

INDONESIA- AUSTRALIA

COMPREHENSIVE ECONOMIC PARTNERSHIP AGREEMENT



Outcomes: Goods

IA-CEPA will strengthen and shape Australia's goods trade with Indonesia for decades to come as our economies evolve and grow. In 2018, Indonesia is Australia's 13th largest goods trading partner, and IA-CEPA will provide a significant boost to develop this relationship further.

IA-CEPA offers win-win opportunities for business in both countries. Building on the benefits of the ASEAN-Australia-New Zealand Free Trade Agreement, IA-CEPA will provide improved goods access to the markets of both countries. IA-CEPA will also lead to stronger value-chains between Australian and Indonesian business, working together to become a regional powerhouse.

Key outcomes for trade in goods are:

- Over 99 per cent of Australian originating goods exports to Indonesia will enter duty free or under significantly improved or preferential arrangements.
- Australia will eliminate all of our remaining tariffs on imports of Indonesian goods from entry into force (EIF).
- These outcomes, combined with a program of economic cooperation under IA-CEPA, will help boost bilateral trade as well as exports to third-country markets from both parties.
- For the first time in an Australian FTA, non-tariff measures will have their own dedicated chapter, including a bilateral co-operative mechanism.
- IA-CEPA will also have sub-committees to discuss sanitary and phytosanitary measures, technical barriers to trade and trade facilitation.



AGRICULTURE

Australia is an important supplier of agricultural products to Indonesia. In 2018, Australia exported an estimated \$2.8 billion worth of agricultural goods to Indonesia, over a third (40.4 per cent) of our total goods exports to Indonesia. Once implemented, IA-CEPA will provide preferential access for more than 99 per cent of Australia's agriculture goods imported by Indonesia. Australian farmers will benefit from IA-CEPA, while Indonesian businesses and consumers will have improved access to Australia's premium produce, including for processing and export to regional and global markets.

Sector	Summary Outcomes
Live cattle	<p>Live cattle is Indonesia's fourth largest goods import from Australia. IA-CEPA market access outcomes benefit both countries and support Indonesia's efforts to add value to its own beef production:</p> <ul style="list-style-type: none"> □ Elimination on EIF of the five per cent tariff and access for 575,000 live male feeder cattle into Indonesia each year, rising to 700,000 in year 6 of the Agreement <ul style="list-style-type: none"> ○ A review in year 6 of the Agreement to consider subsequent increases □ Elimination of the five per cent tariff on live breeder (female cattle), with unlimited tariff-free access
Frozen beef	<p>Indonesia will eliminate its tariff on frozen beef:</p> <ul style="list-style-type: none"> □ Tariff on frozen beef cuts with bone in reduced to 2.5 per cent on entry into force of the Agreement and eliminated by 2023 □ Tariffs on all other frozen beef eliminated by 2020
Sheep and goat meat	<p>Indonesia will eliminate its tariff on sheep and goat meat:</p> <ul style="list-style-type: none"> □ Tariff on frozen sheep meat reduced to 2.5 per cent on entry into force of the Agreement and eliminated by 2023 □ Tariff on fresh, chilled or frozen goat meat reduced to 2.5 per cent on entry into force of the Agreement and eliminated by 2023
Dairy	<p>Indonesia will eliminate tariffs on dairy products not eliminated under ASEAN-Australia-New Zealand FTA (AANZFTA):</p> <ul style="list-style-type: none"> □ Elimination on EIF of concentrated or sweetened milk and cream □ Elimination on EIF for grated or powdered cheese □ Elimination in 2033 of tariffs on liquid milk and cream (not concentrated or containing added sugar or other sweetening matter) □ Elimination in 2026 of tariffs on milk and cream (not concentrated nor containing added sugar or other sweetening matter), other than in liquid form
Honey	<ul style="list-style-type: none"> □ Phased elimination of the 5 per cent tariff on honey to 2033
Vegetables	<p>IA-CEPA outcomes for vegetables include:</p> <ul style="list-style-type: none"> □ 25 per cent tariff on potatoes (excluding granola, median, nadia and blis) cut immediately to ten per cent for 10,000 tonnes per year, then further reduced after five years to five per cent for 12,500 tonnes per year, increasing by 2.5 per cent per year □ 25 per cent tariff on carrots cut immediately to ten per cent for 5,000 tonnes per year, with progressive tariff reductions down to zero per cent for all carrots after 15 years □ Elimination of tariffs from EIF or by 2026 for most other vegetables

