

## **SOMO and IGJ call for a sustainable Indonesia-EU Comprehensive Economic Partnership Agreement**

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The Centre for Research on Multinational Corporations (SOMO) and Indonesia for Global Justice (IGJ) urge the European and Indonesian trade negotiators meeting in Indonesia from 15-19 October for a sixth round of negotiations, to use the IEU CEPA negotiations for a 'reset' of EU-Indonesia trade and investment relations in support of inclusive growth and sustainable development.

Sustainable development as defined by the UN Agenda 2030 and adopted by the European Consensus on Development, calls for the promotion of sustainable economic growth that is socially inclusive, respects ecological boundaries and promotes peace and democracy. Trade and investment agreements should be understood as a means to achieve the objective of sustainable development. The advancement of sustainable development requires *trade regulation*, i.e. ensuring that trade and investment contribute to the overriding objectives of sustainable development, rather than trade expansion through liberalization and deregulation.

Civil society asks to reset the IEU CEPA negotiations to put human rights, environmental protection and climate change mitigation first, by

- Including a 'supremacy clause' that ensures international human rights law, environmental and climate agreements take precedence over free trade and investment rules;
- Developing ambitious joint standards for the protection and enforcement of international climate, environmental, labour and human rights obligations, as well as for the governance and accountability of transnational corporate industry;
- Ensuring that the government procurement chapter provides sufficient policy space for special and differential treatment of small local producers, services providers and workers with the aim to promote local economies and employment;
- Not including an investor to state dispute settlement mechanism in any shape or form;
- Imposing direct obligations on investors to respect human rights in the workplace and the wider community, comply with fundamental ILO labour standards, observe environmental law standards and comply with climate goals, upon the penalty of denial of benefits of the agreement; ensure that foreign investors can be held accountable for any violations in both the home and the host country; and include an effective complaints mechanism for affected stakeholders, including an obligation to act on complaints for both the home and the host country;

- Subjecting incoming investments to a mandatory independent human rights, social and environmental impact assessments to a) identify adverse human rights, social and environmental impacts, b) determine (mandatory) measures for prevention, mitigation and remediation, c) and enhance corporate accountability;
- Ensuring that the IEU CEPA is accompanied by dedicated, independent Sustainability Impact Assessments (SIAs), Human Rights Impact Assessments (HRIA) and an Environmental Impact Assessments (EIA) that approach the CEPA negotiations from a sustainable development perspective instead of a trade and investment liberalisation imperative;
- Ensuring that an IEU CEPA leaves governments sufficient freedom to place performance requirements on incoming service providers to ensure they operate in a socially and environmentally responsible manner and through their activities generate spill-over effects into the domestic economy that help ensure equitable development.

with special consideration for sensitive areas, including, inter alia

- Addressing energy goods and vegetable oils/palm oil in a separate dialogue outside the trade negotiations;

and ensuring that an IEU CEPA

- Regulates the health sector so that the commercial interests of 'big pharma' take second place to the human right to health;
- Approaches seeds as a public good and recognizes that commercial seed systems must be strictly regulated from the premise of the overarching right to food and decent livelihoods for small producers and vulnerable farming communities;
- Includes a clause to allow the signatory parties to establish effective controls of capital movements and financial services when they deem them necessary.
- Includes a review clause to make CEPA negotiations reversible. States must have the right to review completely – or partially – ratified trade and investment agreements, based on regular impact studies on sustainable development and human rights

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