

**MEMORANDUM OF UNDERSTANDING ON
ECONOMIC COOPERATION AND CAPACITY BUILDING
BETWEEN THE EFTA STATES AND INDONESIA**

Iceland, the Principality of Liechtenstein, the Kingdom of Norway, and the Swiss Confederation (hereinafter referred to as the “EFTA States”),

and

the Republic of Indonesia,

hereinafter individually referred to as a “Party“ or collectively as the “Parties”,

RECOGNISING the common wish to strengthen the links between the EFTA States and Indonesia in accordance with the EFTA-Indonesia Comprehensive Economic Partnership Agreement (hereinafter referred to as the “Agreement”);

ACKNOWLEDGING the importance of cooperation and capacity building to expand and enhance the economic benefits of the Agreement;

REAFFIRMING their commitment to encourage and accelerate overall economic development in their countries.

Have agreed as follows:

ARTICLE 1

Objectives

1. This Memorandum of Understanding signed in parallel with the Agreement shall build upon and complement existing or already planned bilateral and multilateral cooperation initiatives and shall be the framework for the implementation of Chapter 9 (Cooperation and Capacity Building) of the Agreement and in the Annex to this Memorandum of Understanding.
2. The Parties shall facilitate and promote capacity building initiatives in fields jointly identified by the Parties below, including in areas specified in Article 9.5 (Fields of Cooperation and Capacity Building) of the Agreement and through capacity building activities as specified in Article 9.3 (Methods and Means) of the Agreement.
3. This Memorandum of Understanding shall be implemented in accordance with the domestic laws and regulations of the Parties.

ARTICLE 2

Financial and Other Arrangements

1. Financing and other arrangements shall be jointly decided, case by case, taking into account the different levels of development between the Parties, effective use of financing and national policy objectives.
2. Cooperation and capacity building under Chapter 9 of the Agreement and this Memorandum of Understanding may be financed by various sources, notably bilateral, multilateral, as well as from the EFTA Secretariat or the private sector of the Parties, as appropriate.

ARTICLE 3

Customs Cooperation, Origin Matters and Trade Facilitation

Recognising that customs, origin matters and trade facilitation measures are important means to enable international trade, the Parties may cooperate by:

- (a) exchanging expertise and experience on ways to streamline and simplify customs procedures;
- (b) sharing knowledge and information on origin certification and verification with relevant government agencies, customs procedures, enforcement, risk management techniques and information technology with the exception of confidential information;
- (c) facilitating participation of customs officers in training, including seminars, and workshops in customs and origin matters and if conditions permit, on job training; and
- (d) other areas of mutual interest.

ARTICLE 4

Fisheries, Aquaculture and Marine Products

Aiming to promote cooperation in fisheries, aquaculture and marine products, the Parties may cooperate by:

- (a) exchanging views and information, sharing experience and expertise related to fisheries, aquaculture and marine products, including new technologies and concerted measures to combat illegal, unreported and unregulated fishing;
- (b) capacity building and technical cooperation relating to fisheries, aquaculture and marine products, including for small-scale fisheries;

- (c) development of sustainable seafood processing methods and development of quality and safety management systems for fisheries, aquaculture and marine products;
- (d) promoting fisheries and marine scientific research and development, including exchange of experts and officials; and
- (e) promoting investment in fisheries, aquaculture and marine products processing and facilitating trade between the Parties through, among others, fairs and exhibitions as well as visits to aquaculture farms and related production centres.

ARTICLE 5

Standards, Technical Regulations and Conformity Assessment Procedures

Recognising the important role of standards, technical regulations and conformity assessment procedures (hereinafter referred to as “STRACAP”) to facilitate international trade, the Parties may cooperate by:

- (a) capacity building related to STRACAP for product sectors selected by the Parties;
- (b) providing seminars on STRACAP of the EFTA States; and
- (c) developing mechanism for mutual recognition on STRACAP.

ARTICLE 6

Sanitary and Phytosanitary Measures

Recognising the importance of sanitary and phytosanitary (hereinafter referred to as “SPS”) measures to facilitate international trade, the Parties may cooperate by:

- (a) exchanging information on SPS measures in areas of mutual interest; and
- (b) capacity building related to SPS, including the development and implementation of relevant laws and regulations.

ARTICLE 7

Intellectual Property Rights

The Parties, recognising the growing importance of intellectual property rights (hereinafter referred to as “IPR”) as a factor of social, economic and cultural development, and economic competitiveness in the knowledge-based economy, may cooperate by:

- (a) exchanging information and sharing experience on the utilisation and enforcement of IPR;
- (b) capacity building related to IPR, including the development and implementation of relevant domestic laws and regulations on IPR;
- (c) facilitating training, promoting awareness of IPR as well as sharing experience regarding disseminating knowledge on IPR; and
- (d) exchanging information on transfer and exploitation of IPR by right holders.

ARTICLE 8

Trade Statistics

1. Recognising that trade statistics play an important role in planning, governing and developing societies and aiming to promote cooperation in trade statistics, the Parties may cooperate by:

- (a) promoting joint research and development;
- (b) encouraging exchange of expertise and training to promote and improve knowledge on trade statistics; and
- (c) encouraging training on and promoting awareness of trade statistics.

