

JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)

DIRECTORATE GENERAL OF INDUSTRY AND INTERNATIONAL TRADE COOPERATION

MINISTRY OF INDUSTRY AND TRADE

REPUBLIC OF INDONESIA

**The Capacity Building Program
on
the Implementation of the WTO Agreements
in
Republic of Indonesia**

**FINAL REPORT
(SUMMARY)**

January 2004

UFJ Institute Ltd.

Abbreviation

1. WTO relate issues

WTO	World Trade Organization
AD	Anti-dumping
CVD	Countervailing Duties
DSU	Dispute Settlement Understanding
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GRP	Good Regulatory Practices
MFN	Most-favored Nation
SCM	Subsidies and Countervailing Measures
SG	Safeguard Measures
SPS	Sanitary and Phytosanitary Measures
TBT	Technical Barriers to Trade
TRIPS	Trade-related Aspects of Intellectual Property Rights
AFTA	ASEAN Free Trade Area
AFAS	ASEAN Framework Agreement in Services
ASEAN	Association of South East Asian Nations
APEC	Asia-Pacific Economic Cooperation
ASEM	Asia-Europe Meeting
IEC	International Electrotechnical Commission
ISO	International Standardization Organization
WIPO	World Intellectual Property Organization

2. Government of Indonesia related issues

BAPPENAS	Badan Perencanaan Pembangunan Nasional (National Development Planning Agency)
BKPM	Badan Koordinasi Penanaman Modal (Investment Coordinating Board)
BSN	Badan Standardisasi Nasional (National Standardization Agency)
DGIPR	Directorate General of Intellectual Property Rights

KADI	Komite Anti Dumping Indonesia (Indonesian Antidumping Committee)
KIPI	Direktorat Jenderal Kerjasama Industri Dan Perdagangan Internasional (Directorate General of Industry and International Trade Cooperation)
MOF	Ministry of Finance
MOIT	Ministry of Industry and Trade
KADIN	Kamar Dagang Dan Industry Indonesia (Indonesian Chamber of Commerce & Industry)
LMUI	Lembaga Management, University of Indonesia (Management Institute, University of Indonesia)

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I. Introduction

1. Backgrounds, Objective, Scope and Target of the Program

1.1 Objective of the Program

The objective of this program is to conduct capacity building activities on the implementation of duties under WTO Agreements to developing countries, which face many kinds of challenges, such as introduction of domestic laws/regulations consistent to the Agreements and human resource development. The activities include training for the government officials and strengthening of administrative functions, which facilitate the implementation of WTO Agreements.

1.2 Background of the Program

1.2.1 WTO and Developing Countries

In 1995, World Trade Organization (WTO) was established as a successor organization of General Agreements on Tariffs and Trade (GATT). The Uruguay Round Agreements, which was the last comprehensive negotiation rounds under GATT, put member countries under several duties and commitments on international trades. In addition to the agreements on boarder measures (tariff and non-tariff barriers), the newly agreed “General Agreements on Trade in Services (GATS)” and “Agreements on Trade-Related Aspects of Intellectual Property Rights (TRIPS)” require Member Countries to harmonize their domestic regulations. Also the Agreement on Technical Barriers to Trade (TBT) starts to cover all member countries comprehensively (under the GATT framework, TBT was only applied to ratified countries separately) and developing countries, which have not yet finished to establish domestic legal regimes in this fields, have found the difficulties to implement their duties under TBT.

The positive participations of developing countries are essential for keeping and developing the WTO-centered multilateral free trade regime. However, a lot of developing countries have faced various problems based on their deficits of human, legal and financial capacities.

It is not rare to hear recently the negative impacts of economic globalization based on the facts that many developing countries have not received the benefit of multilateral free trade regimes. However, a lot of economic analyses show that trade liberalization expand the trades among countries, which lead the increases of employment, the active

private sectors, and the developments and dynamic inflows of new technologies, and have positive impacts on the alleviation of poverty and the promotion of economic development in developing countries. For their economic developments, it is fundamental for developing countries to liberalize their domestic markets according to their development stages, to join international free trade regimes and to receive the full benefits.

1.2.2 Launch of “Doha Development Agenda”, the WTO new round negotiations

On November 2001, the WTO fourth Ministerial Meeting at Doha adopted the “Doha Development Agenda” and stressed the importance of the due consideration for developing countries. In particular the WTO Ministers focused on the importance of the capacity buildings for developing countries and showed their understandings for the needs of capital funds, bilateral cooperation, coordination with other international organizations, and technical assistance in information technology fields. Based on this agenda, the developed countries have begun to plan the contents of the capacity building programs, which may expand their target countries. Japan has already started its cooperation under “the APEC Strategic Plan” and other assistance programs in several fields. Japan also began to examine the possibilities to expand the covered fields and targeted countries.

In order to join the multilateral free trade regime with feel filling national interests and receiving its merits, it is necessary for developing countries to plan and implement their trade policies effectively from the aspects of long-term interests. This requires developing countries to be aware of the present status and future potential of their export competitiveness and trade balance, to play and implement their industrial policies, trade strategies, and also to implement the WTO Agreements it to their domestic capacities. However, many developing countries have unstable political and social factors and weak economic and industrial infrastructures, which make developing countries difficult to design clear and fair policies based on both the mid- and the long-term aspects. Doha development agenda were prepared on the basis of recognition on the serious concerns by developing countries for realizing implementation of WTO agreements.

1.2.3 Japan's Initiative in APEC

The Japanese Government proposed, at the Meeting of APEC Ministers Responsible for Trade in June 2000, to maintain and develop multilateral trade regimes through encouraging developing economies to build and strengthen their domestic legal and administrative infrastructure for implementation of the WTO Agreements. On November 2000, APEC Ministerial Meeting and informal Leaders' Meeting, based on the survey of the need for developing economies in APEC, approved "the APEC Strategic Plan," which intended to build developing economies' capacity for implementation of the WTO Agreements. This plan was then transferred to bilateral assistance regimes for the implementation of specific assistance in Indonesia, Thailand, Malaysia and the Philippines.

Based on "the APEC Strategic Plan," Japan International Cooperation Agency (JICA) established the "Committee on the Capacity Building to Implement the WTO Agreements in APEC" and conducted the needs surveys for Thailand, Indonesia, Malaysia and the Philippines from December 2000 to March 2001.

1.3 Scope of the Program

1.3.1 Countries/ Agreements

This Program covers the capacity building for the implementations of WTO Agreements in Indonesia as well as Thailand, Malaysia and the Philippines, which are regarded as mid-developed countries in their market/economic development stages. The issues to be covered within this Program are within the scope of existing Agreements of WTO so that the legal framework is already in force for some extend (Figure I-1-1). Therefore, the "new issues" such as trade and investment, trade and competition policy are out of the scope of this Program.

1.3.2 Scope of the Program under the agreement between the Government of Indonesia (S/W)

The Scope of Work agreed between the Government of Indonesia and the Preliminary Study Team of JICA on September 14, 2001 was as follows:

1. Institutional capacity building of Ministry of Industry and Trade (MOIT)
 - (a) Analysis of institutional capacity of MOIT and the related authorities (current states of information-sharing, inter-agency coordination etc.)
 - (b) Formulation of recommendations for MOIT to strengthen their coordination and monitoring capacities by utilizing information technology
 - (c) Selection of the scope of the information system in MOIT planned in the above (b) for pilot implementation
 - (d) Pilot implementation of the system designed in the above (c)
2. Capacity building for the implementation of the Agreement on Implementation of Article VI of the GATT 1994 (Anti-Dumping Code), Agreement on Subsidies and Countervailing Measures¹, Agreement on Safeguard and Understanding of Dispute Settlement
 - (a) Analysis and identification of the obstacles for smooth implementation of the Agreements
 - (b) Provision of advice and guidance for improving implementation capacity of the Agreements including negotiation skill and dispute settlement work skill
 - (c) Recommendations for further building the capacity to implement the Agreements
3. Capacity building for the implementation of General Agreement on Trade in Services (GATS)
 - (a) Analysis and identification of the obstacles for smooth implementation of the Agreement
 - (b) Provision of advice and guidance for improving implementation capacity of the Agreement including negotiation skill
 - (c) Recommendations for further building the capacity to implement the Agreement
4. Capacity building for the implementation of Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)
 - (a) Analysis and identification of the obstacles for smooth implementation of the Agreement
 - (b) Development of teaching curriculum and materials for relevant authorities and private sector to strengthen enforcement of intellectual property rights
 - (c) Provision of trainers-training for improving enforcement capacity of the Agreement by utilizing the materials developed in the above (b)
 - (d) Recommendations for further building the capacity to implement the Agreement
5. Capacity building for the implementation of the Agreement on Technical Barriers to Trade (TBT)
 - (a) Review on WTO compliance of domestic laws and regulations relating to the Agreement
 - (b) Provision of advice and guidance for improving implementation capacity of the Agreement and other international standards agreements
 - (c) Recommendations for further building the capacity to implement the Agreement and other international standards agreements
6. General
 - (a) Submitting the Inception Report, the Interim Report and Work Plans
 - (b) Organizing Kick-off Seminar
 - (c) Assist counterpart session in Tokyo
 - (d) Summing up, review and evaluate the overall program, Organizing Wrap-up Seminar, Submitting the Draft Final Report and the Final Report

1.4 Major Issues and Target of the Program

This program targeted on strengthening institutional aspects and capacities for implementing the WTO Agreements, which developing countries have found difficulties to implement. Assistance for developing countries in this field is essential for developments of WTO multilateral trade regimes and also for the transparent business

¹ While the “Agreement on Subsidies and Countervailing Measures (SCM)” is the correct name of the Agreement, in this program, the term “CVD” (Countervailing Duties) is commonly used, as “Agreement on CVD” or “CVD Agreement”, as well as “Capacity Building for CVD” and “CVD measures”.

environments for Japanese industries. This technical assistance is important, in addition, for the Japanese Government to be able to share its experience for the benefit Indonesia.

This Program, under these situations, is a new type TA by JICA in assisting to build capacities to implement the WTO Agreements and to join multilateral free trade regimes. Therefore, this program did not focus only effecting on writing reports based on field studies, but on knowledge transfer for building and strengthening capacities of targeted government officials to implement the WTO Agreements. In this sense, the focus of this program are to build the information-sharing systems, strengthening WTO-related government institutions, and to create their human resources through seminars and workshops.

The concept of the aims of this program, challenges of developing countries and aims of capacity building, is depicted on the figure I-1-1.

In order to implement these kinds of knowledge transfer programs effectively, the following points were considered.

1) Due consideration to the domestic situations of targeted countries

It is important for effective knowledge transfers to analyze the needs and problems of targeted countries and to design tailor-made programs. The local experts who had a full of knowledge of domestic situations also participated in the needs analysis.

2) Identification of the targeted beneficiaries and appropriate response to their needs

The targeted beneficiaries had different level of knowledge, abilities and skills. Under this Program, the targeted direct beneficiaries were identified and analysis on their needs were conducted to design each TA program.

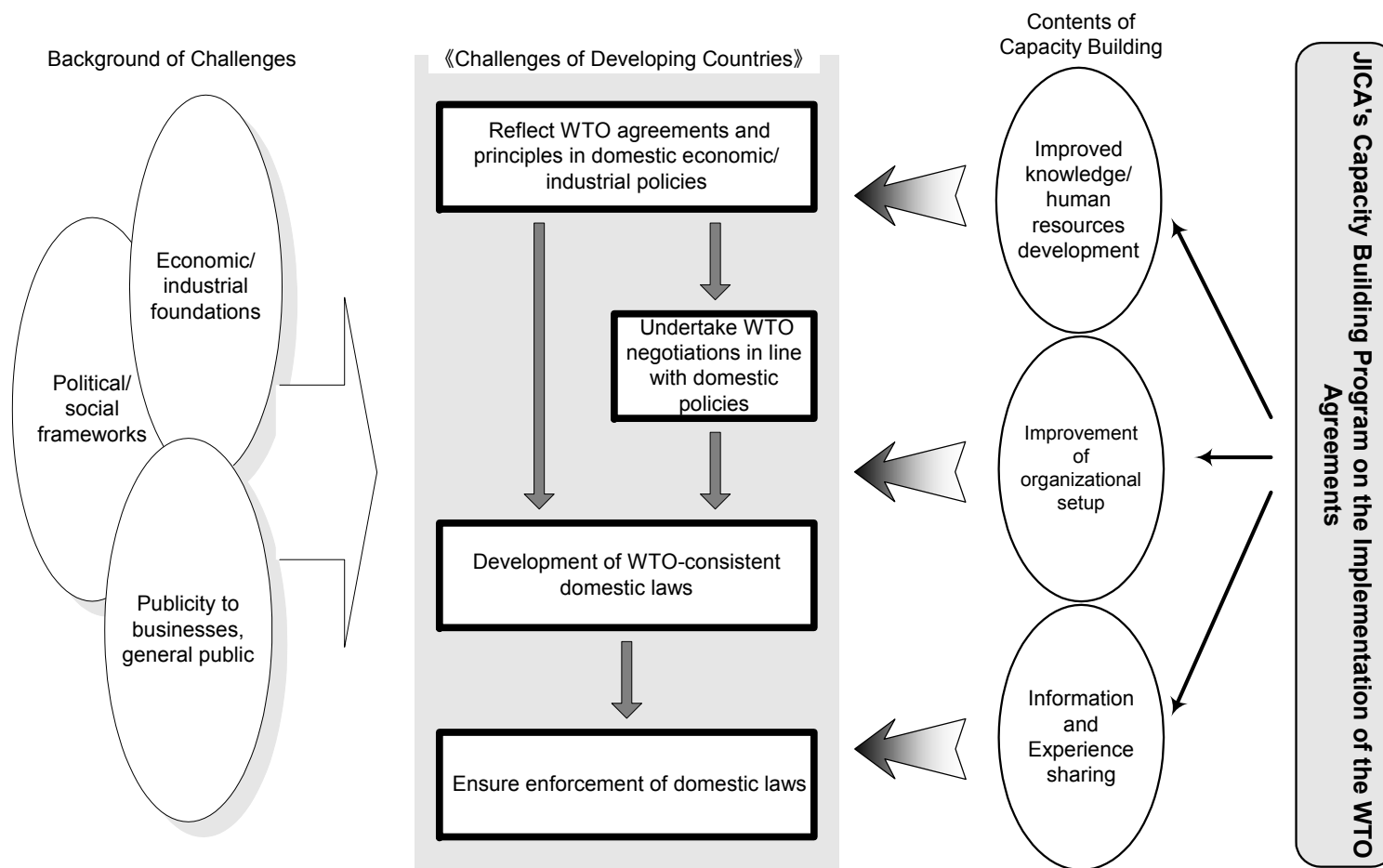
3) Recommendations of activities continued after the program and of sustainable institutional capacity

Each component was encouraged to examine the activities continued for sustainable capacity buildings and prepared recommendations from these aspects. It is noted that information sharing systems and materials/curriculums for TRIPS have been prepared for use in true self-driver capacity building.

4) Targeting the capacities to deal with the duties under the WTO Agreements

This Program targeted knowledge transfers to strengthen the capacities of specific component issues particular to in Indonesia. From this aspect, various activities were undertaken, such as analyzing the effect to apply the WTO Agreements to domestic legal systems, sharing Japanese experiences to implement the WTO Agreements, transferring knowledge related to institutional systems and know-how in Japan, and socializing WTO related information.

Figure I-1-1 Capacity Building on the Implementation of the WTO Agreements



2. Indonesia's Policy and WTO-related Organizations/ Present Situation and Challenges in Implementation of WTO Agreements

2.1 Current Economic and Trade Situation and WTO related policies

After the currency crisis occurred in the second half of 1997, Indonesia had made an effort for upgrading her financial sector and establishing the industrial foundations under globalization through enhancing financial foundations. In the state development plan for 2000-2004, approved in the state parliament in October 1999, the Indonesian government aims for development based on the national policy through sound guidance, focusing on sustainable development for human resources, society, economy, environment and natural resources. Regarding economic sector, the plan prioritizes the reconstruction of the Indonesian economy, and enhancement of sustainable and fair foundation for development.

2.1.1 Economic Situation

The Indonesian economy recorded 8.2 % growth in 1995. But after the currency crisis which occurred in the second half of 1997, it plunged to -13.1% in 1998. After that, the domestic production was on the recovery pace, and in 2000, it achieved 4.9% growth and 3.3% in 2001.

Figure I-2-1 GDP and Growth Rate (in 1993 price, billion Rupiah)

Item	1994	1995	1996	1997	1998	1999	2000	2001
GDP by Industrial Origin	354,641	383,792	413,798	433,246	376,374	379,352	397,934	411,132
Agriculture	59,291	61,885	63,828	64,468	63,609	64,985	66,088	66,504
Mining	33,262	35,502	37,739	38,538	37,474	36,866	38,730	38,483
Manufacturing	82,649	91,637	102,260	107,630	95,321	99,058	105,102	109,641
Electricity, gas and water	3,703	4,292	4,877	5,480	5,646	6,113	6,649	7,210
Construction	25,858	29,198	32,924	35,346	22,465	22,036	23,247	24,168
Trade	59,504	64,231	69,475	73,524	60,131	60,094	63,449	66,692
Transport and communications	25,189	27,329	29,701	31,783	26,975	26,772	29,284	31,483
Finance	30,901	34,313	36,384	38,543	28,279	26,245	27,383	28,201
Public administration	22,752	23,046	23,338	23,617	21,888	22,251	22,555	22,795
Others	11,533	12,360	13,272	14,318	14,588	14,933	15,446	15,955
GDP Growth (%)	7.5%	8.2%	7.8%	4.7%	-13.1%	0.8%	4.9%	3.3%
Agriculture	0.6%	4.4%	3.1%	1.0%	-1.3%	2.2%	1.7%	0.6%
Mining	5.6%	6.7%	6.3%	2.1%	-2.8%	-1.6%	5.1%	-0.6%
Manufacturing	12.4%	10.9%	11.6%	5.3%	-11.4%	3.9%	6.1%	4.3%
Electricity, gas and water	12.6%	15.9%	13.6%	12.4%	3.0%	8.3%	8.8%	8.4%
Construction	14.9%	12.9%	12.8%	7.4%	-36.4%	-1.9%	5.5%	4.0%
Trade	7.6%	7.9%	8.2%	5.8%	-18.2%	-0.1%	5.6%	5.1%
Transport and communications	8.3%	8.5%	8.7%	7.0%	-15.1%	-0.8%	9.4%	7.5%
Finance	10.2%	11.0%	6.0%	5.9%	-26.6%	-7.2%	4.3%	3.0%
Public administration	1.3%	1.3%	1.3%	1.2%	-7.3%	1.7%	1.4%	1.1%
Others	5.8%	7.2%	7.4%	7.9%	1.9%	2.4%	3.4%	3.3%

Source: Asian Development Bank, "Key Indicators 2002"

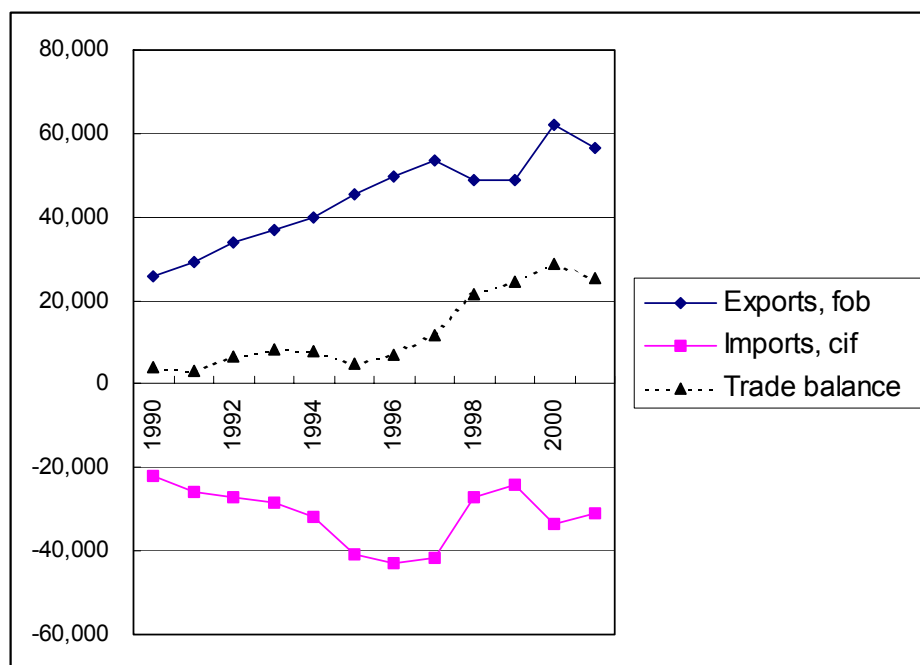
At the time of currency crisis, stagnation of construction and financial sectors had a negative impact on overall economy. But since 2000, manufacturing, electric, gas and water supply, transportation and telecommunication sectors have shown notable recovery. On the other hand, the unemployment rate reached 8.1% in 2001, a level which is higher than that experienced during the economic stagnation period just after the currency crisis.

2.1.2 Trade Situation

(1) Trade in Goods

The trade balance of Indonesia is always on surplus, thirds to the oil and gas export. After the currency crisis, her trade surplus has become larger because of drop in imports while the drop in exports was smaller comparatively. After the currency crisis, the mineral resources including petroleum and petroleum products, machinery and textile and clothes sectors have contributed to the expansion of Indonesia's exports.

Figure I-2-2 Trends on Trade in Goods (million US\$)

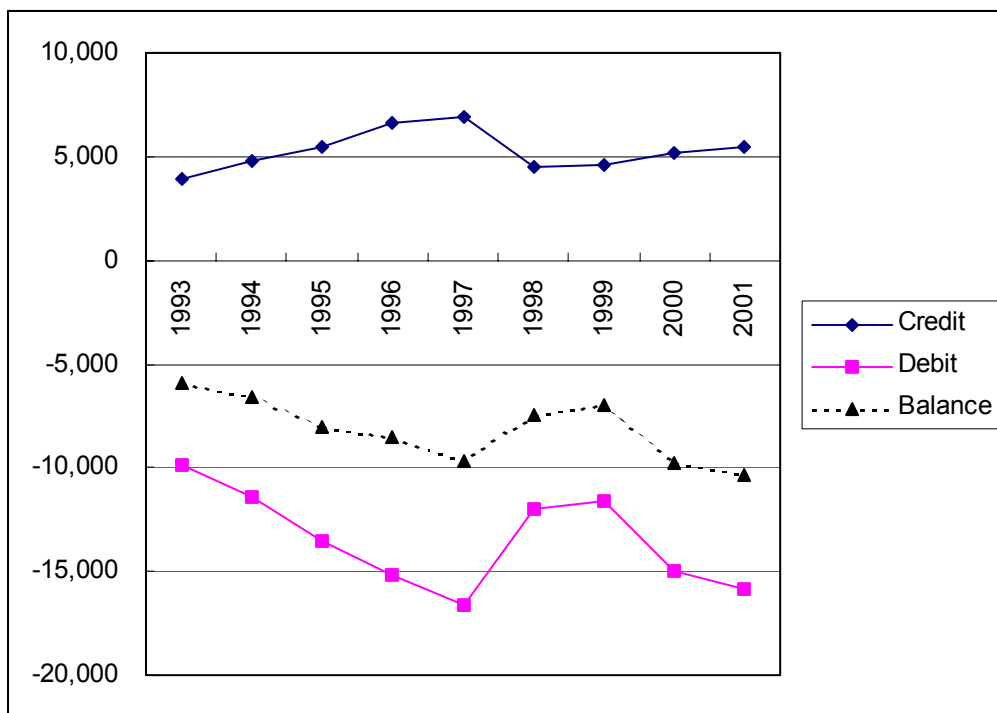


Source: Asian Development Bank, "Key Indicators 2002"

(2) Trade in Services

The service export revenue, mostly in tourism sector, peaked in 1997 at approx. 7 billion US\$, while the balance is always in deficit. Due to a decrease in service import, service trade balance once recovered in 1998 and 1999. However, the balance has deteriorated since 2000 as service import has increased again, recording a service trade deficit of 10 billion US\$ in 2001. Due to Bali terrorist incident in October 2002, travel and tourism income are currently in serious condition.

Figure I-2-3 Trends on Trade in Services (million US\$)

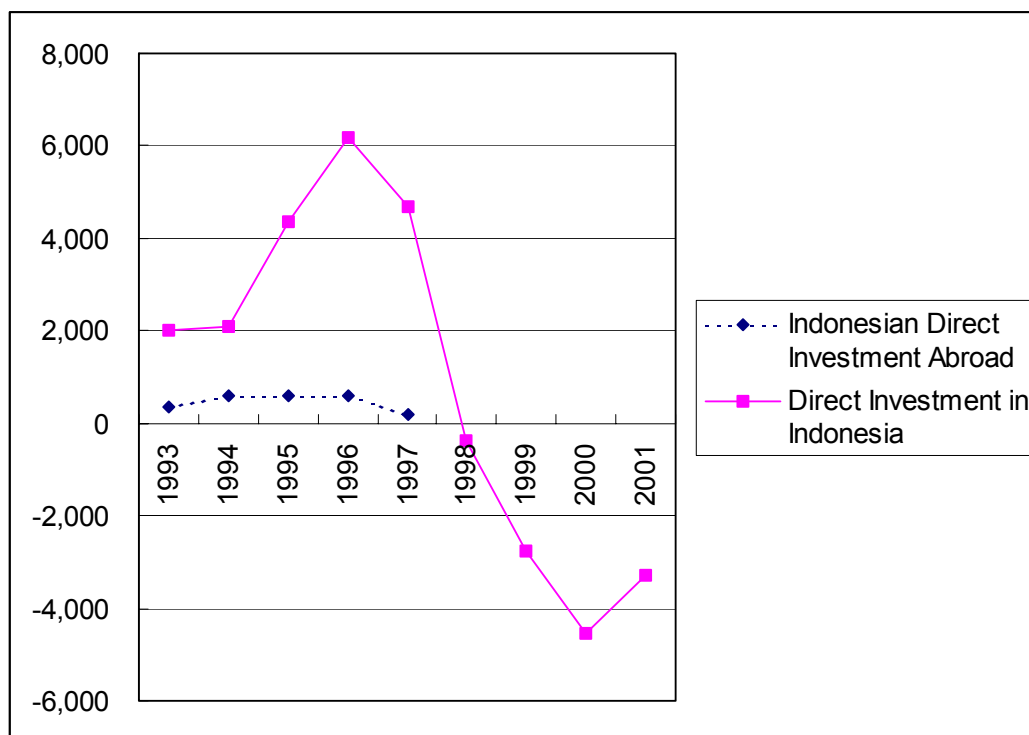


Source: IMF, "International Financial Statistics"

(3) Foreign Direct Investment

The foreign direct investment in Indonesia recorded about 6.2 billion US\$ in 1996, but since the currency crisis in 1997, it continues to decrease and since 1998, it has recorded a net decrease (i.e. the amount of disinvestment has exceeded the amount of new investment). For 2002, the October Bali accident seems to have had a major negative impact in attracting foreign direct investment to Indonesia.

Figure I-2-4 Trends on Foreign Direct Investment to Indonesia (million US\$)



Source: IMF, "International Financial Statistics"

2.1.3 WTO related policies

It is the Directorate General of Industry and International Trade Cooperation (Direktorat Jenderal Kerjasama Industri Dan Perdagangan Internasional: KIIPI) in the Ministry of Industry and Trade (MOIT) that has primary responsibility for coordination with other Ministries and governmental agencies in trade negotiations and other WTO-related activities. In KIIPI, the Directorate of Multilateral Cooperation and Directorate of Trade Defense are both responsible for WTO-related issues.

