy, or will international divisions doom it to be reactive and often ineffectual? Secondly, will the EU use its economic potential to promote multilateral (or plural) market opening agreements, or simply as a means of defending its non market against foreign competition? To answer these two questions, we will see in the next chapter the case study of the implementation of the EU trade policy against one of his trade partners, namely Indonesia.

As the EU declared its commitment about 35 years ago to support economic development of the developing countries, millions of people, mostly in the developing countries, are hoping and expecting that these statements and commitments of the EU will soon be implemented and be running for a long term. The commitment of the EU to the developing countries was development and economic aid, including trade facilities such as reducing tariff and free market access to the EU-market for the export comodities. The EU trade facilities have been seen as a good will from many countries. In this context, the EU is willing to open its market for the import commodities from developing countries.

Following years as the world economy has become global and borderless, the EU has changed its external trade policy significantly. The liberal trade policy which is implemented by the EU gives the trade partner from the developing countries more benefits and guarantees to get access into the EU market. But the EU does not enjoy the same facilities and references from the developing countries as their trade partner. The EU must pay high import tariff to the destination countries as other developed countries. After long implementing external trade policies and its impacts to the EU economy, the EU tries to rethink its policy and feels the need to carry out measures in protecting the domestic economy through the new regulation and policy without violating any clausal or regulation under the World Trade Organisation (WTO).

Under the WTO (former GATT), negotiations tariffs for imported goods are reduced. In the late 1990s, tariff on most manufactured goods had been cut, but that had been slowed by succesive global trade rounds.

Instead of imposing tariff which is no more popular in the global economy, the EU uses another instruments, such anti-dumping, voluntary export restraint (VER), quota, standardization and accreditation. Anti-dumping action is one of the most frequently used instruments for the protection of the domestic market. Article VI of the GATT provides considerable scope for WTO members to apply anti-dumping duties selectively on particular products exported to them when it is found that these have been dumped. There is no obligation to provide compensation.

At the end of 1960s, the EU introduced its own regulation for the impose of collective anti-dumping measures. In 1968, it was carried out to replace the previously national regimes. These provisions have been repeatedly revised, either to conform with changes in GATT rules or as a result of the EU initiatives. Before anti-dumping duties be applied, the EU should make three main tests for every suspect case. These three tests are:

1. Evidence of dumping
2. Injury or the threat of injury to a European industry
3. A demonstration that the imposition of anti-dumping duties would be in the community interest[6].

Although tariff is no more popular as one instrument among the countries, the EU still uses tariff, called the common external tariff, as an important element of its external trade policy (CET). In 1995 for example, the overall average EU tariff rate stood at 9,6% of import values. Tariffs on agricultural imports were higher, about 26%; and tariffs on manufactured imports were lower, about 6%. Under the negotiation of the Uruguay Round, tariff rates have been reduced by roughly one third. The revenue from import duties flow into the general EU budget, after 10% deduction retained to cover costs of customs administration by importing country[7].

The restrictiveness of a tariff system depends not just on the level of tariffs but also on the degree of tariff escalation. A tariff structure is escalated when tariffs on imports of raw materials and intermediate products are lower than those on finished goods. Such escalation affords downstream activities higher effective protection than the nominal rates suggest. Under the negotiations of the Uruguay Round, tarif cuts were generally larger on high tariffs, so that the degree of escalation was reduced substantially. Nevertheless, significant escalation remains in textiles and clothing as well in agricultural and food products.

In the beginning of 2001, that was in February, the Council adopted the so-called "EBA (Everything But Arms) Regulation"8, granting duty-free access to imports of all products from the least developed countries without any quantitative restrictions, except to arms and munitions. At present, 49 developing countries belong to the category of LDC's. The provisions of the EBA Regulation (Council Regulation (EC) No 416/ 2001 of 28 February 2001) have been incorporated into the GSP Regulation[9].

