

CHAPTER V CONCLUSION

As a conclusion, the relationship between Indonesia and the European Union has begun since the 1980s, covering the fields of politic and security, economy and trade, social and culture, and others. During the implementation of the relations between the two countries, the European Union is the third largest trade partner country which is quite essential and stable for Indonesia, and as the first destination country for Indonesia's non-oil and gas exports. One of the main export of Indonesian commodities to the European Union is a biodiesel product. Biodiesel is renewable energy that needed in many daily activities such as in the vehicle and diesel heating sectors. The history of biodiesel begins in 1900 by Rudolph Diesel. He has demonstrated the idea of using vegetable oil as a substitute for diesel fuel. Therefore, this field research continues to grow by utilizing a variety of vegetable and animal fats to obtain biofuel that can be renewable.

Biodiesel is renewable energy that needed in daily activities such as for vehicle and diesel heating sectors. Indonesia is the world's largest vegetable oil producing country. The proof can be seen from the data on *www.trademap.org* that show in 2013 the value of Indonesia's biodiesel exports to the world is the US \$ 1,406,997. The presence of biodiesel as one of the renewable energies in Indonesia makes opening up more significant opportunities in the nation's economic sector, which is the availability of jobs. On the other hand, the positive impact of biodiesel is that it can reduce dependence on foreign-sourced petroleum and improve environmental conditions polluted.

Regarding the topic of this undergraduate thesis, the author emphasizes to write how does the sequence of a problem on the biodiesel dispute (DS480) and the strategy of the Indonesian government in facing the dispute as we can see from the explanation on chapter 4 of content. In the early of the year 2013, several problems attack the biodiesel product

from Indonesia. The first about the issues of deforestation on CPO cultivation and second about the allegations of dumping on Indonesian biodiesel product. Negative images referring to the issues of deforestation spread to the International trade area. It caused other countries to think that biodiesel product from Indonesia exactly not environmentally friendly. Then, refers to the allegations of dumping on Indonesian biodiesel that makes the EU assume if the biodiesel price from Indonesia cheaper than the price on their country.

Furthermore, it makes the producent from EU became a loss. Therefore, because they feel threatened, the EU decided to given the anti-dumping policy to Indonesia in the early of 2013 by implementing the anti-dumping duties (ADDs) with value 8.8% - 23.3 %. These accusations then caused Indonesia's biodiesel exports to the European Union and even exports to the world to decline. It can be seen from the lowest value of Indonesia's biodiesel exports to the EU occurs in 2015 with 88% or the US \$ 15,925. Meanwhile, since the year of 2013-2017 Indonesia's biodiesel exports to the world reduced drastically until 91% from the US \$ 1,406,997 in 2013 become the US \$ 123,275 in 2017.

The implementation of anti-dumping duties (ADDs) is as a counter sanction in the form of additional import duties imposed on a product sold below the average price of the same product in the exporting and importing countries. In general, the factor that has caused the anti-dumping duties (ADDs) emerge is because of the growing pressure of trade liberalization such as protectionism and global trade competition. Nowadays, robust trade liberalization already attacks the economic sector. The proof can be seen from the increasing of a healthy level of global competition in the field of world biodiesel production. Furthermore, as a result of that global competition, EU countries decided to take the strategy of protectionism to protect their domestic products. That protectionism implemented by using the instrument of Trade Remedies, which was to provide an anti-dumping policy on biodiesel products from Indonesia. Protectionist practices are

permitted by the WTO as long as that country is through the right mechanism, following the Article VI GATT agreement established by the WTO. It means the WTO member countries can impose anti-dumping measures if following: (1) that dumping occurs, (2) that domestic industries are producing similar products in the importing country suffer material losses, and (3) that there is a causal relationship between the two.