2. Considering the importance of trade in services, EFTA may provide capacity building on statistics on trade in services which may include:

- (a) an assessment on data gaps in the services sector;
- (b) harmonisation of definitions, concepts and interpretations regarding the services sector;
- (c) recommendation on data improvement and dissemination of services statistics; and
- (d) institutionalising and increasing knowledge sharing on services statistics amongst the relevant institutions, and support and monitor the development of services statistics.

ARTICLE 9

Trade Promotion and Development of Manufacturing Industries

The Parties may cooperate by technical assistance and capacity building to improve market access, to support the integration of industries into global value chains, to improve skills-related human resources, strengthen sustainability and to nurture innovation in areas as identified below:

- (a) food and beverages industry;
- (b) mechatronic and intelligent manufacturing;
- (c) sustainable agro-based industries;
- (d) sustainable textiles industry;
- (e) professional services;
- (f) sustainable manufacturing industry in food processing, seafood, natural ingredients or wood-based technical products;
- (g) machine manufacturing and maintenance repair and overhaul (including aircraft components); and
- (h) vocational education and training systems.

ARTICLE 10

Development of Small and Medium-Sized Enterprises

The Parties may cooperate by joint activities, technical assistance and capacity building as well as facilitation for Indonesia's small and medium-sized enterprises (hereinafter referred to as "SME") in the area of SME development to improve market access, to support the integration into global value chains, to improve skills-related human resources and to nurture innovation, for instance:

- (a) assisting business support organisations (hereinafter referred to as "BSOs") in identifying appropriate export markets and improving export promotion, encouraging the promotion of value-added SMEs products and providing market intelligence on how to enter targeted markets, including respective knowledge transfer; setting-up with selected BSOs suitable performance measurement systems to guarantee in the long term high-quality consultancy services demanded by Indonesian SMEs;
- (b) providing support for the "train-the-trainers" approach in order to facilitate the wider dissemination among SMEs of respective instruments and tools; and

- (c) supporting SMEs in using available quality services and infrastructure to produce goods and services in line with international market requirements and global trends.

ARTICLE 11

Maritime Transportation

The Parties may cooperate in the area of maritime transport through capacity building activities as identified below:

- (a) training and study on maritime transportation, such as shipping and logistics short course;
- (b) strengthening trade and services facilitation related to maritime transportation; and
- (c) other areas of mutual interest.

ARTICLE 12

Tourism

The Parties may cooperate by building capacity in areas as identified below:

- (a) facilitating and supporting the development and promotion of sustainable tourism;
- (b) training of tourism and travel professionals, government officials, as well as relevant tourism associations on sustainable tourism practices; and
- (c) development of standards and skill competency in the tourism sector by facilitating training and supporting trainer capabilities in selected tourism training institutions (“train-the-trainers” approach), supporting joint activities in human capital development, such as exchanging best practices/module/curriculum and strengthening the Indonesian training network as well as training to support harmonised qualifications for tourism professionals.

ARTICLE 13

Labour and Employment

Recognising the importance of developing sound labour and employment policies, the Parties may cooperate by:

- (a) addressing institutional development on labour and employment issues;

- (b) sharing labour market information;
- (c) exchanging experience, information and best practices regarding working conditions, labour inspection and social dialogue;
- (d) strengthening and developing skills; and
- (e) addressing other labour and employment issues of mutual interest.

ARTICLE 14

Confidentiality Measures

Any confidential information provided by a Party for the implementation of this Memorandum of Understanding shall be treated as confidential by the Party receiving the information.

ARTICLE 15

Contact Points

With a view to facilitating the implementation of this Memorandum of Understanding and communication between the Parties, the following contact points shall be established:

- (a) for EFTA: the EFTA Secretariat; and
- (b) for Indonesia: the National Development Planning Agency.

ARTICLE 16

Amendments

The Parties may agree, in writing, to amend this Memorandum of Understanding.

ARTICLE 17

Settlement of Disputes

Any dispute between the Parties concerning interpretation and/or implementation of this Memorandum of Understanding shall be settled amicably through consultations or negotiations.

ARTICLE 18

Entry Into Force and Duration

1. This Memorandum of Understanding enters into force for an EFTA State and Indonesia on the same date as the Agreement and shall remain in force as long as the Agreement remains in force between them.
 2. Termination of this Memorandum of Understanding shall not affect the completion of any ongoing programmes or activities under this Memorandum of Understanding.
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IN WITNESS WHEREOF the undersigned, being duly authorised thereto, have signed this Memorandum of Understanding.

Done in Jakarta, Indonesia, this 16 day of December 2018, in five originals in the English language.