Only imports of fresh bananas, rice and sugar are not fully liberalized immediately. Duties on those products will be gradually reduced until duty-free access will be granted for bananas in January 2006, for sugar in July 2009 and for rice in September 2009. In the meantime, there will be duty free tariff quotas for rice and sugar[10].

Economic Co-operation with Other Countries

Under Articles 300 and 310 of the Treaty, the EU has the opportunity to use its economic power as a political tool. Article 300 allows the EU to conclude trade and economic privileged trade relationship. The EU has now so many co-operation agreements that foreign signatories often find that their priviliges are also offered to many other third

Tariff quotas for rice and raw sugar from least-developed countries (LDCs)

	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Products	"EU import 000 tons"	"EU import 000 tons"	"EU import 000 tons"	"EU import 000 tons"	"EU import 000 tons"	"EU import 000 tons"	"EU import 000 tons"	"EU import 000 tons"
Rice (1)	2,517	2,895	3,329	3,829	4,403	5,063	5,823	6,696
Sugar (2)	74,185	85,313	98,110	112,827	129,751	149,213	171,595	197,335
(1) marketing years September 2001 to September 2009 (2) marketing years July 2001 to July 2009								

countries. Most of the agreements contain some types of special concession or aid. The EU has also another possibility to sign 'association agreement' on the basis of Article 310. Highly prioritised states receive a variety of prizes, technical assisstant, aid – of which special trade concessions are usually only one. Often association agreements will hold out the prospect of an eventual free trade area in the case of the 'Europe agreements' with most Central and East European countries (CEECs)[11].

In order to create and to maintain economic and trade relations with non-EU member states, the EU builds simultanously a five track relationship system, so Tarmidi (2001) in his valuable research about the EU-Developing Countries economic relationship[12]. These five relationship system are as followings:

1. Multilateral relationship by regional grouping, for example EU-ASEAN
2. Multilateral relationship between individual

countries like Asia-Europe Meeting (ASEM)

3. Multilateral Asia-EU relationship
4. Bilateral agreements between the EU and individual countries, such as the economic agreement between the EU and Indonesia
5. Bilateral country- to-country relationship like Germany with Indonesia

In the real praxis, the EU has developed its relationship with almost all countries in the world, developing as well as developed countries. But these relationships are built not in the same mechanism as the EU. There are substantial differences in level of intensity in term of preferential treatment, ranging from association agreements to minor level of economy (Africa, Caribia and Pacific countries) in form of agreement, called Cotonou Agreement (former Lóme Convention). These agreements are created with a special co-operative relationship because of the past colonial history. The relationship between the EU and ACP countries is aimed at improving the social and economic development of sub Saharan countries, and at keeping it closely tied to Europe[13]. Under Lóme Convention the around 77 ACP countries, mostly former French colonies in Africa have received free and privileged free access to the EU market for their large-dominated primary comodities (agricultural products) plus the assurance of multilateral aid flows of some magnitude from the EU.

In 1965, the EU signed a custom union agreement with the Turkey, with Malta in 1971 and Cyprus in 1973. With these three countries, the EU has also had an association agreement, in which Turkey applied for EU accession in April 1987, while Malta and Cyprus in 1990[14]. With former communist countries in Eastern and Central Europe, the EU has also signed a free-trade agreement. They are Hungary, Poland, Czech Republic, Slovakia, Bulgaria, Romania, Estonia, Latvia, Lithuania and Slovenia. But contrary to those partners, the EU signed an agreement with the ASEAN, Croatia and Fyrom at the lowest level of economic relations, namely cooperation agreement[15]. Under these agreements, the partner countries enjoy only the common Generalized System of Preference (GSP)[16].