Sector	Summary Outcomes
Fruit and Nuts	<p>Indonesia will eliminate tariffs on citrus under tariff rate quotas:</p> <ul style="list-style-type: none"> □ 25 per cent tariff on Australian mandarins cut immediately to ten per cent for 7,500 tonnes per year, with progressive tariff reductions down to zero per cent for all Australian mandarins after 20 years □ Tariff free access for 10,000 tonnes of oranges, increasing by five per cent each year □ Tariff free access for 5,000 tonnes of lemons and limes, increasing by 2.5 per cent each year <p>Indonesia will reduce or eliminate tariffs for other fruit and nuts:</p> <ul style="list-style-type: none"> □ Elimination of tariffs on pineapples, avocados and strawberries in 2026 □ 20 per cent tariff on mangoes reduced to 12.5 per cent in 2025 □ Five per cent tariff on dragon fruit reduced to two per cent in 2026 □ Elimination of all other tariffs at entry into force including on bananas, persimmons, and a range of tropical fruit which were not eliminated under AANZFTA.
Cereals and grains and products of milling industry	<p>Indonesia will provide access for feed grains to complement the strong trade in grains for human consumption:</p> <ul style="list-style-type: none"> □ Access into the Indonesian market for 500,000 tonnes of feed grains (wheat, sorghum and barley) each year, increasing at five per cent per annum □ Elimination of outstanding tariffs not eliminated under AANZFTA on most remaining cereals and grains <ul style="list-style-type: none"> ○ Elimination of the five per cent tariff on rolled oats ○ Elimination of five per cent tariffs on unroasted malt
Sugar	<p>As an early outcome of IA-CEPA in 2017, Indonesia reduced its tariff on Australian sugar from around 8.8 per cent to five per cent.</p>

MANUFACTURED GOODS

Australia is an important supplier of manufactured and other goods into Indonesia, including inputs into construction and production processes in Indonesia. Australia's exports of manufactured and other goods to Indonesia were worth around \$2.0 billion in 2018. IA-CEPA offers win-win outcomes through the provision to Indonesian producers of Australian manufactured and other goods at lower cost and with more certain access.

Under IA-CEPA, Indonesia will eliminate tariffs on 6.2 per cent of tariff lines for manufactured and other goods, (on top of existing elimination under AANZFTA covering 92.0 per cent of tariff lines). By 2025, 99.8% of imports of manufactured and other goods from Australia will be duty-free.

Sector ¹	Summary Outcomes
Steel	<p>Immediate elimination of tariffs on 124 lines in addition to 463 tariff lines already eliminated lines under AANZFTA</p> <ul style="list-style-type: none"> □ Six lines eliminated by 2025 □ For a further three tariff lines of certain hot and cold rolled steel lines, duty-free market access for 250,000 tonnes per annum, growing at five per cent per year □ Tariffs on remaining iron and steel lines reduced from as high as 20 per cent to five per cent or less by 2025
Copper Cathodes	Immediate elimination of five per cent tariff on copper cathodes
Plastic	<p>Immediate elimination of tariffs on 38 lines not eliminated under AANZFTA and a further line eliminated by 2023</p> <ul style="list-style-type: none"> □ 30 lines where the tariff is reduced to between 4.5-9.0 per cent □ Ten lines where the tariff is reduced to between 10.0-13.5 per cent
Machinery	<p>Immediate elimination of tariffs on 83 lines and a further line eliminated by 2023</p> <ul style="list-style-type: none"> □ 4 lines where the tariff is reduced to under seven per cent
Electronics	Immediate elimination of all tariffs on EIF
Textiles	Immediate elimination of all tariffs on EIF

With the elimination of tariffs on imports of Indonesian products into Australia, Australia business will gain access to cheaper imports in a number of important manufacturing sectors, most notably for a large variety of clothing and fabrics.

¹ Sector description is based on a simplification of descriptions used in Harmonised Commodity Description and Coding System 2017 (HS 2017).
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RESOURCES AND ENERGY

Australian exports of resources and energy products to Indonesia were worth an estimated \$2.4 billion in 2018, representing more than one third of Australia's goods exports to Indonesia.

Under AANZFTA, Indonesia has already eliminated tariffs on 97.4 per cent of resource tariff lines covering virtually 100 per cent of existing imports. This includes:

Rank	Description	Imports 2018 A\$ million
1	Petroleum oils and oils obtained from bituminous minerals, crude.	911.40
2	Bituminous coal, whether or not pulverised, not agglomerated	748.78
3	Ferrous waste and scrap; remelting scrap ingots or iron or steel	234.34
4	Iron ores and concentrates (incl. roasted iron pyrites)	230.29
5	Aluminium Oxide, Except Artificial Corundum, Nesoi	130.42
6	Salt (incl. table salt and denatured salt) and pure sodium chloride, whether or not in aqueous solution or containing added anti-caking or free-flowing agents; and sea water	55.13
7	Liquefied butane gas (excl. butanes of HS 2901 which contain 95% or more of n-butane or of isobutane)	34.70
8	Aluminium waste and scrap	30.02
9	Liquefied propane gas (LPG), whether or not pure	18.87
10	Copper waste and scrap, excluding waste and scrap of primary cells, primary batteries and electric accumulators	5.93
	Other Resources Products	17.92
	Total	2,417.80

Indonesia has provided further tariff elimination on three tariff lines from EIF covering table salt and some lubricating oils.

The remaining three tariff lines, remaining lubricating oils, will have tariffs bound at five per cent from EIF. The AANZFTA outcome was a reduction to 15 per cent in 2025.