Based on the economic and trade environment mentioned in the previous section, KIIPI has been implementing a multilateral trade policy consistent with the WTO system, as well as regional cooperation in APEC and bilateral trade cooperation with major trading partners. According to the national development plan for 2002-2004, the Indonesian government has implemented the following trade policy:

(1) Development in economic sector

In "State Development Plan in 2002-2004," enhancing competitiveness has been designated as a primary purpose for developing the economic sector. Expansion of exports is one of its sub-purposes, as well as "development of competitive industries," "enhancement of market organization," "promotion of the tourism industry," and "the improvement of the science and technology ability."

The Indonesian government has established an "export promotion program" to achieve the promotion of the export and is outlining the goals for short-term, medium and long-term goals respectively. These goals clearly provide for the development of the Indonesian economy in accordance with the implementation of WTO Agreements.

(2) Development in political sector

On the other hand, the "International Economic Cooperation Promotion Program" has been clearly prioritized in the section of "Development in Political Sector." This program provides for both international cooperation consistent with the WTO system and enlargement of national interests.

In recent years, Indonesia has proceeded with facilitation of the domestic organization system, establishment of the cooperation system with other WTO member countries through above-mentioned goals. Specifically, Indonesia is going to commit within the global economy to expansion and facilitation of trade and investment through elimination of trade barriers in ASEAN, bilateral cooperation with Japan, China and the US, and regional cooperation in APEC.

2.2 Strengthening of institutional aspects related to implementation of WTO agreements< Component 1 >

The assistance in Component 1 aims ultimately to strengthen the organization within the Government of the Republic of Indonesia for the implementation of WTO Agreements through the sharing and systemization of WTO-related information (WTO information as well as related domestic laws and regulations). Especially, we decided to design and build an information sharing system (Pilot System development and operation) which aims to strengthen the capacity of the Ministry of Industry and International Trade (MOIT) – the government body with the primary responsibility for implementation of WTO agreements and coordination with other government offices – in collecting and organizing WTO-related information and domestic laws and regulations, along with its capability to coordinate with other related government agencies and offices. After the implementation of this assistance, and observing its results, we aim to make further recommendations for possible areas of future cooperation.

2.2.1 Background and Needs

Prior to implementation of this program, sharing of WTO related information sent by the Office of the WTO Representative of Indonesia at Geneva among the respective personnel in charge within the MOIT and other related government agencies was not satisfactorily done.

It was pointed out that there are concerns regarding the full control/understanding by MOIT of WTO-related domestic laws and regulations. At the same time, because of the inadequate management of GATT/WTO related documents, and related domestic laws and regulations, it was pointed out that the matter of WTO-related information management, as well as the establishment of an institution prepared for future negotiations are urgent matters that need to be addressed.

Keeping these in mind, this proposed support program sought to design an information sharing system, develop a pilot system, and establish the same, believing that doing so is the best means of strengthening the MOIT organizational structure.

As a preparation for system design and development, a survey/interview was conducted among the officers in charge within MOIT, in order to have a better understanding of the flow of WTO related information, and the current status of, as well as concerns related to information management. (The interviews were made in January and May of 2002, and we were able to implement the same to almost all the officers in

charge, with the exception of those who were not present during the period.) The following findings were made relative to the management status and concerns about WTO related Information in the implementation of WTO agreements within MOIT:

- Existing WTO related information flow
- Management and Storage of Existing WTO related information
- Types of existing WTO related information
- Concerns related to Management and Flow of WTO related information

(1) Existing WTO related information Flow

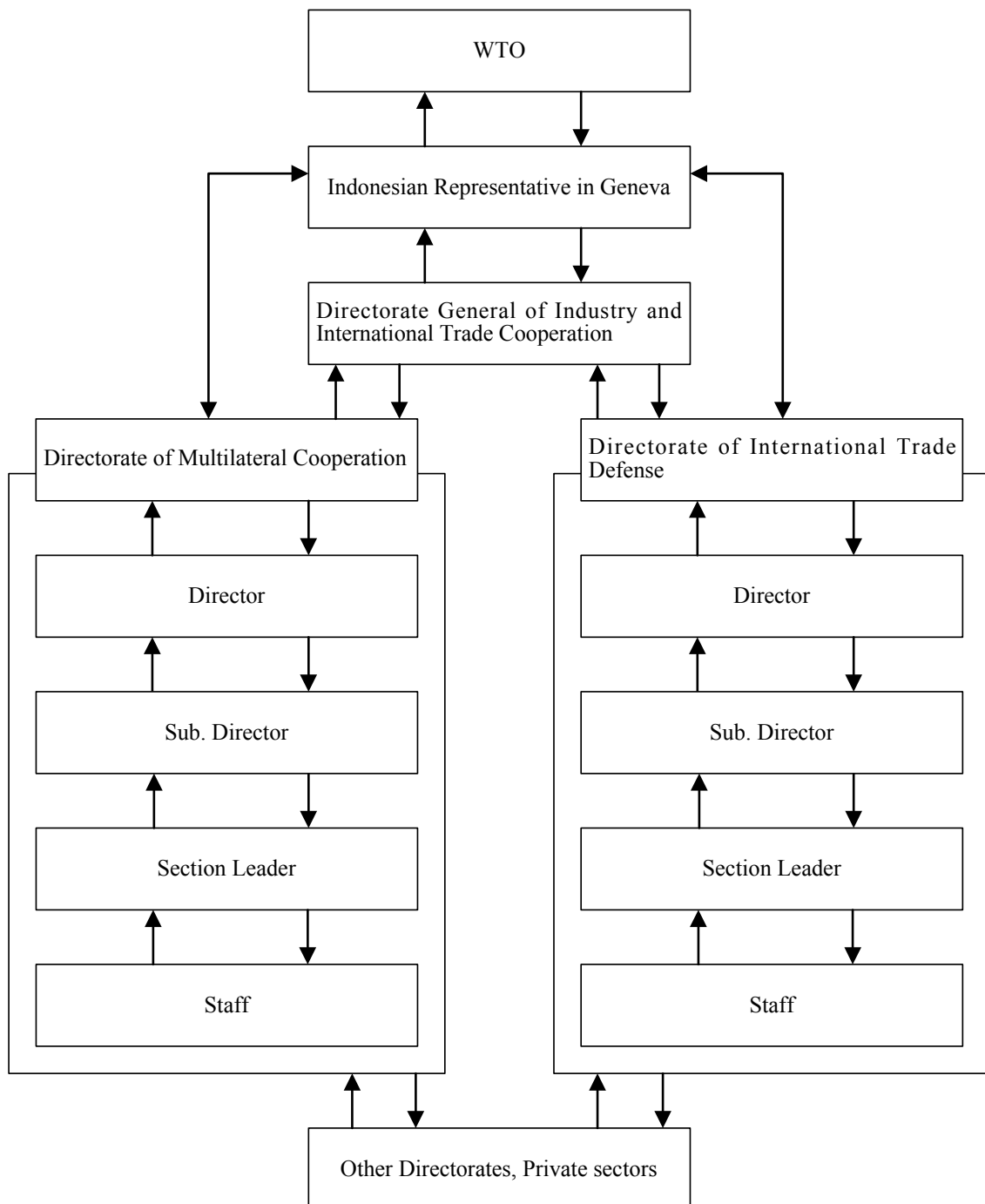
As mentioned previously, the government directorates within MOIT which are primarily involved in trade negotiations and related activities, as well as adjustments among the government agencies are the Directorate of Multilateral Cooperation and the Directorate of International Trade Defense, which both belong to the Directorate General of Industry and International Trade Cooperation.

The main work of these agencies, aside from negotiations in various international meetings, involves the creation of analyses and reports upon the request of the Office of the Indonesian Trade Representative in Geneva, as well as the various other domestic government agencies.

In order to implement said analyses and reports, said agencies must receive WTO related information from the Office of the Indonesian Trade Representative in Geneva, other directorates within MOIT, other government agencies, as well as private sector companies. In addition, after arranging and analyzing the received information, their findings are once again fed back to the concerned organizations.

The Basic Flow of WTO related information within MOIT is shown in the chart below.

Figure I-2-5 The Basic Flow of WTO related information within MOIT



All procedures involving the forwarding of information (not only WTO related information) is guided by rules set in the Rules and Regulations covering Document Management for the Indonesian Civil Service.

These rules cover all forms of communication – official requests for information, as well as official responses to such requests. Even within the same directorate, if there is sharing of information among sections, the same should be made using official procedures. As shown in the previous chart, approvals must be received from various levels within the organization. Because of this, there have been times when it takes a few days to a few weeks from the time of request until the time of response, sometimes resulting in not meeting deadlines.

(2) Management and Storage of Existing WTO related information

Even within the MOIT, sharing of information is made basically through signed, officially documents. Because of this, the arrangement and storage of information is basically done through paper documents. Each officer in charge stores paper documents related to his area of work, by maintaining paper files. However, as a result of such personal management and storage, several problems related to WTO related activities have been pointed out.

- All WTO related information is maintained and managed in paper files. These files are kept in either common shelves, or in individual desk. Because of this, while each person is responsible for the documents related to his individual work, they hardly know what other documents are kept by other officers in charge.
- Documents for each category are kept in separate filing cases. Each officer in charge usually maintains separate filing cases filed by date, but there is no master list of file categories. Because of this, only the officer in charge knows where his files are kept, and when he is not in the office, nobody knows where the documents are kept.
- In the directorates in charge of WTO related activities, numerous requests for information come from the other directorates within the Directorate General of Industry and International Trade Cooperation, other government agencies, private corporations, and the like. Since nobody knows who is keeping what documents, it often takes a long time to address said requests for information.

- At the same time, since said information is often sent by post or fax, it takes a lot of time and effort to do so.
- There are not set rules on who are allowed to view particular documents, making it impossible to maintain the confidentiality of documents.

(3) Present Status of WTO related Information

As a result of the interviews conducted on the officers in charge within the Directorate of Multilateral Cooperation and the Directorate of International Trade Defense, we learned that the following types of information are necessary for WTO related information. As mentioned earlier, however, these information are not centrally managed, but are managed separately by the officers in charge. As a result, there are problems such as officers in charge keeping duplicate information, or not knowing where certain information are being kept.

(a) Types of Information

- Laws and regulations
- Notifications
- Measures
- Tariff
- Meeting Minutes
- Analysis Report
- Others

(b) Information Sources (Authors)

- Directorate of Multilateral Cooperation
- Directorate of International Trade Defense
- Other directorates within the Directorate General of Industry and International Trade Cooperation
- Other directorates within MOIT
- Other Indonesian government offices
- Office of the Trade Representative of Indonesia to Geneva
- Private companies/universities and others

(c) Types of Languages

- Bahasa Indonesia
- English

(d) Data Format

- Paper documents
- Electronic data

(4) Concerns regarding the flow and management of the WTO-related information

Based on the interviews conducted among the officers in charge at the MOIT, we learned about the following concerns with regard to WTO related information in the implementation of WTO agreements.

- As each person in charge separately manages information related to the WTO, it is organized by field and in chronological order in paper form according to a personal file system.
- To get the information from another field, it requires asking the person in charge of the field even within MOIT. When the person in charge is absent, it is difficult to get the necessary information.
- Many requests for information are received in the directorates for WTO from other directorates in MOIT and other government agencies, which occupy a lot of time.
- Information has to be sent by post or fax, thus taking up a lot of time.

In relation to the WTO related information flow and the current status of information management, it becomes clear that one of the concerns is the inefficient sharing of information.

By setting the viewer authorization for each document, it becomes possible for various users to efficiently share information while at the same time ensuring that people are able to access the needed information at the time they need it.

2.3 Agreement on Anti-Dumping, Subsidies and Countervailing Measures, Safeguard and Dispute Settlement Understanding (AD/CVD/SG/DSU)

< Component 2 >

2.3.1 Legal Basis

As one of the members of the WTO, Indonesia has ratified the Agreement on Establishing the World Trade Organization by Law No.7 of 1994. In the implementation of Agreements under the WTO, the Indonesian Government enacted Law No.10 of 1995 concerning Customs Law incorporating provisions on anti-dumping and subsidy laws in the Chapter VI, which thereafter forms the legal basis for the Indonesian anti-dumping and subsidy regulations.

Government Regulation No.34 of 1996, concerning Anti-Dumping Duties and Countervailing Duties (“PP34/1996”), was issued in 1996 to further delineate the provisions relating to anti-dumping and subsidies in the Customs Law. Furthermore the Decrees of the Minister of Industry and Trade, regarding the establishment of the Komite Anti-Dumping Indonesia (“KADI”), and regarding the Rules and Procedures For Filing of Anti-dumping Applications, were issued to enable Indonesian industries to file anti-dumping petitions against allegedly dumped products.

It should be noted that PP34/1996 contains the substantial provisions for the implementation of anti-dumping laws in Indonesia. Most of the provisions set forth in the Regulation were adopted from the WTO Anti-Dumping Agreement (the “Agreement”). This is to ensure consistency between Indonesian anti-dumping laws and the Agreement.

The rationale for the Indonesian Government’s decision to enact and implement anti-dumping and subsidy legislations was mostly due to (i) the significant number of allegations by other members, especially from the US, EU and Australia, and (ii) the need for the government to protect domestic industries from dumped and subsidized imports from abroad.

With regard to safeguards, the Indonesian Government has just enacted a presidential decree on safeguard measures as of December 16, 2002.

2.3.2 Indonesian Anti-Dumping Investigating Authority

KADI plays the most indispensable role, as an authorized government institution, in conducting anti-dumping investigations. KADI consists of one chairman acting also

as a member, one vice-chairman acting also as a member, one secretary acting also as a member and members representing related government Institutions. Five divisions were subsequently formed to carry out all tasks of KADI in conducting anti-dumping investigations, namely: (1) Complaints Division, whose main task is to receive anti-dumping petitions of domestic industries and check the completeness of the documents; (2) Division of Dumping and Subsidy Investigation, whose main role is to assess the existence of dumping and subsidies and their calculation; (3) Division of Injury Assessment, whose main task is to assess the existence of injury to the national industries and the causality between dumping and injury; (4) Legal Division, whose main task is to ensure that any assessment made is consistent with the rules and regulations; and (5) Division of General Affairs, charged with the task of administrative work such as filing and general correspondence.

2.3.3 Decision Making Process in KADI

The decisions of KADI concerning whether or not anti-dumping duties should be imposed based on investigations were always made promptly within the 18 months deadline determined by the Agreement before the current structure of organization. However, the current organization structure of KADI seems to have caused delays in the issuance of the final and affirmative decision as a result of the investigations. This has been the case since KADI is not authorized to make final decisions. It may only submit a recommendation to the Minister of Industry and Trade on whether or not anti-dumping should be imposed. It is the authority of the Minister of Industry and Trade to determine the dumping margins submitted by KADI, or even to accept or reject the recommendation.

The submission of a recommendation from KADI to the Minister of Industry and Trade in the late stage before 18 months deadline and the due consideration of the Minister of Industry and Trade on the impact of the imposition of anti-dumping duties which sometimes affecting the interests of end users of the product has led the Minister to face difficulties in rendering a decision. This is even more complicated, since in fact the decision of the Minister of Industry and Trade can only be enforced by a decree of the Minister of Finance. The decree of the Minister of Finance is binding and enforceable on the public and therefore the affected parties could potentially appeal it. Given this fact, especially after a precedent in the tin plate case where the end users filed a law suit with Indonesian Administrative Court and won the case, the Minister of

Finance now scrutinizes the decision of the Minister of Industry and Trade very carefully before issuing the decree.

This would however not be the case if KADI were authorized to make the final and affirmative decision. In the current situation the only way for the Indonesian Government to prevent delays in rendering the decision is by urging KADI to submit the recommendation to the Minister of Industry and Trade earlier, for example within 12 months as of the initiation of the case. A due examination of the anti-dumping application filed by the domestic industries including its economic impact if the anti-dumping duty is imposed is a prerequisite to this end.

2.3.4 Experiences of AD/CVD and SG Measures in Indonesia

At this point in time, approximately 100 anti-dumping allegation including subsidy and safeguard have been brought by other countries against Indonesian products. On the other hand KADI has initiated 18 anti-dumping investigations including one interim review and one expiry review against allegedly dumped imports since its establishment in 1996. Unlike the case with anti-dumping, KADI has never initiated anti-subsidy investigation. The reason is the absence of a decree governing the submission of anti-subsidy petitions.

Among the 18 investigations initiated by KADI, the definitive anti-dumping duties were imposed on the anti-dumping investigations on *Hot Rolled Coil from India, China, Russia and Ukraine* on September 29, 1997; *Wire Rod from India and Turkey*, on March 17, 1998; *Ampicillin and Amoxicillin from India*, on March 5, 1999; *Tin Plate from Australia, Japan, South Korea and Taiwan*, on April 30, 1999; *H Beams from Poland and Russia*, imposed on May 31, 1999; *Ferro Manganese and Silicon Manganese from PRC*, on March 19, 1999, and *Sorbitol from EC* on March 12, 2001.

The number of anti-dumping allegations against Indonesian industries may perhaps increase in the future as the foreign governments endeavor to protect their national industries. Consequently, the Indonesian government would also increase the use of its anti-dumping laws to prevent dumped imports from injuring its domestic industries and at the same time strengthen its bargaining position internationally so as to avoid the abusive use of anti-dumping laws by other countries.

2.3.5 Problems faced by the Indonesian Government and Indonesian Industries in dealing with anti-dumping allegations

Participation in an anti-dumping investigation would take so much times and this would also require expertise of staff in companies charged with preparing the questionnaire response. In quite a number of cases, especially in the US anti-dumping cases, participating in the investigation would also create a financial burden to Indonesian companies. They sometimes have to fight simultaneously a number of anti-dumping cases from various countries. In addition, in many cases the investigations are not decided in favor of the Indonesian industries.

On the other hand, the Indonesian Government's involvement in the investigations is limited to the lobbying works through political channels, a consequence of the nature of the anti-dumping laws that concentrate specifically on the interaction of private aspects. There is no specific role for the Indonesian government for assisting companies in preparing questionnaire responses or other submissions as these tasks belong to the companies concerned.

In case the allegations of anti-dumping from other countries are legally weak, the Indonesian Government would file written submissions to state its objections to the allegations. However, in carrying out its tasks, the Indonesian Government officials in charge of are sometimes not comparable with the number of allegations being faced by the Indonesian Industries. Moreover, in our observation, the knowledge of the officials in charge of investigations is not strong, so that to some extent their representation to the Indonesian companies cannot be optimal.

Another problem for the Indonesian Government and industries is the issue of national interest. None of the Indonesian legislation contains a provision relating to the national interest. However, in Indonesian anti-dumping practice, national interest has become one of the important considerations for KADI, especially at the level of Ministers.

The application of lesser duty rules, as adopted under Article 18 (4) and 26 of PP 34/96, can to some extent be used to emphasize the importance of national interest. However, the Minister of Industry and Trade still seems to be reluctant to accept the recommendation of KADI to impose the anti-dumping duties although they were based on the lesser duty rules.

As the national interest has become so indispensable for KADI and the Ministers to render their recommendation and decision, it is advisable that the national interest provisions be incorporated in to Indonesian anti-dumping laws in order to provide clear

guidance to all parties involved in the investigation as to how the national interest will be assessed.

2.3.6 Needs for Capacity Building for AD/CVD/SG and DSU

The TA Consultant Team conducted 1st field survey in Indonesia from January 14 to 25 in 2002, to consult with related organizations on the assistant method and agenda to be covered, based on the Inception Report. At the meeting with MOIT, it had requested the transfer of basic and comprehensive knowledge and technique to enhance government officials' capacity to implement each agreement, skills to carry out the AD/CVD/SG investigations, skills for negotiation and dispute settlement. At the same time, in the context of political de-centralization promoted by the Indonesian government, it is recognized that those knowledge and technique should be transferred to the local government officials and counterparts in private sector. Technical assistance in this point had been also requested. Furthermore, the need for review of current Indonesian AD/CVD legislation had been expressed, mainly because of the lack of operational rules in the governmental regulation and the relevant decrees, as noted in the previous section. In this context, necessity to disseminate the importance of the trade remedies such as AD/CVD and SG measures to the policy makers, administrators and other relevant social sectors had been recognized.

2.4 General Agreements on Trade in Services (GATS) < Component 3 >

2.4.1 Present Situation of the Implementation of GATS and Achievement of the Government of Indonesia

(1) Present Activities and Institution for Implementation of GATS

In Indonesia, “Service Sector Coordinating Team” was established in 1996, based upon Decree of the State Minister of Finance in order to deal with GATS and services liberalization in other forum such as APEC and ASEAN Service Framework. The Team consists of Director General of Financial Institutions in Ministry of Finance and other service-related governmental agencies and it has Working Group consists of Director level. Directorate General of Financial Institutions in Ministry of Finance, as Secretariat of the Team, plays important roles for coordinating views and positions on behalf of Indonesian Government, deals with international negotiations on GATS, APEC and ASEAN, provide up-dated information of negotiations. The Team holds meetings to exchange information and discusses about their position in accordance with the progress of negotiations in almost monthly basis. High-level of the DG Financial Institutions are also well informed of the issues with regard to GATS and service liberalization.

Other service-related governmental agencies that handle specific service sectors or issues have various experience, knowledge and interest on GATS. Generally, most of the service-related governmental agencies face challenge for further human resource development and enhancement of knowledge necessary for current negotiations. The activities of Service Sector Coordinating Team and the progress of current negotiation under the GATS stimulate awareness towards the necessity of further capacity building within the officials concerned.

(2) Indonesia's Commitments under GATS and other framework for service liberalization

Through the Uruguay Round and following sectoral negotiations on basic telecommunication and financial services, the Government of Indonesia has made a certain level of commitments, which in turn provide a principle for revision and introduction of the domestic laws/regulations. Having large scales population and markets, Indonesia is one of the countries that drew attention from other WTO members

and tended to request further liberalization of the laws. There would still be room for further liberalization in some areas, especially based upon autonomous liberalization in other international arenas, such as the ASEAN Framework Agreement on Services (AFAS).

(3) Service Industry Policies and Economic Situation

Service sectors such as distribution, transpiration, telecommunication and financial services provide essential infrastructure for whole industries including manufacturing. Therefore it is expected that development of national competitiveness would be contributed by supply of services with high quality and low price enabled by improvement of efficiency. According to the report by the WTO Secretariat in the context of Indonesia's latest Trade Policy Review Meeting, service sector was evaluated as, 1) foreign access to the Indonesian services markets has improved, and 2) in areas such as telecommunication, aviation and financial services, Indonesia gradually abandoned its traditional reliance on government control and public monopolies.

Based on the latest date available for five ASEAN countries, Indonesia's GDP ratio of services is the lowest. Ratio of workforce in services is also the lowest except Thailand. In addition, productivity of services, which is [services GDP / service workforce] is the lowest among the ASEAN 5. However, one should notice that slight improvement of the productivity of services would make a large-scale contribution to the Indonesian national economy, a country with a huge population. Though the ratio of workforce in tourism is not so high, both the ratio of tourism sector in GDP and export (domestic consumption by foreigners) are relatively high.

2.4.2 Needs of Capacity Building

GATS negotiation has been proceeding during the period of this Capacity Building Program. The coverage of discussion on GATS issues has been broadening, and each issue has been developed in depth. Furthermore, after "initial requests" from member countries have been submitted in mid-2002, service-related governmental agencies have been facing new challenge to deal with them.

Generally, GATS caused challenges to the members because of following characteristics:

- 1) the framework of GATS is rather complicated, leaving some flexibility for each member country to establish their own commitments of liberalization, and to interpret provisions not easy to understand,
- 2) the sectoral coverage of GATS is broad and service sectors differ one from another, and
- 3) the economic and industry policies of each member country are directly related to GATS liberalization.

(1) Needs of the Government of Indonesia for the Capacity Building on GATS

Ministry of Finance identified its needs that it is necessary to broaden the understanding on GATS within all service-related governmental agencies, in order to facilitate the internal coordination when the Government of Indonesia deals with negotiations. It has many tasks such as giving technical advice to all service-related governmental agencies, organizing seminars and workshops for the sake of “socialization”. Each service sector faces different challenges. For example, in telecommunication and financial sectors, implementation of current commitment was one of the interested issues. In sectors with partial commitment or no commitment, concerns surfaced relating to the need to strengthen understanding of GATS flexibility, the relation between sectoral policy and liberalization, and the connections between current domestic laws/regulations and autonomous liberalization.

2.5 Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) < Component 4 >

2.5.1 Present Situation of the TRIPS Implementation in Indonesia

In accordance with the transitional schedule that TRIPS requires for entering into signatories, the Indonesian government has worked to bring domestic laws into conformity with the TRIPS Agreement. The necessary legal measures have been developed for TRIPS compliance, and for instance, Trade Secret Law, Industrial Design Law, and Layout-Design of Integrated Circuit Law were enacted in 2000, and Patent Law and Trademarks Law were revised in 2001. Related domestic organizational structures are also being set in place for their legitimate enforcement.

However, in terms of implementation, reality is still left to allow certain disturbance such as many piracies, counterfeits and other illicit goods distributed in the Indonesian markets in infringement of intellectual property rights (IPR), for which protection requires further improvement. In order to enjoy full conformity with the TRIPS Agreement, Indonesia's need is not only to develop its legal infrastructure, but also to pay greater attention to its enforcement on IPR preservation.

(1) Compliance of Domestic Laws with TRIPS Obligations

Indonesia is currently a party to various international agreements in the field of intellectual property. In addition to the Agreement Establishing the World Trade Organization (WTO), Indonesian government ratified five international treaties in 1997, namely a) Paris Convention for the Protection of Industrial Property, b) Patent Cooperation Treaty and Regulations under the PCT, c) Trademark Law Treaty, d) Berne Convention for the Protection of Literary and Artistic Work, and e) WIPO Copyright Treaty. On the domestic side, the Indonesian government has recently enacted and/or revised IPR laws to comply with the TRIPS Agreement. The following briefly describes the current status of each intellectual property right.

The Patent Law was amended in August 2001, and it brought the Indonesian law to fully comply with the TRIPS Agreement. The scope of "patentability" was expanded to include new food- and drink-related technologies, and now patent application procedures are now in compliance with the PCT. Procedural aspects for patent rights are improved, and now filing of patent application can be made at provincial offices of the Department of Justice and Human Rights. An independent

Appeal Commission on Patents was established so that an applicant whose application is refused is able to file appeal petition to the Commission.

The Marks Law was revised in August 2001 to provide stronger protection for trademarks, especially well-known trademarks and service marks. However, lack of effective enforcement remains a big problem for trademark protection in Indonesia. The U.S. and European countries feel that their rights are not properly protected under the existing ineffective judicial and administrative processes in Indonesia.

The Copyright Law was revised in 1997. The revised law is almost consistent with the TRIPS Agreement. There are, however, some provisions in the existing copyright law, which are not fully in compliance with the TRIPS Agreement.

Other intellectual property-related laws include the Industrial Design Law, the Integrated Circuit of Layout Design Law, and the Trade Secret Law, which all came into force in 2000. The Plant Varieties Protection Law was also legislated in 2000. This law is supervised by Ministry of Agriculture, although most other IP laws are supervised by the DGIPR.

(2) TRIPS-related Agencies in Indonesia

Within the government, Directorate General of Intellectual Property Rights (DGIPR) within the Ministry of Justice and Human Rights is the main governmental agency in charge of protecting IPR, however many other agencies and organizations are also involved. At present, the DGIPR has about 430 officials, and has the responsibilities to formulate and implement policies and technical standards in the field of IPR. In practice, the DGIPR is involved in drafting and revising IP-related legislation, disseminating IP-related information, providing a focal point for international cooperation and organizing workshops and training courses to increase public awareness. Civil Servant Investigator (PPNS) inside the DGIPR is authorized to conduct investigation about IPR infringement through collaboration with police and public prosecutor.

IP-related civil disputes are now subject to the jurisdiction of the Commercial Court. The Commercial Court officially started to operate in November 2001, however the judges assigned to handle IP cases still do not have fully adequate knowledge on IP and urgent needs for human resource development exist. As of May 2002, the Central Jakarta Commercial Court handled about 35 cases, most of which were offences against trademark. As of May 2002, only five Commercial Courts are operating in Indonesia.