The external trade policy of the EU has been influenced by various changes that have affected the development of the CCP. Penketh (1994) showed three influential changes:

1. The establishing of the EU-Single Market has led to the disappereance, for trade in goods, of international frontiers. This means that the negotiation of the trade policy by the EU with the rest of world is absolutely vital.
2. The countries which have adopted the Maastricht Treaty and also envisaged the monetary union can hardly anticipate the development of unilateral trading policies under irrevocable fixed exchange rates or a common currency.
3. An important principle in the analysis of the international economy is to illustrate that in the first best world, free trade results in gains to the countries participating in trade[17].

Economic and Trade Relations of EU – Indonesia

Economic Relation

As one of the big existing country group in the world, the EU is having cooperation with other countries or grouping, especially in the diplomatic and economic fields. One of the cooperation partner of the EU from the developing country group is Indonesia. The relationship between the EU (former European Communities – EC) and Indonesia has taken place since 1976 with the first dialogue between two partners. Having had the first dialogue, the EU has given its commitment to assist and develop Indonesia's forestry conservation programme. This financial aid was amounting to € 106 million for the period of 1976-2001[18].

In the decade of 1980s and 1990s, the focus of the EU developing assistance was to help Indonesia maintaining its self-sufficiency in rice. This was concentrated on developing of the irrigation and drainage, production and marketing of seeds for upland crops, and others such animal husbandry, fisheries and sustainable development.

Since the beginning of the 2000, the EU has intensified its relationship with Indonesia and given more attention to the actual economic and political development in Indonesia. On 2 February 2000, the Commission finished a draft under the title "*Developing Closer Relations between Indonesia and the European Union*"19 and communicated it to the Council and the Parliament. This communication provided a comprehensive re-assessment of the EU-Indonesia co-operation. Based on the Commission's Communication on Indonesia, the Council released its conclusions in March 2000. A year later, in May 2001, the Council reassessed and re-asserted its finding.

In its Communication of 2 February 2000, the European Commission recognised the need to re-assess and upgrade relations between EU and Indonesia through an enhanced political dialogue, promotion of trade and investment, and increased development assistance to be framed in a clearer policy framework. The objectives were to achieve a higher visibility and impact for the EU's support to Indonesia. The Communication was launched in the light of political and economic transition in Indonesia towards a more democratic, pluralistic and open society. Recognising that the reform process in Indonesia has made remarkable progress and has led to fundamental changes in the political and institutional set-up, the Commission perceived an opportunity to contribute to the process of enhancing good governance and the rule of law as well as containing regional unrest. The avenues that both the Commission and the Government of Indonesia have taken to advance cooperation for mutual benefit are through bilateral dialogue in the regular conduct of the Bilateral Forum, trade and investment, and development assistance.

In year of 2002, the EU and Indonesia agreed about a common strategy for the period of 2002-2006 in form of Country Strategy Paper (CSP). A National Indicative Programme (NIP) was launched from both sides in November 2001 for the period 2002-2004. And the second NIP for the period 2004-2006 was signed in July 2004. For both co-operation programmes, the EU has provided financial assistant amounting to €216 million for five years (2002-2006). Objectives for the five-year programme 2002-2006 are therefore:

1. Intensification of a comprehensive EU dialogue with Indonesia, particularly as regards good governance and human rights;
2. Assistance in development particularly as regards forestry, water environmental resources, and the provision of health and other basic services to the poor, reducing barriers to utilization of existing services and increasing their responsiveness for the needs of the poor;
3. Support to trade and investment in a framework

of more intensive economic co-operation with the EU;

4. Achievement of a higher visibility for both European Union aid and the European Union as an economic and political partner for Indonesia – commensurate with the scale of the EU-trade and finance for Indonesia.

Trade

By implementing the external trade policy, the EU uses several instruments which play the key role in the CCP against trading partner. A variety of measures can legitimately be used by the EU member countries against unfair trading practices by third countries. No attempt is made to provide an invariant standard against which unfairness in a specific case can be measured. The principles of the CCP are put into effect by means of trade policy instruments and trade agreements[20].