The case of Indonesia's biodiesel dispute (DS480) began with the determination of dumping on Indonesian biodiesel products in the early of 2013 by the EU authority. This problem then continued with implementing the anti-dumping policy on biodiesel product namely the imposition of anti-dumping duties (ADDs) on November 19, 2013, by 8.8% - 23.3 %. Because of that policy, Indonesia feels discriminate, so on June 10, 2014, they decided to complain to the secretariat of WTO and asked for a consultation with EU refers to the two important aspects on the anti-dumping policy that inappropriate. Then, Indonesia filed a lawsuit to the General Court of the European Union on September 15, 2016. Continued with Indonesia sued the European Union through the forum of Dispute Settlement Body WTO on March 29-30, 2017. In those opportunities, the third parties also present the meeting which is; United States, Japan, Turkey, Singapore, India, China, Canada, Argentina, Australia, Norway, Russia, Brazil, and Ukraine. That opportunity has become a vital momentum for Indonesia to do a pressure method. Then, in the Second Substantive Meeting on July 4-5, 2017 Indonesia comes with team lawyers. In order to strengthen the legal standing, Indonesia coordinates with International trade lawyers who have good capacity and experience, and communication is maintained, so that input from each stakeholder as well as legal provisions from lawyers is structured in a balanced and robust manner considering not only the basis of WTO regulatory law but also the national interests. Furthermore, on January 26, 2018, Indonesia has won the biodiesel dispute against the EU. Finally, on March

16, 2018, the anti-dumping policy on biodiesel Indonesia has been removed.

Regarding the implementation of the theoretical framework, bargaining techniques in negotiations are evident from the *pressure methods* activities carried out by Indonesia to the European Union. Namely by giving two threats; first, the EU must eliminate the imposition of anti-dumping duties (ADDs) and second, the EU must reduce profits on biodiesel products in their country. Then, the concepts of third-party interventions proven by Indonesia's strategy in looking for assistance from the alliance countries and also conducting consultations with the WTO as a third party because they can not balance the EU. From the several tactics that already mentions above, the tactics that more related to this concept is *the bilateral meeting*. It can be seen during the bilateral meeting Indonesia found Argentina as an alliance country. Argentina becomes the third party for Indonesia in this case, as an *activist*. It is because Argentina works closely with one of the parties conflicts, that is Indonesia as the weak parties. In here, the WTO acts as a *mediator* in determining the dispute. As a *mediator*, WTO has an effort as a third party in order to help Indonesia in resolving the biodiesel dispute (DS480) against the EU. The effort was carried out by mediating between the two parties to the dispute, by considering all regulations according to the rules of the WTO.

Meanwhile, for the strategy of Indonesia's government in facing the biodiesel dispute (DS480) against the EU, the things that carried out by the Indonesian government are through: First, *National Coordination* including gathers stakeholders, coordination meeting, sending submissions and pressure methods. Second, *International Trade Law* through hearing and on the spot verification and Third, *International Geopolitical Cooperation* including visit big brothers country, held the bilateral & regional meeting.

Then, the actor from Indonesia that has an essential role behind the dispute against the EU is the Directorate of Trade Defense. In order to face the biodiesel dispute DS480

against EU, the delegation of Indonesian governed by the Directorate of Trade Defense, Ministry of the Trade Republic of Indonesia. The Directorate of Trade Defense acts as the “head of leader” who handles the problem. The Directorate of Trade Defense has the highest position in resolving the biodiesel dispute, as well as the actor in full responsibility. In the other side, the Directorate of Multilateral Negotiations acts as a liaison between the Directorate of Trade Defense and the European Commission. Directorate of Multilateral Negotiations has to register the case, contact the European Union, prepare the panel, prepare participants and determine the meeting time. So in resolving the biodiesel dispute (DS480), the Directorate of Trade Defense become the first actor that has an essential role in handling the case. Meanwhile, the Directorate of Multilateral Negotiations only acts as a liaison between the Directorate of Trade Defense and the European Commission, then the World Trade Organization (WTO) acts as its mediator.