

**MEMORANDUM OF UNDERSTANDING
BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND
THE GOVERNMENT OF THE REPUBLIC OF INDONESIA
CONCERNING
THE ESTABLISHMENT OF THE COUNCIL ON TRADE AND INVESTMENT**

The Government of the United States of America and the Government of the Republic of Indonesia, hereinafter referred to as individually a "Party" and collectively the "Parties" :

- 1) Desiring to enhance the friendship and spirit of cooperation between both countries;
- 2) Desiring to develop further both countries' international trade and economic interrelationship between both Parties on the basis of equality and mutual benefit ;
- 3) Taking into account the membership of both countries in the General Agreement on Tariffs and Trade (GATT)/World Trade Organization (WTO), and noting that this Memorandum of Understanding is without prejudice to the rights and obligations of the Parties under the GATT 1994, together with its agreements, understandings, and other instruments, and; their commitment to implement fully and faithfully the result of the Uruguay Round of Multilateral Trade Negotiations;
- 4) Recognizing the importance of fostering an open and predictable environment for international trade and investment;
- 5) Recognizing the benefits to each Party resulting from increased international trade and investment, and agreeing that trade-distorting investment measures and protectionism could deprive the Parties of such benefits;
- 6) Recognizing the essential role of private investment, both domestic and foreign, in furthering growth, creating jobs, expanding trade, improving technology and enhancing economic development;
- 7) Recognizing that foreign direct investment confers positive benefits on each Party;
- 8) Recognizing the increased importance of services in their economies and in their bilateral relations;
- 9) Taking into account the need to eliminate non-tariff barriers in order to facilitate greater access to the markets of both countries;

BRX

fr-

10) Recognizing the importance of providing adequate and effective protection and enforcement of intellectual property rights, and taking account of the standard of protection established by the Agreement on TRIPs, and in intellectual property right convention;

11) Noting the common objective of both countries to improve workers' welfare and provide for better terms and conditions of employment;

12) Recognizing the desirability of resolving trade and investment problems as expeditiously as possible;

13) Considering that it would be in their mutual interest to establish a bilateral mechanism between the Parties for encouraging the liberalization and promotion of trade, investment and science and technology flows between them, as well as for consulting on bilateral trade and investment issues.

To this end, the Parties agree as follows :

ARTICLE ONE

In accordance with their prevailing laws and regulations, the Parties agree to establish a Council on Trade and Investment.

ARTICLE TWO

1) The Council shall be composed of representatives of both Parties. The Indonesia's side will be chaired by Department of Industry and Trade; and the United States of America's side will be chaired by the Office of the United States Trade Representative. The Council will include, depending on the agenda, other ministries and agencies.

2) The Council may establish ad hoc working groups that may meet concurrently or separately in order to facilitate its work.

ARTICLE THREE

The Council will meet at such times as agreed by the two Parties.

ARTICLE FOUR

The Parties will seek the advice of the private sector in their respective countries on matters related to the work of the Council. Private sector representatives may be asked to participate in Council meetings whenever both Parties agree it is appropriate. *fr.*

Pr

ARTICLE FIVE

The objectives of the Council are as follows :

- 1) To monitor trade and investment relations, and to identify opportunities for expanding trade and investment.
- 2) To hold consultations on specific trade and investment matters of interest to the Parties and to negotiate agreements where appropriate.
- 3) To identify and work toward the removal of impediments to trade and investment flows.
- 4) To discuss other areas as mutually agreed by both parties

ARTICLE SIX

- 1) Either Party may raise for consultation any trade or investment matter between the Parties. Requests for consultation shall be accompanied by a written explanation of the subject to be discussed and consultation shall be held within 30 days of the request, unless the requesting Party agrees to a later date.
- 2) Consultations will take place initially in the country whose measure or practice is the subject of discussion unless both Parties agree otherwise.
- 3) This Article shall be without prejudice to the rights of either Party under their prevailing laws and regulations which apply in each country, the WTO and its related agreements or under any other instruments to which both countries are Parties.