The Indonesia National Police (INP) is authorized to conduct IP law enforcement activities, composed of (1) pre-investigation, (2) arrest of suspects, confiscation of evidence, and detention, (3) interrogation, and (4) sending cases to the Prosecutor. Various police bodies such as Police Headquarters, Regional Police, Sub-Regional Police, and Resort/ Metro Police implement investigative works. The INP considers copyright piracy, especially V-CD piracy, is the most serious criminal offence among Indonesian IPR infringement cases.

Public prosecutors are authorized to conduct prosecution. In implementing the power of the State in the field of prosecution, the public prosecutors conduct the following actions:

- 1) Receiving the Notification Letter of the Commencement of an Investigation (*SPDP*) from the investigator.
- 2) Providing guidance or consultation to Investigator for the completion of a case file.
- 3) Making notification that a case file has fulfilled the requirements to be heard, if the case file is complete and has sufficient evidence.
- 4) Submitting a case to the court to be heard and prosecuted.

The Indonesian Customs (Directorate General of Customs and Excise) has 113 offices at ports and airports. Directorate of Prevention and Investigation at the Customs Head Office coordinates overall border control activities, and the Sub Directorate of Prohibited and Restricted Good Control manages daily work. IPR enforcement by the Indonesian customs has been conducted since April 1997, and customs officials take border enforcement actions based on (1) court orders issued by local courts upon application by right holders, and (2) ex-officio action taken by customs own initiatives. Under the current Customs Law, customs officials deal with only copyright and trademarks.

2.6 The Agreement on Technical Barriers to Trade (TBT Agreement)

< Component 5 >

2.6.1 Activity of Indonesian Government on the TBT Agreement

(1) BSN as the National Standardization Body

In Indonesia, National Standardization Agency (BSN) is a national standard-development body and is a member of ISO (International Standardization Organization) and IEC (International Electrotechnical Commission). BSN is also the secretariat in each national committee in ISO, IEC. In case of the implementation of the TBT Agreement, BSN is responsible for a national enquiry and notification point of the Agreement. With regard to the TBT notifications, Indonesian government still has difficulty to coordinating ministries and agencies responsible for the TBT issues.

(2) Role of BSN as the TBT Enquiry Point

At present, BSN is proceeding with the establishment of the working group in order to inter-governmentally discussing and dealing appropriately with TBT-related issues. The working group is expected to handle enquiries from other WTO member countries; to cope with issues discussed in the TBT Committee, in cooperation with other ministries and agencies; and to suitably disseminate information in order to implement the obligations of the TBT Agreement. BSN prepares an information management flow for its role in implementation and maintenance of the TBT Agreement. Besides, BSN is implementing information dissemination activities (through seminars, workshops, and symposiums) about the TBT Agreement in the training of the staff in charge of the Agreement, in Jakarta or other major cities in Indonesia.

2.6.2 Present Situation of Technical Regulations in Indonesia

In Indonesia, each ministries and agencies have developed their technical regulations or standards independently. At present, BSN as a national standard-development organization takes initiative to coordinate technical institutions in developing standards, but the technical regulations or standards developed before BSN established has not been collected in BSN. This means that Indonesian government has

great difficulty in monitoring the development or modification of technical regulations in each ministry and agency and notifying to the TBT Committee if they have not aligned to international standards.

Therefore, a field survey was conducted in the technical assistance program. First, consultant specified technical regulations in Indonesia, and established a digital database putting information specified. Due to technical difficulties in collecting all the technical regulations, identification of technical regulation was focused on the four technical institutions and establishment, namely Ministry of Industry and Trade (MOIT), National Agency for Food and Drug (NAFD), Ministry of Settlement and Regional Infrastructure (MSRI), and Ministry of Energy and Mineral Resources (MOEMR). As a result, the development processes or the status for alignment to international standards for these technical regulations were largely different among ministries and agency. It has also become clear that when developing a technical regulation, 1) a national interest (industry and consumer protection) is the main priority of making TR in each institution, and 2) even among the departments in the same ministries and agency there are significant differences in processes for developing technical regulations.

2.6.3 Capacity Building Activities

Indonesia has tackled with capacity building activities practicing a lot of regional seminars and workshops hosted by APEC, ASEAN and WTO Secretariat in relation to the standardization issues. However, the bilateral technical assistance regarding the WTO/TBT Agreement that Indonesia received so far is only one by Japanese government (JICA). Since February 2003, European Commission (EC) has started to discuss the future technical assistance of the WTO-related capacity building to Indonesia. In that program, EC is going to conduct knowledge transfer regarding standard and accreditation for electrotechnical, food testing and services area from 2003-2005.

II. Capacity Building Activity

1. Overview of the Assisting Programs

This Program, deferring from a one-shot training program or equipment assistance, has achieved substantial technology transfer through a series of TA activities, including the process of program formulation and post-program follow-up.

In this chapter, major reporting was elaborated onto visible program conducted areas. However, it shall be noted that the sections reported as consensus building on objectives and/or agendas of programs are the actual achievement from the program formulation process. The consensus building with counterparts has been achieved through numerous discussions and various institutional coordination efforts. Along this effort taking process, extensive technical transfer and tasks to contribute institutional strengthening have already been deployed substantially – which shall meet the overall assisting objective of this project as a whole.

The initial directions and framework of programs were outlined at the time of S/W mission; however, the actual programs at the conduct stage has been extensively substantiated and customized through program formulation stage with identification of counterparts' actual needs for capacity building. With regard to recruitment of lecturers, also, it has been effective to enhance the level of customization that the most appropriate personnel have been recruited to match their needs from the wide range of human resources from JICA WTO Advisory Committee, Japanese experts from academics, industries and government, WTO Secretariat related experts, and experts from the third countries.

As for the further capacity building activities at the post-program stage, they are elaborated in the following chapter in the form as recommendations. Those recommendations have been projected through the same tasks as at the program formulation process from the viewpoint of effective utilization of experiences and achievement from this project for the further continuous and sustainable capacity building activities on their self-reliant effort.

Thus, in addition to the achievement of actual assisting programs, as mentioned in the previous introduction chapter, this Program has put its major effort to provide the opportunities for further continuous and sustainable capacity building activities after the project in the form of transferring the operational “system”, which has been constructed

under the consistency of tasks at all the stage of programs. The following Figure II-1-1, and Figure II-1-2 are overview of programs and a list of resource personnel engaged with them.

Japanese Government Expert	8
Japanese Academics	2
Japanese Private Sector Expert	6
Third Country Expert	3
Indonesian Expert	23
Total	42

Figure II-1-1 Overview of the Capacity Building Program

Component	Counterpart	Program Conducted	Evaluation and Recommendations
General Coordination	Directorate of Multilateral Cooperation, Ministry of Industry and Trade (MOIT)	2002.1: Inception Mission 2002.3: Kick-off Seminar 2002.7: Interim Report 2003.3: Concluding the Program by holding the Wrap-up Seminar 2003.3: Draft Final Report (except component 1) 2003.11: Draft Final Report (2) (component 1) 2004.1: Final Report (Overall)	Enlargement of number of those who have interests in WTO and dissemination of information.
Institution Building	Directorate of Multilateral Cooperation, Ministry of Industry and Trade (MOIT)	-Understanding the current conditions of WTO-related information management within MOIT(January 2002) -Understanding the current conditions related to the organization and work flow for WTO-related departments within MOIT (January 2002) -Propose concept for Pilot System Concept (May 2002) -Propose Basic Design for Pilot System (January 2003) -Develop Alpha version for Pilot System (March 2003) -Propose digitization scheme and manual for WTO documents within MOIT (March 2003) -Start digitization (March 2003) -Develop Beta version for Pilot System (May 2003) -Develop Final version for Pilot System (August 2003) -Propose Pilot System operational management manual (October 2003) -Propose suggestions	From the results of operation and management of the Pilot System, the evaluation and recommendations were derived and sharing view with the Indonesian counterpart.
Anti-Dumping (AD) / Countervailing Duties (CVD)	Directorate of Trade Defense, Ministry of Industry and Trade (MOIT)	2002.5: Three-day workshop for enhancing technical knowledge on AD/CVD/SG/DSU Lecturers: European and Indonesian lawyers Participants: staff of MOIT, KADI, KADIN and private lawyers 2002.9: One-day seminar for general understanding on AD/CVD/SG/DSU Lecturers: Japanese METI, academics and private	From the results of the workshops/seminar, the evaluation was derived and sharing view with the Indonesian counterpart, the recommendations was prepared referring the outcome from the discussion held at the Wrap-up Seminar.

Component	Counterpart	Program Conducted	Evaluation and Recommendations
		sector experts Participants: member of parliament, staffs of MOIT, KADI KADIN, private sector and NGO 2003.1: Regional workshops for general understanding on AD/CVD/SG/DSU (2 cities, two days each) Lecturers: Staffs of MOIT and Indonesian lawyers Participants: staffs of regional Bureau of Industry and Trade, and private sector	
General Agreements of Trade in Services (GATS)	Ministry of Finance (MOF), etc.	2002.1: Preparatory workshop on Basics of GATS and future activities Lecturers: TA Consultants, staffs of MOF, Bank Indonesia and DG Posts and Telecommunications 2002.5: Workshop (1) on general issues of GATS Lecturers: ex-WTO Director, previous Japanese METI official, TA Consultant Consultation session for financial services Lecturers: Japanese FSA, ex-WTO Director, TA Consultant Workshop for telecommunication sector Lecturers: Japanese MOGA, WTO experts, TA Consultant 2002.10: Workshops (2) on general issues of GATS, workshop for construction, tourism and professional service Lecturers: ex-WTO Director and TA Consultant 2003.2: Workshop (3) on overall issues of GATS, (including individual sectors and future tasks) and)Sector-wise Workshops for finance, Telecommunication, tourism and accounting Lecturers: WTO Secretariat Official, ex-WTO Director, TA Consultant, officials from MOF, Ministry of Culture and Tourism, Construction Investment Development Agency and Vice Presidential Secretariat Office Study on Indonesia's Schedule of Specific Commitment	From the results of three workshops, the evaluation was derived and sharing view with the Indonesian counterpart, the recommendations were prepared referring the outcome from the discussion held at the Wrap-up Seminar.

Component	Counterpart	Program Conducted	Evaluation and Recommendations
		and Domestic Laws/Regulations in Telecommunication Sector (by experts from KPMG Siddharta Consulting PT and Rosetini Ibrahim and Associate) Comparative Study on Specific Commitments and Domestic Laws/Regulation of Major Trading Partners in Banking Sector (by Japan Fair Trade Center)	
Trade-related Aspects of Intellectual Property (TRIPS)	Directorate General of Intellectual Property Rights (DGIPR), Ministry of Justice and Human Rights	2002.5: First joint meeting of four Indonesian ministries and agencies for development of textbooks 2002.7: Second joint meeting of five Indonesian ministries and agencies 2002.11: Third joint meeting of five Indonesian ministries and agencies (2-days) 2003.1: Finalization of the draft textbooks, translation into Indonesian language 2003.3: Final reviews of the draft, lay-out and printing of the textbooks	From the results of the trainers' trainings, the evaluation was derived and sharing view with the Indonesian counterpart, the recommendations were prepared referring the outcome from the discussion held at the Wrap-up Seminar.
Technical Barriers to Trade (TBT)	National Standardization Agency (BSN)	2002.3: Preparatory workshop for the TBT Agreement Lecturers: TA Consultant Participants: staffs of BSN, Ministry of Forestry and DG Posts and telecommunications 2002.7: Two-day workshop for general understanding of the TBT Agreement Lecturer: Japanese METI, JSA and TA Consultant Participants: staffs of BSN and technical institutions 2002.10: Two-day workshop for technical regulations Lecturer: Japanese METI, Indonesian academics and TA Consultants Participants: staffs of BSN and technical institutions 2003.1: Two-day workshop for alignment of national standards to international standards Lecturer: Japanese METI, Japanese private experts and TA Consultant Participants: staffs of BSN and technical institutions 2003.1: One-day seminar for the TBT Agreement Lecturer: Japanese private experts, staff of BSN,	From the results of three workshops and a seminar, the evaluation was derived and sharing view with the Indonesian counterpart, the recommendations were prepared referring the outcome from the discussion held at the Wrap-up Seminar.

Component	Counterpart	Program Conducted	Evaluation and Recommendations
		Indonesian academics and TA Consultant Participants: staff of BSN and technical institutions, private sectors and lawyers Field survey for identifying technical regulations in Indonesia (by Management Institute, University of Indonesia)	

Figure II-1-2 Component and Programs

Individual Components	Programs	Targeted Objectives
Institutional Capacity Building <Component 1>	System Development for WTO related Information Sharing	Distinguished from simple technical system development, the program shall take major focus on a comprehensive, from up to down, steam process through collaborative work with the counterpart as the task which shall contribute to strengthening institutional capacity centered on information sharing. At the system introducing stage, the institutional strengthening shall be emphasized by enhancement of utilization.
Capacity Building for TRIPS <Component 4>	Development on Training Materials and Curriculums, and Conduct of Trainers' Trainings	By sharing the know-how of development process, the program aims to provide the trigger and fundamental operational structure for further continuous and self-reliant activities even after the Project. Through the trainers' training to cultivate prospective trainers, it shall also put major focus on formulation of common perspectives on subjects of training so that training method could be standardized, contributing to further opportunities for human resource development through utilization of achievement from the program.
Capacity Building for AD/CVD/SG/DSU <Component 2>	Conduct of Workshops/Seminars	Deferring from the plain transient training program in general, from the preparatory stage, the program shall aims to transfer technical know-how to design and operate capacity building activities as well as to enhance knowledge on the significance of Agreements to contribute to the continuous and self-reliant human resource development and institutional strengthening even at the post-program stage.
Capacity Building for GATS <Component 3>		
Capacity Building for TBT <Component 5>		

2. Activities in Indonesia

2.1 Kick-Off Seminar

As a start of this program, a kick-off seminar was held as follows, in order to raise interest of the Indonesian counterparts and related governmental departments and agencies.

2.1.1 Overview

Date: 09:00-17:00, Friday 22 March, 2002

Venue: Hotel Borobudur Indonesia

Participants: Total of 100 participants from various departments and agencies listed below (including staff members and others)

- Directorate of Multilateral Cooperation and other WTO-related departments, KIPPI (Directorate General of Industry and International Trade Cooperation)
- KADI/MOIT, DGIPR, BSN, counterparts in Components 2 (AD/CVD/SG/DSU), 4 (TRIPS) and 5 (TBT)
- Other related governmental departments and agencies (Department of Foreign Affairs, Ministry of Agriculture, Ministry of Forestry, BKPM, BAPPENAS, Custom Department, DG Posts and Telecommunications, Ministry of Finance, Bank Indonesia, Ministry of Energy and Natural Resources, etc.)
- Private sector industrial associations (KADIN, etc.)
- Universities (University of Indonesia, etc.)

2.1.2 Summary

(1) Session 1

“Importance of Multilateral Trade Regime - WTO - Past, Present and Future -”
(Prof. Mitsuo Matsushita, Seikei University)

Following the opening address by Mr. Fukuoka, First Secretary from Embassy of Japan, and Mr. Hatanto, Director General for Industry and International trade Cooperation, MOIT, Prof. Matsushita delivered a keynote speech. Prof. Matsushita introduced along with his experience the process and history of the formation of GATT

and how Japan has worked on the GATT-related issues. He reported that as the GATT has been transformed into the WTO framework, establishment of some additional rules regarding single undertaking, trade in services and intellectual property right have been included (in the negotiation agenda) and a function of dispute settlement has been strengthened. He also introduced with some specific dispute cases how to apply various WTO Agreements. He raised environmental issues, anti-dumping rule, intellectual property rights, implementation-related issues, capacity building of developing countries, etc. as some priority issues of the future negotiation agenda, and stressed that active involvement of developing countries is indispensable in order to maintain the WTO framework.

“The importance of WTO System for Indonesia” (Dr. Djisman Simanjuntak, Board to CSIS / Advisor to MOIT)

Dr. Djisman Simanjuntak, Board to CSIS (Centre for Strategic and International Studies) and Advisor to MOIT, presented the second speech. Dr. Djisman pointed especially with regard to the protectionist movement in Indonesia that establishment of transparent and predictable trading system leads to the expansion of trade and investment as well as the nation's enhanced competitiveness through active competition with foreign enterprises. He stressed that Indonesia's active involvement is therefore essential from the viewpoint of national interest in order to maintain the WTO framework.

(2) Session 2

“New Comprehensive Negotiation in WTO and its Impact on Indonesia - The Doha Work Program and Its Impact on Indonesia -” (Prof. Yorizumi Watanabe, Otsuma Women's University)

Under the moderator of Dr. Djisman Simanjuntak, Board to CSIS / Advisor to MOIT, Prof. Watanabe presented a speech. Prof. Watanabe first introduced world trade trend using specific statistics and stressed the importance of maintaining WTO system without yielding to protectionism pressure. He also introduced work program and some new issues including investment and competition following the WTO Doha Ministerial Meeting. He then examined the impact of Doha Development Agenda on Indonesia, and reported the importance of striking a balance between the recent expansion of regional integration and the multilateral trading system.

“Importance of Capacity Building Program for WTO Agreement” (Mr. Tanaka, Team Leader of JICA-WTO TA Consultant Team)

A report from Mr. Tanaka, Team Leader of JICA-WTO TA Consultant Team, followed. Mr. Tanaka presented the outline of the five components (strengthening the function of MOIT, AD/CVD/SG/DSU, GATS, TRIPS, TBT) that will be covered in this program, and pointed out the importance of effective utilization of opportunities, active ownership of Indonesian counterpart agencies, reflection of national interest and importance of regional cooperation such as ASEAN and APEC.

Based on the above-mentioned reports of each session, a question-and-answer session followed. There were a lot of questions from the floor of how Japan has dealt with various WTO agreements, and there existed active exchange of views regarding the importance of cooperation among Asian countries in view of the start of new negotiation.

With concluding remarks by Dr. Djisman Simanjuntak, Board to CSIS and Advisor of MOIT, and Mr. Tanaka, Leader of JICA TA Consultant Team, the seminar was closed.

During the intermission of the seminar, a press conference was held. First, Mr. Tanaka, Team Leader of JICA-WTO TA Consultant Team, explained the purpose of the seminar and this project along with the press release prepared by the TA Consultant Team. A question-and-answer period followed.

<Participants>

Sponsor side:

Mr. Hatanto Reksodipoetro, Director General for International Cooperation, MOIT

Dr. Djisman Simanjuntak, Board to CSIS / WTO Advisor to MOIT

Prof. Mitsuo Matsushita, Professor of law at Seikei University

Prof. Yorizumi Watanabe, Professor at Otsuma Women's University

Mr. Yoshiki Maruyama, Managing Director, Mining & Industrial Development Study Department, Japan International Cooperation Agency

Mr. Hidekazu Tanaka, Team Leader, JICA-WTO TA Consultant Team

Press side: Metro TV, Kompas, Jakarta Post, Media Indonesia, etc. (total of 7 press)

2.2 Strengthening the Functionality of MOIT< Component 1 >

For support comprising Component 1, the eventual objective is to build an organizational setup that complies with obligations under the WTO Agreement, through an information sharing system involving WTO related information within the Indonesian government (WTO information and related domestic rules and regulations, among others).

The core of such organizational strengthening lies in information sharing within the directorates which are most responsible for compliance with WTO agreements – the Directorate General of Industry and International Trade Cooperation and its two directorates for Multilateral Cooperation and International Trade Defense. The project seeks to establish and operate an information sharing system which will strengthen the information-gathering and management abilities of these directorates in relation to WTO information and related government rules and regulations. Finally, based on the results of implementing this support project, we will propose areas of concern for future action.

2.2.1 Summary of the Program

(1) Design of Support Activities

Bearing in mind the technical assistance needs specified in I.3.2.1, priorities have been clarified through mutual consultation with the Government of the Republic of Indonesia, and the details of technical assistance activities have been determined, including development of the pilot system for the sharing of WTO-related information. There are four stages of technical assistance activities:

- Design of the WTO-related information sharing system
- Pilot system development
- Gathering, classification and digitalization of WTO related information
- System operation and technical assistance for future system expansion at the MOIT

Furthermore, during the above respective stages, a system shall be prepared where discussions can be held with MOIT counterparts at any time, and technical assistance activities shall be carried out taking into consideration not only the activity itself, but also methods for system design and system development techniques from the

viewpoint of technology transfer leading to technical assistance.

2.2.2 Design of the WTO-related information sharing system

The WTO-related information sharing system was designed bearing in mind the present situation and issues concerning MOIT management of WTO-related information that have become clear in I.3.2.1, and also bearing in mind the outline of the existing MOIT system.

(1) System concept

The system concept was the first part of the WTO-related information system design to be developed.

(a) Overall system structure concept

The WTO-related information system shall enable sharing of WTO-related information by positioning it as a Pilot System to strengthen the Indonesian government's institutional structure concerning implementation of WTO agreements by registering with the system WTO-related documents and document attribute information that is usually handled in paper form with appended signatures, and by incorporating the following functions that enable the search and viewing of these documents and information:

- Search function for documents, document attribute information and document in question, access authority registration, and edit functions.
- Search and view function for documents and document attributes by authorized users.

For a pilot system to be actually developed, users shall be restricted by each function to be defined for each document due to the reasons stated below: (However, the system shall be designed to allow future system expansion.)

- Following the established rules for viewing of documents within MOIT, it is necessary to maintain the confidentiality of documents.
- There is no intranet link between the MOIT and other Indonesian government

institutions, and distribution of highly confidential information on the current Internet involves the risk of information leaks. Due to this, highly confidential information will be viewed only within the MOIT's LAN.

System users are broadly divided into the following two types, and functions that can be utilized by non-MOIT users shall be limited.

Users within the MOIT

- Search function for documents, document attribute information and document in question, access authority registration, and edit functions.
- Search and view function for documents and document attributes by authorized users.

Users from other government institutions and private enterprises

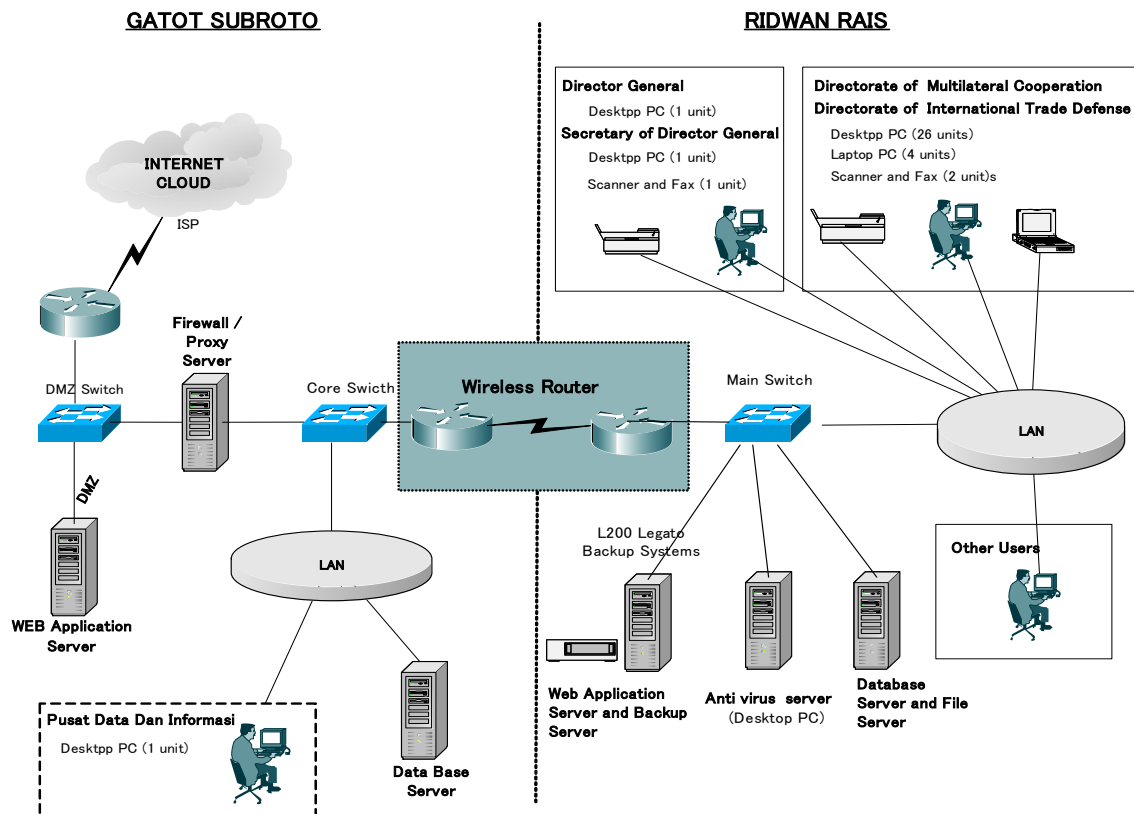
- Search and view function for publicly released documents and document attributes.

(2) System design

The WTO-related information system was designed, taking the above system concept (1) into account, after due consultation with the MOIT counterpart.

The system configuration of the Pilot System is as follows:

Figure II-2-1 Configuration of the Pilot System



2.2.3 Development of the Pilot System

A WTO pilot system was developed and built according to the system design explained in “II. 2.2.2 Design of WTO-related information sharing system”. To make the Pilot System that reinforces MOIT functions and to technically assist the development of the system, two versions have been developed; an alpha version, a prototype which covers all user screens but does not operate as a system, and a beta version, a system which covers all standard features and works under the actual MOIT network environment, prior to the final version. Opinions and requests from both the staff members and their MOIT counterparts were discussed and taken into account at each stage of the development and building of the pilot system alpha version, beta version, and final version.

The actual system design and building were commissioned to FUJITSU SYSTEMS INDONESIA, who have ample experience in document administration systems.

- Pilot System alpha version introduction: the 28th of March 2003
- Pilot System beta version introduction: the 14th of May 2003
- Pilot System final version introduction: the 22nd of August 2003

(1) Introduction of Pilot System alpha version

The Pilot System alpha version (a prototype which covers all user screens but does not operate as a system) was developed according to the system design and introduced to MOIT on the 28 March 2003. The features and design of the Pilot System were widely explained to the actual system users and administrators using the alpha version user's manual and administrator's manual. Opinions about and specific development requests for a concrete prototype were made and addressed.

(2) Introduction of WTO-ISS beta version

Taking into account MOIT's opinions and development requests regarding the Pilot System alpha version, the Pilot System alpha version was developed into the beta version (a system which covers all standard features and works under the actual MOIT network environment). This was introduced to MOIT on the 14th of May 2003. The features and operations of the beta version were widely explained to the actual system users and administrators. Further opinions about and specific development requests for

the actual operational system were made and addressed.

(3) Introduction of Pilot System final version

Taking the opinions of and requests for the Pilot System beta version from MOIT into account, the beta version was developed into the final version of the Pilot System (the official operational system). This was introduced to MOIT on the 22nd of August 2003. The system was explained to the officers in charge in the Directorate of Multilateral Cooperation and of International Trade Defense. The system administration was explained to the members of the Center for Data and Information, to whom the system administration operation was duly transferred.

2.2.4 Digitization of the existing WTO-related documents

The existing WTO-related paper documents presently stored within MOIT were digitized, and the document attributes necessary for system registration were extracted to make WTO-related information available for sharing from the start of Pilot System operation. This was done in order to create an environment conducive to the sharing of WTO-related information. MOIT took the initiative to implement this task while the TA consultant team maintained its role in providing advice. The following factors must be considered:

- It is necessary to organize existing WTO-related documents within MOIT mainly to determine the classification categories of WTO-related information.
- By centralizing all information administrated by each member of the Multilateral Cooperation and International Trade Defense in a cross-referenced manner, it is hoped that they will be more conscious about sharing their information.
- The members will be more prepared for introduction of a WTO-related information sharing system by taking the initiative in completing this task in their office space within the two directorates.