As mentioned above, the external trade policy is one of the most important instruments of the EU policy towards other countries in the world. And the EU has practised its trade policy in the same way as Indonesia. That means that the cooperation is basically a simple economic cooperation without any specific or privileged facilities from the EU to Indonesia. The cooperation focuses only on the normal trade regulation, namely export and import.

Due to the industry specification from the EU and Indonesia, there is a big distinction between both parties. Indonesia, whose most populations are still yet to be high educated compared to the EU citizens. The extraordinary number of Indonesia's population leads to consequencies that there are many productive populations who are seeking jobs, mostly in the high-man power manufacture industries such textile and garment industries. In such industries, the salary level of the workers is low because of their low skill and capability. This is also caused by the fact that the manufacture industries do not need workers or employee with high qualification and education background like in the high technology industries (aircraft, aerospace, semi conductor, bio technology etc).

In its economic co-operation with Indonesia, the EU also provides trade facilities in form of GSP like other developing countries. Since years ago, Indonesia has enjoyed the GSP not for all commodities but selected from the EU. These trade facilities have been continuously conferred by the Commission especially after the earthquake and tsunami disaster hit some parts of Indonesia at the end of December 2004. To respond to this unexpected situation, the Commission has proposed on 10 February 2005 to accelerate the entry into force of the new EU preferential trade regime for developing countries[21]. The so-called Generalized System of Preference (GSP) will now come into effect on April 1, 2005. The focus of the new regime is on developing countries that are mostly in need such as Indonesia, Sri Lanka, Thailand and Maldives. The GSP of the EU provides further tariff concessions, particularly in the clothing and fisheries sectors. The EU hopes that these countries can benefit from these concessions following the disaster.

In a meeting with Indonesian trade minister Marie Pangestu, French foreign trade minister Francois Loos said, that Indonesia through the new GSP will benefit from lower customs duty in certain sectors[22].

Negotiations on the matter between EU states are ongoing, but it looked likely Indonesia would, for instance, see duty on shoe exports to the EU be cut from 17% to 13.5%, Loos said. He added that France would give bilateral aid to Indonesia to help the sector of aquaculture on the island of Batam, supply signal buoys for the management of fish stocks, and authorise the French development agency to participate in reconstruction of areas devastated by the December 26 tsunami through subsidized loans. "We are prepared to pursue the renegotiation of Indonesia's foreign debt, upon the repayments of which France put a moratorium. And we are also prepared, as far as the debt goes with France, to convert it into investments, up to 65 million dollars (50 million Euros)," Loos said.

On October 20, 2004, the European Commission has adopted a proposal setting out the details of the EU system of trade preferences (Generalised System of Preferences – GSP) for the period of 2006-2008. This proposal is based on the guidelines issued by the Commission in July. The GSP is a key instrument to help developing countries reducing poverty by stimulating their exports to the EU. The Commission has proposed the improvement of the current system in a number of areas, including: simplification (cutting back from five to three separate arrangements); expanding the product coverage; focusing the benefits on those developing countries most in need; and setting up an additional GSP benefits scheme (« GSP+ ») to encourage sustainable development. The text will now be sent to the EU Member States, European Parliament and Economic and Social Committee so that it can be adopted in time for entry into force on July 1, 2005.

Presenting the new GSP system, EU Trade Commissioner Pascal Lamy said: "The EU is already the world's largest provider of trade preferences in favor of developing countries – enabling us to import more than all other major developed countries put together. But we want to do even better, by focusing on the poorest and most vulnerable developing countries that mostly need trade preferences to access the EU market. I am also delighted that in today's scheme, we are also making a sizeable and concrete down payment on sustainable development in our new GSP+ scheme".

