

## **COMMUNICATION FROM INDONESIA**

### Proposal on Classification of Energy Services

#### Corrigendum

The revised proposal on classification of energy services by Indonesia was issued without its cover note, as contained in the original proposal (S/CSC/W/42). The cover note is now reproduced below and should be considered an integral part of S/CSC/W/42/Rev.1.

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1. This paper is submitted without prejudice to Indonesia's position on this and other service sector negotiations, or on any future offer on this or other sectors. Indonesia reserves the rights to modify this proposal at any time.

#### **I. INTRODUCTION**

2. Indonesia continues to conduct consultations on issues under the services negotiations, in particular those relating to the energy sector services. As the negotiation process is still ongoing, Indonesia would like to share its preliminary thoughts concerning classification on energy sector services.

3. For the purpose of this paper, energy sector services include the oil and gas sector, electricity sector and mineral resources sector. These sectors covers a wide range of services, subdivided into upstream services, downstream services, energy commercialisation services, professional services, and any other energy services. Companies involve in these sectors vary ranging from small and medium-sized businesses (SMEs) to large national and multinational companies.

4. Trade and economic endeavour should be conducted with a view to supporting national economic development and, ultimately, raising the standard of living of the people. In this connection, and as a means towards achieving a higher level of economic development, Indonesia is of the view that the management and utilization of natural wealth and resources should be freely at the disposable of the people. Obligations arising from international economic co-operation must be based on the principle of mutual benefit, as well as on international law, which should not impair the inherent right of all peoples to enjoy and utilize fully and freely their natural wealth and resources.

5. Reiterating the strategic nature of energy sector, the multilateral framework should respect national policy objectives and the members' right to regulate on the supply of energy services within their territories and should also recognize the particular needs of developing countries and the level of development of individual members, both overall and in energy sector.

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<sup>1</sup> In English only.

6. Recognizing the growing importance of trade in services for the growth and development of national and world economies alike, it is important to ensure that developing countries can fully participate in trade in services through the expansion of their services exports. This requires the strengthening of developing countries domestic services capacity, notably through increased efficiency and competitiveness.

## **II. PROPOSAL**

7. Indonesia believes that development a detailed classification of the energy service sector offers a comprehensive and essential instrument for the WTO members in negotiating specific commitments in energy services.

8. The main classifications proposed are upstream activity, downstream activity, energy commercialization activity, professional activity and other energy services activity, thus covering the full scope of energy services.

- (a) The “upstream services” comprise “non-renewable energy” and “renewable energy”
- (b) The “downstream services” related to energy transformation, transportation and distribution services.
- (c) The “energy commercialization services “ consists of the wholesale supply of energy, retail supply of energy and commission agent services.
- (d) The “professional services” include expertise supply services, human resources training and development services.
- (e) The “other energy services” cover any activity not listed in the previous services.

9. Indonesia’s proposal for a detailed classification of the energy services reflects the current commercial reality. Under each main classification, a breakdown of services is presented with CPC Provisional Codes describing the actual formation of the commercial reality of energy services and energy related services. In this regard, we welcome contribution and discussion from the WTO members as part of the work in progress.

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