Accordingly, the existing WTO-related documents were digitized and registered since the introduction of the Pilot System final version. There are approximately 20 thousand pages of registered documents. (Approximately 1,003 documents).

2.2.5 Technical assistance for the Management and Future Expansion of the Pilot System in the MOIT

Actions taken for the management and future expansion of the Pilot System are as follows:

(1) Official operation start

Training was given to the users and system administrators within MOIT after the WTO-ISS final version was introduced on the 22nd of August 2003. The Pilot System started official operations on the 3rd of October 2003.

An official opening ceremony was held to make a favorable impression on the officers of the MOIT to commemorate the start of the official operation of the Pilot System. The MOIT Director-General, representatives from Japan International Cooperation Agency Indonesia office, TA consultant team, staff members from the Directorate of Multilateral Cooperation and of International Trade Defense (main users) and the Center for Data and Information (system management), other MOIT officials, and representatives from FUJITSU SYSTEMS INDONESIA were present.

Date	:3 October (Fri)2003, 10:00 ~ 12:00
Place	:MOIT Conference Room
Attendees	:42 MOIT Officials
Speeches	:Industry & Int'l Trade Cooperation Director General, Dr. Pos M. Hutabarat JICA Indonesia Office Deputy Director General, Mr. H. Inaba TA Consultant Team Leader, Mr. H. Tanaka

- Mr. Tanaka explained the activities so far of the Capacity Building Program and its System Component. Using the actual system itself, he also introduced the functions, operation and management of the Pilot System.
- The actual users of the Pilot System from the MOIT explained in detail the convenience of the system, and its importance, based on their actual experiences, making the participants feel the benefits derived from using the system.

- Afterwards, Mr. Inaba of the JICA Indonesia Office turned over the entire Pilot System to Dr. Hutabarat, with the latter expressing his high hopes, expectations and determination on the occasion of the Pilot System's introduction.
- After the explanations, the other attendees from MOIT asked the TA Team and the officials of the Directorate of Multilateral Cooperation and of International Trade Defense how they can connect to the Pilot System, how the Pilot System will be expanded in the future – showing the high expectations generated by use of the system.

(2) The preparation and distribution of the manuals

In this technical assistance, Manuals for Administrators and Manuals for Users were created as preparation for the use, operation, maintenance and administration of the Pilot System and distributed to the members of the main users – Directorate of Multilateral Cooperation and International Trade Defense. Furthermore, the on-line manuals of the same contents were made and installed to be read through MOIT's LAN. This was done to ensure that the WTO-related information system, developed and constructed by this technical assistance, would be used, managed, maintained and administered in a manner that will strengthen the organization and ensure WTO agreement implementation. These manuals were also used in the training courses [refer to (3) below].

(3) Training courses

Training courses were provided in system use, operation, maintenance, and administration. This was to ensure that the WTO-related information system, developed and constructed by this technical assistance, would be used, managed, maintained and administered in a manner that will strengthen the organization and ensure WTO agreement implementation. The manuals referred to in (2) above were used in the training, as well as the system itself.

The training courses for System Management were divided in to two: for Operators and for Administrators. The operators are from the Directorate of Multilateral Cooperation and of International Trade Defense whose function is to assist other users of the system. Administrators will repair, troubleshoot, as well as participate in the expansion of the system in the future, and basically is composed of members of the Center for Data and Information. Both operators and administrators will be supervised

and managed by the Director for Multilateral Cooperation, Mr. Djunari. He will be responsible for naming in a timely manner, the replacements for operators and administrators, in case they are affected by personnel transfers.

(4) Full-time system support

To promote the use of Pilot System and ensure appropriate operation, maintenance, and administration within MOIT, technical assistance is available to answer questions from users and system administrators, and to support overall system management.

October 2003 – end March 2004

- Personnel from FUJITSU SYSTEMS INDONESIA will report at MOIT and provide Pilot System operational support.

April – end September 2004

- Personnel from FUJITSU SYSTEMS INDONESIA will report to MOIT every 2nd and 4th Monday of the month to provide Pilot System operational support. During this time, they will transfer the Pilot System operation and administration know how .

(5) Direction of the system expansion

Through the training and other support activities that have been conducted, we were able to establish the foundation that will enable MOIT to independently maintain, manage, and expand this system. With regard to technical know how on future expansion, FUJITSU SYSTEMS INDONESIA will continue to provide technical training for the officers in charge of the Center for Data and Information, for the duration of its operational support period.²

As shown above, we have provided technical assistance for the management and future expansion of the Pilot System in the MOIT through trainings, preparation of manuals, and other support activities. At the same time, from the start of these support

² see APPENDIX Confirmation Memorandum -Operation and Maintenance Of The WTO-related Information Sharing System for Industrial and Trades International Cooperation, MOIT-

activities, we have conducted multiple discussions with MOIT officials regarding the organizational structure and rules for the operation and management of the Pilot System after its introduction. On the occasion of the official operation of the Pilot System, the TA Consultant Team conducted a final discussion with the officers in charge at MOIT, where we summarized, confirmed and made suggestions regarding the organizational structure and rules. These are summarized below.

- Confirmation of the Total Image of the System
- Outline of System Management
- The Role of System Administrators, Names of Persons in Charge
- System Support: Contents, Period and Contact System
- Others

2.3 Capacity Building for AD/CVD/SG/DSU < Component 2 >

2.3.1 Overview of the Program

Considering the Indonesian Government's needs, the method and approach of the assistance has been set as follows:

Assistance method

1) Workshop/seminar

The Assistance Method called for three types of workshops/seminars. The first type was for MOIT (the Directorate of Trade Defense) officials and legal practitioners involved with the AD/CVD/SG Agreements and DSU. Several case studies would be introduced in the workshops, aimed at boosting implementation capacity with regard to the above agreements and dispute settlement.

Second type was the seminar for "socializing" the necessity of trade remedy. Broad range of audience, including officials from other departments, businesspersons, legal practitioners, academics, economists, journalists, and NGOs, etc., was expected to participate in this seminar.

Third type was the workshop for capacity building of the local government officials and counterparts in private sector, considering the present tendency of de-centralization in Indonesia. The aim of this type of workshop was to transfer basic knowledge and technique to cope with dumping allegations from their trade partners abroad. This kind of workshop was placed as the stage to improve the capacity of MOIT to transfer knowledge and technique "trainers' training" for MOIT officials by obtaining their attendance as lecturers. The workshops were to be held in Medan and Surabaya, considering Indonesia's industrial disposition. Local governments would organize and arrange the workshops, while consultant team and experts would develop capacity development curriculum or teaching materials, utilizing existing materials and texts.

2) Study on domestic laws/regulations on AD/CVD

The Consultant Team and local experts would conduct comprehensive study on domestic AD/CVD legislations and procedures to secure accordance with WTO agreements and clarify the bottleneck to deal with the AD/CVD/SG measures and DS. The study would mainly focus on legal basis for those measures, decision-making process of the MOIT/KADI, and their experiences of those measures. The result of this study is shown in the Chapter I.

Approach

Capacity-building in technical aspects would be addressed in both types of workshops, while at the same time stressing that the abuse of AD/CVD/SG measures could impede free trade. Where possible, Japan's experiences, especially the joint effort by the private and public sector to tackle trade remedies initiated by foreign countries, would be introduced. At the same time, legal experts in Europe and Indonesia would be also requested to cooperate.

2.3.2 Workshop 1

Workshop 1 took place from May 27 to 29, 2002, at the Indonesian Export Training Center in Jakarta. The aim of this workshop was to boost the implementation capacity of the MOIT (the Directorate of Trade Defense)/KADI officials and legal practitioners involved with the AD/CVD/SG Agreements and DS. As a result of a series of consultations with the lecturers and MOIT, the program agenda was set as shown at the end of this section.

(1) Contents of the Workshop 1

During the period, totally 53 persons had attended the workshop. Participants were mostly from the MOIT (Directorate of Trade Defense and Remedies, Directorate of Bilateral Cooperation II, Directorate of Regional Cooperation, and Directorate of Multilateral Cooperation) or KADI, and several were from Indonesian Chamber of Commerce and Industry (KADIN) and private law firms. Although the main target of this workshop was the MOIT/KADI officials, considering the role of legal counsels representing the companies would also be important to assist the Indonesian Government in preparing the submissions, and responding the request of KADIN that private sector practitioners should need to be trained in the same course as the officials, participants to the workshop has been settled as above.

The workshop was practiced as follows:

The 1st day (May. 27)

➤ Session 1: AD and CVD proceedings (1)

In the introduction, Professor Bronckers and Ms. McNelis who are both lawyers at Brussels based law firm, indicated the structure of the workshop, and stated the

importance of ‘sharing experiences’ between lecturers and participants. After the introduction, Mr. Bundjamin from the Jakarta based law firm gave the lecture on ‘some technical issues in an AD investigation’. In his lecture, he has explained the conditions on starting investigation under the Indonesian AD investigation rule and the points to be noted in responding to the questionnaire. Furthermore, a discussion was made on the role of the KADI between private lawyers and KADI investigators.

➤ Session 2 AD and CVD proceedings (2): some common concepts

Prof. Bronckers and Ms. McNelis lectured on the concepts and methodologies common to both AD and CVD. They explained about the key concepts of ‘injury to a domestic industry producing like products’ and their causations with the dumping or subsidies, then proceeded to the investigation procedure, determination of the like products, injury, and causality, introducing dialogues with the participants and exercises.

The 2nd day (May. 28)

➤ Session 3: Special aspects of anti-dumping and anti-subsidy proceedings (1)

Prof. Bronckers and Ms. McNelis lectured on the procedures and problems peculiar to each AD and CVD. In this session, anti-dumping particulars as the concept of dumping, calculation of export price and normal value, calculation of dumping margins were taken up with exercises. Questions and comments were made by the participants on the concept of dumping, application of the capitalist economy approach to the imported goods from ex-socialist countries, and simultaneous application of AD and CVD, etc.

➤ Session 4: Defensive action against AD measures and practices of DS (2)

Ms. McNelis introduced the ‘zeroing’ issue and constructed normal value in the ‘EC bed linen’ case. After this, Prof. Bronckers gave the lecture and exercises on CVD procedure as: procedural characteristics, definition of the countervailable subsidy, subsidy categories, and CVD calculation. At the end of the session, active debate was made between the lectures and the participants on special and differential treatment of developing countries, public interest test and lesser duty rule.

The 3rd day (Feb. 20)

➤ Session 5: Safeguard (SG) proceedings

Prof. Bronckers and Ms. McNelis lectured on the proceedings of SG measure (difference from other trade remedies as AD and CVD, procedure, and injury test, etc.). After this lecture, public interest test was reconsidered as the issue common to all the trade remedies. Prof. Bronckers stated that it would be theoretically possible to introduce the cost-benefit analysis on the initiation of trade remedies, but, in reality, it

would not appropriate because such analysis would narrow the alternatives of political choice, therefore, he stressed that we would better to deal with the public interest test by securing open process of the trade remedy proceedings.

➤ Session 6: WTO dispute settlement (DS)

‘Decision tree’ for initiating trade remedies, which responds to technical, legal, and political constraints including the public interest test, was indicated. After that, the lecture on the WTO DS was made. The major changes from GATT DS, structure of a Panel and the Appellate Body, and DS process were outlined, then some issues on DS were explained as: how should the developing countries utilize the DSB recommendation, and agendas for the Doha negotiations. In the last part of the session, Q & A was made on all the topics covered in the workshop, where a lot of participants made questions on the techniques for injury determination.

(2) Outcome of the Workshop 1

The TA Consultant Team conducted questionnaire survey to the participants of the workshop to evaluate its outcome (the result of the questionnaire analysis is shown in the annex). In general, the participants seemed to be highly satisfied with the contents of the workshop. It was noteworthy that not a few participants had answered that they could diffuse the knowledge acquired from the workshop in some ways, because they were expected to act as the ‘trainers’ in the next regional workshop.

2.3.3 Seminar

The one-day seminar for “socializing” the necessity of trade remedy was held on September 4, 2002 at the Hotel Borobudur in Jakarta. The originally planned target of this seminar had been shifted to somewhat higher level, including the members of the Parliament and the ministers. The reason of this change was mainly in the rapid increase of concern about the trade remedies and the role of the KADI among the Parliament members. In spite of the increase of such concern, their lack of the decent knowledge of trade remedies has been keenly realized by the KADI Secretary, and he requested that the seminar should be implemented to improve the understanding of the importance of trade remedies by the persons involved to trade policy making process. Based on this perception, the seminar was planned as indicated in the program.

(1) Contents of the Seminar

Totally 139 persons had attended the seminar. Participants included 10 Parliament members, officials of MOIT/KADI and other trade related ministries, academics of University of Indonesia and research institutes, member of KADIN and private companies, lawyers and NGOs.

The seminar was practiced as follows:

➤ Session 1

After the brief introduction on the JICA's role in this Capacity Building Program by Mr. Hidekazu Tanaka, leader of the TA team, Professor Mitsuo Matsushita, former member of WTO Appellate Body, made the keynote address on "the Role of Trade Remedies in the WTO System". In his speech, he mentioned the role of trade remedies as the institutional safety net for free trade system, outlines of each remedy, and the relation between competition law and trade remedies. In the Q&A session, questions were made by the participants on: Japan's attitude toward initiation of AD measure, institutional and organizational development for SG and its initiating method, possibility to initiate AD/SG measures for agricultural products.

After this, Mr. Matsumoto, executive advisor for the Fair Trade Center in Japan, made the presentation on "Efforts by the Japanese Industries to Tackle Trade Remedies". He introduced the mission and activities of the Fair Trade Center in Japan, Japanese industries' perspectives on WTO/AD rules, practical method to deal with the dumping allegations from abroad, utilization of WTO DS procedure, and how to deal with foreign trade lawyers. Participants from both the public and private sectors as well as from NGO made questions and comments on the operational fund of the Fair Trade Center in Japan, its relation with the Japanese government, tips for hiring expensive lawyers, and on the reflection of general public's opinion to WTO decision making system.

➤ Session 2

Mr. Yano, Advisor to the Directory-General (WTO issues), Multilateral Trade System Department, Ministry of Economy, Trade and Industry of Japan, made the presentation on "Trade Remedy Issues in the Doha Round and Implication for Developing Countries". Mr. Yano introduced the recent trend in AD actions, "facts available" issue in the "hot-rolled steel case", some proposals tabled in the Rules Negotiation in Geneva, as well as its implication for developing countries. In the Q&A, many questions and comments were made.

In the final session, Mr. John Johnson, Managing Partner of J.M. Didier Asia, who works for MOIT as the “Trade Remedy Consultant”, made the presentation on “the Importance of Trade Remedies for Indonesia”.

(2) Outcome of the Seminar

The TA Consultant Team conducted questionnaire survey to the participants of the workshop to evaluate its outcome, however, the result is not valid due to the quite small number of samples. Aside from the questionnaire survey, the most prominent outcome would be the fact that the seminar had the participation by the Parliament members. From the viewpoint that trade remedies should be used to preserve national interest, it would be desirable for the administrative authority to secure legitimacy to utilize them in light of national interest. In this context, correct understanding of those trade remedies by the policy makers who are to represent national interest is indispensable. Another remarkable outcome of this seminar would be the interest in public-private cooperation system in Japan (Fair Trade Center) expressed by many participants, as the systematic public-private cooperation could be a driving force for the sustainable capacity improvement.

2.3.4 Workshop 2 (Regional Workshop)

The regional workshop was held in Surabaya on January 20 and 21, 2003, and in Medan on January 23 and 24. The purpose of this workshop was, as originally planned, to transfer basic knowledge and technique to cope with dumping allegations from their trade partners abroad. As this workshop was placed as the stage to improve the capacity of MOIT to transfer knowledge and technique “trainers’ training” for MOIT officials by obtaining their attendance as lecturers, the workshop was organized and arranged by the MOIT and local governments, with the support of a local law firm. They have also developed the teaching materials written in Bahasa, Indonesia, utilizing existing materials and texts. Special consultation sessions for local companies were introduced by the initiative of MOIT.

(1) Contents of the Workshop 2

Workshop in Surabaya

To the 1st day's sessions, 55 persons had attended. They were from the MOIT (Directorate of Trade Defense), Industry and Trade Office of the Government of East Java Province, local companies belonging to KADIN, universities and law firms, which are located in the city of Surabaya and neighboring regions.

The workshop was practiced as follows:

The 1st day (Jan. 20)

➤ Session 1: Development of Practice on Trade Protection Instruments

Mr. Siswanto, Director of Trade Defense, made the lecture on the above titles theme. In his presentation, he gave outlines of the global trend in trade remedies initiation, Indonesia's experiences of trade remedies, and the roles and organizations of the Indonesian Anti-Dumping Committee (KADI) and the MOIT.

➤ Session 2-4: Dumping Analysis / Injury and Causal Link Analysis / Safeguards, Subsidies & Countervailing Measures

After the coffee break, Session 2, 3 and 4 were successively conducted by MOIT officials. Participants from private companies expressed their concerns about KADI's investigation procedures. One asked about the possibility of procedural improvement, considering the situation that companies had been suffering from dumping due to the long time which needed to be taken to make final decision by the Ministry of Finance (Customs Office) to initiate AD measure, in spite of the recommendation by KADI. Other expressed the opinion that, considering the above situation, he would expect KADI to disclose successively the procedural process. Responding to these, the MOIT (KADI) officials showed positive attitude towards the disclosure, however, with regard to the dual investigation system composed of KADI and MOF, they asserted its legitimacy based on the Indonesian AD law, and the fact that AD measures initiated through this system had never brought about challenges from other countries due to this prudent investigation system. Moreover, they explained about their shortage of manpower to deal with numbers of dumping allegations from abroad.

➤ Session 5-6 : Dispute Settlement Understanding / Practices in Allegations

In the afternoon, above titled sessions were conducted by Mr. Widiyanto (MOIT), Ms Penta Riris Nasution(MOIT), and Mr. Agus Soetopo(ADAMS & Co. Law Office).

Outline of the DSU and its covering issues, procedure of DS, and practical points to be noted in the AD allegation were explained.

The 2nd day (Jan. 21)

➤ Special Consultation for Participants

After the last session in the 1st day and in the morning of the 2nd day, consultations by MOIT officials for individual companies were held. Out of 18 companies and organizations that had contacted to the local government in advance, 4 persons (from the export association and local companies) participated to the consultation session. Topics were: questions on more details of which presented in the 1st days' workshop, hope for holding this kind of seminar more often, ask for the advice on export promotion of cement to the Philippines.

Workshop in Medan

To the 1st day's sessions, 104 persons had attended. They were from the MOIT (Directorate of Trade Defense), Industry and Trade Office of the Government of North Sumatera Province, local companies belonging to KADIN, universities and law firms, which are located in the city of Medan and neighboring regions.

The workshop was practiced as follows:

The 1st day (Jan. 23)

➤ Session 1: Development of Practice on Trade Protection Instruments

Mr. Chairi gave the lecture on the above titles theme. (The contents were the same with the Surabaya workshop.)

➤ Session 2-4: Dumping Analysis / Injury and Causal Link Analysis / Safeguards, Subsidies & Countervailing Measures

After the coffee break, MOIT officials successfully conducted Sessions 2, 3 and 4 (same with Surabaya). Participants made questions on: effect of SG measure by India on Indonesian palm oil, difference of efficiency between AD and SG, compensation for SG measure, and the government's effort to develop information system.

➤ Session 5-6 : Dispute Settlement Understanding / Practices in Allegations

In the afternoon, above titled sessions were conducted in the same way with the Surabaya workshop. Participants asked more detailed explanation on the time frame and the procedure of AD allegation.

The 2nd day (Jan. 24)

➤ Special Consultation for Participants

In the morning of the 2nd day, consultations by MOIT officials for individual companies were held. Out of 16 companies and organizations that had contacted to the local government in advance, 5 persons (from the association of frozen marine products, national import association, and local companies) participated to the consultation session. Topics were: questions on overall trade remedies, government attitude to deal with SG on palm oil by India, market expansion for individual products and companies

(2) Outcome of the Workshop

The TA Consultant Team conducted a questionnaire survey involving the participants of both workshops in Surabaya and Medan. In general, the participants seemed to be highly satisfied with the contents of the workshop. It was noteworthy that they expressed the necessity of dissemination of information through internet or publications to promote better understanding, and further implementation of this kind of regional workshop. Aside from the questionnaire survey, the most prominent outcome would be the fact that the workshop was successfully held by the initiative of the MOIT. Participants as well as presenters felt that the presentation in Bahasa, Indonesia was quite effective. . The lessons learnt from the previous workshop were often utilized (presentation method, technical explanation, etc.).

2.4 Capacity Building for GATS < Component 3 >

2.4.1 Structuring Activities of the Program

During the first field survey in Jakarta in January 2002, based upon consultations with Ministry of Finance, initial activities, or “sub-components”, of the GATS components were: 1) a workshop to enhance practical knowledge of the Service Sector Coordinating Team; 2) workshops on banking and telecommunications sectors; and 3) studies of the banking and telecommunications sectors.

Simultaneously on that occasion, the Ministry of Finance and the TA Team co-organized a Pre-Workshop program. The following points were explained and made clear: the outline of the overall program with its objectives and planned activities (by TA Team); the progress of GATS negotiations and issues to be addressed (by Ministry of Finance); basic elements of GATS, the mode of negotiation (sectoral negotiation) and accompanying revision of domestic laws (by TA Team, Bank Indonesia and Ministry of Transportation and Communications). Through the workshop, this program was familiarized with members of the Service Sector Coordinating Team.

In May 2002, the first group of Workshops on horizontal, banking and telecommunication took place. Then for the second group of workshops held in October 2002, the Government of Indonesia identified tourism, construction, and professional services to be dealt with in addition to horizontal issues.

In February 2003, to wrap-up all activities of the GATS Component, another set of workshops were organized covering the issues of horizontal basis, tourism and future capacity building, with 150 participants.

In order to make full use of the Workshops, following issues were taken into account to set the agenda:

- To take up issues which Ministry of Finance and Service Sector Coordinating Team cannot cover by themselves (e.g. advice by WTO experts, sharing experience by Japanese government officials, explanation on the implication from the activities of other components within this project or provide economic data by TA Team members)
- To promote sharing experience and institutional memories within the Government of Indonesia
- To enhance the practical knowledge of the service-related officials in order to facilitate further coordination tasks of Service Sector Coordinating Team (e.g. state of play of the negotiations, how to understand the Schedule of Specific Commitments, what is “request and offer” negotiations, etc.)

- To stress the importance of participants mandate of designing strategy of liberalization and industry policy, using economic statistics
- To provide important WTO documents in hardcopy and explain how to use them

2.4.2 Pre-Workshop

On January 23, 2002, the Ministry of Finance and the TA Team organized a half-day Pre-Workshop, aiming to introduce the objectives and activities of the overall program and to share the information on necessary action towards GATS negotiations, basic elements of GATS and sectoral experiences from previous negotiations.

Date: 14:00-17:30, January 23, 2002

Venue: Ministry of Finance

Purpose: Introduction of the Program, sharing the issues for negotiation, experience of sectoral negotiation and basic issues of GATS provisions

Participants: 48 officials from service-related governmental agencies – members of Service Sector Coordinating Team

Lecturers: Mr. Adolf Warouw (Senior Official, Ministry of Finance), Mr. Dian Ediana Rae (Senior Legal Advisor, Directorate of Legal Affairs, Bank Indonesia), Mr. Gunawan Hutagalung (DG Post and Telecommunications), Mr. Hidekazu Tanaka (Team Leader of JICA WTO Technical Assistant Team), Mr. Masaki Oda and Ms. Maki Kunimatsu (TA consultants)

2.4.3 Workshop (1)

(1) Overview of Workshop (1)

In accordance with the work plan, a workshop on horizontal issues, a consultation session on banking sector and another workshop on telecommunications were held on May 3, 6 and 7, 2002 respectively. These workshops and session were mainly addressed to Indonesian officials aiming to promote understanding of WTO agreements and the Schedule of Specific Commitment, to enhance related practical ability, to transfer the know-how in dealing with negotiations and to secure domestic implementation. Three Japanese governmental officials and one WTO expert from Europe served as lecturers.

(a) Workshop on All Services

Date: 9:00 – 17:00, May 3, 2002

Venue: Ball Room, 2nd Floor, “B” building, Ministry of Finance (Indonesia)

Purpose: -To enhance practical knowledge and ability of officials of services-related agencies on GATS and the Schedule of Commitment.
- To share knowledge on current negotiations and Japan’s experiences

Lecturer: Mr. David Hartridge (Senior Director of White Case International / Former Advisor to the Director-General and Director of Trade in Services Division of WTO), Mr. Shintaro Watanabe (Former official of METI (Japan) in charge of trade in services)

Participants: From Ministry of Finance, the main counterpart, total of 7 officials participated including Mr. Warouw (Senior Official), Mr. Mulabasa (Secretary to DG of Financial Institutions) and Mr. Budi (Director in charge of GATS). Besides, one or two persons/officials each from the Bank Indonesia, Ministry of Transportation and Communications, Ministry of Industry and Trade, Ministry of Culture and Ministry of Energy Resources attended. Total number of participants was approximately 50.

Major points of discussions:

- Following the opening remarks, Mr. Tanaka, the leader of TA team presented the outline of the project. Then, Ms. Kunimatsu from the TA Team talked about the current state of GATS negotiations (a lecture titled “The Impact of Services Liberalization and GATS in Indonesia’s Economy”). With economic data on Indonesian services industry, she presented ways in which Indonesia could make use of the GATS framework to pursue its own industrial policies.
- Mr. Hartridge, Senior Director of White Case International, presented a lecture titled “Important Provisions of GATS”. In addition to the characteristics of GATS provisions, he gave detailed and comprehensive explanation on important provisions (Art. IXX on progressive implementation, pro-competitive disciplines and their meaning, MFN exemption, etc.) and general political background of GATS. He also clarified the status of European Commission’s initial offer. In the Q&A session, it was asked what kind of request the Indonesian Government should make towards other countries, and Mr. Hartridge responded with the importance of grasping the export

situation and industrial policy of Indonesia itself.

- A lecture titled “Preparing for Negotiations and the Schedule of Commitment” followed, where Mr. Hartridge stressed the importance of identifying which areas to liberalize and in which to promote investment, and the need to clarify related domestic laws and regulations. He explained the schedule of negotiations and the structure of the request-and-offer formula. He used as samples Schedules of Specific Commitment of five countries.
- Lastly, Mr. Watanabe, former official of METI, gave a lecture titled “Current States of Negotiation and Japan’s Internal Coordination”, presenting the latest state of play of GATS negotiations. Participants raised many questions regarding each specific sector, such as marine transportation, tourism, environment, education, etc.

(b) Consultation Session on Banking Sector

Date: 9:00 - 16:00, May 6, 2002

Venue: C Commission, Building “B”, Central Bank (Indonesia)

Purpose: -To transfer practical knowledge to deal with future liberalization negotiations on GATS and the Schedules of Commitment.
-To share Japan’s experiences and know-how in domestic coordination.

Lecturer: - Mr. Masahiko Kono (Director, Banks Division I, Supervisory Bureau, Financial Services Agency of Japan), Mr. David Hartridge (Senior Director of White Case International / Former Advisor to the Director-General and Director of Trade in Services Division of WTO)

Participants: Total of 18 participants, from the Legal Directorate and the International Division of Bank Indonesia and from other associations of banking industry.

Major points of discussions:

- Following the opening remarks, Mr. Hartridge gave a lecture titled “Horizontal Issues in Negotiation Related to the Financial/Banking Sectors”. He talked about 1) accomplishment of previous GATS negotiations on financial services and 2) horizontal issues such as autonomous liberalization, assessment of services, modes of delivery.
- Mr. Kono delivered a lecture titled “Policy-making on Liberalization

of Banking Sector”. He talked on broad issues relating to the liberalization policy of financial market. Participants from Bank Indonesia raised a question of how to deal with such situations brought by foreign investment as excessive capital flow, sudden withdrawal of the investor, and serious impact on domestic industry. There also was a discussion on the role of supervisory agency and the method of utilizing WTO framework.

