

28 March 2026

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

The Indonesia-Australia Comprehensive Economic Partnership Agreement provides a solid foundation for two-way trade and investment. A natural focal point for its evolution is in economic security and resilience. This submission identifies scope for further expansion and development of the Agreement against a backdrop of significant geopolitical uncertainty, economic volatility and the reordering of the global trading system. It is founded on the premise that Australia will continue to play an outsized role in working with Southeast Asian and Pacific nations on economic security issues.

The recommendations derive from a report for the United States Studies Centre at the University of Sydney. Released in December 2025, ***Paradigm shift: The end of the Washington Consensus and the future of Australian economic statecraft*** draws attention to:

- The fragmentation of the global economic order manifest in geopolitical upheaval, intensified great-power competition, resurgent economic nationalism and a diminished role for international institutions, rules and norms.
- Rising trade restrictions and industrial policy intervention as governments turn increasingly towards defensive measures and 'economic security' strategies to defend national interests.
- The challenge that the breakdown in the international economic order presents to middle powers such as Australia and Indonesia, both dependent on a stable Indo-Pacific region and open trade relations.

The report recommends a series of measures that would see the renovation of Australian economic statecraft for this new era. Among them are that the Department of Foreign Affairs and Trade be charged with negotiating a new generation of **Economic Security Partnerships**, building on Australia's existing network of trade and economic agreements.

The partnerships would be designed to strengthen key strategic and economic relationships, coordinate economic resilience initiatives and unlock opportunities for Australian industry as global value chains are reset in coming years. The Iran war has further demonstrated the case for such partnerships in areas such as food security and energy security where Australia has strong credentials as a reliable supplier. For more details on this and other recommendations, see Chapter 5 of my report.

<https://www.ussc.edu.au/publication-alert-resetting-australian-economic-statecraft-for-a-more-fractured-world>

Yours sincerely



Dr John Kunkel

Non-Resident Senior Fellow, United States Studies Centre