The Commission's proposal in detail:

- **A Simpler GSP:** the current five GSP arrangements are reduced to three:
  - a general arrangement (reduction of 3.5% over the normal customs duty for sensitive products, reduction of duties to zero for non-sensitive products);
  - "Everything but Arms", giving duty-free and quota free access for all products for the world's 50 poorest countries;
  - a new "GSP+" giving tariff preferences to vulnerable countries who meet the new objective criteria for sustainable development and good governance (reduction to zero duty for a total of 7200 products);
- Countries with preferential access to the EU market under a bilateral agreement (e.g., a free trade area) will be removed from the list of GSP beneficiaries since they already enjoy better access to the EU market.
- **A new GSP incentive to encourage sustainable development and good governance:** it is proposed to replace the three former incentive schemes (drugs; social; and environment

arrangements) by a new single scheme– the "GSP+" - providing special benefits for vulnerable countries (representing less than 1% of EU imports under GSP) that accept the main international conventions on social, human rights, environmental protection and governance, including the fight against drugs.

- **Stabilize the GSP:** the GSP will be applied in three years without any changes, including graduation; under the previous GSP system, graduation takes place every year, creating difficulties for both developing countries and EU importers.
- **A GSP with larger product coverage:** the new basic GSP incorporates nearly 300 additional products
- **A clearer, simpler, fairer graduation process:** the GSP will only be withdrawn for certain product groups for one or several countries – when these products are competitive on the Community market and no longer need the GSP. Graduation will be based on a simple criteria: when a group of products ("section" of the custom code) from a particular country exceed 15% of total EU imports of the same products under GSP over the last three consecutive years. For textiles, the threshold would be 12.5%. Graduation is not a penalty but a sign that the GSP has successfully performed its function of triggering exports flows; and thus the GSP will better benefit the weakest and the most vulnerable countries;
- **Greater flexibility on rules of origin:** Regional cumulation should be enhanced to allow

members of a regional group (ie ASEAN, SAARC...) to make better use of the preferences, thus promoting regional cooperation. In particular, regional cumulation should be relaxed through the elimination of the value added rule criterion. In addition, cumulation across regions will be introduced if interested countries request it (so countries from SAARC could cumulate origin from ASEAN, for example).

The proposed GSP+ system, based on clear, transparent and non-discriminatory criteria, fully complies with the WTO Appellate Body ruling in the case brought forward by India against the EU's GSP drugs regime. The WTO had requested that the EU brought its GSP drug system in compliance with WTO rules no later than July 1, 2005.

Value Growth of Foreign Trade with EU countries, Indonesia, 2003 - 2004

Partner Countries	2003		2004		Growth (%)	
	Export	Import	Export	Import	Export	Import
EUROPE						
1. United Kingdom	1 135.8	463.7	1 534.8	703.2	35.13	51.65
2. Netherlands	1 401.5	369.6	3 987.0	474.6	184.48	28.41
3. France	652.8	453.2	718.5	544.2	10.06	20.08
4. Germany	1 416.8	1 181.2	1 550.0	1 734.0	9.40	46.80
5. Italy	843.9	323.7	6 072.5	473.3	619.58	46.22

Note : Export in FOB, Import in CIF

Source: Indonesian Bureau of Statistic

Export by Economic Country Group Indonesia In The Period of 2001 - 2002

Economic Group	2001 (million USD)	2002 (million USD)	2003 (million USD)	Changes	Growth (%)	Contrib.(%)
***APEC :**	**42 440,8**	**42 670,0**		**229,2**	**0,5**	**74,6**
- ASEAN	**9 507,1**	**9 933,5**	10 725,6	**426,4**	**4,5**	**17,4**
Malaysia	1 778,6	2 029,9	2 363,6	251,3	14,1	3,6
Philippines	814,8	778,2	944,7	-36,6	-4,5	1,4
Singapore	5 363,9	5 349,1	5399,8	-14,7	-0,3	9,4
Muangthai	1 063,6	1 227,4	1392,7	163,8	15,4	2,1
Brunai Darusalam	21,6	32,1	30,4	10,5	48,6	0,1
Vietnam	322,1	392,9	468,3	70,9	22,0	0,7
Kamboja	72,1	68,8	80,0	-3,3	-4,6	0,1
Laos	1,4	0,7	0,3	-0,7	-50,7	0,0
Myanmar	69,0	54,4	45,8	-14,6	-21,2	0,1
- NAFTA	**8 368,8**	**8 200,8**		**-168,0**	**-2,0**	**14,3**
USA	7 748,7	7 558,6	7373,7	-190,1	-3,1	0,7
Canada	390,2	378,0	382,1	-12,2	14.3	0.7
Mexico	229,9	264,2		34,3	14,9	0,5
- OTHERS	**24 564,9**	**24 535,7**		**-29,2**	**-0,1**	**42,9**
Taiwan	2 188,0	2 067,5		-120,5	-5,5	3,6