- Next, Mr. Kono explained on prudential measures. Regarding the safeguard measures for trade in services, Mr. Hartridge outlined the direction of discussions and Ms. Kunimatsu of the TA Team introduced the survey results from Japan’s industrial sector.
- During the session titled “Dealing with Banking Service Negotiations”, Mr. Dian Ediana Rae from the Legal Directorate of Bank Indonesia stated the difficulties in identifying appropriate policy when dealing with service negotiations and in obtaining understanding and support from the Congress and the industry. Mr. Kono responded by pointing out the vital importance of GATT/WTO to Japan, the significance of progressive liberalization, the need to reduce MFN exemptions, the actual status of domestic implementation within Japan, and the importance of a safety net in promoting liberalization.
- Ms. Kunimatsu from the TA Team presented a provisional report on comparative studies of Schedules of Commitment and domestic laws and regulations among major countries.

(c) Workshop on Telecommunication Services

Date: 9:00 – 15:00, May 7, 2002

Venue: Conference Room, Ministry of Transportation and Communications
(Indonesia)

Purpose: - To enhance practical knowledge of basic GATS provisions and the Schedule of Commitment by making use of telecommunication services as examples.
- To promote an understanding of the history and past achievements in telecommunications negotiations and to share Japan’s experiences. With these, to transfer knowledge needed in preparation for upcoming negotiations.

Lecturer: - Mr. David Hartridge, Senior Director of White Case International /

Former Advisor to the Director-General and Director of Trade in Services Division of WTO

- Mr. Takanori Ando, Assistant Director, International Economic Affairs Division, Telecommunications Bureau, Ministry of Public Management, Home Affairs, Posts and Telecommunications (Japan)

Participants: Total of 15 officials participated from Ministry of Transportation and Communications.

Major points of discussions:

- Following the opening remarks and the statement of objectives of the project, Mr. Hartridge explained about “Important Provisions of GATS from the Viewpoint of Preparing for Negotiations”. Participants raised some wide scope of questions, on definitions of technical terms, on dispute settlement issues and on multilateral agreements.
- Mr. Ando talked on “Process and Outcome of the Negotiations on Basic Telecommunications, Japan’s experience of Internal Coordination”. These points brought particular interest of participants and active questions and comments were presented both on WTO as a whole and on telecommunications matters.
- Mr. Hartridge explained about the background and underlying issues of the negotiations on basic telecommunications. Mr. Ando made a comment on the present state of Japan’s telecommunications sector as well as Japan’s preparation towards negotiation.
- Ms. Kunimatsu of TA Team presented the progress of the study on Indonesian domestic laws and regulations in telecommunication services.

2.4.4 Workshop (2)

(1) Overview of Workshop (2)

Workshops on horizontal issues, construction and engineering services, tourism services and professional services were held on October 9 and 10, 2002, on the basis of close consultations with the Government of Indonesia. The main objectives were to transfer necessary knowledge on negotiations and to enhance capacity to make appropriate domestic policy and to implement GATS obligations. The major addressees of the workshop were Indonesian governmental officials and representatives

of industrial sector, and as a lecturer, we were honored to invite from Europe Mr. David Hartridge again.

(a) Workshop addressed to all GATS-related Ministries and Agencies

Date: 9:00 - 13:00, October 9, 2002

Venue: Room 208, Building “A”, Ministry of Finance (Indonesia)

Co-organizer: Ministry of Finance

Purpose: -To promote knowledge on current negotiations on services since Workshops (1) held in May 2002.

- To hold serious discussion, especially on classification of services, autonomous liberalization, transparency (GATS Art. III), safeguard (Art. X), movement of citizens, expanding the participation of developing countries

Areas of Interest (identified through preliminary consultations):

- Implications from past GATS negotiations.
- How to change/revise domestic laws and regulations in light of domestic industrial policies
- How to make use of negotiations to enhance industrial competitiveness

Participants: 32 officials from services-related Ministries and Agencies and the “Core Officials” comprising the Service Sector Coordinating Team.

Summary of the Workshop

- Following the opening remarks, Mr. Warouw (Senior Official of Ministry of Finance) referred to the past achievements of the project, and to the importance of the agenda for this workshop.
- Mr. Takaaki Oiwa, Deputy Resident Representative, JICA Indonesia Office remarked on the significance of this workshop and future perspectives.
- Mr. Hartridge talked about positioning negotiations on services within the overall picture of the new round of WTO negotiations, the political backgrounds (especially the relationship between the negotiations on services and agriculture, etc.), the recent state of play and horizontal issues to be dealt with.
- Questions were raised as to the relationship between regional agreements (such as MRA of ASEAN) and GATS negotiations, countries to be applied the development provision, relationship between the GATS provisions relating to movement of persons and the actual situation. Mr. Hartridge responded to each question and in that

process, Mr. Warouw made a great contribution by translating replies into the local Indonesian language.

(b) Workshop on Construction and Related Engineering Services

Date: 14:00 - 16:30, October 9, 2002

Venue: Meeting Room 1, Second Floor, Ministry of Construction (Indonesia)

Co-organizer: Ministry of Construction (Indonesia)

Purpose: To promote knowledge and understandings on GATS and construction services, as well as the current status of related negotiations.

Areas of Interest (identified through preliminary consultations): How to deal with negotiations and especially with requests from other countries

Participants: Total of 41 participants, from the Ministry of Construction and construction/engineering-related industrial groups

Summary of the Workshop

- Following the opening of the Workshop, Mr. Djoko Muryanto (Secretary of Construction and Investment Development Agency) expressed his appreciation and remarked that in dealing with services negotiations, he and the Ministry staff were very interested in past negotiating history and in other countries' experiences. He also referred to the necessity of continuing partnership with the Ministry of Finance.
- Mr. Warouw of the Ministry of Finance expressed his opinion that it is important for the Ministry of Construction to consider the strategy for the construction industry and to make policies based on progressive liberalization.
- Mr. Tanaka, Leader of TA Team explained the outline and significance of the project.
- Mr. Hartridge explained how to position negotiations on services within the overall picture of the new WTO negotiating round, the political backgrounds, the GATS general structure and main provisions, schedules of commitment of other countries and the state of play of the negotiations on construction services.
- Oral and written questions and comments were presented from participants. From an industrial group representative, a great sense of worry was expressed that domestic enterprises confronted with a

harsh competition with foreign investors within domestic construction market. There were also questions and comments regarding a) how to deal with the pressure to eliminate the limitation on foreign capital participation, b) concept of “trade in services and how to deal with statistical data, c) relationship between WTO and bilateral/regional free trade agreements, and d) disciplines for inexperienced workers.

- Mr. Hartridge replied to questions raised, and Mr. Muryanto and Mr. Warouw helped the Q&A session, translating English to the local language with supplementary explanation.

(c) Workshop on Tourism Services

Date: 9:00 - 12:00, October 10, 2002

Venue: Meeting Room (14th Floor), Ministry of Culture and Tourism (Indonesia)

Co-organizer: Ministry of Culture and Tourism (Indonesia)

Purpose: To promote knowledge and understanding of the relationship between GATS and tourism service, and on current status of related negotiations

Areas of Interest (identified through preliminary consultations):

- What is GATS?
- status of other countries regarding their Schedules of Concession
- points under discussion in current negotiation
- strategy to strengthen the competitiveness of domestic industry and its relation to GATS

Participants: Total of 27 participants, from the Ministry of Culture and Tourism and industrial groups

Summary of the Workshop

- Mr. Nia Niscaya (Deputy Director for Multilateral Cooperation, Ministry of Culture and Tourism) introduced the JICA program as a whole, and outlined the background and objectives of the Workshop. Mr. Tanaka (Leader of TA Team) gave further explanations as to the global economic trends as a background of the project and the basic philosophy of cooperation herein pursued.
- Words of compliment by the Vice Minister Barkley were introduced, with his remarks on issues to be addressed including the revision of domestic laws and regulation in accordance with WTO commitments.
- Mr. Hartridge explained how to position negotiations on services

within the overall picture of the new WTO negotiating round, the political backgrounds, the GATS general structure and main provisions, schedules of commitment for other countries, and the state of negotiations on construction services. He also referred to the current structural problem that the online reservation system gives great advantage to Western industrialized countries. Ms. Kunimatsu from TA Team presented economic statistical data on the current status and competitiveness level of the tourism industry in Indonesia and ASEAN region.

- Many questions were raised from the participants. Movement of inexperienced workers, possibility of sanction under GATS, transparency of domestic regulations and the political issue, ways to be exempted from the liberalization commitment, and other points were asked. In the course of discussion, it became clear that the Indonesian side has a sense of unwillingness toward extensive liberalization in tourism sector wherein foreign enterprises would participate not only in capital but also in the management.
- Mr. Nia's translation and elaboration encouraged the active discussion.

(d) Workshop on Professional Services

Date: 14:00 - 17:00, October 10, 2002

Venue: Room 208, Building "A", Ministry of Finance (Indonesia)

Co-organizer: Ministry of Finance, Ministry of Labor (Indonesia)

Purpose: To promote understanding of the current status of negotiations and the history of discussions related to professional services (e.g., disciplines on domestic regulations for accounting services, guidelines for mutual recognition) within GATS framework

Areas of Interest (identified through preliminary consultations):

- obligations under major GATS Agreements
- basic points regarding the Schedule of Concession
- current state of negotiations and future prospects
- review and assessment of existing domestic regulations
- impact on domestic industries

Participants: Total of 25 participants, from related Ministries and Agencies (Ministries of Finance, Labor and Construction) and industrial groups and associations

Summary of the Workshop

- Mr. Tanaka (Leader of TA Team) opened the Workshop by presenting backgrounds, the outline and objectives of the project. Mr. Warouw from the Ministry of Finance commented that the professional services sector holds a special importance in the overall GATS negotiating process, since it affects a variety of governmental ministries and agencies and includes a wide range of domestic industries. At that point, Mr. Warouw stressed the significance of the workshop.
- Mr. Hartridge explained how to position negotiations on services within the overall context of the new WTO negotiating round, the political backgrounds, the GATS general structure and main provisions, past achievements in the professional services sector (especially accounting), and the state of the negotiations.
- A variety of questions were raised from participants, including the reasons for excluding air service from GATS coverage, the specific scope of the coverage (work insurance, acts of private industrial groups, etc.), strong points of developing countries in professional services sector, interpretation of the discipline for domestic regulations for accounting services, relationship of GATS to international accounting standards and other international agreements, problems regarding the Schedule of Commitment of Indonesia, and so on. Mr. Hartridge responded with supplementary comments and explanations from Mr. Warouw and expertise of Indonesian side.

2.4.5 Workshop (3)

(1) Setting the Objectives and Themes

The third group of workshops, based on the feedback to previous workshops and on consultations with the Ministry of Finance, took up tourism services with a relatively high competitiveness besides horizontal issues and, as a new attempt, organized a panel discussion to identify prospective issues in trade in services. It was aimed to contribute to socialization effort pursued by the Ministry of Finance and Service Sector Coordinating Team and to address issues of practical and technical nature whose importance has become much increased as negotiations progress.

Date: February 5 - 6, 2003

Venue: Natour Kuta Beach Hotel Bali

Co-organizer: Ministry of Finance (Indonesia)

Participants: 149 (government officials and business representatives)

Purpose:

- 1) To familiarize significance of GATS and liberalization of trade in services
- 2) To share knowledge and experiences gained through the program and to influence opinions regarding strategies for further development of the services industry
- 3) To provide and share updated information on the state of play of negotiations
- 4) To transfer knowledge both of practical and technical nature

(2) Summary of the Workshop

(a) Plenary Session on February 5

- Following the opening remarks by Mr. Mulabasa Hutabarat (Secretary of DG Financial Institutions, Ministry of Finance), Mr. Tanaka (Leader of TA Team) presented the outline of the project and objectives of the Workshop. Mr. Warouw (Senior Official, Ministry of Finance) explained what GATS is, the urgent issues in the GATS negotiation process, the importance of domestic policies for services industries, and past achievements in this capacity-building program.
- Mr. Dale Honeck (Counsellor, Trade in Services Division, WTO Secretariat) delivered a speech titled "GATS, Trade Liberalization and Development". He presented the characteristics of trade in services and the significance of liberalization, and the development of GATS, using sectoral or country-based examples. A member of the audience asked Mr. Honeck a question whether there is a way to make use of GATS proportional to countries' stage of development. Also questions to clarify definitions of services and the issue of transparency were submitted. Mr. Honeck referred to the problem of definitions and categorization as still being governed by confusion and ambiguity, even within the working party for trade in services and pointed out the need to take note of that problem during the current negotiating process. In response to the first question, Mr. Honeck called attention to efforts of a group of low-income countries involved

in discussions of GATS objectives.

- Mr. David Hartridge (Senior Director, White Case International, former Advisor to DG and Director of Trade in Services Division of WTO) gave a speech titled “Overview and Current Progress of the Negotiations on Trade in Services” where he explained how to position negotiations on services within the overall picture of the new WTO negotiating round, the political backgrounds, recent progress in negotiations, and the horizontal issues for all related services negotiations. From the Government of Indonesia, an advice was sought as to the efficient way to soak up opinions from business and industry. From the business, on the other hand, a question was raised on how they could contribute to the negotiation. That turned out to be a good opportunity for both sides to exchange their views in a constructive manner.
- Mr. Budi Santoso (Deputy Director, Directorate General of Financial Institutions, Ministry of Finance) concluded the first-day plenary session.

(b) Group Sessions for Business Representatives and Government Officials

- Two groups were set up. Group 1 comprised of financial services and Group 2 for non-financial services (professional services and infrastructure services such as construction, communication, transportation, environment and energy etc.). Both sessions proceeded on the basis of questions and answers. Group 1 discussed financial related issues such as substance of regulations on prudential measures and the way of utilizing negotiations. In Group 2, participants from various sectors posed questions and comments.

(c) Plenary Session on Second Day

- During the Panel Discussion on Tourism Service Sector, Ms. Nia Niscaya, Deputy Director for Multilateral Cooperation, Ministry of Culture and Tourism, made an introductory presentation about the previous Workshop on Tourism Services in October and stressed the importance of GATS. Mr. Honeck encouraged strategic discussions to develop competitiveness among tourism services in Indonesia and in Bali, explaining tourism-related discussion under the GATS, the

effects of tourism services on other service sectors, and advantages of developing countries in tourism services (e.g. relatively low personnel costs). Ms. Kunimatsu made a presentation on tourism industries of Indonesia and other ASEAN countries based upon economic data. Mr. Drs. Ries Hartadi, Director for Multilateral Cooperation, Ministry of Culture and Tourism gave a presentation on the current state of discussions on tourism issues within GATS, Indonesia's Schedule of Specific Commitments within the tourism sector and summarized requests from other WTO members.

- In Panel Discussion on Strategy for Development of Domestic Service Industry Capacity, Mr. Tanaka made a kick-off presentation to stress the important relation of GATS negotiations, services liberalization and industry policies. Mr. Djoko Muryanto, Secretary of Construction and Investment Development Agency, explained the current domestic construction industry, with an explanation of that sector's policy programs. He especially stressed the importance of strategic planning and implementation to develop the service sectors. Mr. Hari Sugiharto, Director, Vice Presidential Secretariat Office, encouraged discussion to construct "national strategy" in service industries as a whole. In response to a written question from the floor, saying that it was difficult to make liberalization under the WTO based upon the requests by developed countries, and Indonesia should rather consider withdrawal of WTO since there had been serious economic problems such as poverty and unemployment in this country. Mr. Hartridge stressed that all the WTO members have rights to decide their own domestic regulation and extent of liberalization. Mr. Honeck explained that the merits of being WTO member are as follows; achieving Most-Favored-Nation status; accessing information of other members because of the transparency obligations; accessing the dispute settlement system; securing the alliance and cooperation with other members. Mr. Tanaka presented his view that WTO is still in the development stage in the sense that there are rooms for members to make inputs and give influence to the nature and the rules of the organization, referring to the examples of other international organizations. Mr. Hari pointed out that there is not yet a clear priority of issues to be presented to other members during the negotiations. There were also various comments from a

representative from tourism industry of Bali, officials from Jakarta, as well as from the floor.

- Mr. Budi Santoso reviewed and summarized discussions during two days and concluded the plenary session.

(d) Group Session on Second Day

- The Session was utilized to cover remaining and further questions as a follow up of the Plenary Sessions. Attentions were drawn on issues concerning movement of workers (or “mode 4” of GATS), the consistency to GATS of qualification and licensing in Indonesia, Mutual Recognition Agreements on licensing, WTO and development, modification of Schedule of Specific Commitments, and relation between GATS and human development/ training. Because of the fear for terrorism, concerns were expressed on the limitations in immigration. Lecturers presented specific viewpoints toward further development of tourism services.

2.4.6 Studies on Specific Sectors

(1) Study on Indonesia’s Schedule of Specific Commitment and Domestic Laws/Regulations in Telecommunication Sector

(a) Needs and Objective

Telecommunication sector is one of the most important service sectors and functions as the infrastructure of all industry. As a result of WTO/GATS Basic Telecommunication Negotiations concluded in 1997, WTO member countries including Indonesia made improved commitments comparing to other service sectors except financial sector. Those officials in charge of the previous Basic Telecommunication Negotiations currently belong to an independent organization, PT Telekom, so that the experience and knowledge from the Negotiation were not stocked within DG Posts and Telecommunication in charge of the current service negotiations. Therefore, the Government of Indonesia recognized the needs for study to identify the relation of Indonesia’s Commitment and domestic laws/regulations in this sector. The study was thus conducted by experts from KPMG Siddharta Consulting PT and Rosetini Ibrahim and Associate, a law firm, under the supervision of TA Team and with consultation with DG Posts and Telecommunications.

(b) Overview of the Outcome of the Study

Five analytical processes followed the completion of the study:

- Review GATS provisions and Indonesia's commitments therein;
- Review the laws/regulations in order to underline relevant articles and provisions of the laws/regulations from the viewpoint of GATS provisions and categorize them into market access, national treatment, "reference paper" or domestic regulations, and Most Favored Nations;
- Examine the consistency of the laws/regulations with the schedule of specific commitments of Indonesia under GATS and GATS provisions;
- compile the laws/regulations that contain articles and provisions relevant to GATS policies; and
- complete a report that outlines the relevant provisions from the laws/regulations and analyzes the consistency of the laws/regulations in regard to Indonesia's commitments.

As the result of the steps above, the following points were identified. During the process, DG Posts and Telecommunications and TA Team had several meetings for consultation. TA Team reported the result and encouraged DG Posts and Telecommunication to utilize for the current negotiations.

- Indonesia's Schedule in telecommunication sector, agreed by the Basic Telecommunication Negotiation in 1997 and compiled as the Fourth Protocol of GATS was prepared in the framework of Old Law, Law No. 3 of 1989 regarding Telecommunication. In order to liberalize the Indonesia telecommunication sector, the New Telecommunication Law, Law No. 36 of 1999 regarding Telecommunication, was enacted in 1999.
- Under the New Law, new entry into the market is permitted. Also the provisions with regard to competition, as well as new category of the services, were introduced. Therefore, current commitment of Indonesia needs to be modified. Also there are some sub-sectors and items that has some scope of improvement.

(2) Comparative Study on Specific Commitments and Domestic Laws/Regulation of Major Trading Partners in Banking Sector

(a) Needs and Objective

Bank Indonesia has a few experienced officials who had dealt with WTO/GATS Negotiations on Financial Services concluded in 1997, and has been one of the most informed governmental agencies as Ministry of Finance. Bank Indonesia has a clear need that they should access to the precise information of banking policies of other major countries, including Japan, for the sake of referring to when they consider about their own domestic policy and strategy for the current negotiations. The comparative study was initiated, under the cooperation of Japan Fair Trade Center, to aggregate and analyze commitments, laws/regulations and industry policies behind. In addition, for Japan's policy in banking sector, Japanese expert had made comprehensive presentation followed by sound discussion during the Consultation Session.

(b) Overview of the Outcome of the Study

As for the objects of study, commitments and domestic laws/regulations of Japan, China, the United State, Korea and Australia were chosen by the consultation with Bank Indonesia. The comparative study consists of following elements:

- Compilation of the Schedules of Specific Commitment in banking sector.
- Collection of relevant domestic laws, regulations, decrees
- Underlining of relevant articles and provisions within the laws above from the viewpoints of GATS provisions and commitments
- Examination of the domestic laws and commitments
- Summarization of the history of domestic policies for liberalization in banking sectors

As the result of the study, the following points were identified. During the process, Bank Indonesia and Telecommunications and TA Team had several meetings for consultation. TA Team reported the result and encouraged Bank Indonesia to utilize for the current negotiations and further study of other trading partners by their own.

- In many countries, structural reforms and deregulation in banking sectors were conducted before, during and after the GATS Negotiations on Financial Services (1995-1997), one of the examples of that is Japan' "Big Bang". Some of such efforts were reflected in their commitments.

- The sound relation of financial liberalization and surveillance function was observed from the histories of financial policies in object countries. The safeguard measures to sustain the market stability and transparency had been introduced back to back with the liberalization.
- All countries (and states in case of the U.S.) have their own regulations of prudential measures, which are curved-out from GATS obligations.
- S Collection of relevant domestic laws, regulations, decrees
- Underlining of relevant articles and provisions within the laws above from the viewpoints of GATS provisions and commitments

2.5 Capacity Building for TRIPS < Component 4 >

2.5.1 Overview of the Program

(1) Outline of the Program

The Capacity Building Program for TRIPS component was primarily designed to assist the DGIPR and other related agencies' continuous efforts for human resource development in the field of IPR. In order to avoid unnecessary overlapping with existing assistance programs by other donors and to be complement each other, this Program focused on a training material development on IPR law enforcement. This effort was made to set in place the necessary foundations to enable Indonesia to engage in sustainable human resource development activities in this area.

The DGIPR and TA Consultant Team conducted joint works to produce a training material from January 2002 to March 2003 as follows:

- 1) Formulation of a collaborative working team.
- 2) The working team conducted the following tasks:
 - (a) Study on IPR-related laws and regulations covering the agency's operations.
 - (b) Supplemental individual meetings to understand each agency's current conditions, difficulties and obstacles against smooth IPR preservation.
 - (c) Joint meetings in Jakarta to share progress and exchange information.
 - (d) A training material development.
 - (e) Translation into Indonesian language.
- 3) Transfer of know-how to the DGIPR and related agencies to conduct a training utilizing the material.

(2) Specific Characteristics of the Program

In terms of training courses and materials for IPR promotion, many efforts have been made both from GOI, particularly the DGIPR, and by international community. However, with some exceptions, it is not always successful in extending to further sustainable scheme to provide continuous training activities and to utilize the information in most of the cases. Thus, programs are often remained one-shot effect.

In general term, this tendency is often caused by several factors. For example, 1) the materials are not exactly fitted to Indonesian situation due to certain training materials are developed on the base of the situation in foreign countries and just translated into Indonesian language, 2) know-how of development process is not

efficiently shared with Indonesian authorities so that relevant customization or updating effort is not taken smoothly, 3) systematic compilation and utilization process is not adequately provided in the authority concerned as well as limitation of human resources and infrastructures. This program aims to provide an opportunity for related agencies with common platform and open channel for collaborative work, an additional factor should be referred as 4) institutional foundation among related agencies is not functionally facilitated to support collaborative and sustainable effort in this area.

In order to resolve these factors, essentially, this program takes special importance on formulation of institutional foundation among related agencies, customs office, police, public prosecutor, court and the DGIPR. This is to provide a systemic collaborative work process among Indonesian officials for the further development of training activities as well as for the efficient communication to facilitate common perception on IPR law enforcement. Initiative of Indonesian authority was encouraged to this end, and related know-how was shared among the agencies throughout the program. It was also expected that this would serve as a basis for their institutional coordination mechanism on IPR law enforcement in the future. Therefore, the activity of working team (the joint meeting) was considered to be fundamental feature of this program.

2.4.2 Development of Training Materials

(1) Schedule of Development of Training Material

A training material was produced in the following schedule.

May 12, 2002	1st Joint Meeting (1 day) - Establishment of “Collaborative Working Team” - Meeting with DGIPR and other IPR enforcement agencies. - Fact finding session - Identification of problems each agency face - Sharing common interest
June 2002	Drafting of training material (1) - Continuous communication between both experts is maintained for agenda setting.
July 9, 2002	2nd Joint Meeting (1 day) - Review of laws, regulations, and existing resources. - Analysis on organizational and human resource aspects.
July – Oct. 2002	Drafting of training material (2)
Nov. 18-19, 2002	3rd Joint Meeting (2 days) - Review of draft training material chapter by chapter.

Dec. 2002- Jan. 2003	Drafting of training material (3) Translation into Indonesian language
Feb. 6-7, 2003	Trainer's Training in Jakarta (2 days) (4th Joint Meeting) - Final review of training material
Feb. - Mar. 2003	Final review about training material Layout and printing Recommendation for further capacity building

(2) Joint Meetings

As the major part of working team activities, four joint meetings with related agencies were organized.

In the 1st joint meeting, the focus was basically put on fact-finding on the current IPR enforcement situation among related agencies. The fact-finding was conducted to identify the common interests as issues to be taken up for training material. It also contributed to formulate common perception to deal with the issues.

In the 2nd joint meeting, the current situation of IPR enforcement in Japan was presented. Supplemented to the joint meeting activities, individual meetings with related agencies were conducted to substantiate contents of the training material.

Upon the request from DGIPR and discussion between two parties, the 3rd joint meeting was organized in the form of 2 days camp session. Participants to this meeting tensely concentrated on review of the first draft of training material, and it provided an extensive opportunity not only to reviewing the draft but also for substantiation of communicating foundation among related agencies.

2.4.3 Practice of Trainers' Training

Two-day trainers' training session was held on February 6-7, 2003 at Hotel Mulia conference room in Jakarta. On 2-day trainers' training, 29 people attended; 13 from the DGIPR, 3 from Supreme Court, 3 from Public Prosecutor, 4 from Police, 3 from Customs, and 3 from universities. The training started with opening remarks from Mr. Takaaki Oiwa, Deputy Resident Representative, JICA Indonesia Office, and Prof. Abdul Bari Azed, Director General of the DGIPR. Each program was practiced as follows:

Model Lecture

Mr. Matsubara explained essential points of the training material chapter by chapter. He emphasized the necessity to understand the aim of TRIPS Agreement for better practice of internationally agreed minimum standard for IPR protection. He

mentioned that the material covers outline of current Indonesian IP laws, civil and administrative measures, provisional measures, border measures, and criminal measures in Indonesia. Collaboration among agencies was also mentioned, for example investigation work conducted by both civil servant investigators (PPNS) and Police investigators.

In the model lecture, the lecturer invited enforcement agencies to make short presentations about their roles against IPR infringement, and all the agencies presented and shared their activities with other participants.

In Q&A session, comments and suggestions to improve the material were presented from participants.

Group Discussion

In a group discussion session, a whole class was divided into 6 groups made of (1) Customs, (2) Public Prosecutors, (3) Universities, (4) Police, (5) Supreme Court, and (6) the DGIPR. A lecturer gave four sets of color pictures of genuine and counterfeit goods, such as famous brand sport watch, hair clippers, vacuum cleaner and gas stove. He requested each group to select one case and asked to prepare answers to the questions; (a) how your agency analyses the case, taking into account of IP laws as well as the aim of TRIPS Agreement, (b) What kind of actions your agency takes, (c) how your agency coordinates with other agencies, and (d) how your agency cooperates with the public.

After group discussion, each group made presentations about their analysis about cases and shared the actual procedures each agency takes to tackle the cases. Participants re-recognized that different agencies had seen the same cases from different perspectives and noticed the importance of coordination and cooperation from the public through the case studies.

