



Trade and investment relationship with Australia

Two-way trade A\$23.3b (2022)	Two-way investment: A\$3.9b (2022)	Students 16,914 (2022)	Visitors 90,840 (2022)
Two-way trade in goods A\$19.0b (2022)	AUS investment in Indonesia: A\$3.1b (2022)		
Two-way trade in services: A\$4.3b (2022)	Indonesia investment in AUS: A\$805m (2022)	Diaspora 89,480 (2021)	Outbound visitors: 612,450 (2022)
Australian ODA: A\$326.1m (2023-24)			

Multilateral/Regional	Bilateral
WTO – member; RCEP – party; AANZFTA – party; IPEF – founding member	Comprehensive Strategic Partnership; Indonesia–Australia Comprehensive Economic Partnership Agreement (IA-CEPA)

Diplomatic and economic relations

Australia and Indonesia share a vision for an open, stable and prosperous Indo-Pacific. The two countries work together through ASEAN-led forums and are strong supporters of the ASEAN Outlook on the Indo-Pacific. Australia and Indonesia aim to deepen defence cooperation to contribute to our mutual security and that of the region and continue to strengthen trade and investment. IA-CEPA will remove barriers to two-way trade, increase bilateral movement of workers and drive collaboration.

Outlook to 2040

Indonesia is on track to be one of the world's largest economies by 2040. Real GDP is forecast to grow at over 5 per cent until 2027, and then remain steady at or above 4 per cent until 2040. Indonesia could attain top-10 economy status in the next decade and may reach top five by 2040, from its current position of 14th. Indonesia aims to become a developed country by 2045; its forecast growth will bring tens of millions of people into the middle class by 2040. Indonesia's government is focused on boosting productivity and improving education standards. To avoid a stagnating economy, Indonesia will need to invest heavily in energy, transport and supply chain infrastructure. Its upwards economic trajectory out to 2040 will stem from large growth in domestic consumption in education and training, agriculture (especially beef), energy, health and aged care.

Sectors to watch

Agriculture and food

Indonesia will seek to reduce dependence on agricultural imports, but opportunities will remain for Australian food and beverage exporters as Indonesia's middle class grows. More than 99 per cent of Australian agricultural products will enter Indonesia duty free or under improved trade rules due to IA-CEPA.

Green energy transition

Indonesia has committed to reduce emissions by 29 per cent by 2030, though its emissions are projected to rise beyond 2040. Its efforts to reduce emissions while meeting its population's needs will create opportunities in the green energy sector, including for private sector investment.

Education and skills

Indonesia has a large upskilling task ahead as it seeks to add 57 million workers to the economy by 2030 and likely over 100 million by 2040. This will provide opportunities for Australian tertiary and VET providers to offer in-country courses to boost the skills of Indonesian students.

Healthcare

Indonesia's increasingly wealthy and ageing middle class will demand premium health services in Indonesia, which will not be met solely through public investment. IA-CEPA guarantees majority Australian ownership limits for hospitals, aged care services and other types of health clinics.



Raise awareness

- Undertake targeted sectoral business missions
- Establish annual firm-level surveys of two-way investment stock
- Match Australian tech businesses' capability with digital economy opportunities in Indonesia
- Connect Australian business with infrastructure stakeholders through targeted, industry-specific business missions and briefing programs
- Attract more Indonesian tertiary, VET, English-language and school students



Remove blockages

- Encourage bilateral recognition of qualifications between Indonesia and Australia
- Explore opportunities to assist with environmental, social and governance standards and reporting in the resources sector
- Continue work to establish mechanisms with Indonesia's halal authority (BPJPH) to ensure Australian halal-certified goods exports are not disrupted
- Progress memorandum of understanding on creative economy collaboration



Build capability

- Implement the Australia–Indonesia Climate and Infrastructure Partnership to deepen government-to-government links and expand technical assistance and knowledge sharing with Indonesia on decarbonisation pathways
- Expand delivery of short courses on emerging issues (for example, artificial intelligence and cyber)
- Partner with the tourism industry to expand initiatives building operator awareness of Indonesian cultural preferences
- Expand the TGA regulatory strengthening program to build the capacity of Indonesian regulators
- Encourage universities and vocational education providers to offer internships to Indonesian students
- Maintain technical assistance to modernise Indonesia's health system, laying the foundation for future opportunities for Australian healthcare providers
- Explore support for internships and exchanges between Australian and Indonesian creative organisations



Deepen investment

- Focus investment promotion initiatives on Indonesia
- Extend Austrade's Landing Pads for tech companies to Indonesia
- Continue to support Indonesia's response to animal and livestock diseases
- Explore opportunities to pilot small-scale renewable energy electricity grids in remote areas and assist with grid upgrades as a pathway for future Australian investment
- Scale up use of development financing tools, including an Emerging Markets Impact Investment Fund (EMIIF) Indonesia window for SMEs, to de-risk investments in clean energy