



**Australia-Indonesia Youth Association
(AIYA)**

**Submission to the the General Review of
the Indonesia-Australia Comprehensive
Economic Partnership Agreement**

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Department of Foreign Affairs and Trade
R.G. Casey Building
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**RE: Australia-Indonesia Youth Association submission to the General Review of the
Indonesia-Australia Comprehensive Economic Partnership Agreement**

The Australia-Indonesia Youth Association (AIYA) is a non-government organisation operating across Australia and Indonesia. AIYA aims to connect Indonesian and Australian youth and young professionals to enhance sociocultural connectivity and understanding of our respective nations.

We welcome the opportunity to contribute to the future direction of the Australia-Indonesia bilateral relationship and strengthen economic connectivity.

Yours sincerely,

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Executive Summary

This submission is made in response to the General Review of the Indonesia–Australia Comprehensive Economic Partnership Agreement (IA-CEPA). It is prepared by members of the Australia Indonesia Youth Association (AIYA) and argues that while IA-CEPA has delivered a meaningful macroeconomic framework, there is room for improvements. The report highlights areas of high youth interest, particularly of the digital economy, green economy, education, and professional mobility. The submission examines four interconnected themes and offers targeted recommendations to be considered.

a. Startups & Digital Economy

IA-CEPA establishes a strong legal foundation for digital trade. It covers protecting cross-border data flows, source code confidentiality, and digital assets. However, evidence of large-scale startup scaling between Australia and Indonesia remains limited. Indonesian startups continue to scale primarily toward Singapore, attracted by its position as Southeast Asia’s venture capital hub. The Indonesia–Australia startup corridor is still in the process of solving challenges posed by regulatory fragmentation, inconsistent fintech licensing, and AI governance frameworks that haven't caught up with intense and rapid technological development. The submission recommends that the review address these structural gaps to be able to produce ecosystem-level outcomes.

b. Green Economy & Future Industries

IA-CEPA explicitly incorporates green economy commitments, such as skills development and investments. The mandate of green transition itself fits within Indonesia’s Paris Agreement obligations, codified in national law and development plans (RPJPN 2025–2045 and RPJMN 2025–2029), providing a strong policy anchor for this cooperation, with Indonesia targeting net-zero by 2060. Increasingly, youths in Indonesia play an important role in leading these green transition efforts, despite domestic expansions of natural extraction industries which often feature sustainable practices. This submission also invites increased transparency and capacity-building in green investment flows. Drawing on analysis by the Climate Policy Initiative, it notes that climate funding from developed countries can sometimes require the purchase of project assets from donor nations, failing to build genuine domestic capacity in recipient countries. The submission recommends that IA-CEPA’s commitment within Indonesia’s green economy to adopt a mutual capacity-building framework to ensure Indonesia’s green transition increases the capacity of the local economy.

c. Education

In the education sector, this submission argues this model should be expanded and deepened, with more joint degree programmes, co-supervised research, and industry-linked pathways in fields such as digital technology, sustainability, and advanced manufacturing. Beyond university presence, the submission also calls for diversified training pathways: modular short-cycle programmes, micro-credentials, and industry co-designed curricula that equip youth with skills relevant to the green and digital economy. Critically, it highlights the

risk of AI-driven job displacement, and urges IA-CEPA to embed re-skilling and flexible workforce transition mechanisms into its education cooperation pillar.

d. Skills, Mobility & Professional Qualifications

IA-CEPA's Skills Development Exchange Pilot and the Katalis Economic Cooperation Program provide promising foundations for workforce mobility, but structural barriers remain. The Katalis programme has identified key challenges including fragmented policy coordination across Indonesian ministries, difficulties in establishing commercial partnerships, and low numeracy and literacy levels in regional Indonesia that limit access to training. On qualification transferability, while the Australian Qualifications Framework (AQF) and Indonesia's Kerangka Kualifikasi Nasional Indonesia (KKNI) provide a basis for comparability, credential recognition between the two countries remains largely placement-based rather than automatic. The submission further flags a risk of conflicting qualification systems within Indonesia. The submission recommends moving toward mutual recognition arrangements and stackable micro-credentials to make labour mobility under IA-CEPA more substantive and youth-accessible.