IPR Border Enforcement in Japan

Mr. Nakayama, Osaka Customs, made presentation on IPR border enforcement in Japan. His presentation covered organizational structure for border control in Japan, TRIPS Agreement and revision of the Japanese Customs Tariff Law, suspension procedures, customs offences, difficulties Japanese Customs faces, important issues for effective enforcement, and suspension records at the Japanese Customs. Mr. Nakayama mentioned importance of training of Customs officials for them to identify counterfeit goods in the cargo. Many questions were raised from the floor about the difference of system for suspension of release in Indonesia and Japan, such as competent authorities, importer's objection to the Customs decision, and so on.

2.6 Capacity Building for the Implementation of the Agreement on Technical Barriers to Trade (TBT) < Component 5 >

2.6.1 Overview of the Program

The TA Consultant Team conducted 1st field survey in Indonesia from January 14 to 25 in 2002, to consult with related organizations such as BSN which is responsible for standardization, MOIT responsible for the WTO issues, and other technical institutions in charge of developing technical regulations on the assistant method and agenda to be covered, based on the Inception Report. At the meeting with BSN, it was agreed that a workshop be held to enhance capacity at working level for the governmental agencies involved in these issues. The meeting also agreed that priority would be placed on the identification of technical regulations for the TBT notification.

(Points of issues in implementation)

To enhance the capacity to implement the TBT agreement, following issues were covered in the technical assistance program, based on the discussion with Indonesian government organization.

- Identification of standard and conformance in Indonesia
 - Grasping the system which exists in the country
 - Securing consistency of the domestic system with the international standard
 - Alignment of domestic standards/technical regulations to international standards
- Notification procedures
 - Grasping information which exists in the country
 - Enhancement of understanding by government organization concerned
- Understanding concept of the Good Regulatory Practice

In March 2002, TA Consultant Team conducted preparatory workshop on the TBT Agreement for BSN, Ministry of Forestry, and DG Posts and Telecommunications on request.

2.6.2 Workshop 1

(1) Contents of the Workshop 1

The workshop 1 was held from July 4 to 5, 2002 in Jakarta. 33 participants participated in the first workshop from 11 relation ministries and agencies and private

sectors, which mainly had a purpose of the general understanding of TBT Agreement. The Ministry of Economy, Trade and Industry (METI), and Japanese Standards Association (JSA), TA consultant team took charge of speakers from Japanese side and BSN from Indonesian side.

The 1st day (July. 4)

- Session 1 The explanation of the WTO/TBT Agreement
 - 1-1 General Principle of WTO
 - 1-2 Coverage of the TBT Agreement
 - 1-3 Explanation of Important Articles in the TBT AgreementSpeaker: Mr. Masaki Oda (TA Consultant)
- Session 2 Current Topics of the TBT Agreement
Speaker: Mr. Naotake Fujishiro (METI)

The 2nd day (July. 5)

- Session 3 Implementation of the TBT Agreement
 - 3-1 Japanese Experiences handling Issues Related to the TBT Obligation
 - 3-2 Current Status of Implementation of the TBT Agreement in Indonesia (Notification)Speaker: Ms Chika Nakagawa (METI)
- Session 4: Alignment of National Standards to International Standards
 - 4-1 Japanese Activities to align National Standards to International Standards and Development of Market Relevant International StandardsSpeaker: Mr. Takamitsu Wada (Japanese Standards Association)

(2) Outcome of the Workshop 1

The TA Consultant Team conducted questionnaire survey to the participants of the workshop to evaluate its outcome. For many participants, this workshop was their first experience to get knowledge about the TBT Agreement and they have been satisfied with the contents of the workshop.

2.6.3 Result of the Workshop 2

Judging from the questionnaire survey conducted at the Workshop 1 and comments of speakers or participants, TA Consultant Team decided to design the contents of Workshop 2 including understanding of technical regulations in Indonesia, and implementation of rights and obligations of the TBT Agreement, in roll-playing style. Especially for understanding of technical regulations, interim result of the field survey conducted by Management Institute, University of Indonesia was utilized.

(1) Contents of the Workshop 2

31 participants from 15 Indonesia ministries/agencies and private sectors participated in the Workshop 2. Speakers were from Japanese METI, TA Consultant Team, and University of Indonesia.

The 1st day (October 24th)

- Session 1: Development of Technical Regulations in Japan and their Relationship with JIS
Speaker: Mr. Sadanobu Taguchi (Director for International Standards Cooperation, METI)
- Session 2: Technical Regulations in Indonesia
Speaker: DR. Azhrar Hadi (Senior Consultant, Management Institute, Faculty of Economics, University of Indonesia)
- Session 3: Impact of TBT Agreement on Trade and Good Regulatory Practices
Speaker: Mr. Arata Kuno (TA Consultant Team)
- Session 4: TBT Notifications and Role of a National Enquiry Point of the TBT Agreement
Speaker: Mr. Masaki Oda (TA Consultant Team)

2nd day (October 25th)

In the 2nd day, "roll-playing" activities by all the participants were done. Participants were divided into 6 groups, and 3 groups played rolls based on the scenarios prepared by the TA Consultant Team. Other 3 groups made comments on the activities and vice versa.

In the morning session, there had two activities regarding obligation of the TBT Agreement on (1) the case when it is difficult to get understanding of domestic

ministries and agencies responsible for developing technical regulations in order to notify to the TBT Committee, and on (2) the case when Indonesia receives comments to its notifications from foreign countries.

In the afternoon, there were two additional roll-playing activities illustrating rights under the Agreement: (3) a case in which the Indonesian government requests information on technical regulations developed in developed countries, and (4) a case in which the Indonesian government requests information on technical regulations generated in developing countries.

(2) Outcome of the Workshop 2

After Workshop 2, the Indonesian counterpart (BSN) explained that this workshop contributed to better understanding for Indonesian participants about rights and obligations under the TBT Agreement, through the role-playing activities. In addition, according to the outcomes from Workshop 1 and 2, BSN stated that they would take various actions for capacity-building in their own budget-building process. They also introduced their current activities, involving preparation for establishing a new working group whose function would be principally information sharing among ministries and agencies concerned with the TBT issues, and conducting domestic workshops for information dissemination. The TA Consultant Team saw these actions as the major results achieved through this program.

The TA Consultant Team also recognized that workshop participants, especially those who attended both programs, acquired a better understanding of the TBT Agreement. During Workshop 2, participants made more comments and asked more questions than did their counterparts in Workshop 1, meaning that participants became more involved in the program and more aware of its contents.

Also, the TA Consultant Team used a questionnaire survey to evaluate the outcome of Workshop 2. Participants were fully satisfied with the workshop because they understood national rights under the TBT Agreement, as well as its obligations through role-playing activities. Many participants answered that they felt better prepared to explain details of the agreement to colleagues in their organization.

2.6.4 Result of the Workshop 3

Judging from the questionnaire surveys conducted at the Workshop 1 and 2, and comments from speakers and participants of those two workshops, TA Consultant Team decided to design the contents of the Workshop 3. It consisted of transfers of Japanese

experiences and presentation for Indonesian situations of selected industries in aligning domestic technical regulations to international standards.

Right after the Workshop 2, BSN requested to include ‘electric appliances’, ‘rubber and tire’, and ‘iron and steel’ for analysis in the Workshop 3, in which sectors are expected to grow up and standardization are important. According to this request, Workshop 3 was designed to invite Japanese and Indonesian, who has long engaged in standardizing activities in these sectors and exchange views among participants.

(1) Contents of the Workshop 3

1st day (January 28th)

Session 1: Electronic Appliances

Speaker: Japanese side: Mr. Takehiko Sato, (Assistant Manager, Home Electrical Appliances Department, Japan Electrical Manufacturers' Association)

Indonesian side: Mr. Eddy Herjanto (Lecturer, Labor Institute of Management)

Session 2: Rubber and Tire

Speaker: Japanese side: Mr. Kenhachi Mitsuhashi (Senior Manager, Tire Materials Development Dept., Yokohama Rubber Co., Ltd., President of National Committee of ISO/TC45)

Indonesian side: Mr. Azis Pane (Chairman, Indonesian Tire Manufacturers Association)

On the 2nd day, the case study continued with the iron and steel sector in the morning session. In the afternoon, there was a question-and-answer session for the three sectors, and there were two additional sessions to review the whole program.

2nd day (January 29th)

Session 3: Iron and Steel

Speaker: Japanese side: Mr. Takayoshi Yagi, (Senior Technical Manager, Standardization Center, Japan Iron and Steel Federation)

Indonesian side: Mr. Suprpto (Secretary General, Association of Indonesian Iron and Steel Industries)

Session 4: ASEAN Standard and Conformance Cooperation

Speaker: Mr. Sadanobu Taguchi (Director of Standard Cooperation, Ministry of Economy, Trade and Industry)

Session 5: Review of Three Workshops

Speaker: Mr. Masaki Oda (TA Consultant Team)

(2) Outcome of the Workshop 3

After the workshop 3, Indonesian participants evaluated that the whole program was highly valuable for Indonesian participants. They recognized the significance to continue this kind of activities utilizing their own budget. Participants of workshops from government organization such as MOIT, which has a big role for developing technical regulations, should be trainers in their organizations. Also, BSN highly expected to continue this program.

Also, TA Consultant Team conducted the questionnaire survey to evaluate the result of the 3rd workshop. Participants stated that this workshop was valuable because speakers shared the Japanese experiences in international alignment work. They also pointed out that it was important to discuss the standardization issues, inviting private sectors to the TBT-related working group that BSN plans to establish.

2.6.5 Result of the General Seminar

Following three workshops conducted during the assistance period, TBT General Seminar was conducted to the wider range of the Indonesian interested parties. In order to disseminate outcome of the overall assistance program, this General Seminar was composed to have mainly the presentations by BSN, which was the Indonesian counterpart organization of this program, and by University of Indonesia, which conducted the field survey for identification of Indonesian technical regulations.

As for the seminar participant, 100 participants were selected from wide range of ministries and agencies which had participated in the TBT Workshops, and private sectors, the law firms which had interests in the standard and conformance system through trade activities with foreign countries. The presentations from Indonesian side were conducted using Indonesian language for better understanding of participants.

(1) Contents of the General Seminar

Session 1 Importance of the Participation of Private Sectors in Standard Setting Activities

Speaker: Mr. Kenhachi Mitsuhashi (Senior Manager, Tire Materials Development Dept., Yokohama Rubber Co., Ltd., President of National Committee of ISO/TC45)

Mr. Takehiko Sato (Manager, Home Electrical Appliances Department, Japan Electrical Manufacturers' Association)

Mr. Takayoshi Yagi (Senior Technical Manager, Standardization Center, Japan Iron and Steel Federation)

Session 2: Implementation of the TBT Agreement in Indonesia

Speaker: Mr. Teungku Abdul Rachman Hanafiah (Director, Center for Cooperation Standardization, BSN)

Session 3: Current Situation of the Indonesian Technical Regulations and their Harmonization with International Standards

Speaker: DR. Azhrar Hadi (Senior Consultant, Management Institute, Faculty of Economics, University of Indonesia)

Session 4: Importance of the Continuous Capacity Building

Speaker: Mr. Masaki Oda (TA Consultant)

(2) Outcome of the General Seminar

In the discussion with BSN after the seminar, participating parties concluded that seminar itself was a good opportunity to disseminate information on the outcome of the program to the wide range of persons concerned. Specifically, evaluators concluded that Indonesian speakers could have done presentations in detail using the Indonesian language to improve the understanding of participants.

Also, the TA Consultant Team implemented the questionnaire survey to evaluate the workshop for seminar participants. According to the survey, many of participants, especially those from the private sector, did not understand in detail the contents of the TBT Agreement. In addition, they have faced a wide range of difficulties dealing with the conformity assessment procedures in import and export activities (for example, dealing with standards and conformance issues that are different from those in Indonesia). Therefore, future projects should include information dissemination activities, such as this seminar, or opportunities to exchange views between government and the private sector.

2.7 Wrap-up Seminar

To review the outcome of this program, a wrap-up seminar was held as follows, inviting Indonesian counterparts organizations, other ministries and agencies, and representatives from private sectors.

2.7.1 Overview

Date: 09:00-12:30, Monday 10 March, 2003

Venue: Timor Room, Hotel Borobudur Indonesia

Participants: Total of 100 participants from various ministries and agencies listed below (including staff members and others)

- Directorate of Multilateral Cooperation and Directorate of Trade Defense, KIPPI (Directorate General of Industry and International Trade Cooperation)/MOIT
- MOF, DGIPR, BSN, as counterparts for Components 3 (GATS), 4 (TRIPS) and 5 (TBT)
- Other related governmental departments and agencies (Department of Foreign Affairs, Ministry of Agriculture, Ministry of Forestry, BKPM, BAPPENAS, Custom Department, DG Posts and Telecommunications, Bank Indonesia, Ministry of Energy and Natural Resources, etc.)
- Private sector industrial associations (KADIN, etc.)
- Universities (University of Indonesia, etc.) and Law Firms

2.7.2 Summary

The Wrap-up seminar included a keynote speech and two sessions after opening remarks of Mr. Pos M. Hutabarat, Director General of Industry and International Trade Cooperation, and Mr. Michio Kanda, Resident Representative of JICA Indonesia office.

(1) Keynote Speech

“Doha Developing Agenda – the Importance of Capacity Building” (Dr. Pos M. Hutabarat, Director General of Industry and International Cooperation, MOIT)

Dr. Hutabarat, Director General of MOIT, made the keynote address. In his speech, he pointed out the benefits of multilateral trading system within the WTO framework,

current situation of ongoing WTO negotiation so called “Doha Developing Agenda”, including some challenges that negotiating countries are facing. He also stressed that each member country cannot enjoy the benefits of trade liberalization and WTO system without sufficient capacity of and information on how to implement the WTO agreements, and that Indonesia should develop its national strategy for trade policy considering both its comparative advantage and the WTO agreements.

Participants from both the public and private sectors made questions and comments on the future possibility of and necessity for continuing capacity building program for Indonesia, especially for business sector.

(2) Session 1

“Effective Use of the WTO Rules and the Fair Trade Center - A Japanese Business Perspective” (Mr. Ken Matsumoto, Executive Advisor, The Fair Trade Center of Japan)

After the coffee break, Mr. Ken Matsumoto, executive advisor for the Fair Trade Center in Japan, made a presentation. He introduced how and why the attitude of Japanese government and industry toward GATT/WTO rules became more active. He also mentioned how to utilize WTO/DS system and trade lawyers in maximizing and protecting their national interests, how the Fair Trade Center of Japan is playing its role in Japan. A participant from public sector expressed his concern that it is reluctant for developing countries to appeal violations by developed countries for WTO panel, as they are afraid of retaliations by the developed countries, such as reduction or cancellation of Official Development Assistance.

(3) Session 2

“Implementing WTO Agreements: Challenges Faced by Indonesia” (Mrs. Halida Miljani, Chairman of Indonesian Anti-Dumping Committee)

In the final session, Mrs. Halida Miljani, Chairman of Indonesian Anti-Dumping Committee, made her presentation on “Implementing WTO Agreements: Challenges Faced by Indonesia”. She stressed that as the “implementing the WTO agreements “ means not only to comply with its obligations, but also to enjoy its rights, member countries should accurately understand the contents of the agreements, in order to exercise the rights. She also introduced some difficulties that Indonesia is currently facing in implementing the agreements, such as the delay of structural adjustment, as well as the necessity of coordination among recipient countries of capacity building programs to realize more effective and efficient programs in future.

The seminar ended with concluding remarks from Mr. Hidekazu Tanaka, Team Leader of JICA-WTO TA Consultant Team, and Mr. Djunari Inggit Waskito, Director for Multilateral Cooperation, MOIT.

2.7.3 Analysis of Questionnaire Survey Conducted at the Wrap-up Seminar

After the Wrap-up Seminar, leadership conducted a questionnaire survey of participants in order to identify the need for future capacity building activities.

The main points, based on the answers to the questionnaire, are summarized in following points:

- The Japanese Government's provision of technical assistance to GOI regarding WTO capacity building programs demonstrates its commitment to help developing countries implement their obligations under the WTO.
- This program should be continued to deepen the implementation of WTO Agreements
- More capacity building programs in law schools would provide lawyer candidates greater knowledge about trade law, or specifically the anti-dumping law. Domestic younger/junior lawyers would also have more expertise in laws affecting international trade.

Each point mentioned above in dealt with in the recommendations (Chapter III).

III. Evaluation and Recommendations

1. Overall Evaluation and Recommendations

1.1 Overall Evaluation

1.1.1 Evaluation Methodology

At the initial stage of this Program, the Project Design Matrix (PDM) was prepared and intended to measure the effectiveness of the Program upon completion. Within the PDM, the overall goal was “To obtain further benefits from multilateral trading system through enhanced capacity to understand the WTO Agreement, implement its obligations and to negotiate for national interest”, and its verifiable indicator as; “The number of and capability of resource officials in charge of WTO agreements and negotiations will be increased, compared with the situation at the beginning stage of this Program”. However, it generally takes some time for a government organization to demonstrate change at a measurable level, and it is uncertain whether the direct impact from this Program is verifiable. Therefore, in order to evaluate the impact at the completion stage, the TA Team has collected comments from questionnaires and interviews from the following three parties who were either direct beneficiaries of the programs or experts involved in each component.

- Participants in the seminars/workshops (through questionnaires)
- Counterpart organization key staff (through interviews at TA activity completion)
- Invited Lecturers (through written or oral comments)

In addition, the effectiveness of this Program is measurable after certain period of time, as respective counterpart organizations undertake self-driven efforts in capacity building, institutional development, and information sharing. An evaluation survey to the counterpart organizations, implemented about one year after completion, might be able to give a more comprehensive evaluation of the Program.

1.1.2 Overall Evaluation

1) Evaluation by Participants

Based on questionnaires to the participants in seminars, workshops and trainers' training, the over-all results indicate that 70% to 80% of the participants viewed the programs as being "very beneficial", "beneficial", "obtained new knowledge" and "satisfied" for each TA activity attended. The answers included such positive evaluation as "gained benefit by sharing Japanese experience" (TRIPS, TBT, GATS), "deepened understanding of agreements and procedure" (AD/CVD), "Indonesian particular conditions were taken into consideration" (TBT), "inter-ministerial coordination was strengthened" (TBT, TRIPS, AD/CVD). In summery, those responses were in line with the target of this Program related to such issues as knowledge improvement, experience sharing, and training tailor-made to Indonesian conditions.

2) Evaluation by Counterpart Organizations

The evaluation comments were collected through interview from each counterpart organizations during conduct of seminar/workshop from January to February 2003. The Program evaluations also identified strong interests in receiving further assistance in capacity building, as an indication that the Program has been beneficial to each of the counterparts.

The evaluation by counterparts emphasized that the Program provided the opportunity for strengthening institutional aspect, in addition to delivering WTO information and experience sharing. In the case of the AD/CVD component, a Presidential Decree announced in December 2002 set up a "Trade Remedy Committee" to cover all kinds of trade remedy programs, including SG, an elaboration from the Anti-dumping Committee (KADI). This decision resulted, in part due to the Program's socialization activity in holding a seminar for a broad range of participants, including member of parliaments (MP), in September 2002, which presented WTO trade remedy facility applicable to promotion of Indonesian industry and products in the world market. TRIPS component counterpart also indicated the benefit of obtaining a common understanding among IP enforcement agencies, such as Customs the and National Police, regarding border control, a step expected to bring closer agency coordination.

For the TBT component, Japanese experts from various industrial sub-sectors, including private sector representatives, brought their unique experiences in dealing with international standards to share with their Indonesian counterparts, who viewed these sessions as making it possible to cover industrial-specific technical issues through an inter-active exchange.

The counterparts for the GATS component, made up of many ministries, with its central management chaired by MOF as a secretary for “Service Trade Committee,” provided a focal point for WTO negotiation. At the beginning stage of the Program, there was quite a large gap among participating counterparts, in their levels of understanding of the WTO Agreement. The need for an “enhancement in basic understanding” was quite strong. The Program brought to the sessions an expert with significant experience in the WTO Secretariat to provide substantial inputs – information which made stronger the presence of the “Service Trade Committee” and provided advice and consultation for the service negotiations that were “tailor-made” to Indonesian service industry. The counterparts appreciated the above-mentioned contribution to the Committee.

3) Evaluation by Lecturers

For this Program, the nineteen Japanese lecturers invited from outside consisted of ten government officials, two academicians and three private sector experts, plus four experts from Europe. TA Team collected comments on paper or by interview from the lecturers for each component seminars/workshops, as feedback from experts’ view. The overall evaluation was generally at a satisfactory level regarding aspects of program contents, participants’ knowledge level, moderator allocation, cooperation by counterparts, and lecturing facility. The Japanese lecturers commented that it was impressive to know the strong interest in the Japanese experience in the part of participants. The lecturers from the WTO Secretariat felt that the Program contents and arrangement are comparable to those conducted by the WTO itself, while it was notable that the Program could induce strong Counterpart ownership of the program and commented on the overall quality of the participants.

Some lecturers pointed out issues regarding communication problems in language. Although participants had a basic level of English proficiency, lecturers felt that interpretation with the Bahasa Indonesian language was needed because the explanations of specific issues during the question and answer session were complex. The TRIPS component hired an interpreter for dealing with legal terminology, while for

other components, GATS, TBT and AD/CVD, counterpart moderators help to fill the communication gap.

1.2 Overall Recommendations

The capacity building program is intended to strengthen the ability of the counterpart staff and organizations, which can be realized through improving the following three factors:

- Human Resource Development
- Institutional Strengthening
- Information Sharing

1.2.1 Human Resource Development

The Program was successful in providing preparation of future trainers particularly in the components of AD/CVD and TRIPS. In AD/CVD component, the participants in the first workshop became adept at taking up roles of lecturers at the third workshops held in the regions. For the regional workshops, the text materials distributed to government officials and representatives of industrial societies was prepared in Bahasa Indonesia, partly based on the material used in the first workshop in English. In the TRIPS component, preparation of teaching materials, also in Bahasa, was import for usage in subsequent workshops. After the trainers gained experience with the drafted teaching materials, the participants strongly felt that they needed improvement. It is recommended that those trainers be able to continuously conduct training activities for relevant central and regional government officials, and private sector stakeholders.

Since both TBT and GATS are related in various sectors, ministries and agencies, there is still a strong need to disseminate WTO information and knowledge to a wider range of officials, private sectors and professionals. In this respect, the WTO contact point offices, BSN for TBT and “Service Trade Committee” at MOF for GATS, are encouraged to strengthen human resources. JICA and other bilateral agencies, and also WTO and other multilateral organizations can provide resources for assistance in this area.

1.2.2 Institutional Strengthening

For AD/CVD, strengthening the capacity for “Trade Remedy Committee”, a newly established committee replacing KADI, is of keen importance. While MOIT and other relevant ministries have provided staffing support for KADI, the new Committee will require a full time staff. The new organization will require training for its staff, and also there is a need to establish AD related methodologies, such as material injury calculation.

The Program for the TRIPS component involves a series of discussion meetings among IP enforcement related office representatives. It is recommended this type of gathering be made permanent in order to strengthen coordination among IP enforcement officials, as well as for textbook development for human resources development.

For the GATS component, “Service Trade Committee” needs to be strengthened, with more seminars and workshops for GATS related issues. The relevant ministries and private sector seem to be able to send their staff on their own budget, if the seminar/workshops bring attractive issues, as has been the case for the Bali workshop with 80 participants coming from Jakarta. While the service negotiation is on-going at WTO, strategic issues for negotiation, including trade-offs among sectors, are not suitable for foreign donor support. On the other hand, dissemination of general knowledge and up-dating issues discussed in Geneva would be useful and attendance at programs dealing with these concerns could receive support from external sources.

The TBT component requires closer coordination with private sector. Domestic regulations on compulsory standards are necessary for consumers’ safety and benefit, as long as the regulations are in accord with international standards and not viewed as technical barriers to trade. The right to regulate exists. In this respect, coordination with the private sector is important in order to have closer information linkages with producers and consumers, whose situations can be reflected in the standards and domestic regulations.

1.2.3 Information Sharing

This Program has a component for information sharing to be installed at MOIT, and it is expected the system would serve as an information resource point for staff at MOIT and also for other government offices. The strengthened manpower and institutions cannot function fully without a flow of fresh information. Information sharing activates communication among staff, and brings deeper understanding and utilization of WTO Agreements. It is recommended that MOIT plan for information

delivery to users at non-MOIT location, after the establishment of the WTO information sharing system.

The hardware requirements for information sharing are mainly for personal computers and internet environment. It is recommended for all counterpart organizations develop and promote information infrastructure, with easier access to the WTO web site, access to various databases and e-mail communications.

For each component, the following are recommendations regarding information sharing.

AD/CVD: Establishment of information gathering centers for trade remedies.

GATS: Promotion of information sharing among service-related offices.

TRIPS: Utilization of digital network.

TBT: Continuous utilization of compulsory standard database.

Figure III-1-1 Project Design Matrix (Indonesia)

Project Name: Capacity Building Program for the Implementation of the WTO Agreements in Indonesia

Implementation Period: January 2002 – January 2004

Narrative Summary	Indicator	Means of Verification	External Assumptions
Overall Goal To obtain further benefits from multilateral trading system through enhanced capacity to understand the WTO Agreement, implement its obligations and to negotiate for national interest.	- The number of and capability of resource officials in charge of WTO agreements and negotiations will be increased, compared with the situation at the beginning stage of this Program.	- Record of government staff's activities related to WTO	
Project Purpose - To enhance capacity of MOIT in coordinating implementing WTO Agreements by recommendations and the information system built under this Program. - Transferring of knowledge (in the field of AD/CVD/SG and DSU, GATS, TBT, TRIPS) under this Program improves government and private sector's capacity to understand, implement, and negotiate WTO obligations and rights	- The number of MOIT's database for WTO related domestic laws/regulations increases. - The volume of WTO related information extended from MOIT to relevant authorities increases. - The number of relevant staff with extensive knowledge about WTO agreement increases.	- Questionnaire - Interviews	- Indonesian government does not make major changes about its multilateral trading policy including the WTO policy.
Outputs (1) Pilot information system is established and put into practice at MOIT. (2) Government officials and private sector people have better understanding about AD/CVD/SG agreements and DSU and their obligations. (3) Government officials have better understanding about GATS. (4) Government officials and staff in organizations concerned have improved capacity for enforcement of the TRIPS agreement and IPR-related administration. (5) Government officials and private sector people have better understanding about the TBT agreement.	(1) Quality, contents and volume of information system; number of operators, access to the system; number of training courses and attendants; frequency of the data updates (2) Number of coordinating team meetings; number of seminars in regional government (3) Communication between central and regional government, between government and private sector; number of advises to the private sectors (4) Number of joint meetings; number of training courses and attendants (5) Number of TBT notifications, number of access to the database; number of technical regulations aligned to international standards; number of working group meetings	- Questionnaire - Interviews	- MOIT maintains, manages and makes good use of the information system continuously. - Sustainable knowledge transfer is provided to public and private sector people concerned. - The number of staff in charge of the WTO issues does not decrease.
Activities (1) Providing Pilot Information Sharing System and technology transfer for its operation and maintenance. (2) Transfer of knowledge through workshop and seminar. (3) Development of training curriculum and materials for TRIPS Agreement, and transfer of knowledge to the government officials concerned. (4) Study activities for component-specific issues.	Inputs Japan: <u>Human Resource</u> Consultants External Experts (Govt & Aca) <u>Cost for Program Operation</u> Necessary budget Overseas: <u>Human Resource</u> WTO staff External Experts Indonesia: <u>Human Resource</u> Counterparts Interpreters, Coordinator <u>Facility</u> Office & equipment PC & software		- Government officials who received training continuously take charge of WTO related assignments. Pre-conditions - Indonesian government officials who are responsible for WTO-related work are not negative about this capacity building program conducted by JICA.

