

INDONESIA- AUSTRALIA

COMPREHENSIVE ECONOMIC PARTNERSHIP AGREEMENT



Outcomes: Services

The Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) provides a strong platform to expand the bilateral trade in services between Australia and Indonesia, worth \$5.8 billion in 2018. IA-CEPA provides a pathway for future Australia-Indonesia collaborations and partnerships through increased investment opportunities, more predictable business operating environments and increased potential for skill development and knowledge transfer. IA-CEPA provides more certainty for Australian companies to bring capital, practical knowledge and technical expertise to important sectors in Indonesia such as Education, Tourism, Communications, Health, Aged Care and Mining services. These opportunities will enable expansion of Australia and Indonesia's two-way services trade.

Education

Education is Australia's top services export to Indonesia, worth \$899 million in 2018. IA-CEPA guarantees that Australian suppliers of certain technical and vocational education and training (known in Indonesia as work training) can provide services through majority Australian-owned businesses in Indonesia. Australian providers will benefit from more transparent and predictable operating conditions in Indonesia, including clarity on the qualifications they can offer and no restrictions on where they can operate. This benefits Indonesian students as it will increase their access to world-class skills training across Indonesia without the need for international travel.

Indonesia's future reforms in the education sector will automatically be part of its IA-CEPA obligations, providing certainty for Australian education providers that any reforms will not be unwound in the future.

Mining

IA-CEPA provides certainty by locking in current settings that allow majority Australian-owned companies to supply a range of mining related services, including:

- Contract mining and mine site preparation
- Offshore oil and gas drilling
- Construction of offshore oil and gas platforms



Energy

IA-CEPA provides certainty by locking in current settings that allow majority Australian-owned companies to invest in the following energy services:

- Drilling and survey services for geothermal power projects
- Operation of power plants, including geothermal power plants
- Electrical power construction, installation and operations

Communications

Under IA-CEPA, Indonesia has committed to allow majority-Australian owned suppliers of telecommunications services. Both countries have committed to transparent and pro-competitive telecommunications regulation, including:

- Providing equal treatment for foreign-owned telecommunications suppliers;
- Ensuring incumbent telecommunications companies provide other suppliers with access to services and key infrastructure on reasonable terms and conditions;
- Working cooperatively to promote reasonable international mobile roaming rates; and
- Applying transparent rules for installing and repairing vital submarine cables, including Australian-owned cables that pass through Indonesian waters and help connect both countries to the world.

These commitments to transparent and pro-competitive regulation will improve opportunities for Australian companies and contribute to increased access to quality telecommunications services in Indonesia.

Tourism

To expand Indonesia's international tourism sector, and respond to the Indonesian President's 'Ten new Balis' initiative, IA-CEPA provides certainty that wholly Australian-owned 3-5 star hotels and resorts can be established anywhere in Indonesia and majority Australian-owned businesses can supply the following services in Indonesia:

- Other accommodation, including 1-2 star hotels and motels
- Restaurants, bars and cafes
- Tour operators
- Marina facilities
- Tourism consultancy services (including on a digital cross-border basis)

Health and Aged Care

IA-CEPA can contribute to the quality of private hospital, aged care and other health services in Indonesia, with a commitment to allow majority Australian-owned large hospitals as well as aged care institutions, with no restrictions on where these are located.

Architecture, Engineering and Construction

Under IA-CEPA, Indonesia has locked in current settings that allow majority Australian-owned companies supplying architecture, engineering, urban planning, project management, surveying, and construction services in Indonesia. Indonesia also guarantees that Australians can supply these services as consultants on a cross-border basis. These outcomes will increase access for Indonesians to high-quality professional services and to increasing technical skills and knowledge transfers between the two countries.

Legal

Indonesia has committed to allow the supply of cross-border legal advisory services, such as advice provided via email, covering Australian law, third country law and international law on business and arbitration. In addition, Indonesia has undertaken to lock in automatically any future liberalisation that would allow Australian law firms to establish a commercial presence in Indonesia. These outcomes benefit both Indonesia and Australia as increased access to cross-border legal services improves two-way trade and strengthens international business and investment relationships.

Financial

IA-CEPA will help ease some of the regulatory burdens Australian financial services firms face when operating in Indonesia. For example, IA-CEPA includes provisions that promote transparency of application procedures necessary to supply financial services and it improves access to self-regulatory organisations, where access is necessary to supply a financial service in Indonesia. Australia and Indonesia will also consider allowing financial institutions to supply new financial services already supplied in one territory but not in the other. These outcomes will assist in boosting access for Australians and Indonesians to modern banking and financial services.

Infrastructure and Transport

Commitments under IA-CEPA will help grow strong partnerships in these important sectors. Indonesia has guaranteed that majority Australian-owned business can operate railway and road transport infrastructure including highways, bridges and tunnels in Indonesia.

Indonesia has also undertaken not to introduce any new discriminatory restrictions on Australian suppliers of international maritime transport services, including guaranteeing existing port access for Australian cruise ships. IA-CEPA will automatically lock in any future liberalisation in the conditions for Australian suppliers of international maritime transport services.