Japan	13 010,2	12 045,1	-965,1	-7,4	21,1
Hongkong	1 290,3	1 242,3	-48,0	-3,7	2,2
Rep. of Korea	3 772,5	4 107,2	334,7	8,9	7,2
Peop. Rep. Of China	2 200,7	2 902,9	702,2	31,9	5,1
Chile	85,1	66,0	-19,1	-22,4	0,1
Australia	1 844,9	1 924,4	79,5	4,3	3,4
New Zealand	144,8	150,1	5,3	3,7	0,3
Papua New Guinea	28,4	30,2	1,8	6,3	0,1
***EU**	**7 745,0**	**7 898,2**	**153,23**	**2,0**	**13,8**
United Kingdom	1 383,1	1 252,4	-130,7	-9,4	2,2
Netherlands	1 498,2	1 618,4	120,2	8,0	2,8
R. F. Germany	1 297,0	1 269,9	-27,1	-2,1	2,2
Belgium & Luxembourg	772,1	793,8	21,7	2,8	1,4
France	662,7	648,9	-13,8	-2,1	1,1
Denmark	108,8	102,5	-6,3	-5,8	0,2
Ireland	67,0	54,5	-12,5	-18,6	0,1

Italy	621,8	719,8	98,0	15,8	1,3
Greece	94,0	88,5	-5,5	-5,8	0,2
Portugal	75,7	51,9	-23,8	-31,4	0,1
Spain	903,6	996,4	92,8	10,3	1,7
Austria	26,7	28,5	1,8	6,7	0,0
Sweden	118,1	127,6	9,5	8,0	0,2
Finland	116,2	145,1	28,9	24,9	0,3
***MIDDLE EAST**	**2 029,4**	**2 035,1**	**5,7**	**0,3**	**3,6**
***OTHERS**	**4 105,7**	**4 555,5**	**449,8**	**10,9**	**8,0**
TOTAL	**56 320,9**	**57 158,8**	**837,9**	**1,5**	**100.0**

Source: Indonesian Bureau of Statistic

Import by Country Group of Origin, Indonesia, 1990 - 2004 (in Million USD)

Year	Japan	United States	ASEAN	E.C	Other	Total
1990	5 299.9 (24.27)	2 520.1 (11.54)	1 835.8 (08.41)	4 399.3 (20.14)	7 782.0 (35.64)	21 837.1 (100.00)
1991	6 326.9 (24.46)	3 396.9 (13.13)	2 464.2 (09.53)	5 163.4 (19.96)	8 517.4 (32.92)	25 868.8 (100.00)
1992	6 013.7 (22.04)	3 822.4 (14.01)	2 592.8 (09.51)	5 977.5 (21.91)	8 873.2 (32.53)	27 279.6 (100.00)
1993	6 248.4 (22.06)	3 254.5 (11.49)	2 604.1 (09.19)	6 650.6 (23.48)	9 570.2 (33.78)	28 327.8 (100.00)
1994	7 740.1 (24.20)	3 587.8 (11.22)	2 927.5 (09.15)	6 611.9 (20.67)	11 116.2 (34.76)	31 983.5 (100.00)
1995	9 216.8 (22.68)	4 755.9 (11.71)	3 953.3 (09.73)	8 175.3 (20.12)	14 527.4 (35.76)	40 628.7 (100.00)
1996	8 504.0 (19.81)	5 059.8 (11.79)	4 884.8 (11.38)	9 233.6 (21.51)	15 246.3 (35.51)	42 928.5 (100.00)
1997	8 252.3 (19.80)	5 440.9 (13.05)	5 393.3 (12.94)	8 332.6 (19.99)	14 260.7 (34.22)	41 679.8 (100.00)
1998	4 292.4 (15.70)	3 517.3 (12.87)	4 497.1 (16.45)	5 865.6 (21.46)	9 164.5 (33.52)	27 336.9 (100.00)