Overall Recommendations

The General Review presents an important opportunity to evolve IA-CEPA from a macroeconomic trade agreement into a youth-enabled economic architecture. As the current Indonesian youth increasingly drive decision-making processes and economic activity, there is a rare opportunity to align IA-CEPA's mechanisms to create a bigger space for these youth priorities such as the digital economy, the green transition, and the future of work. This expansion of space also needs to be coupled by assurance that the economic gains from the framework will increase local capacity, fit within the local framework and context of Indonesia's economy, and overall become a partnership that strengthens the national economy rather than creating dependency.

Startups & Digital Economy

We are aware that IA - CEPA provides massive potential of economic growth between Australia and Indonesia in the traditional sense of ease of trade and investments. However, as they say that the future is digital, another less examined opportunity is the startup and digital economy that has recently boomed from the pandemic era and should be tapped in under the IA - CEPA framework.

In Indonesia, startups have grown immensely, even becoming an integral part of the daily life of Indonesians. However it presents the question under the Australia - Indonesia relations.

Are cross-border startups actually scaling?

Probing further into IA - CEPA's framework there are several foundational stipulations that encourage digital economy growth. Notably on cross-border data flow for digital business operations and the flexibility of both country businesses to store their data locally or internationally for cost efficiency.

Data privacy and business sensitive source code for e-commerce companies are protected by the agreement in which both countries are prohibited to disclose source code unless for security reasons and privacy protections must be maintained.¹

This positively means that technical barriers for e-commerce between two countries are reduced, specifically for:

- SaaS companies
- fintech platforms
- AI software providers
- digital marketplaces

However, five years following implementation, evidence of large-scale startup scaling is still limited. Over the news we had seen more scaling attempts by Indonesian start-ups to Southeast Asia instead. From Indonesia's ride hailing startup, Gojek's expansion to Singapore to travel accommodation startup, Traveloka opening their offices in Bangkok and Ho Chi Minh City. These unicorn level start-ups have acquired significant fundings from international investors to reach unicorn level status and expand their business beyond national borders in Indonesia.

We have yet to see the same kind of growth from startups cooperation between Indonesia and Australia. And although there are notable progress such as creative design platform, Canva's (originally from Perth) aggressive expansion to Indonesia in recent years. The objective is purely for market expansion instead of supporting Indonesian startups to scale up.

¹Australian Government Department of Foreign Affairs and Trade, "Outcomes: Electronic Commerce," Australian Government Department of Foreign Affairs and Trade, 2021, <https://www.dfat.gov.au/trade/agreements/in-force/iacepa/outcomes-documents/outcomes-electronic-commerce>.

Why does it work in Singapore?

Scaling startups in Singapore proved to be a more feasible option for Indonesian businesses due to fundamental reasons: Singapore as Southeast Asia's venture capital hub, Indonesia as the consumer market base, and ecosystem proximity.

As a capital venture hub, Singapore startups had achieved over 63% equity deals against other ASEAN countries while Indonesia had a 15.4% of the share in 2023.² The country proved to be a robust example for Indonesian businesses to develop their own startups and several well-established ones to secure fundings from Singapore based venture capital firms, such as Indonesia's eFishery and Kredivo securing funding from Singapore-based Northstar Group and Jungle Ventures.³

Singapore's achievement continues well off after the pandemic tech winter as the preferred route for accessing regional capital and managing liquidity as well as earning the title of the region's legal and financial hub for startups to grow, including from Indonesia.⁴

As we are now entering a market reset for startups, investors are more disciplined in managing their risks by structuring regionally through Singapore while continuing to eye Indonesia's most resilient, scalable, and profitable sectors including SaaS, AI, and climate solutions.⁵

Why not Australia?

In contrast, the Indonesia–Australia startup corridor remains underdeveloped despite IA-CEPA's enabling framework. Australia possesses strong capabilities in research, deep technology, and SaaS innovation, supported by incubation hubs and government-backed initiatives, particularly in states such as New South Wales where the hubs are facilitated by higher academy institutions.