2. Evaluations and Recommendations for each Field of Activities (Component)

2.1 Strengthening Institutional Aspects Related to Implementation of WTO Agreements in MOIT < Component 1 >

This section evaluates the technical assistance for “Strengthening institutional aspects related to implementation of WTO Agreements <Component 1>” and provides recommendations for the future.

2.1.1 Evaluation

Before providing the technical assistance, the directorates for the WTO in MOIT which are in charge of operations related to implementation of WTO Agreements, had problems sharing WTO information, which made the entire operation inefficient as outlined below.

- As each person in charge separately manages information related to the WTO, it is organized by field and in chronological order in paper form according to a personal file system.
- To get the information from another field, it requires asking the person in charge of the field even within MOIT. When the person in charge is absent, it is difficult to get the necessary information.
- Many requests for information are received in the directorates for WTO from other directorates in MOIT and other government agencies, which occupy a lot of time.
- Information has to be sent by post or fax, thus taking up a lot of time.

To resolve these problems from the point of view of strengthening institutional aspects related to implementation of WTO Agreements, the WTO-related information sharing system Pilot System was designed, developed, and adopted by MOIT on 22 August 2003 as a means of efficiently sharing WTO-related information within the Ministry. This technical assistance provides a way of strengthening the institutional administration of implementation of WTO Agreements for MOIT. Through a set of technical assistance activities before the official operation of the Pilot System, the following results were achieved.

- Positive cooperation from the MOIT counterpart was obtained for technical assistance with this component, which reasonably resolves the problems before providing technical assistance in the directorates for WTO and reflects the needs of MOIT for the design, establishment, and adoption of the information sharing system.
- On initiating the system, the existing documents could be arranged, digitized, and registered in the system with cooperation from the MOIT counterpart. Through these operations, information belonging to each person in the directorates for WTO within MOIT could be gathered and classified in a cross-referenced way, which has motivated the individual in the directorates for WTO to share the information. In this matter, at the start of system operation, an environment where each person was able to understand the advantages of the information sharing system both in a practical way and in concept was established.
- Users and system administrators were trained in the method of use, operation, and management of the Pilot System, which established a base of future utilization of the system by MOIT.
- In the design and development of the system, discussion and operation with the MOIT counterpart was possible, which enabled technical assistance for system design, practical methods for development, and management for development.

However, mere adoption of Pilot System is insufficient to drive the sharing of WTO-related information and strengthen the institutional aspects related to implementation of WTO Agreements. The actual sharing of WTO-related information relies on how the individual persons in the directorates for WTO will utilize the Pilot System in the future. The entire operation in the directorates will not become truly efficient until every person registers his/her own information. It is quite important for the individual persons in the directorates for WTO to be conscious of sharing their own information, and the directors of the directorates for WTO will need to make them aware of the importance of their tasks.

After the system became operational, the TA Consultant Team conducted a follow-up survey in December 2003. The following shows the actual usage of the system and the system operations and management conditions within MOIT.

Actual Usage of the System from Operational Start on 3 October until end of December (Approximately 3 months)

	Oct	Nov	Dec	Total
Number of Newly Registered Documents	19	17	12	48
Number of Access to Documents	3,430	219	274	3,923

Forty eight new documents were registered into the system during this period. Actual number of users was approximately 50. Considering that there were days when the pilot system was inaccessible because the existing MOIT network system was down, this can be considered as satisfactory utilization of the system during its initial stage. (Actually, it became clear during the follow-up survey that there were 48 other documents awaiting approval for registration in the system. Details are discussed below.)

Number of access to registered documents was 3,923. During the system's actual operational start in October, the MOIT officers re-checked and revised the 1,003 documents which were created and registered during the digitization phase. For this reason, the number of access for October was considerably higher than usual. However, for November and December, the average number of access is approximately 250. Again, considering the problem cited above regarding network system downtime, these access numbers can also be considered as satisfactory usage of the system.

Also, the system operation and management methods which were recommended by the TA Consultant Team to MOIT at the official start of system operations, are also being implemented smoothly. Especially, in the Directorate of Multilateral Cooperation Directorate and the Directorate of International Trade Defense, the assigned system administrators, following the instructions of their respective directors, are revising registered documents, gathering, organizing and registering new documents, as well as providing guidance to users. Progressive measures are in place in preparation for the expanded utilization of the system.

However, also during the follow up survey, we conducted discussions with the officers in charge of operations, and, taking into consideration the operations log of the system, the following concerns became clear.

- Uneven utilization of the system is evident. It is becoming clear that there is a gap in the understanding of the system by the officers in charge. Those who understand it well, use the system frequently, but those who do not understand it do not use the system. This tendency is becoming more and more evident.
- Documents created by officers in Echelon 4 cannot be approved by officers in Echelon 3. For this reason, there are 48 documents awaiting approval. The reason for this problem is also the gap in understanding of the system among the officers.
- Information sharing regarding the various problems that occur within the system (wrong operation of program, equipment malfunction, human error, etc.) among the system managers and administrator is not efficiently done. When a problem occurs at present, the respective managers tend to deal with each problem independently, and once the problem is solved, there is hardly any information sharing regarding the cause of the problem encountered.

Based on the concerns raised, we discussed with MOIT officers the future countermeasures through the follow up survey that was conducted. The results of said discussions are in 2.1.2 Recommendations.

Moreover, the instability of the Ministry's existing network system is also a problem which can become a major deterrent to the smooth utilization and operation of the Pilot System. This has been pointed out even during the design phase of the Pilot System. For this reason, we have strived to, as much as possible, provide support for the rehabilitation of the network system infrastructure along with the system development.

However, the degree of network system degradation is such that temporary measures are not sufficient to resolve the problem. At the same time, this is not only an infrastructure problem. There is a lack in personnel for maintenance and management of the system. When problems occur (such as the servers being down, or network equipment failure), they are sometimes left unattended for days, during which time the Ministry's network does not function.

2.1.2 Recommendations

This section provides recommendations for the future, which are based on the evaluation of the technical assistance examined in section “2.1.1 Evaluation.”

- (a) To utilize the adopted WTO-related information system efficiently and strengthen the institutional aspects related to implementation of WTO Agreements, it is necessary to make every person in the directorates for WTO aware of the need to share his/her own information in addition to making use of manuals for users and administrators continuously. For this purpose, we make the three recommendations below:
- For the time being, organizational measures should be taken within the Directorate General to ensure information sharing in the directorates for WTO by top-down directives. Each Director, Pilot System operators and administrators should conduct periodic meetings on the utilization of the Pilot System, with the directors achieving a full understanding of the utilization trends of the system.
 - During the period when the System Development Company is providing operational support, periodic system utilization trainings should be conducted to make sure that there will be zero apprehension among the officers in charge regarding use of the system.
- (b) The network system of MOIT is advised to be reviewed and repaired. If nothing is done, it may adversely affect not only the Pilot System, but also other existing systems (Email, Website access, etc.) which will probably become more difficult to use compared to the present. At the soonest possible time, the network system is advised to be reviewed, repaired, and its operations should be discussed with the involvement of everyone in the Ministry.
- (c) Currently, registration of information is limited within MOIT in consideration of security, although the information is openly available for search. To accept the registration of information by other government agencies after the Government of the Republic of Indonesia arranges the intranet environment among governmental agencies is also important to make the operation of the

directorates for WTO more efficient. This system has also been developed from the standpoint of such scalability.

- (d) The Pilot System is designed and developed with specifications adapted to WTO-related information sharing, but the system could be adapted to other fields. It should be determined whether to utilize and share the information in other fields handled within MOIT. The operation will be more efficient not only in the other directorates but also in the directorates for WTO, as information in other fields is also related to operations regarding Implementation of WTO Agreements. In addition, this system was developed as a pilot system for sharing of the WTO-related information, and its development also includes the standpoint of such scalability.

As a result of the meetings with MOIT officers in December 2003 during the follow-up survey, where the recommendations above were discussed, it was decided that a monthly Pilot System Operations Information Sharing Meeting be held, the first of which will be held on 20 January 2004. Members are the directors of the Directorate of Multilateral Cooperation and the Directorate of International Trade Defense, the pilot system operators and administrators, and the representative of PT. FUJITSU SYSTEMS which is providing technical support. During these meetings, the trends in system utilization, reports on problems, system expansion plans will be reported and discussed among the respective officers in charge. We look forward to the increased utilization of the pilot system as a means for strengthening the MOIT organization in its implementation of WTO Agreements.

2.2 Capacity Building for AD/CVD/SG/DSU < Component 2 >

2.2.1 Evaluation of the Program

To evaluate the outcome of the program from the viewpoint of capacity improvement of MOIT/KADI officials through two workshops and a seminar, the process and the outcome of the 2nd workshop, which was implemented by themselves as the 'trainers', are to be referred. From the results of the analysis of questionnaire

surveys, which the TA Consultant Team had conducted at each workshop, the following evaluations were made.

- Workshop 1 was highly appreciated by the participated government officials. Almost 80% of respondents replied that their expectations to the workshop were fully or highly met, and that workshop was very useful. Almost all respondents expressed their willingness to diffuse the knowledge acquired from the workshop by giving lectures and planning training courses and workshops.
- Local participants also appreciated Workshop 2, with many requests for dissemination of information through internet or publications and for repeating this kind of workshop frequently.

As there is a difference in the technical level between two workshops, we just could infer the officials' capacity improvement on highly technical knowledge from their satisfaction with the 1st workshop. However, it would be reasonable to assume that the capacity and system to properly transfer basic knowledge on each agreement to regional government has been developed.

Evaluations by the outside lecturers were obtained on the 1st workshop and the 'socialization' seminar. They highly appreciated participants' active commitment to the workshop/seminar, and administration by the MOIT in the seminar, where moderators activated the discussion among various participants.

On the other hand, there were some institutional progresses during the program period as follows:

- Enactment of Presidential decree on safeguard measure of December 16, 2002.
- Establishment of the new independent organization in charge of trade remedy, named "Committee of Trade Remedy", which is comprised of full-time officials, replacing KADI (under preparation).
- Improvement of AD/CVD and SG related legislations to be settled under the Trade Law (under preparation)
- Introduction of political approach to deal with trade remedy (problem solving through ministerial and prime-ministerial meeting with the related countries).

Concerning above-mentioned progresses, it is pointed out that our program has made much contribution, in promoting the presence of the Directorate of Trade Defense

as the counterpart of the program, and in promoting understanding on the part of policy makers by the seminar.

Considering the above points, adding the evaluation by the Indonesian counterpart, the effectiveness of the program on AD/CVD/SG/DSU can be evaluated as follows:

- The aim to improve the capacity of the government officials through presenting practical knowledge on AD/CVD/SG and DS procedures has been achieved as expected. It has been achieved in the sense that the officials have obtained comprehensive framework of these procedures and critical points to be addressed, and their capacities have been well developed to be able to transfer the knowledge to local governments and private sectors. Moreover, Indonesian counterpart highly appreciates the outside lecturers' unprejudiced and thorough explanations on 'why' particular procedures and techniques need to be taken, as well as 'how' to deal with them, which has enhanced the officials' capacities.
- While techniques and knowledge to deal with the trade remedy need to be renewed through perpetual inputs, above-mentioned knowledge transfer activity would compel the officials to deepen their understandings and continuously develop their capacities. The program should be evaluated from this point of view to have obtained certain results.
- The program also has given certain impacts on the organizational and institutional progresses. That is, as mentioned above, it had improved understanding and increased interest on trade remedy among high level of policy makers (members of the Parliament and ministers), then contributed to bring about the establishment of the new organization.
- With regard to the improvement of the public-private cooperation, the program could be said to have well promoted it, in obtaining participants from the private sectors to all the workshops and seminar, introducing public-private cooperation in Japan, which could be symbolized by the Fair Trade Center, as being expressed interest by many participants, and having consultation session for individual private companies in the regional workshop.

2.2.2 Recommendation

Based on the above evaluation, the recommendations for further improvement of the capacity can be summarized into the following three points.

(1) Establishment of peculiar methodologies in the new organization (Committee of Trade Remedies)

While the new organization (Committee of Trade Remedy) replacing KADI will take over KADI's function and accumulated knowledge, some problems are recognized. It has no experiences of SG measure, nor has developed methodologies on 'injury test' and 'public interest test', even though each official's knowledge has improved on these matters. Therefore, it is necessary to establish new organization's own methodologies on these points, and put them in the statutory form as operational manuals. To do this, appointing external experts (in private sectors and foreign nationalities) and utilizing information network with overseas institutions specializing trade remedies. Networking with the Fair Trade Center in Japan will, as mentioned later, be one effective method for this purpose.

(2) Strengthening the information supply and consultation function of the local governments

Workshops and seminars in regional cities conducted in this program have been also implemented by MOIT/KADI. However, further dissemination of knowledge is needed as they are still insufficiently supplied in regional areas. It is necessary for MOIT and the new organization (CTR) to further extend this activity to more regional cities, especially cities out of Java such as Makassar and Banjarmasin. To do this, it would be desirable for MOIT/CTR to utilize the text written in Bahasa Indonesia, which was prepared for the workshop in this capacity building program, and improve it to make it more useful. It would be also desirable for them to positively supply information on trade remedy to local government and private sector, and promote consultation via Internet, utilizing the information system developed in this program. It is also necessary for the local governments to be able to disseminate knowledge independently. This capacity building program served as the first step. In future, systems to develop the knowledge and capacities of local governments' officials should be considered. For example, on-the-job-training for the local governments' officials at

the central government, in the course of personnel inter-exchange between MOIT/CTR and local governments could be considered. On the other hand.

(3) Establishment of the focal point for information on trade remedies

In Indonesia, information exchange and cooperation on trade remedy issues between public and private sector seem to be well conducted, however, the lack of the capacity in the private sector is recognized. From this point of view, it is desirable to establish an institution in the private sector, where the whole information on AD/CVD and other trade remedies are accumulated and provided for analysis, training and policy making by the persons who need it. This institution, like the Fair Trade Center in Japan, may function as the consultative center for private companies, who need basic information to deal with dumping allegation from foreign countries. At the same time, the government can utilize this institution as a think tank or the communication point with the private sector. To achieve these functions as the focal point for the public-private cooperation, the institute is required to have an extensive network of various human resources, not only from the government and industry, but also from the academics and legal circles. The institution may be practically developed by strengthening the function of the existing private organization like KADIN. It is also possible to build this institution as a virtual network utilizing the extensive network of KADIN to make it with less initial cost. For the moment, it would be able to accumulate knowledge and information by networking with the Fair Trade Center in Japan. With the positive initiative by the government, such strengthening of the existing organization's function would expected to be achieved in a relatively short period.

Functions and activities of the Fair Trade Center in Japan

The Fair Trade Center in Japan professes its six functions as described below, and based on these, conducting research/study programs, educational/information services, and consultations/suggestions.

- 1) An antenna for trade issues (gathering up-to-date and accurate information on important trade issues by utilizing unique overseas information sources)
- 2) An information network and data bank (with regard to antidumping cases against Japanese products, country-of-origin regulations and other issues. The results are compiled and published annually in report form.)
- 3) A communication channel between government and industry (providing opportunities for communication among the interested parties so that the

standpoint of Japanese industries can be reflected in the positions of the government, in establishing international rules such as the WTO AD Code)

- 4) An advisor to companies charged with dumping (offering advice on how to respond to investigations properly and introducing lawyers)
- 5) A consultant in preparation for petition filing (providing advice and support on filing antidumping petitions in Japan)
- 6) A supporter in WTO-related actions (investigations on the necessity and manner of initiating actions in international dispute settlement proceedings)

2.3 Capacity-Building for GATS < Component3 >

2.3.1 Overview of the Evaluation of GATS Component Activities

(1) Overview of Evaluation

The evaluation of the activities of GATS Component has undertaken by 1) questionnaire survey, 2) consultation meetings with Ministry of finance and other counterparts, 3) comments from lectures and 4) TA Team observations. General observation on the evaluation is summarized as follows:

- In all Workshops, the Government of Indonesia has strong sense of commitment for the success of the activities throughout the process of preparation, implementation and follow-up. During the Workshops, explanation in Indonesian language contributed to promote understanding of the participants.
- Service Sector Coordinating Team, driven by Ministry of Finance has been active to share the information of negotiations, establish the negotiating policies, and heighten the awareness of industry and other private sectors by their own resources. The counterpart and TA Team shared the recognition that the series of activities within this program should be utilized to complement their own effort, aiming to meet the needs of the remaining issues that necessitate presence of WTO experts and Japanese experience.
- On-going GATS negotiations progressed “request and offer” stage during this program. The Government of Indonesia was under consideration of reaction to the initial request. The presentations by lectures during the workshop, full explanation on following elements were repeatedly given: i) flexibility of GATS, or reservation of the right to decide which sectors should be opened in what extent based upon national interest, ii) therefore despite of the requests, member countries shall decide the reaction based upon their policy decisions, and iii) even the developed member countries still have sensitive sectors. The counterparts, especially Ministry of Finance, and TA Team shared their recognition that these points are the prioritized message broadly understood in the participants.
- Ministry of Finance and other members of Service Sector Coordinating Team are aware that national strategy on service sectors as a whole and development plan of the each service sector need to be clearly identified and implemented. The

series of Workshop provided the elements taken into account for the development of such policy matters and contributed to facilitate sector-horizontal and government-industry discussion.

Mr. David Hartridge, who has been involved through out the workshops as lecturer commented as follows:

- The series of workshops within this program was intensive and continuous. The agenda of each workshop was designed based on the specific needs of counterpart. Among other WTO related capacity building projects implemented as single activities, the workshop series in this program was noted that “core officials” or the member of “Service Sector Coordinating Team” from service related governmental agencies repeatedly attended to the workshops and acquired updated information and deep understanding on GATS and GATS negotiations.
- The supplemental explanation in Indonesian language from Ministry of Indonesia and other counterpart agencies during the workshops contributed to promote understanding of the participant, especially industry representatives.
- As for the half-day workshops in October 2002, the lengths of question and answer sessions were rather limited to deepen the discussions.

(2) Evaluation of the Workshop (1) and (2)

(a) Workshop on Horizontal Issues of GATS (All service sectors)

Questionnaire Survey

26 out of 56 participants answered as for Workshop (1) and 25 out of 41 for Workshop (2).

As for the Workshop (1), 84% regarded the workshop was “very effective” or “effective” under the current situation of Indonesia. 76% answered that they “would like to utilize the knowledge gained from the workshop by sharing information with their colleagues”.

As for the Workshop (2), 53% regarded the workshop was “very effective” or “effective”. Since the Workshop (2) was arranged as half-day, comments were submitted such as longer time for question and answer session should be spared. The participants whose sectors are not taken up as the sectoral workshops, such as education or energy, pointed out that knowledge transfer in sectoral basis were expected.

Comments from Ministry of Finance

Ministry of Finance recognized significance of this series of activities for the sake of solving the issues that are not covered by their own projects such as meetings of Service Sector Coordinating Team and Socialization activities. Especially the presence of WTO experts contributed to the quality of the Workshops.

Workshop (1) and (2) were fully utilized to enhance the understating on basic issues of GATS and negotiations. In the future, in order to committee to the progressive liberalization under GATS, domestic industry policy and commitment of high-levels should be further focused.

(b) Consultation Session on Banking Services

Questionnaire Survey

11 out of 18 participants answered. 70% regarded the consultation session was “very effective” or “effective” under the current situation of Indonesia. The participants from Bank Indonesia particularly regarded that the presentations on Japan’s experience and the strategy for the sequence of financial liberalization were particularly informative. On the other hand, participants from private banks pointed out that some parts of technical issues were difficult to understand.

Comments from Bank Indonesia

Consultation Session, as well as the comparative study of banking sectors among the major trading partners was effective to consider the strategy on future negotiations. The participants of Consultation Session mentioned that they were provided the elements to taken into account to consider about Indonesia’s own industry policy through the Session. Since the Session was focused on banking sector, adequate time was taken for questions and answers on Japan’s experience of domestic policy on liberalization. The reputations of the speakers were high even before the Session. Since previous Workshops covered basic issues on GATS, future activities should be focused on technical issues on Schedule of Specific Commitments and negotiating strategy. After the Consultation Session, Bank Indonesia recognized that the communication with Bank Indonesia and banking industry sector consists of four associations should be further developed so that they expressed their intention to strengthen the tie with banking sector. (Bank Indonesia informed to TA Team in March 2003, that taking the progress of current negotiations into account, Bank Indonesia and banking industry succeeded in improving their close relation. Bank

Indonesia frequently organizes meetings with banking industry to share the information and get inputs from them for the sake of developing their negotiating strategy.)

Comments from lecturers

The lecturers felt the seriousness and high expectation toward this program from the participants. The session gave a good opportunity for both officials and industry representatives to consider about substantial issues behind the financial liberalization such as reform of domestic financial market and strengthening of surveillance system.

(c) Workshop on Telecommunication Services

Questionnaire Survey

8 out of 18 participants answered. 75% regarded the Workshop was “very effective” or “effective” under the current situation of Indonesia, and 72% showed their “intention to utilize the knowledge gained from the Workshop” in their own mandate. It was commented that since the participants of this Workshop were only from the government side, future workshop should cover broader audience including industry representatives.

Comments from DG Posts and Telecommunications, Ministry of Transportation and Telecommunications

The Workshop was contributed to awake the interest of the officials in the Ministry and give primary information of WTO and GATS. Current concern is that except one young official whose background is engineering, no other officials have the updated information on GATS. DG Post and Telecommunication was considering requests from other WTO members within the DG, since the nature of negotiation is deeply connected to the domestic industry policy.

In addition to GATS, APEC/TEL, ASEAN/SCC and bilateral consultations are taken after the section with limited number of officials. Therefore, the coordination within the Ministry and with the industry are both limited. The urgent task is to set up a coordination team for GATS and other telecommunication negotiations consists of officials from various DGs within the Ministry and balanced representatives from industry.

With regard to the cooperation projects by JICA and other donor countries, the focus of the telecommunication area had been on engineering issues. In the future,

legal issues and administrative issues for the international rules and negotiations would become more important.

(d) Workshop on Tourism Services

Questionnaire Survey

12 out of 36 participants answered. 67% regarded the Workshop was “very effective” or “effective” under the current situation of Indonesia, and 66% showed their “intention to utilize the knowledge gained from the Workshop” in their own mandate. Several comments were made that in the future, tourism industry policy and enhancement of competitiveness, as well as human development, would be topics of subsequent workshops.

Comments from Ministry of Culture and Tourism

The Workshop provided information on the technical issues such as scope of GATS, what should be described in Schedule of Specific Commitments, in timely manner since the Ministry had just started to study GATS negotiation issues. Since the input from industry side was still limited because of the relatively low interest to foreign market and too much technical issues in GATS. Future opportunity of consultation for negotiating issues was expected.

(e) Workshop on Construction Services including related Engineering

Questionnaire Survey

7 out of 37 participants answered. 67% regarded the Workshop was “very effective” or “effective” under the current situation of Indonesia, and 66% showed their “intention to utilize the knowledge gained from the Workshop” in their own mandate. For the reasons of the effectiveness and utilization, several comments were made that the Workshop was contributed understating of trade liberalization and economic integration in the world, which were new to the commentators.

Comments from Construction Investment Development Agency

The Workshop was the first opportunity to deal with WTO/GATS and trade liberalization issues. It had many participants from industry sector, so that should be expected to be a basis of future consultation in the sector. The submission of written questions in both English and Indonesian languages contributed to the active discussion.

There are many issues to be considered in construction sector such as licensing and certification of engineers and professionals, public procurements and state or public-owned providers. The awareness of the industry side are yet to be matured so that similar opportunity in the future would be expected.

(f) Workshop on Professional Services

Questionnaire Survey

11 out of 33 participants answered. All those answered regarded the Workshop was “very effective” or “effective” under the current situation of Indonesia. Especially, the explanation on “Discipline on Domestic Regulations of Accounting Services”, a decision by Council for Trade in Services of WTO, were highly appreciated by the participants from accounting sector. On the other hand, other professional groups commented that workshops for knowledge transfer in specific professionals (e.g. legal services, etc.) would be expected.

(3) Evaluation of the Workshop (3)

As for the Workshop (3), questionnaire survey to ask participants’ general comments and evaluation on the Workshop and/or activities of this program, as well as ideas for future capacity building was provided. 83 out of 149 participants answered.

Generally, the Workshop as well as the activities of this program, was highly evaluated by the participants, in the sense that the activities contributed to enhance the understanding on GATS. Other major comments are as follows:

- The participants from the sectors not taken up during the activities, such as education, health and energy, requested their own sectors should be dealt with in sector specific manner.
- Participants from private sector, mainly those who hadn’t had opportunities to attend previous workshops, such as those based in Bali, mentioned that they sometime found difficulty to follow the technical discussion on GATS. They also expect that the Government of Indonesia would provide information on GATS and services negotiation through workshops and seminars in the future.
- Some participants requested documentation should be in Indonesian language, though the supplementary explanations Indonesian helped their understanding.
- A few government officials from Jakarta commented that this kind of activities should be broaden in other areas of Indonesia more frequently.

- A comment was made in respect of media relation. She thought that the organizers should consider about utilization of media such as local TV to introduce a part of discussion.
- Also there was an idea to work together with educational institution of secondly education level to familiarize the role of WTO and free trade.

Comments from the Lecturers

Mr. Hartridge and Mr. Honeck commented as viewpoints of lecturers that the group sessions were especially effective to give opportunity for participants to discuss and pose questions freely. The comments from the participants with regard to the principle and meaning of WTO/GATS and discussions followed were particularly noteworthy.

2.3.2 Recommendations

Through the activities and based on the above evaluation, our recommendations and consultations between Ministry of Finance as well as other service-related governmental agencies and TA Team, for further sustainable capacity building on GATS area are as follows:

Recommendation 1: Utilization of the Organization/Network and Broadening

The Service Sector Coordinating Team organized by Ministry of Finance shall be continuously and even further utilized. Not only those who have much knowledge and experiences on GATS (e.g. Bank Indonesia) but also those who are responsible for “new” service sectors, such as education, environment, health and even energy, which this program didn’t covered have expressed their needs for capacity building by answering the questionnaires of the workshops. Those officials in charge of new service sectors should be further involved in the discussion and information exchange within the Team, and needs of them should be basically covered through the activities of the Team. TA Team expects that the basic WTO documents as well as the agendas and other materials provided during this program shall be utilized in the Team’s own activities. The process and outcome shared by the studies of this program in banking and telecommunication sectors shall be also referred for future development of the Team’s own studies in other service sectors. In addition, a MOF official is preparing translated version of GATS provisions in Indonesia. MOF and the Team’s own effort,

including such activity is expected to be continued and to be shared among service related governmental agencies.

As the negotiations progress in each sector, the roles of Ministry of Finance and the Coordinating Team will be even more important to facilitate horizontal coordination and information sharing. In addition to the meetings before and/or after the negotiation meetings in Geneva, it is recommended to hold meetings with officials from the Mission of Indonesia in Geneva taking opportunity of their temporary return.

Recommendation 2: Continuous Training for Further Human Resource Development and Succession of Experience within Indonesian Government

Ministry of Finance and other service-related governmental agencies have been paying their continuous effort to develop human resources under the progress of GATS negotiations. It is recommended that the knowledge and experience of the officials in Ministry of Finance and other members of the Coordinating Team contribute to development of the knowledge. At the same time, the officials in charge of GATS in other governmental agencies would continuously get opportunity to training so that they can be the “core” to diffuse their knowledge on GATS in their agencies, respectively. Effective provision of the opportunities would be one of the key issues, and it should be led by the officials in charge of GATS within DTN and in other governmental agencies (See Recommendation 7).

During this program, experienced senior officials made great contribution to the workshops. It is recommended that active participation of such officials would be sought in order to provide younger officials and business representatives their experiences of previous negotiations under GATS.

