

IA-CEPA General Review Team
Department of Foreign Affairs and Trade

By email FTAModernisation@dfat.gov.au

31 March 2026

Dear IA-CEPA General Review Team,

Subject: General Review of the Indonesia–Australia Comprehensive Economic Partnership Agreement (IA-CEPA)

Attached is the Business Council for Sustainable Development Australia’s submission to the General Review of the Indonesia–Australia Comprehensive Economic Partnership Agreement.

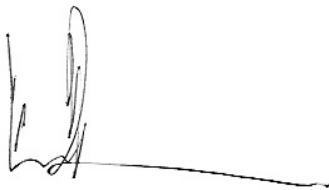
BCSDA is part of the World Business Council for Sustainable Development’s Global Network, which brings together independent business-led organisations in more than 60 countries and regions. Through that network, we maintain close links with our Indonesian counterpart, the Indonesia Business Council for Sustainable Development (IBCSA), whose website is ibcsa.or.id.

This submission is made in the interest of supporting a practical, business-facing review of IA-CEPA that strengthens trade and investment outcomes while improving the Agreement’s usability, predictability and long-term relevance.

BCSDA is content for this submission to be made public.

In the interests of transparency, artificial intelligence tools were used in the early development of the submission to assist with research collation and synthesis. The views expressed, and the final content submitted, are those of BCSDA.

Yours faithfully,



Andrew Petersen
CEO | Business Council for *Sustainable Development* Australia
andrew.petersen@bcsda.org.au | 0412 545 994

Introduction

BCSDA welcomes the opportunity to contribute to the General Review of the Indonesia–Australia Comprehensive Economic Partnership Agreement (IA-CEPA).

BCSDA supports practical policy settings that strengthen trade, investment, resilience and long-term competitiveness while advancing sustainable development outcomes. In that context, we view the General Review as an important opportunity to improve how IA-CEPA operates in practice, deepen commercially relevant cooperation, and reduce friction for businesses operating across the Australia–Indonesia corridor.

Our core view is that the next phase of IA-CEPA should be **implementation-first, business-facing and future-oriented**. The priority should not be to add complexity. It should be to make the agreement easier to use, more predictable for firms, and better aligned with emerging commercial realities in areas such as the green economy, digitalisation, critical minerals, sustainable agriculture and sustainability-related reporting and supply-chain requirements.

BCSDA encourages both governments to **treat sustainability as a trade-enabling agenda within the General Review**. In BCSDA's view, cooperation on climate transition, nature-related supply-chain expectations, interoperable data and reporting, and investment facilitation should be designed to lower compliance friction and improve predictability, not to create new conditions on trade.

This view is informed by BCSDA's engagement with members and with counterpart business networks through the World Business Council for Sustainable Development's Global Network, including dialogue with the **Indonesia Business Council for Sustainable Development**. Across those engagements, a consistent theme is that businesses place high value on predictable administrative processes, early resolution of emerging compliance frictions, and practical efforts to reduce duplication where sustainability-related reporting, traceability and assurance expectations interact across markets.

BCSDA's key messages

1. **The General Review should focus on practical utilisation of IA-CEPA.** For many firms, the main issue is not the existence of commitments but whether those commitments convert into usable and predictable commercial outcomes.
2. **Implementation frictions should be prioritised.** Administrative barriers, permit delays, quota administration issues, and uncertainty around evolving compliance requirements can undermine the real value of market access preferences.
3. **Sustainability should be framed as a facilitation opportunity, not a new condition on trade.** Cooperation that improves predictability, transparency and interoperability can support trade and investment while helping business respond to changing international market expectations.
4. **The Joint Committee should use the fastest available pathways.** Many useful outcomes can be pursued through committee work programs, implementing arrangements, technical guidance and business-facing cooperation rather than immediate treaty text amendment.
5. **The Review should strengthen commercially significant sectors and value chains.** This includes green economy opportunities, net zero transition, critical minerals and EV-related value chains, digital trade, sustainable agriculture and associated skills, finance and services ecosystems.

Of the **Priority Recommendations** set out further below, BCSDA regards **Recommendations 1, 3 and 8** as the highest priorities for this General Review. Together, these actions would improve the day-to-day usability of IA-CEPA, create a practical channel for resolving emerging frictions before they escalate, and reduce a growing source of cross-border compliance cost for firms operating across both markets.