ARTICLE SEVEN

In the event that consultations involve a dispute concerning a trade and investment measure or practice, the Parties shall attempt to resolve the dispute at the working level. At anytime, either Party may request the issue be reviewed at a higher level.

ARTICLE EIGHT

The Council will commence the work immediately by considering those included subjects in the "Action Agenda" of trade and investment issues set forth as Annex to this Agreement. *OK* *of*

ARTICLE NINE

This Memorandum of Understanding may be added to or amended at any time by mutual consent of the Parties

ARTICLE TEN

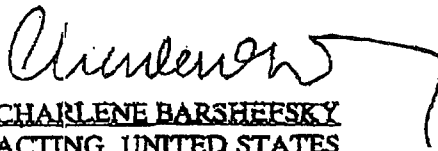
- 1) This Memorandum of Understanding shall enter into force on the date of its signature by both Parties and shall remain in force unless terminated by mutual consent of the Parties or by either Party upon 180 days written notice to the other Party.
- 2) Annex shall constitute an integral part of this Memorandum of Understanding.


IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective governments, have signed this Memorandum of Understanding.

DONE at Christchurch this sixteenth day of July 1996, in two original copies in the English Language, both of them being equally authentic.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA

FOR THE GOVERNMENT OF THE
REPUBLIC OF INDONESIA


CHARLENE BARSHEFSKY
 ACTING UNITED STATES
 TRADE REPRESENTATIVE


T. ARIWIBOWO
 MINISTER OF INDUSTRY AND TRADE

ONE

ONE

ANNEX

IMMEDIATE ACTION AGENDA

In relation to the agreement concerning the creation of a United States-Indonesia Council on Trade and Investment, setting forth principles and procedures for consultations regarding trade and investment issues, the United States and Indonesia confirm the following:

1) They are prepared to commence the work of the Council promptly with an "Immediate Action Agenda" composed of the following topics :

A) Bilateral Issues

1. For the Government of the United States of America:

- a. Indonesia National Car policy;
- b. Intellectual Property Rights Protection: Legal, enforcement, and technical assistance issues, including the areas of:
 - i. Software piracy;
 - ii. Protection of well-known trademarks;
- c. Industrial Relations developments, especially implementation of November 1994 Comprehensive Program on Industrial Relations.

2. For the Government of the Republic of Indonesia

- a. textile rules of origin;
- b. GSP;
- c. plywood;
- d. shrimp and cocoa / FDA problems;
- e. de minimums suppliers / anti-dumping cases
- f. shrimp certification.

- B) US-ASEAN Alliance for Mutual Growth: Bilateral Implementation:
 - 1. Distribution sector;
 - 2. Other AMG programs.
- C) Regional Trade Issues:
 - 1. AFTA and other ASEAN developments;
 - 2. APEC issues, including initial action plans.
- D) WTO Issues:
 - 1. Implementation of Uruguay Rounds commitments;
 - 2. Ongoing WTO negotiations, including basic telecommunications;
 - 3. New WTO initiatives, e.g., ITA and interim procurement agreement.

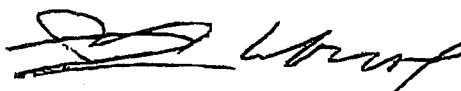
2) The inclusion of topics on this "Immediate Action Agenda" does not limit the ability of either Party to raise for consultations under Article 6 of the Agreement any other issue relating to trade or investment which might arise in the near term and requires immediate bilateral consultations, nor prejudice the rising of new issues in the future.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA



CHARLENE BARSHEFSKY
ACTING UNITED STATES
TRADE REPRESENTATIVE

FOR THE GOVERNMENT OF THE
REPUBLIC OF INDONESIA



T. ARIWIBOWO
MINISTER OF INDUSTRY AND TRADE