For Iceland

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For the Republic of Indonesia

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For the Principality of Liechtenstein

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For the Kingdom of Norway

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For the Swiss Confederation

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ANNEX

**REFERRED TO IN ARTICLE 1
OF THE MEMORANDUM OF UNDERSTANDING
ON ECONOMIC COOPERATION AND CAPACITY BUILDING
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Article 1

Trade-Related Cooperation and Capacity Building Activities

The Parties seek to broaden cooperation and to contribute to the implementation of the Agreement through enhancing Indonesia's implementation capacity with projects in areas where the expansion of their trade relation is of particular importance, *inter alia*:

- (a) export promotion: assisting national and local business support organisations (BSOs) in improving their export promotion services delivery to their members (companies) to strengthen their competitive position and facilitate market access and export of these companies to Switzerland, the European Union and other regional and extra-regional markets;
- (b) sustainable tourism: designing a comprehensive programme for sustainable tourism development in Indonesia to support it in developing a high-quality tourism industry in a sustainable manner. The overall goal of the programme is to contribute to increased sustainability in targeted destinations by improving competitiveness and sustainability of destinations, and by refining a skilled workforce through tailor-made vocational education and training (VET);
- (c) quality improvement for small and medium-sized enterprises (hereinafter referred to as "SMEs") and national quality infrastructure, supporting SMEs in improving safety and quality of goods to achieve conformity with standards, technical regulations and market requirements. This should support coherence and help developing global solutions for further integrating SMEs in the global supply chain by also including EFTA expertise;
- (d) intellectual property: strengthening the use of intellectual property rights in Indonesia in order to contribute to higher competitiveness, more value added to its own goods and services and to a positive impact on its economic development. The goal is to address the systemic challenges of intellectual property rights and support the government of Indonesia in its priority to develop the country's creative industry sector through improved protection and valorisation of geographical indications;

- (e) cocoa and palm oil production: developing a sustainable cocoa and palm oil production value chain, focusing on local and regional levels and aim at increasing competitiveness of an environmentally responsible and inclusive value chain. This aim shall be achieved by contributing to higher profitability for farmers and reduction of poverty through more and better jobs among smallholder farmers and the reduction of greenhouse gas emissions in the Indonesian sectors;
- (f) national sustainable commodity platforms: contributing to building long-term sustainability of multi-stakeholder engagement in the national commodity platforms process. The program aims at coordinating multi-stakeholder actions to implement a national action plan in Indonesia for reducing deforestation and ensuring biodiversity in line with Indonesia's international obligations and to sharing successful practices for replication in other agro-commodity sectors around the world, contributing to strengthen the quality and understanding of sustainable certification schemes;
- (g) linking training and industries: strengthening the vocational education and training system (hereinafter referred to as "VET") in Indonesia, by linking selected polytechnics and vocational training centers with the private sector, to contribute to increase the competitiveness of the Indonesian industry, thus tackling the lack of skilled workers (skills gap) in certain sectors of the Indonesian economy. The goal shall be to enhance the capacity of polytechnics and vocational training centers in selected sectors, aiming to "dualise" the mechanism to integrate the private sector into the VET system. The geographical spread of the project shall create economic perspectives, contributing also to the economic and social inclusion of peripheral regions;
- (h) competitive and responsible enterprises: contributing to the improvement of productivity, working conditions and provision of decent work of SMEs in national and global supply chains. The key intervention shall be support for the implementation of training activities, which combine practical classroom training with in-factory consulting and "train-the-trainer" approach. Training shall focus on the development of cooperative working relations to produce shared benefits for workers and employers;
- (i) trade in seafood between Norway and Indonesia: the overall goal of the workshop is to facilitate trade in seafood products from Indonesia to Norway through enhancing the understanding of Norway's and EU's regulatory regime for seafood trade. The workshop will focus on enhancing the participants understanding of SPS requirements, export requirements, legislation and procedures. The workshop will be held in Indonesia by the Norwegian Seafood Export Council and relevant Norwegian authorities;
- (j) fisheries trade regulation programme: the overall goal of the workshop is to increase the understanding of participants of the core elements applied to the framework of the international trading system in connection with fisheries, including its background, principles, diplomatic influence, legal status, and major issues affecting the sector. The course will be held by the FAO;

- (k) sustainable fishery and aquaculture management: the course will provide an introduction to the Norwegian and Icelandic regulatory system for fisheries and aquaculture production. It will provide participants with insight into the various aspects of government regulations of the fisheries and aquaculture production, and will give a basic understanding of the components that are necessary for a successful and sustainable governance of marine resources. In addition, main elements forming the basis of a successful seafood export industry explained, including interrelation between government and private action, enterprise responsibility and co-operative marketing will be introduced. The course will be tailor-made in co-operation with Indonesian government authorities;
 - l) hydropower development: the course will provide insight into the various aspects of Hydropower Development and will give a basic understanding of the components that are necessary for a successful development of a country's hydropower resources. Special emphasis may be placed on capacity building activities that promote the participation of young professionals, university students and graduate trainees;
 - m) maritime industries: the course will provide an introduction and overview to the practice, commercial, economic and legal understanding of the maritime industries in Norway and Indonesia. It will be useful in order to seek opportunities for collaboration between the two countries. Special emphasis may be placed on capacity building activities that promote the participation of young professionals, university students and graduate trainees.
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