Benefits of IA-CEPA and current gaps or challenges

BCSDA recognises that IA-CEPA has strengthened bilateral economic engagement and provides an important platform for continued market integration, investment and institutional cooperation. The General Review

mechanism is itself a strength because it allows the agreement to be updated over time and gives both governments a structured way to address implementation issues and emerging opportunities.

DFAT's call for submissions notes that two-way trade has increased from AUD 12.91 billion in 2020 to AUD 35.38 billion in 2024, and frames the General Review as timely to ensure IA-CEPA remains fit for purpose and strengthens economic resilience. BCSDA therefore approaches the Review from the premise that the Agreement is valuable and worth improving. Our focus is not on reopening the case for IA-CEPA, but on improving the practical conversion of treaty commitments into predictable commercial outcomes.

In our view, the most significant gap is the uneven conversion of treaty commitments into reliable business outcomes. For many firms, commercial decisions depend on the quality of implementation: the speed and predictability of permits, the usability of customs and origin procedures, the clarity of regulatory transitions, and the availability of practical channels to resolve emerging issues before they escalate.

This matters particularly in sectors where product movement, compliance documentation, investment timing and market access depend on administrative practice rather than headline treaty architecture. A modern agreement needs not only good commitments on paper, but also confidence that firms can use them consistently in real transactions.

The General Review is therefore best seen as an opportunity to improve **usability, predictability and utilisation**.

Barriers to trade that could be addressed by enhancing or improving IA-CEPA

BCSDA recommends that the Parties prioritise practical barriers that affect commercial confidence and the day-to-day usability of the agreement.

BCSDA notes that recent official reporting has already identified concrete implementation frictions relevant to the General Review, including full implementation of the feed grains tariff rate quota, timely issuance of import permits for certain agricultural products, and business clarity on timing and compliance expectations for Indonesia's Halal Law for food and beverage products, scheduled for implementation on 17 October 2026. These examples illustrate why the Review should prioritise usability and predictability in addition to market-access architecture. These include:

- inconsistent or delayed administrative processes affecting market access.
- uncertainty around the operation of import permits and tariff rate quota administration where relevant.
- business uncertainty regarding implementation timing and compliance expectations for Indonesia's halal regime for food and beverage products.
- documentary and process burdens associated with rules of origin administration and verification.
- limited mechanisms for early technical resolution of emerging non-tariff issues, including sustainability-linked compliance issues that may affect supply chains.
- fragmented guidance for businesses navigating IA-CEPA alongside other regional agreements.

BCSDA encourages both governments to address these barriers through targeted operational reforms. In many cases, the right response will not require renegotiation of core obligations. It will require agreed service standards, technical guidance, digital processes, escalation pathways and committee-led implementation work.

Recommended approach

BCSDA recommends that the General Review adopt a practical barriers **work program** with clear reporting and measurable outcomes. To improve accountability, the work program should include a small number of measurable implementation indicators. These could include time-to-permit for priority administrative processes, uptake and acceptance rates for rules of origin claims, time taken to resolve non-tariff issues through technical consultation, and publication of clear implementation timelines where regulatory transitions affect trade.

Priority actions should include:

- clearer administrative guidance for firms and regulators.
- time-bound service expectations for relevant permits and approvals.
- improved transparency on process requirements and implementation timelines.
- standardised templates and digitalisation of origin and supporting documentation where possible.
- structured technical consultation channels to resolve emerging issues before they become disputes.

Opportunities to deepen market access and enhance trade facilitation

BCSDA sees significant scope to deepen the commercial value of IA-CEPA by improving trade facilitation and reducing transaction costs.

The most useful near-term agenda is a **utilisation agenda** focused on making existing access easier to use. This should include:

- Modernising origin administration:** Rules of origin are valuable only when traders can use them confidently. The Parties should work toward more consistent documentation practices, simpler business guidance, greater acceptance of digital processes where feasible, and fewer avoidable rejections based on minor administrative issues.
- Establishing a more predictable implementation environment:** Businesses need greater certainty around timelines, process expectations and escalation routes. Predictability is especially important for SMEs and for firms making investment or sourcing decisions across borders.
- Strengthening dispute avoidance and early consultation:** Many trade irritants can be managed earlier through technical dialogue. A more structured early-resolution protocol for emerging non-tariff barriers would help preserve commercial relationships and avoid unnecessary escalation.
- Improving business-facing guidance:** The agreement is more likely to be used if businesses can understand it quickly. Practical guidance materials, interaction notes with other FTAs, and sector-relevant examples would improve uptake.
- Linking facilitation to investment outcomes:** Trade facilitation and investment facilitation should be treated together where appropriate. Firms investing in value chains need visibility across customs, standards, logistics, services, skills and regulatory processes.

