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## **A seminar: From Agreement to Action – The CEPA Explained**

On 23 February 2026, SwedCham Indonesia hosted a high-level discussion on the proposed European Union–Indonesia Comprehensive Economic Partnership Agreement (EU–Indonesia CEPA) at the residence of the Swedish Ambassador in Jakarta.

The event brought together representatives from government, industry, trade organizations, and the diplomatic community to discuss the strategic significance of the agreement, its potential impact on trade and investment, and the practical challenges surrounding implementation. Speakers included representatives from the EU delegation and Indonesia’s Ministry of Trade, alongside participants from sectors including manufacturing, logistics, technology, legal services, and finance.

This transcript captures the main presentations, discussions, and audience questions from the event, including perspectives on tariffs, non-tariff barriers, regulatory alignment, sustainability provisions, investment conditions, and the broader role of the agreement in strengthening economic cooperation between Europe and Indonesia.

## **A summary of the meeting**

The meeting focused on the proposed European Union–Indonesia Comprehensive Economic Partnership Agreement (CEPA), with speakers from the Embassy of Sweden in Indonesia, the European Union delegation, and Indonesia’s Ministry of Trade discussing both the strategic importance of the agreement and the practical challenges of implementation.

The Swedish Ambassador described the agreement as one of the most ambitious trade agreements Indonesia has negotiated, emphasizing that its success will depend heavily on implementation rather than the signing itself. He stressed that business organizations such as EuroCham Indonesia and bilateral chambers would play an important role in ensuring that the agreement functions in practice.

Representatives from the EU delegation explained that the agreement covers trade-related areas only and is expected to be ratified by the European Parliament and the Indonesian Parliament without requiring ratification by all EU member states, which could accelerate implementation. The target discussed during the meeting was entry into force by early 2027 to avoid disruption when Indonesia’s current EU preferential tariff access under the GSP scheme expires.



A central theme throughout the discussion was predictability and legal certainty for businesses. The agreement aims to reduce tariffs on approximately 98% of tariff lines and remove or simplify many non-tariff barriers. EU representatives highlighted concerns about Indonesia's import licensing regime, where companies currently face uncertainty regarding quantities approved for import. According to the presentation, CEPA would introduce clearer timelines and a "yes or no" licensing mechanism with automatic approval after 30 days if authorities do not respond.

Several technical barriers to trade were discussed. The agreement encourages convergence toward international standards to reduce duplicate testing requirements. The automotive sector was used as an example, where EU representatives argued that repeated local crash testing requirements in Indonesia create unnecessary costs for low-volume luxury vehicle imports. Indonesia's planned acceptance of many international automotive standards was presented as a major step toward reducing such barriers.

The discussion also covered services and investment liberalization. EU speakers said the agreement seeks to ensure national treatment and non-discrimination for European companies operating in Indonesia. Examples mentioned included telecommunications, where 100% foreign ownership would become possible, and improved rules for temporary movement of professional staff within multinational companies.

Sustainability and environmental standards formed another major topic. Both EU and Indonesian representatives described the agreement as more advanced than Indonesia's previous trade agreements because it includes commitments related to labor standards, environmental protection, gender equality, and sustainable development. The Indonesian side argued that CEPA could become a platform for cooperation in green technologies, carbon reduction, and environmental regulation.

Participants repeatedly raised concerns about implementation challenges in Indonesia, particularly around overlapping regulations, poor coordination between ministries, import permits, local content requirements, and technical certifications. Indonesian officials acknowledged that lack of coordination between agencies remains a problem and said efforts are underway to improve data sharing and streamline import administration through national single-window systems and digitalized procedures.

Questions from business participants focused heavily on uncertainty around tariff schedules, halal certification rules, local standards, and investment incentives. EU officials confirmed that detailed tariff schedules had not yet been published despite earlier expectations. Halal certification was described as a separate issue outside CEPA itself, though discussions between the EU and Indonesian authorities are ongoing.



Indonesian Ministry of Trade representatives presented CEPA as a strategic response to growing global economic uncertainty and argued that the agreement could help Indonesia strengthen manufacturing, downstream industries, and exports of higher-value-added products. Forecasts presented during the meeting suggested the agreement could significantly increase Indonesian exports to the EU and contribute positively to Indonesia's GDP growth.

The overall tone of the meeting was cautiously optimistic. Both sides repeatedly stressed that the agreement represents a major opportunity for expanding trade between two large markets, but they also acknowledged that practical implementation, bureaucratic reform, and continuous dialogue between government and industry will determine whether the expected benefits are actually realized.