

# INDONESIA-AUSTRALIA

## COMPREHENSIVE ECONOMIC PARTNERSHIP AGREEMENT








## IA-CEPA – Key Outcomes for Australia

### GOODS




Building on the ASEAN-Australia-New Zealand Free Trade Agreement, IA-CEPA will provide better and more certain access to the Indonesian market for Australian exporters.

- Over 99% of Australian goods exports by value to Indonesia will enter duty free or under significantly improved preferential arrangements by 2020 (compared with 85% under AANZFTA).
- Indonesia will issue import permits automatically and without seasonality for key products such as live cattle, frozen beef, sheep meat, feed grains, rolled steel coil, citrus products, carrots and potatoes (import licences are a major irritant for many Australian exporters into Indonesia)

### Goods market access – highlights

Product		Treatment at entry into force	Longer term outcome
	Live male cattle	Duty free (from 5% tariff) access for 575,000 cattle in year one	4% annual growth in volume reaching 700,000 by year 6. A review for subsequent increases
	Frozen beef	Tariff cut to 2.5% (from 5%) and access for unlimited volume	Elimination of tariff after 5 years
	Sheep meat	Tariff cut to 2.5% (from 5%) and access for unlimited volume	Elimination of tariff after 5 years
	Feed grains	Duty free access for 500,000 tonnes in year one	5% annual growth in volume thereafter
	Sugar	Locked in 2017 "early outcome" of reduction of tariff to 5%	Ongoing
	Dairy	Elimination or reduction of tariffs across a number of dairy lines	Removal of all remaining tariffs on dairy lines
	Citrus	Mandarins – tariff cut to 10% (from 25%) for 7,500 tonnes per year	Tariff reduced to 0% over 20 years. Duty free access for unlimited volume thereafter.
		Oranges – duty free access for 10,000 tonnes in year one.	5% annual growth in volume thereafter



Product		Treatment at entry into force	Longer term outcome
		Lemons – duty free access for 5,000 tonnes in year one	2.5% annual growth in volume thereafter
	Vegetables	Potatoes – tariff cut to 10% (from 25%) for 10,000 tonnes per year for five years	After five years, 5% tariff for 12,500 tonnes per year 2.5% annual growth in volume thereafter
		Carrots – tariff cut to 10% (from 25%) for 5,000 tonnes per year	Tariff progressively reduced to 0% over 15 years. Unlimited volume permitted at 0 tariff after that
	Hot and cold rolled steel coil	Duty free access (from between 2.5% to 11.25%) for 250,000 tonnes in year one	5% annual growth in volume thereafter
	Copper cathodes	Tariff eliminated	

## IA-CEPA Goods – other key outcomes

Trade facilitation - Improvements in administrative procedures for exporters and importers to facilitate goods trade

Non-tariff measures - Dedicated chapter on non-tariff measures (NTMs) with bilateral co-operative mechanism enabling regular discussion of NTMs – a first for an Australian FTA


## SERVICES AND INVESTMENT









Market access outcomes on services and investment will provide increased certainty to Australian businesses and services suppliers in the Indonesian market, including guaranteed levels of Australian ownership. Indonesia's commitments are much stronger than they have ever agreed to before in a trade agreement. Indonesia will not be able to limit the level of Australian ownership – or require that ownership be divested – below the percentages agreed (with limited exceptions).

IA-CEPA also contains a set of high-quality, modern rules governing the treatment of services and investment, as well as modern rules on digital trade.

Obligations are balanced with robust safeguards to preserve Australia's right to regulate in the public interest.

### Services and investment - highlights

Sector		New level of binding for market access
	Work training	Australian ownership up to 67% for supplying certain technical and vocational training
	University education	Automatically locks in future liberalisation for Australian universities setting up in Indonesia – Indonesia intends to open its higher education sector further in the future
	Mining and related services	Australian ownership up to 67% of contract mining services and mine site preparation services

Sector		New level of binding for market access
	Hospitals and in-hospital pathology, paramedic and specialist medical and dental clinics	Australian ownership up to 67% of large hospitals and, within large hospitals, up to 67 per cent of pathology, paramedic and medical and dental specialist clinic services. No geographic limitations
	Aged care services	Australian ownership up to 67% of aged care facilities
	Telecommunications	Australian ownership up to 67% of telecommunications
	Tourism	100% Australian ownership for 3, 4 and 5 star hotels and resorts, no geographical limits; 67% Australian ownership of most other accommodation, restaurants, cafes and bars, as well as tour operator services and tourism consultancy services; 51% marinas.
	Professional services	Australian ownership up to 67% of architectural, urban planning and most engineering and surveying services
	Construction services	Australians ownership up to 67 % most construction-related work
	Energy	Indonesia committed to allow Australian ownership up to: 95% of power plants (more than 10 megawatts) 75% of oil and gas platform construction 67% for electrical power construction, installation, operation and maintenance 55% for electrical power installation constructions. 51% of geothermal power plants (10 megawatts or less); geothermal surveying, drilling and operations; and offshore oil and gas drilling
	Wastewater management	Australians ownership up to 67% of wastewater management
	Transport	Australian ownership up to 67% for highways, bridges, tunnel concessions and parking services and 51% for operation of railways

# IA-CEPA - Key outcomes for Indonesia

## GOODS

Building on the ASEAN-Australia-New Zealand Free Trade Agreement, Australia will immediately eliminate all remaining tariffs on Indonesian imports into Australia.

In response to a specific Indonesian request, Australia has provided the most liberal origin requirements for Indonesian electric motor vehicles of any Australian trade agreement.

## SERVICES AND INVESTMENT

Australia's services and investment commitments in IA-CEPA lock in Australia's existing open policy settings, similar to those in other trade agreements. These commitments include exceptions that preserve policy flexibility in sensitive areas such as:

- public health and education
- social services
- culture and broadcasting
- indigenous policy
- maritime transport.

Indonesian investment in Australia will be subject to Australia's foreign investment policy, including screening by the Foreign Investment Review Board.

## SKILLS PACKAGE

As part of an overall skills package, Australia and Indonesia have agreed to a reciprocal Skills Exchange, allowing people with tertiary level skill qualifications from both countries to gain 6 months experience in the other's market.

Australia has also committed to allow up to 200 Indonesians per year to engage in 6 month work training opportunities in Australia – this will help build the capacity of Indonesia's workforce in key sectors, including those of interest to Australian investors.

Indonesia will also receive an increase in the number of Australian work and holiday visas (from 1000 today to 4100 in year one, growing to 5000 over six years). This will provide useful work experience for young Indonesians as well as assist regional Australia to meet seasonal labour requirements.

## ECONOMIC COOPERATION

IA-CEPA includes a framework for trade and investment-related cooperation through a jointly-funded work program. The joint work program will support technical assistance and capacity building activities across a range of trade-related areas to strengthen commercial links and help stimulate two-way investment.