Opportunities in priority sectors and themes

BCSDA supports DFAT's invitation to address opportunities in the green economy, transition to net zero, critical minerals, digital trade and sustainable agriculture. These areas align with the evolving commercial context in which businesses now operate and with the bilateral ambition to deepen economic resilience.

BCSDA's interest in these sectors reflects not only commercial opportunity but also the fact that climate transition policy, nature-related supply-chain regulation, and sustainability-related reporting are becoming more significant external factors shaping trade and investment conditions. The General Review is an appropriate mechanism to make IA-CEPA more resilient to these shifts, provided cooperation remains transparent, practical and non-discriminatory.

Specifically:

6.1 Green economy and net zero transition; The Review should support commercially practical cooperation that helps firms invest, trade and scale in low-emissions and transition-related activities. This includes improved policy dialogue, clearer investment pathways, and cooperation that supports market-ready projects rather than broad aspirational language.

Priority areas could include:

- industrial decarbonisation cooperation.
- low-emissions supply-chain development.
- transition-enabling services, finance and professional capabilities.

- practical pathways to reduce friction associated with sustainability-related documentation and market requirements.

6.2 Critical minerals and EV-related value chains; Australia and Indonesia have complementary strengths that could support deeper cooperation across critical minerals, processing, manufacturing and associated services. The Review should identify concrete frictions holding back commercially bankable collaboration and establish a Joint Committee work program to address them. This could include targeted work on:

- investment facilitation.
- logistics and standards bottlenecks.
- data and documentation requirements.
- supply-chain transparency and assurance needs.
- supporting services and skills requirements.

6.3 Digital trade and digitalisation of trade processes: Digital trade is both a sector and an enabling system. The General Review should promote practical digitalisation that reduces costs and improves compliance outcomes. This includes support for digital trade documentation, interoperable processes where feasible, and clearer business guidance on how digital and data-related rules interact across IA-CEPA and other agreements.

6.4 Sustainable agriculture and land-based supply chains: Sustainable agriculture should be approached as both a market opportunity and a risk-management issue. Exporters and investors increasingly face changing expectations in international markets relating to traceability, production standards and land-use risk.

BCSDA recommends that the Parties pursue transparent, science-based and non-discriminatory cooperation that helps businesses meet evolving expectations without creating disguised restrictions on trade. Practical cooperation on traceability, assurance capability, and business guidance could improve resilience and market readiness.

6.5 Corporate performance, reporting and interoperability: Businesses are increasingly managing sustainability-related disclosure, assurance and supply-chain information across multiple jurisdictions. Where reporting and data expectations are poorly aligned, compliance costs rise and market access becomes more complex. In practice, this can include overlapping requests for substantially similar information, inconsistent terminology across reporting and supply-chain documentation, and avoidable uncertainty about what constitutes comparable evidence across jurisdictions. Practical cooperation should therefore focus on reducing unnecessary duplication, improving the usability of guidance, and supporting more consistent treatment of sustainability-related data and documentation where this is relevant to trade and investment.

BCSDA encourages the General Review to support pragmatic dialogue and technical cooperation on **interoperable sustainability-related data and reporting expectations** where relevant to trade and investment. The objective should be to reduce unnecessary friction, improve comparability and support credible business practice. BCSDA is not proposing additional sustainability conditions under IA-CEPA. The objective is the opposite: to reduce duplication, improve comparability, and support practical interoperability where firms are already managing multiple reporting, traceability and assurance demands across markets. In this context, better alignment is a competitiveness measure, particularly for firms operating across regional value chains

6.6 Skills and enabling services: The value of IA-CEPA depends in part on the surrounding skills, services and relationship infrastructure. BCSDA supports further work that strengthens workforce capability, professional services cooperation, and practical channels for bilateral business engagement, particularly in sectors linked to the transition agenda.

Overlaps between IA-CEPA and other bilateral and regional agreements

BCSDA recommends that the General Review include a focused **coherence audit** examining how IA-CEPA interacts with other agreements that Australia and Indonesia have joined or upgraded since IA-CEPA entered into force. As an early deliverable, BCSDA recommends publication of a concise business-facing interaction matrix showing how IA-CEPA, RCEP and the upgraded AANZFTA intersect in practice on rules of origin, customs procedures, digital trade provisions and the most efficient pathway for common transaction types.