Recommendation 3: Information Sharing among Service-related Governmental Agencies

Ministry of Finance has been playing the key role for distribution of the information from WTO to other related governmental agencies within the Coordinating Team. Because of work constraints and other reasons (e.g., volume and/or form of the information), sometimes they found it difficult to smoothly distribute documents. Within the activities of the Component 1 of this Program, a pilot system for information sharing was introduced to MOIT, to which other related agencies express interest. After the full implementation of the system in MOIT, it is recommended to extend the system to Ministry of Finance and other service-related agencies for the sake of effective information sharing in the area of GATS.

Furthermore, it is recommended that periodical information dispatch, using e-mail, website, etc., in charge of GATS by the Coordinating Team and/or Mission of Indonesia in Geneva may be considered.

Recommendation 4: Relation between GATS Strategy and Policies in Service Industry

GATS negotiation/liberalization is not a “stand-alone” issue, but it is one way to enable the industry policy so that GATS strategy should be established and implemented within the context of industry policies. It has been observed that Ministry of Finance and the members of Coordinating Team are fully aware of this aspect. For future capacity building, it is recommended that the relation between industry policy and GATS liberalization would be further stressed. As stressed during the workshops in this program, GATS has not only the aspect of the obligation but also the aspect of the rights for member countries to decide speed and sequence of the liberalization in services. In this context, strategies of services can be referred in order to prioritize certain service sectors (There are two levels of the priorities of service liberalization: 1) prioritized sector(s) in whole service industry, 2) prioritized policy in certain service sector(s)). Furthermore, in addition to multinational negotiations of GATS, regional and bilateral initiatives such as ASEAN and FTAs could be taken into account, highlighting the relations among them. In the future, studies/analysis can be undertaken in necessary areas to facilitate policy making, for example, the involvement of related governmental agencies, academics, industry representatives and/or parliament officials. There is certain possibility for cooperation projects to contribute development of competitiveness in the service sectors. Under the APEC framework, cost/benefit analysis of four services sectors including distribution and tourism were initiated recently by the cooperation project with Canada and Malaysia and its interim outcome will be available in July. Ministry of Finance plans to utilize the outcome for socialization activities.

Recommendation 5: Further Strengthening of Relationship with Service Industry

It is recommended that the relationship between government and industry would be further strengthened in order to get adequate inputs inevitable for negotiations.

Several Workshops within this project included participants from industry as well, and all those involved recognized that their presence facilitated a shared understanding of GATS.

There have been fair relations between government and industry in the past, inviting business representative to the seminars and officials making presentation, in ad-hoc basis. However, in order to get the effective information from business side, frequent information provision from government side may be helpful. At this moment, there seems no periodical coordination meeting to discuss about GATS between government and industry. Though most of service-related governmental agencies seem to have the strong communication channels with industry groups (associations and organizations), the channels have rarely been used for information sharing/ awareness heightening of the GATS issues. The inputs from industry side may be encouraged by systemic way.

During the Workshops, several participants from industry side stated that they expect information from government side. At the same time, it should be noted that there was a question asking what contributions industry can do for the government.

If industry sectors are not yet ready to make a group to give inputs in systematic way by their own initiative, government side may take an initiative to establish an advisory group. Currently, a few governmental agencies have just started to develop their consultative relation with industry groups, such as those in financial, tourism and construction service. In some sectors, discussion groups consist of officials and industry representatives may be established.

It is particular recommended that a Discussion Group on Telecommunication Service would be set up, among other sectors. The sector is now facing huge tasks to implement existing commitments that are advanced comparing to other sectors and to deal with current service negotiations. Under such circumstances, urgent needs was observed through the activities of this program that a network should be established to share the information and discuss strategy with responsible government officials and representative of service providers who have experience from previous negotiations.

(referential information)

In Japan, there is an industry-group to promote discussion on GATS service liberalization, as there are in U.S., Europe and a few other countries. "Japan Services Network (JSN)", consists of approximately 100 companies and association, was established by Japan Federation of Economic Organization (present Japan Business Federation) in 1997. JSN periodically invites government officials to gain latest information about GATS negotiations, and gives inputs to the government, mainly with regard to the obstacles they face during their business activities in foreign service

markets. Besides JSN, Japan Business Federation has “Committee on Trade and Investment” to deal with trade and investment issues in general.

Recommendation 6: “Socialization” or Familiarization of the GATS

The Coordinating Team has been taking initiatives in socialization (or familiarization or publicity) of GATS and liberalization of trade in services, organizing seminars in both capital and provinces, to the officials local government, industry representatives and general public. It is recommended that, would be continued. In 2002, seven seminars were held in this purpose. Ministry of Finance, as organizer of the Coordination Team are aware that there exists certain groups who are against trade liberalization, especially services liberalization. Against such circumstances, their effort will contribute to provide the opportunity of open discussion and promote understanding of liberalization of trade in services.

In this regard, continuous capacity building of the officials (Recommendation 2) would be important.

One of the ways of familiarization of GATS to general public is periodical information dispatch using e-mails and website. Ministry of Foreign Affairs in Japan publishes “mail magazines for WTO round negotiations” for anyone who registered, giving readers updated information on negotiation and publicizing government policy.

Recommendation 7: Planning and Management of Capacity Building Activities

It is recommended that the activities on capacity building on WTO/GATS, including own activities of the Government of Indonesia and projects hosted by other donors would be structured in effective and digestive way, complementing each other.

TA Team observed that the Government of Indonesia has been accepting WTO or other donors’ assistance, besides organizing many seminars by themselves or contracting to consultants to get advice. After Doha Development Agenda launched, capacity building activities are expected to boost more so that the Ministry of Finance is expected to coordinate and make full use of the assistance, complementary with their own activities. Furthermore, capacity building activities in the context of APEC and FTAs should be structured under control of the Coordinating Team.

It could be suggested that following examples of the capacity building activities be initiated by the Coordinating Team:

- Enhancement of the technical/practical capacity of the officials in member agencies of the Coordinating Team, including newly appointed officials, through workshops by WTO secretariats (e.g. development of “offers”)

- Prioritization of the target groups of socialization or public awareness heightening through seminars, aiming effective activities
- Discussion on strategy on service industry policies and service liberalization under GATS, e.g. for positioning negotiations in policymaking process.
- Sharing Japan's experience of competitiveness heightening and competition policies in certain service sectors such as tourism or telecommunication by training in Japan

Also, it is recommended that capacity-building activities be broadened geographically, both only for Indonesia and in cooperation with other ASEAN countries. Furthermore, capacity building for CLMV countries (Cambodia, Laos, Myanmar and Vietnam) is expected to the Coordinating Team, which also contribute to further development of the capacity of the Government of Indonesia.

2.4 Capacity-building for TRIPS < Component 4 >

2.4.1 Evaluation of the Program

Here in this chapter, a major focus shall be dedicated onto the evaluation of over-all program in this component. The whole process of training material and curriculum development introduced throughout this program is ought to be considered as main subject of evaluation, as Trainers' Training itself is a part of it. Although quantitative evaluation is rather difficult to state for over-all program, in addition to the evaluation on Trainers' Training that concluded the program, it would provide adequate guidance for evaluation to indicate following achievements.

(1) Outcome of the Trainers' Training

The TA Consultant Team conducted a questionnaire survey to the participants to evaluate its outcome. All 29 participants responded the questionnaire, and judging from the questionnaire, generally speaking, most of participants were satisfied with the training. About 80% of participants said that the training met their expectations, and about 90% answered they could utilize the teaching skills acquired from the workshop in their future opportunity as lecturers. About 70% of participants said that they would have more confidence in providing lectures and trainings than before.

Many participants mentioned that the sharing of Japanese experiences was useful, and some said that they wanted to know not only about Japanese Customs operations but also about police, prosecutors, and courts' activities. Also, some people said that sharing information and experiences of each agency was useful, because with that they could be aware of their strengths and weaknesses. As the request for future capacity building activities, 6 people mentioned that they would like to learn more about case studies, which reflect many participants enjoyed group work and discussion dealing with actual trademark and industrial design infringement cases in the training program. The prospective activities shall bring this point into its view when designed.

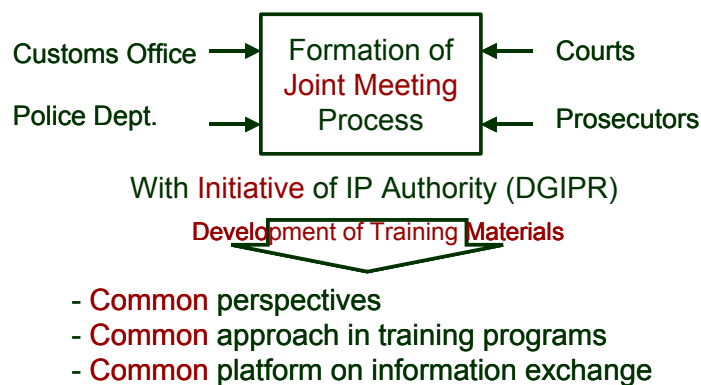
From the Japanese lecturers' side, it is evaluated that formulation of the common platform on information/experience sharing has contributed to enhance the members' motivation – which is a quite new and fruitful framework. Also, the increased initiative of DGIPR throughout this program is highly evaluated.

Meanwhile, the DGIPR recognizing the importance to involve university people for future capacity building activities in Indonesia, 3 of lecturers from universities were invited first time in this collaborative initiative. Also, in order to maintain this initiative, understanding from other related agencies is indispensable. For them to understand the importance of this approach, the DGIPR invited senior officials of the agencies in the opening session of the 1st day. These are some of the examples; however, the TA team also recognizes with appreciation that the DGIPR's voluntarily initiatives has substantiated the program activities.

(2) Achievement from the Activity Process

It shall be noted that the whole process of program undertakings on training material development, benefited to all the members (Joint Meeting process) has achieved to provide the firm foundation for i) common perspectives formulation, ii) common approach in training programs, and iii) common platform on information exchange.

<Conceptual Framework of Joint Meeting Process>



(a) Improvement in Common Perspectives Formulation

As described in the previous chapter, introduction of the Joint Meeting process, the institutional foundation among related agencies, customs office, police, public prosecutor, court and the DGIPR, contributed a great deal to improve common perspectives in terms of IPR related law enforcement. It shall be noted that this point has been continuously raised from the members at practically every occasion of the Joint Meetings

Each agency had already developed its own perspectives on the law enforcement issues. However, those were mostly based on its own scope of individual agency's mission. Through active exchange of views and information, the Joint Meeting process has contributed to bridge the gap of individual agencies' perspectives that might have underlain among them. In this respect, in order to conduct focused discussion, it was considered an appropriate arrangement that the task could concentrate on one subject issue, IPR related law enforcement, and one target to develop a training material for common disposal.

Information sharing and reconfirmation on what each agency's role is and how it functions in this area is another fruit of this task for common perspective formulation. It has further paved the way for efficient IPR related law enforcement through collaborative actions. The training material developed through this program has successfully combined each agency's function and activities in one folding – which was not adequately available as for training materials.

In addition to the above, it is considered that the inputs based on the Japanese experiences and situations throughout the program have also contributed to the common perspective formulation by making a clear contrast and bringing Indonesian situations out in relief.

(b) Introduction of Common Approach in Training Programs

By sharing the Trainers' Training and material development opportunities, the Joint Meeting process has provided a basis to apply common approach in training programs in each agency. Each agency already has its own training curriculums based on the scope of its missions. However, in addition to these existing programs in agencies, it means that this process has provided the standardized way of training programs covering the scope of inter-agencies activities in the area of law enforcement.

Utilizing the common training material is one aspect for standardized training among agencies. Sharing common opportunities of the Trainers' Training is another. The more commonly utilizable methodology for trainings as well as subject issues has been developed through the activities.

(c) Foundation of Common Platform on Information Exchange

Even before this program, the joint meetings among agencies have been held from time to time, on ad-hoc base. However, those were usually organized when the issues were raised to require the governmental and/or political coordination among said agencies. The collaborative task to develop training materials and curriculums initiated this program has suggested a new dimension to this joint meeting structure to consider rather regular base schedules on the issues in the Intellectual Property areas in general.

2.4.2 Recommendation for the Further Capacity Building

In order to realize sustainable capacity building activities based on self-reliant efforts, it is important to strengthen the institutional capability as well as human resource development and information utilization within the authorities concerned. Especially in this area covering various related agencies/organizations, the institutional foundation is essential treated as the cornerstone to underpin any further activities. In this respect, the DGIPR, as part of IPR promotion, shall take major initiatives to sustain and continue the Joint Meeting framework.

(1) Recommendation for Continuation of Joint Meeting Process

It is essential to continue and institutionalize the Joint Meeting process. The following steps need to be taken in order to ensure this continuity: i) a fixed membership, ii) identification of the basic tasks, and iii) periodic meetings. As for the tasks, the following aspects shall be considered.

The following recommendation is basically addressed to the DGIPR initially assigned as a major counterpart under this project. However, it is vital that related agencies' interests be reflected on the process so that the Joint Meeting Framework shall be shared as a common resource for IP laws enforcement. In this respect, the substantial contributions from related agencies are also expected. Namely, these three areas shall be counted as guidance of contribution to sustain continuous substantiation of common platform; i) reporting for the information sharing on each agency's activities and development of IP law enforcement, ii) integration of each agency's issues of concern and request, iii) mutual collaboration to support the tasks as follows.

(a) For the Short Term Tasks

1) Task on Maintenance/Review of the first Training Material Developed through this Program

- maintaining and updating information of the contents in the training material, adding new developments in the areas concerned
- developing supplemental materials in situations the initial training package does not adequately cover the needed topics (the supplemental materials could be in a topic by topic or leaflet format; a speedy and realistic approach is expected).

The training material developed through this program shall be treated as a standardized base of further prospective training materials. Thus, periodical updating is essential and substantiation is expected. The methodology of use of the material shall also be discussed through the review process. The extraction of certain chapter of the material to form separate textbooks can be considered when necessary as well as preparing supplemental materials. It is also important to consider how to maintain and manage the information more efficiently. The digital data management compiling information in organized archives shall be one of the reliable solutions to this.

2) Task on Consideration for Introduction of Information Circular Vehicle

- the Joint Meeting Newsletter/Leaflet
- the Joint Meeting Home Page on Internet

In order to keep the joint meeting active, continuation of information sharing throughout the year shall be important. The newsletter and/or home page on the internet should provide a good vehicle for keeping members informed. It could also well serve as publicity access not only for among member agencies but for general public. Examination, design, and way of operation on preferable media to substantiate the circular are also considered some of the important tasks to the meeting.

3) Collaboration of Training Activities

- planning of co-organized workshops/seminars and/or training courses
 - >> among members (utilizing each agency's regional/branch extensions)
 - >> with other organizations

The joint meeting shall provide a good opportunity to discuss and coordinate co-organized training programs, especially when using a common training material. The mutual accommodation of lecturers and facilities shall be efficiently considered in this framework. And coordination with non-member organizations could be also facilitated through other members' channels. This mutual accommodation arrangement is considered one of the important merits of this undertaking. It shall also be important to discuss coordination with other programs/activities in mutually complementary way such as with IASTP supported by AusAid and/or in utilizing the translated textbook provided from JPO, Japan Patent Office.

Some of the direction for this task, in this respect, shall be i) to organize and design the way of efficient utilization of existing training frameworks and/or training materials among member agencies, ii) to coordinate existing training materials (provided from other donors) with the material developed in this program and to organize information sharing among lecturers in various frameworks, and iii) to request, when necessary, expert dispatch from WIPO, JPO, JICA, AusAID, etc. These shall be conducted more substantially through the Joint Meeting Framework.

(b) For the Mid- and Long-Term Tasks

1) Coordination of Voluntary/Standing Trainers' Training

- annual planning for voluntary Trainers' Training (i.e., once a year)
- a trainers' database
- introduction of a trainer dispatch arrangement

The trainers' training could be arranged even in the short term. However, more concrete and routine base arrangement shall be designed in a mid- and/or long run. This arrangement shall be corresponded with the also concrete and scheduled training

programs mentioned as follows. The efficiency shall be counted on the trainers' data and appointment management.

2) Development of Permanent/Regular Training Courses

- design standardized training courses (introductory, intermediate, advanced)
- consider establishment of a National Training Center

The specific, scheduled training programs shall be designed with a view that is definitely long-term. Qualified trainers shall sustain these efforts. A credential system (i.e., process by which a participant becomes a lecturer) may be considered to motivate participants. For the further possibility, establishment of an independent training center could be considered.

3) Utilization of Digital Network

- design remote training courses
- provide CD-ROM distribution and/or down load site for training materials

Needless to say, utilization of digital network for the training is vital. It shall require step-by-step approach. However, final goal for the digitization shall be pictured at certain stage so that training program scheme could be correspondingly designed. As for the Indonesian geopolitical nature, the remote training program has high potentiality and can be very effective way of IP promotion in the future.

4) Extensive Collaboration of Training Activities

- consideration for introduction of ASEAN training programs

The institutionalized collaborative task among related agencies on IPR related law enforcement is still not often recognized internationally. The experiences of the joint meeting process on training material development may have good potentials to provide extensive opportunities for cooperation with neighboring countries. The future training program shall well eye the extensive area for international cooperation in this field. Similarly, other considerations shall be also made for further coordination and experience sharing with Thailand and Malaysia, where the JICA's over-all project has covered activities similar to those presently being implemented in Indonesia.

(2) Recommendation for Further Strengthening of DGIPR Initiatives

Throughout the program, DGIPR has performed a significant initiative especially in coordinating a common platform on IPR related law enforcement issues for collaborative task among related agencies. It is essential that the DGIPR's overall initiative shall be sustained and developed as part of further capacity building activities. It shall be recognized as the very core and driving force for further actions.

(a) Introduction of set Methodology in Compilation of Information (Rule Making)

- rules for compiling formerly personalized information within DGIPR
- rules to record information derived from the joint meeting
- rules to organize archives in the digital storage

The above-indicated rules are some of the elements for consideration to introduce the efficient method to compile information. As for the first rule, for example, in the case of training area, it has been recognized that the information (resumes for trainings) prepared by the DGIPR officials who are invited to the outside seminars as lecturers is often kept in personal disposal and hardly utilized by others. If the open access is introduced to that kind of information, more efficient operation of training materials could be realized. The similar consideration shall be also applicable in many areas. The rule making process for this consideration is essential, especially for well-designed system to gain and feedback information between the DGIPR and the Meeting.

(b) Standardization of IP Training Guidance

In addition to above, standardizing process shall be strengthened within DGIPR through accumulation and compilation of information to be rearranged and integrated into certain standardized form, the standardized Training Guidance, for common utilization. The Division concerned to take this task shall be the education/promotion related section, such as the Planning & Development Division. The DGIPR's initiative is expected especially in this area.

(c) Experts' Indirect Support for Strengthening Initiatives

In coordination and advising, the active support from JICA expert stationed in the DGIPR makes a major contribution to DGIPR's initiatives and to the success of the program. On the assumption of further development of DGIPR's initiatives, it is important to have experts' indirect support to further strengthening the initiatives (i.e., in coordination, delivering appropriate advice from the Japanese experience-sharing aspect into further training program development, providing a minimum cost for the operation of the meetings, etc). The expert could also take a very important role providing appropriate lecturers from Japan or it is necessary to send officials for overseas training opportunities supported by JICA and/or other entities.

2.5 Capacity Building for TBT < Component 5 >

2.5.1 Evaluation of the Program

Three workshops and a seminar have significantly improved the Indonesian officials' understanding of the TBT Agreement and international standardization. They clearly comprehend the rights and obligations under the TBT Agreement through role-play at the second workshop. In addition, almost all the participants attended all three workshops and had enough knowledge about the Agreement, so now they will be expected to be trainers in their organization.

On the other hand, TA Consultant Team recognized that exchange of views between government and private sectors has not been enough. Standard itself will be utilized in production activities of private sectors, so more commitments of private sectors in standardization activities are inevitable.

According to the questionnaire surveys conducted right after three workshops and discussion with a counterpart agency (BSN), the following insights emerged:

- Many of participants have not ever participated in the seminars/workshops related to the TBT Agreement or international standardizing activities. So, participants of this program have been satisfied with the contents of the workshops, especially with the 'experience sharing'.
- Participants of the workshops (especially participants who attended all the workshops) have voluntarily continued to defuse the knowledge acquired in the workshops to their colleagues.
- Because this program aimed to cover Indonesia herself, contents of the program could reflect the Indonesian own problems or interests.
- Since BSN has played a big role to participate in the regional/international seminars or workshops regarding the TBT Agreement or international standardizing activities, this program were helpful for the Government of Indonesia to defuse the appropriate knowledge inviting participants from various technical institutions.
- Workshops and a seminar were good chances to exchange views between government and private sectors. Especially discussion regarding economic effects of standardization in the third workshop was valuable.

Moreover, lecturers/speakers of three workshops and a seminar made the following points:

- Workshop attendants will be expected to be trainers to fix their knowledge gained from this program in their organizations.
- Participants of seminars/workshop should reflect their knowledge gained through this program to the national standard and conformance policy. Moreover, it is important to formulate political assistance to attract private sectors to standardization activities, through positively inviting them to the meetings of standardization.

Judging from factors mentioned above, TA Consultant Team understand the following elements:

- Indonesian officials in charge of the TBT Agreement have already gained general understanding of the Agreement. As the next step they should utilize their knowledge for the policy implementing the Agreement. Especially through strengthening institutional ability of BSN, Indonesian Government can push forward with their standard and conformance policy consistent with WTO Agreements.
- As identified through a field survey, it is inevitable to establish a technical know-how in order to align technical regulations to international standards.
- It is also important to establish a framework in which Indonesian private sectors can commit in standardizing activities more positively. Indonesian Government should create more opportunities to strengthen private sector understanding for importance of standardization, or economic impacts of international standardization.

2.5.2 Recommendations

It is important for Indonesia to understand the rights and obligations under the TBT Agreement to implement the Agreement in an appropriate manner. In addition, for the sound development of domestic industries, it is inevitable to participate into the on-going discussion of the international standardizing activities, or to introduce them into the standards and conformance policy, reflecting the current technological/social situation in Indonesia.

TA Consultant Team recommends the following four issues, based on the activities in this Program.

(1) Enhancement of Institutional Ability of BSN and Standardization Centers in the related Technical Institutions

To implement the TBT Agreement appropriately, it is important to accomplish a suitable coordination between BSN and standardization centers in ministries or agencies which have responsibilities in developing technical regulations, standards and conformity assessment procedures in Indonesia. BSN, as a national enquiry point and a notification authority of the TBT Agreement, should grasp suitable information from relevant technical institutions, and establish an effective mechanism to feedback information to the technical institutions concerned, when necessary.

BSN is now preparing to establish a new Working Group, which is responsible for handling TBT-related issues. TA Consultant Team has recognized that such effort is due to the outcome of this Program. BSN should take initiatives to organize the Working Group.

<Functions of the TBT-related Working Group in Indonesia>

- Informing the Working Group members of the next TBT Committee agenda, and deciding on a course of action
- Providing the result of the TBT Committee meeting to the Working Group members
- Conducting knowledge transfer activities to the staff of relevant government organizations and private sectors
- Assisting BSN in responding and analyzing the incoming notification
- Preparing any issues for the next TBT committee meeting

To organize the Working Group effectively, BSN will play the following important roles:

<Role of BSN as a secretariat of the Working Group>

- Calling TBT-related Working Group meetings
- Coordinating opinions among Working Group members
- Transferring enquiries from other WTO member countries to the relevant technical institutions

(2) Utilization of Technical Regulation Database

It is also important to suitably provide a format developed in this Program as a “Database of Technical Regulations in Indonesia” to the relevant technical institutions. When the Indonesian technical institution decide to develop a new technical regulation or revise an existing one, they should establish an appropriate mechanism to identify if such a technical regulation belonging to TBT or others aligns to an existing international standard in advance, and if not, notify it to the TBT Committee.

Up to present, the number of Indonesian notifications to the TBT Committee is very limited, but this doesn’t mean that almost all the Indonesian technical regulations have aligned to the international standard. Therefore it is necessary to review the technical regulations not yet reported to WTO-TBT Secretariat. Unfortunately, some of the technical institutions have not recognized the importance of the TBT notifications caused by the insufficient knowledge of the Agreement itself and notification procedures. As a result, the technical regulations that should be notified have not been notified. In addition, lack of knowledge and information regarding the TBT Agreement among related technical institutions is one of factors preventing Indonesian government from submitting appropriate notifications to the TBT Committee.

BSN, utilizing a framework of the TBT-related Working Group, should implement the TBT notification obligation through collecting information regarding new (or revised) technical regulations from responsible technical institutions, and inputting them into the database developed in this Program. Sustainable utilization of the database will help BSN to minimize their tasks to manage a lot of information regarding technical regulations. To accomplish these goals, BSN should pay much attention to the importance of information-related physical infrastructure.

<Additional information necessary for sustainable utilization of the database >

- Information regarding new or revised technical regulations
- Relevant national and international standards
- Status of alignment to international standards
- Necessity of the TBT notification

It is also important to assign contact persons in the respective technical institutions and clarify their responsibilities for coordinating opinions and handling information related to the technical regulations in their institutions. Working officials in the standardization centers will be candidates of contact persons for the TBT-related Working Group. Moreover, responsible persons in each organization should be trained continuously, and it is necessary for TBT-related technical institutions to establish a mechanism to stock important knowledge how to handle the TBT issues when their staff moves to another post. In such cases, it will be valuable to share experiences with other countries like Japan. For instance, through JICA's training program, Indonesian officials better experience real Japanese business strategies, such as the compilation of manuals about how communicate information within in their organizations or to facilitate the work of assuming new functions.

(3) Alignment work of national standards to international standards

Works for securing alignment of national standards (SNI) to international standards developed in ISO and IEC have not been sufficiently conducted in Indonesia. This is a fact identified through a field survey conducted in this program. Some national standards, referring to the translation of the international standards or standards of foreign countries have been aligned to international standards. But product sectors where Indonesian government has tried to align their standards to international standards are limited to the prioritized areas under the framework of the ASEAN-MRA program. Some technical institutions have not recognized the importance of alignment of national standards to international standards when they develop or review their technical regulations.

In the future, Indonesian Government, especially BSN, should take into full consideration of the necessity of alignment to international standards at the initial stage of the standard developments. This facilitates expansion of exports domestically produced, and avoid disadvantage for both domestic producers and consumers preventing imports of low technological level.

In this regards, it is important for BSN to train their engineers to acquire sufficient knowledge for the alignment work. At the same time, BSN should encourage the engineers from private sectors to conduct these alignment works with governments. Engineers should receive input concerning experiences of foreign countries like Japan, and when necessary, participate in field training in those countries which have advanced experiences in standards development.

(4) BSN's leadership encouraging private sectors to participate into standardization activities

Through conducting this Program, TA consultant Team has evaluated that understanding importance of the TBT Agreement and participation into international standardizing activities have been advanced for participants to three workshops from BSN and relevant technical institutions. But some speakers pointed out at the third workshop, it is inevitable to invite private sector's commitments in the standard development activities, as they really use those standards in their production activities. Indonesian private sectors don't have enough understanding of the TBT Agreement derived from insufficient exposure to information, and have not participated positively into national and international standardizing activities due to technical and financial reasons. BSN and relevant technical institutions should utilize technological know-how of private sectors in standard development more effectively through their active commitments.

As the first step, representatives from private sectors should be included as members of the TBT-related Working Group and BSN should provide appropriate information to them. And also, BSN and other technical institutions should encourage the private associations to establish expert meetings discussing standard-related issues exhaustively, and to participate in the national and international standardizing activities positively. Participation of Indonesian private sectors into international standardizing activities has just started. So they should identify prioritized areas such as home electronic appliances, rubber and tire, or iron and steel with which have all dealt in the third workshop, and continue their efforts. In addition, there is some movements to foster MRA within ASEAN countries and government should invite private sectors to commit in these activities in order to establish a framework for ASEAN-wide cooperation.

At that time, considering the experiences of private sectors in foreign countries like Japan, Indonesian government might financially support the private sectors' activities utilizing subsidies, if necessary.