However, its startup ecosystem had only just begun focusing on collaboration with Indonesia such as the CONNECT-ED Initiative by Western Sydney University and the Government of New South Wales in collaboration with Indonesia's Ministry of Communication and Digital Affairs to facilitate exchange of knowledge, skills, and shared opportunities between startups in both countries in late 2025.⁶ The other Australian Government backed program is KINETIK-NEX where Indonesian climate startups are supported with tailored mentoring,

²Andi Haswidi, Abishek Chatterjee, and Deepshika Monga, "Singapore Venture Funding Landscape 2023," *Startup SG* (Dealstreet Asia, 2023), <https://www.startupsg.gov.sg/public/2024-04/Singapore%20Venture%20Funding%20Report%202023.pdf>.

³ *Ibid.*

⁴DiscoveryShift, "Indonesia Startup Report 2026." (DailySocial Id, 2026), <https://dailysocial.id/p/discover-indonesias-startup-resilience>.

⁵ *Ibid.*

⁶Ida Nurcahyani, "CONNECT-ED Digelar Guna Perkuat Kolaborasi Startup Indonesia-Australia," Antara News (ANTARA, November 15, 2025), <https://www.antaranews.com/berita/5244265/connect-ed-digelar-guna-perkuat-kolaborasi-startup-indonesia-australia>.

technical support, as well as access to investors to realize their innovative solutions against climate change and grow the local green economy.⁷

This undeveloped potential can be pinpointed historically from Australia's perspective where it views its relations with Indonesia mainly through an export-centric economic diplomacy.⁸ Australia will need to shift its thinking to better connect and sustain the cooperation of both countries' startups ecosystem and fully realize its potential under the IA-CEPA framework.

Facing Regulatory Frictions

Furthermore, while IA-CEPA promotes digital trade, it does not eliminate regulatory friction. The agreement facilitates cross-border data flows and protects digital assets, but it also allows for domestic regulatory exceptions related to public policy, national security, and oversight. In practice, this creates a complex operating environment for startups.

Indonesia's regulatory framework, for instance, includes requirements under Kominfo Regulation No. 5/2020 and its amendment, which mandate registration for private electronic system providers and require submission of technical documentation, as well as commitments to provide access for law enforcement purposes. While these regulations do not directly contradict IA-CEPA's provisions, they introduce additional layers of compliance that may affect business confidence and increase operational costs.

This points to a broader issue of regulatory inconsistency. Although IA-CEPA addresses digital trade across multiple chapters: including services, financial services, telecommunications, and e-commerce. It does not harmonize national regulations. As a result, fintech licensing regimes, AI governance frameworks, and e-commerce rules remain distinct between the two countries. For startups, this fragmentation can translate into duplicated compliance processes, legal uncertainty, and reduced incentives to expand across borders.

Taken together, these dynamics suggest that IA-CEPA is currently operating in a foundational phase. The agreement has successfully established the legal and institutional infrastructure necessary for digital cooperation, but ecosystem-level outcomes (such as sustained startup scaling, integrated venture capital flows, and deep innovation partnerships) are still emerging.

Ultimately, while IA-CEPA has laid the groundwork for deeper digital and economic integration, its success in enabling startup growth will depend on the ability of stakeholders to activate these provisions through sustained collaboration.

⁷Australian Embassy Indonesia, "Australia and Indonesia Support Clean Energy Start-Ups across Indonesia," Australian Embassy Indonesia, August 25, 2023, https://indonesia.embassy.gov.au/jakt/MR25_077.html.

⁸Aron Corbett, "The US Is Helping Indonesians Build Startups While Australia Is Busy Selling Diplomas - Indonesia at Melbourne," Indonesia at Melbourne, May 18, 2023, <https://indonesiaatmelbourne.unimelb.edu.au/the-us-is-helping-indonesians-build-startups/>.

Green Economy & Future Industries

The transition towards Green Economy in a global commitment for sustainable energy production is indeed mentioned within IA-CEPA, within the outcomes of skills development and investments.⁹ The mandate to decrease greenhouse gas emissions as part of Indonesia's commitment to the Paris Agreement has been ratified in UU no. 16 2016. Both the middle-term and long-term development policies of Indonesia; *Rencana Pembangunan Jangka Panjang Nasional (RPJPN) 2025 – 2045* and *Rencana Pembangunan Jangka Panjang Menengah (RPJMN) 2025 – 2029*; contains commitment to phasing out greenhouse gases in accordance with the mandate of the Paris Agreement.