The purpose should be practical rather than legalistic. Businesses need simpler navigation of overlapping rules, especially in relation to:

- rules of origin.
- customs procedures.
- digital trade provisions.
- business-facing guidance on which pathway is most efficient in specific circumstances.

Greater coherence would reduce compliance costs and improve utilisation of existing trade architecture. BCSDA therefore recommends publication of a concise business guidance note or interaction matrix that explains, in practical terms, how IA-CEPA works alongside relevant regional agreements.

BCSDA's priority recommendations

BCSDA recommends that the General Review adopt the following priority actions.

Immediate priorities for this General Review

1. Establish an implementation and utilisation work program Task the relevant committees to identify the most commercially significant implementation frictions and report back with practical fixes, timelines and accountability for delivery.

Preferred pathway: Joint Committee work program.

2. Introduce measurable service standards for high-friction administrative processes Where permits, approvals or administrative steps materially affect market access, the Parties should improve transparency around timelines, process requirements and points of contact.

Preferred pathway: Administrative guidance and committee-led implementation arrangements.

3. Create a business-facing early resolution mechanism for emerging non-tariff issues Develop a technical consultation protocol so that new trade frictions can be raised and examined early, including sustainability-linked compliance issues affecting goods, services or investment.

Preferred pathway: Implementing arrangement bridging relevant committees and contact points.

4. Modernise rules of origin administration Standardise templates and guidance, support digital processes where feasible, and reduce unnecessary rejection of claims based on minor process errors.

Preferred pathway: Committee work and, if necessary for limited origin-procedure adjustments, use available streamlined amendment pathways.

5. Publish a practical IA-CEPA business guidance package Produce updated business-facing materials on utilisation of IA-CEPA, including sector examples, origin guidance, process maps and a guide to interacting with other agreements.

Preferred pathway: Joint Committee tasking with agency publication.

Supporting medium-term cooperation priorities

6. Launch a critical minerals and EV value-chain facilitation package Identify a short list of bankable bilateral frictions across investment, standards, logistics, services and data requirements and commit to resolving them through a dedicated work program.

Preferred pathway: Joint Committee mandate to relevant committees, linked to economic cooperation programming.

7. Support investment facilitation for transition-related industries Improve practical pathways for investment in sectors linked to the green economy, industrial transition and associated services.

Preferred pathway: Committee work program and investment facilitation dialogue.

8. Develop cooperation on interoperable sustainability-related data and reporting Promote technical dialogue that helps reduce duplication and compliance friction for firms operating across both markets.

Preferred pathway: Expert dialogue and technical cooperation under committee supervision.

9. Advance sustainable agriculture cooperation through practical, science-based facilitation Support traceability, assurance capability and business guidance that helps firms meet evolving international market expectations while maintaining open and non-discriminatory trade.

Preferred pathway: Sectoral cooperation and committee work.

10. Create a formal recurring stakeholder dialogue linked to the IA-CEPA review cycle Establish a regular channel for business, technical experts and other stakeholders to provide evidence on implementation, utilisation and emerging opportunities.

Preferred pathway: Joint Committee practice and invitations under existing governance arrangements.

Suggested principles for implementation

In BCSDA's view, the most effective General Review outcomes will be those that are:

- **practical** rather than declaratory.
- **evidence-informed** and focused on real commercial frictions.
- **targeted and risk-based** rather than broad and burdensome.
- **user-centred**, especially for firms trying to navigate procedures across borders.
- **aligned with business competitiveness and resilience**.
- **continuously improved**, with regular review of what is working in practice.

Conclusion

BCSDA supports a General Review that strengthens IA-CEPA as a modern, commercially relevant and future-oriented agreement.

The most effective contribution the Review can make is to improve the practical usability of the agreement, deepen cooperation in priority sectors, and reduce avoidable friction for firms. This is particularly important in a period when trade, investment, supply-chain resilience and sustainability-related market expectations are becoming more closely connected.

BCSDA encourages both governments to use the Review to deliver implementable outcomes that improve predictability, lower compliance costs, support investment and help firms in both countries compete and grow.

BCSDA encourages early action on implementation and utilisation, early-resolution pathways for emerging non-tariff issues, and practical cooperation on interoperable sustainability-related data and reporting.

We would welcome continued engagement with DFAT and other stakeholders as the General Review progresses.