

**MEMORANDUM OF UNDERSTANDING
BETWEEN
THE MINISTRY OF COMMERCE AND INDUSTRY OF
THE REPUBLIC OF INDIA
AND
THE MINISTRY OF TRADE OF THE REPUBLIC OF INDONESIA
ON THE ESTABLISHMENT OF
BIENNIAL TRADE MINISTERS' FORUM**

The Ministry of Commerce and Industry of the Republic of India and the Ministry of Trade of the Republic of Indonesia hereinafter referred to as “the Parties”;

RECOGNIZING the role of bilateral economic cooperation in accelerating overall economic development of their respective countries;

DESIRING to further expand and develop bilateral relations and cooperation in the fields of trade, industry, investment and other economic fields;

TAKING INTO ACCOUNT the Plan of Action for the Implementation of the New Strategic Partnership between the Republic of Indonesia and the Republic of India signed in Jakarta on June 3, 2007;

REFERRING to the Trade Agreement between the Government of the Republic of Indonesia and the Government of the Republic of India signed in Jakarta on July 3, 1978;

PURSUANT TO the prevailing laws and regulations of their respective countries;

Have agreed as follows:

ARTICLE 1

BIENNIAL TRADE MINISTERS' FORUM

The Parties, subject to the terms of this Memorandum of Understanding and the laws, rules, regulations and national policies from time to time in force in each country shall establish a Biennial Trade Ministers' Forum ("BTMF") to discuss and facilitate further expansion of bilateral trade and economic cooperation between two countries.

ARTICLE 2

OBJECTIVES

The objectives of Biennial Trade Ministers' Forum would be to:

1. Realize the bilateral trade volume of US\$ 25 billion by 2015 with emphasis on establishing a balanced two-way trade volume;
2. Contribute to identification and elimination of trade barriers through related Working Group;
3. Encourage consultations and coordination between governments and the private sector for enhancing bilateral investment flows through the setting up of a Trade and Investment Forum comprising business leaders and government representatives of both countries;
4. Promote trade in services across sectors.

ARTICLE 3

COMPOSITION OF THE WORKING GROUP

1. The Biennial Trade Ministers' Forum will be co-chaired by the Minister of Commerce & Industry of the Republic of India and the Minister for Trade of the Republic of Indonesia and would comprise delegations of both sides consisting of government officials, as well as representatives from the private sector and other members as designated by the respective Parties. The Parties shall decide and communicate to each other the composition of the delegation.
2. The Parties may establish working group to deal with specific issues such as trade facilitation, trade resolution, trade and investment promotion and economic cooperation.

3. Decision made by the Parties shall be reflected in the Agreed Minutes of the meeting. The Parties will endeavour to take the necessary steps to implement such decisions.

ARTICLE 4

FUNCTIONS OF THE BIENNIAL TRADE MINISTERS' FORUM

The Biennial Trade Ministers' Forum will:

1. Review the existing mechanisms for enhancing bilateral trade and recommend specific measures to achieve the bilateral trade volume target of US\$ 25 billion by 2015;
2. Enhance trade facilitation by both sides which would, among others, take steps for the elimination of trade barriers, resolving day to day issues, reduction of non-tariff measures, diversification of trade and balancing of two-way trade;
3. Encourage the private sector to increase consultations through the Investment Forum for facilitating investment flows across border;
4. Expedite the expansion of trade in services by consolidating the existing sectors and exploring new sectors;
5. Hold meetings every two years alternately in India and in Indonesia. The first meeting to be held in Indonesia during 2011; and
6. Carry out any other function necessary for the effective implementation of this Memorandum of Understanding.

ARTICLE 5

AMENDMENT

This Memorandum of Understanding may be amended as required by mutual consent of the Parties.

ARTICLE 6

ENTRY INTO FORCE, DURATION AND TERMINATION

1. This Memorandum of Understanding shall enter into force on the date of its signing.

2. This Memorandum of Understanding shall be valid for a period of five (5) years and shall be automatically extended for a further period of five (5) years, unless either Party notifies the other Party in writing through diplomatic channels of its intention to terminate this Memorandum of Understanding at least six months in advance.

3. The termination of this Memorandum of Understanding shall not affect the implementation of any ongoing programme and/or activity undertaken within the framework of this Memorandum of Understanding.

IN WITNESS THEREOF, the undersigned, have signed this Memorandum of Understanding.

DONE in duplicate in New Delhi on the twenty fifth day of January in the year two thousand and eleven in English.

For the Ministry of Commerce and
Industry of the Republic of
India

(Anand Sharma)
Minister of Commerce and Industry

For the Ministry of Trade
of the Republic of
Indonesia

(Mari Elka Pangestu)
Minister for Trade