In RPJPN, it is mentioned in the sections of ecological policy direction, the green economy implementation, as well as the recognition of climate change. The RPJMN further mentions the goals of phasing out greenhouse gases quantitatively, with the current 2029 goal of phasing out 21,12% of greenhouse gasses cumulatively and 30,11% yearly. On a whole, Indonesia aims to be net-zero by 2060, with its commitment written in the UNFCCC's Long-Term Strategy for Low Carbon and Climate Resilience 2050 (LTS-LCCR 2050).

This transition to sustainable energy production and green economy overall will provide many economic opportunities in international trade agreements. Currently, the IA-CEPA explicitly mentions its activities in Indonesia's green economy transition in the outcome point of skills development, specifically in the Skills Exchange Pilot that increases individual mobility in regards to businesses and workplace placements, and the pilot expanded its reach to green economy in August 2023.

In terms of international trends, Indonesia as part of Southeast Asia are some of the more sought after recipients for green investments. For a decade, China and Japan have dominated the investor landscape of Southeast Asia. Japan is leading in geothermal and solar investments, and China is leading in wind and hydropower.¹¹ Australia's most notable investment; the KINETIK program; is still in its early stages as it is just established in 2024.¹² This increased flow of green investments interestingly coincides with the expansion of the natural resources industry within Indonesia; especially with the rise of downstreaming policy in Indonesia to increase value.¹³ That being said, projections by the World Resources Institute asserts that green investments plan; specifically like the Just Energy Transition Partnership

⁹ Australian Government Department of Foreign Affairs and Trade, "Outcomes: Skills Development," Australian Government Department of Foreign Affairs and Trade, 2021,

<https://www.dfat.gov.au/trade/agreements/in-force/iacepa/outcomes-documents/outcomes-skills-development>.

¹⁰ Australian Government Department of Foreign Affairs and Trade, "Outcomes: Investments," Australian Government Department of Foreign Affairs and Trade, 2021,

<https://www.dfat.gov.au/trade/agreements/in-force/iacepa/outcomes-documents/Pages/outcomes-investment>.

¹¹Zero Carbon Analytics Team, "The Race to Invest in Southeast Asia's Green Economy - Zero Carbon Analytics," Zero Carbon Analytics, May 20, 2025,

<https://zerocarbon-analytics.org/insights/briefings/the-race-to-invest-in-southeast-asias-green-economy/>.

¹²Australian Embassy Indonesia, "Launch of KINETIK, the Australia-Indonesia Climate and Infrastructure Partnership," Australian Embassy Indonesia, March 15, 2024,

https://indonesia.embassy.gov.au/jakt/MR24_025.html.

¹³Ahmad M Tegar, "RI Highlights Natural Resources, Green Energy as Investment Drivers," Antara News (ANTARA, February 26, 2026),

<https://en.antaranews.com/news/406234/ri-highlights-natural-resources-green-energy-as-investment-drivers>.

(JETP); will be able to generate increased value and job creation, as well as adding additional insulation from global fuel price shocks and improving public health outcomes.¹⁴

Despite current domestic expansion in the natural resources industry which often features unsustainable practices, Indonesia is still well positioned economically to receive green investments. Furthermore, green transition is not only justified by economic incentives alone, but that it is the stance of the younger generation making energy productions more sustainable as part of climate action is an increasingly crucial priority. Youths in Indonesia are increasingly crucial players in green transitions, from small scale campaigns through social media to actually becoming bridges for local communities and exerting social and political pressures towards local governments.¹⁵

Another thing that can be further improved is the clarity, transparency, and further communication to the relevant stakeholders regarding the outcome of these investments. A report from Climate Policy Initiative asserted one of the rarely examined areas in climate initiatives is looking at Indonesia's technological capacity post-investments.¹⁶ CPI's report cited a Reuters investigative piece that elaborated several climate funding given by developed countries often necessitates the purchase of project assets from the donor countries, therefore failing to improve the capacity of the recipient country.¹⁷ In this case, green transitions that are promised in the economic programs are not driven by mutual cooperation, but rather steered by the donor country without prior examination of the domestic capacity and goals of the recipient country. For example, to strengthen IA-CEPA's practical contribution to a just green transition, the Skills Development Exchange Pilot expanded in August 2023 to include the green economy should publish disaggregated placement/outcome data (age, gender, sector) and an outcomes dashboard to allow performance review by local experts and stakeholders.