1999	2 913.3 (12.14)	2 839.0 (11.83)	4 762.7 (19.84)	3 801.0 (15.84)	9 687.3 (40.35)	24 003.3 (100.00)
2000	5 397.3 (16.10)	3 390.3 (10.12)	6 461.0 (19.28)	4 163.3 (12.42)	14 102.9 (42.08)	33 514.8 (100.00)
2001	4 689.5 (15.15)	3 207.5 (10.36)	5 441.0 (17.57)	4 047.0 (13.07)	13 577.1 (43.85)	30 962.1 (100.00)
2002	4 409.3 (14.09)	2 639.9 (08.44)	6 767.4 (21.63)	3 871.1 (12.37)	13 601.2 (43.47)	31 288.9 (100.00)
2003	4 228.3 (12.99)	2 694.8 (08.28)	7 729.9 (23.75)	3 554.2 (10.92)	14 343.5 (44.06)	32 550.7 (100.00)
2004	6 081.6 (13.07)	3 225.4 (06.93)	11 494.4 (24.71)	5 252.2 (11.29)	20 470.9 (44.00)	46 524.5 (100.00)

Note : Figures in bracket indicate share percentage

Source: Indonesian Bureau of Statistic Indonesia

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[2] Penketh, Keith (1994): External Trade Policy, in: Mc Donald, Frank & Dearden, Stephen (Editors): *European Economic Integration*, second edition, Longman Publisher, London, p.240

[3] EU has twice realized its two big and important enlarged membership since 1990. First was the accession of three countries in 1995, including Austria, Finland and Sweden. The second enlargement was 10 countries from Eastern and Central Europe, that became members of the EU since May 2004.

[4] In 1999, Euro became a legal currency in all EU region with participation of the 12 member states in the program

[5] Woolcock, Stephen (2000): European Trade Policy. Global Pressures and Domestic Constraint, in: Wallace, Helen & Wallace, William (Editors): *The Policy Making in the European Union*, Oxford University Press, New York, p.375

[6] Woolcock, Stephen (2000), p.389

[7] Brülhart, Marius & McAlesse, Dermot (2001): *External Trade Policy*, p.501

[8] EU-Commission (2001): Regulation (EC) 416/2001

[9] EU Commission (2001): Council Regulation (EC) No 2501/2001

[10] See the latest regulations for sugar quotas No 1381/2002 and rice quotas 1401/2002 in the list of legislation for selected commodities descripted by the EU.

[11] Peterson, John & Bomberg, Elizabeth (1999): *Decision Making in the European Union*, here Chapter 4: External Trade Policy, Palgrave Publisher, New York, p.91

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[14] Malta and Cyprus became the EU-membership on 1 May 2004 as the EU enlarged his membership to ten countries, including these two.

[15] Tarmidi, Lepi T. (2001), p.381

[16] Generalized System of Preference (GSP) is a trade facility from the EU for the developing countries in form of reduction/ lower tariff percentually until zero per cent by entry the EU market for selected commodities descripted by the EU.

[17] Penketh, Keith (1994): External Trade Policy, in: Mc Donald, Frank & Dearden, Stephen (Editors): *European Economic Integration*, second edition, Longman Publisher, London, p.241f.

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