Education and Training under IA–CEPA

Australia Universities in Indonesia

The opening of Australian universities in Indonesia should be understood as a strategic instrument for deepening educational cooperation under IA-CEPA. Monash University Indonesia is an important example because it is the first international, foreign-owned university with an in-country campus in Indonesia¹⁸. It offers bachelor's, master's, and PhD programs, alongside executive education and micro-credentials. This institutional presence

¹⁴Arya Harsono et al., "Understanding the Socioeconomic Implications of Indonesia's Net Zero Energy Transition," *World Resources Institute* (World Resources Institute, October 3, 2025), <https://www.wri.org/research/understanding-socioeconomic-implications-indonesias-net-zero-energy-transition>.

¹⁵Agusniar Rizka Luthfia, "View of the Role of Youth in the Implementation of Climate Change Policies in Indonesia," *International Journal of Social Science and Humanity* 2, no. 2 (June 30, 2025): 204–5, <https://doi.org/10.62951/ijss.v2i2.427>.

¹⁶Climate Policy Initiative, *Who Pays What for Indonesia's Green Transition?*, 1st ed. (Media Indonesia Publishing, 2025), <https://www.climatepolicyinitiative.org/publication/who-pays-what-for-indonesias-green-transition/>.

¹⁷Irene Casado Sanchez and Jackie Botts, "Rich Nations Are Earning Billions from a Pledge to Help Fix Climate," Reuters, May 22, 2024, <https://www.reuters.com/investigates/special-report/climate-change-loans/>.

¹⁸Monash University. (n.d.). Monash University Indonesia: About <https://www.monash.edu/indonesia/about>

demonstrates that cross-border education can be localized without losing international academic standards. More importantly, it creates a concrete mechanism for knowledge transfer, research collaboration, and human capital development between the two countries.

Locating Australian universities in Indonesia also reduces the cost barriers of overseas study while preserving exposure to foreign curricula and pedagogical approaches. This can strengthen the employability of graduates by aligning education more closely with regional labour market demands. In this sense, the presence of Australian universities in Indonesia is not merely symbolic, but part of a broader education diplomacy agenda.

The Indonesian government and Australian partners should therefore encourage more joint programs, co-supervised research, and industry-linked degree pathways. Collaboration should also be extended to applied fields such as digital technology, sustainability, public policy, and advanced manufacturing. A stronger institutional framework would ensure that foreign university presence contributes to broader skills formation rather than operating as an isolated elite initiative. As a result, the opening of Australian universities in Indonesia should be positioned as a long-term mechanism for inclusive capacity-building.

Diversification of Training Pathways

IA-CEPA's economic cooperation framework already recognises the need for skills development, including investment in standards, skills, and private sector development in digital services and advanced manufacturing¹⁹. That is an important foundation, but it should be broadened into a more future-oriented training agenda. Training should no longer be limited to conventional occupational categories. Instead, it should reflect the needs of emerging sectors, including digital economies, renewable energy, and sustainable industries.

In practical terms, this means that training providers should design more modular and flexible learning pathways. Short-cycle programs, micro-credentials, and industry co-designed modules can help workers acquire skills without having to leave the labour market for long periods. This is especially important for youth, whose employment trajectories often depend on speed, flexibility, and responsiveness to sectoral change. It is also relevant for workers seeking to shift into occupations shaped by decarbonization and digitalisation. By diversifying training pathways, IA-CEPA can better support workforce development in sectors where future demand is most likely to grow.

Australian and Indonesian institutions could jointly develop programs in areas such as data analytics, clean energy systems, sustainable logistics, and digital entrepreneurship. They should also ensure that transversal competencies, including critical thinking, communication, and problem-solving, are embedded in the curriculum. This would make the training agenda more adaptable and more relevant to both economies.

¹⁹ Australian Government, Department of Foreign Affairs and Trade. (2020). Indonesia–Australia Comprehensive Economic Partnership Agreement economic cooperation program: Investment design document <https://www.dfat.gov.au/sites/default/files/investment-design-ia-cepa-ecp-may-2020-web-vers.pdf>

Skills, Mobility, & Professional Qualifications

Under the IA - CEPA, professional training programs for Indonesians are directed to cater for digital skills that are important for the future. The Katalis Program, a five-year (2020-25) government-backed business development program under the agreement is created to manifest the goal.²⁰ However, TVET noted that there are barriers that inhibit their ability to utilize the concessions under IA-CEPA such as lack of work training policy coordination in Indonesia (spread to several ministries/agencies) finding the right partner for commercial arrangements, and low level literacy for numeracy for in Indonesian regions that hinders access to further education.²¹

IA - CEPA boosts existing work training programs between Australia and Indonesia, popularly known as the Working Holiday Visa with internships and job exchange programs under the Skills Development Exchange initiative. The program also facilitates placements in sectors requiring digital skills such as: telecommunications, financial services (including fintech), creative industries, and digital media.

Are youth mobility schemes aligned with economic sectors?

There are no specific mentions of youth mobility schemes to harness the full potential of professional pathways under IA-CEPA. However, Katalis is open to cooperate with workforce development programs in Indonesia to provide opportunities for workforce of any age to expand their skills and tap into various economic sectors such as agriculture, health, tourism and hospitality, and manufacturing as explained in their partnership with PINTAR, a SaaS workforce development platform.²²

The next challenge to address is tailoring the youth mobility schemes to digital skills development, from expanding their skills to providing the pathways for internships or entry job placement in Indonesian and Australian companies focusing on digital services.

Professional Qualifications

One of the most important issues in the education pillar of IA-CEPA. Labour mobility will remain limited if vocational and professional credentials are not understood across borders. The Australian Qualifications Framework (AQF) is a national system with 10 levels, and it is also used to assist recognition of Australian qualifications in other countries²³. Indonesia's

²⁰ Training Indonesia's Digital Workforce, pg.2

https://static1.squarespace.com/static/61b14c4abbc81a1543f55180/t/6322a8bb470ddc3c8ff0a4b1/1663215814765/Training+Indonesia%E2%80%99s+Digital+Workforce_EN.pdf

²¹Parliament of Australia, "4. IA-CEPA Issues," Parliament of Australia, March 2021, https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Public_Works/Completed_Inquiries_of_the_46th_Parliament/CSIROPerthPrecinct/Report/Section?id=committees%2Freportjnt%2F024355%2F27914&utm.

²²IA-CEPA and KATALIS, "PINTAR Taps into Collaboration with Australian Training Providers through Partnership with Katalis - IA-CEPA ECP Katalis," lacepa-katalis.org, 2022, <https://iacepa-katalis.org/en/press-release/pintar-taps-into-collaboration-with-australian-training-providers-through-partnership-with-katalis>.

²³ Australian Government, Department of Education. (n.d.). Review of the Australian Qualifications Framework. <https://www.dfat.gov.au/trade/agreements/in-force/iacepa/outcomes-documents/outcomes-skills-development/skills-development-exchange>

Kerangka Kualifikasi Nasional Indonesia (KKNI) serves a similar national function by structuring qualifications within the Indonesian system²⁴. The existence of these two frameworks provides a strong basis for greater comparability, but not yet full system-wide integration.

IA-CEPA already contains a practical mobility instrument through the Skills Development Exchange Pilot. Under this pilot, businesses from Australia and Indonesia can send employees to undertake workplace placements in the partner country for up to twelve months. This is important because it gives participants exposure to another labour market while building professional familiarity across systems. At the same time, the arrangement remains placement-based rather than fully automatic in terms of credential recognition. For that reason, qualification transferability should be deepened through mutual recognition arrangements, articulation agreements, and stackable micro-credentials.

A more ambitious policy design would move beyond temporary placements and toward a structured pathway for recognition of learning outcomes. This would be especially useful for vocational and technical graduates, whose skills are often highly practical but not always easily transferred across jurisdictions. Governments should therefore work with universities, TVET providers, and industry actors to map equivalencies more clearly. If implemented well, such a framework would reduce transaction costs for students and workers and make labour mobility under IA-CEPA more meaningful.

Despite this, are qualifications easily recognised?

On paper, work qualifications between both countries are more easily recognized with TVET guaranteeing training of skills recognizable under the Australia Qualifications Framework and Indonesia Qualifications Framework (KKNI) Level 1 - 5 in subjects of technical engineering, business administration, languages, tourism, management, information technology, art and agriculture.²⁵

This meant that qualifications are recognized through joint training programs under the framework rather than a long-standing credential recognition that is automatic. In the future, this cooperation model will need to be addressed as Indonesia also has technical level qualifications for specialized industries, for example: the SKTTK (Sertifikat Kompetensi Tenaga Teknik Ketenagalistrikan) or qualification competence for electrical engineers produced by the Ministry of Mineral and Energy Resource (ESDM) that can potentially be a conflicting issue when TVET's digital skills qualifications clash with technical qualifications produced by Indonesian ministries related to the digital workforce.

Resilience Against AI Job Losses

Recent ILO analysis suggests that generative AI is likely to produce relatively small overall employment losses, but the effects will be concentrated in specific occupations, especially

²⁴ Government of Indonesia. (2012). Peraturan Presiden Nomor 8 Tahun 2012 tentang Kerangka Kualifikasi Nasional Indonesia (KKNI). <https://peraturan.bpk.go.id/Details/41251/perpres-no-8-tahun-2012>

²⁵ Australian Government Department of Foreign Affairs and Trade, "Outcomes: Skills Development," Australian Government Department of Foreign Affairs and Trade, 2021, <https://www.dfat.gov.au/trade/agreements/in-force/iacepa/outcomes-documents/outcomes-skills-development>.

clerical support work²⁶. The risk is not uniform across the labour market, and some categories of workers will be more exposed than others. The main policy challenge is therefore not simply job loss, but uneven vulnerability to technological change. For this reason, training systems must be designed to help workers adapt before displacement becomes structural.

Within the education and skills cooperation pillar of Indonesia–Australia Comprehensive Economic Partnership Agreement, strengthening qualification transferability, diversifying training pathways, and enhancing workforce resilience against automation and artificial intelligence (AI) disruptions should become strategic priorities.

First, improving qualification transferability between Indonesia and Australia would reduce labour mobility barriers by enabling mutual recognition of vocational and technical credentials, particularly through stackable micro-credentials and pilot articulation arrangements between vocational education and training (TVET) institutions.

Second, diversifying training programs is essential to ensure that skill development keeps pace with emerging sectors such as renewable energy, digital technology, and sustainable industries, while also integrating transversal competencies including digital literacy, critical thinking, and entrepreneurial capabilities.

Finally, strengthening resilience against AI-driven job displacement requires the development of flexible re-skilling mechanisms and short-cycle training programs that allow workers, particularly youth, to transition into new occupations as labour market demands evolve.

Conclusions

IA-CEPA should be viewed not only as a trade and investment agreement, but as a framework that can shape how Australia and Indonesia prepare for future economic change. Its long-term success will depend on whether the agreement can translate macroeconomic cooperation into more tangible opportunities for young people, particularly through education, mobility, digital participation, and green skills development. If visibility is improved, qualifications become more transferable, and training pathways are better aligned with emerging sectors, IA-CEPA can become more responsive to the realities of automation, digitalisation, and the green transition. This would also strengthen the agreement's practical value by ensuring that young people are not only observers of bilateral cooperation, but active participants in it. In this sense, IA-CEPA has the potential to evolve from a conventional economic agreement into a more adaptive and inclusive youth enabled in economic architecture.

²⁶ International Labour Organization. (n.d.). Generative AI and jobs: A global analysis of potential effects on job quantity and quality
<https://www.ilo.org/resource/article/minimizing-negative-effects-ai-induced-technological-unemployment>