

**Voluntary Report** – Voluntary - Public Distribution

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**Report Name:** Australia-Indonesia Free Trade Agreement Ratified

**Country:** Australia

**Post:** Canberra

**Report Category:** Agricultural Situation, Agriculture in the Economy, National Plan, Policy and Program Announcements, Country/Regional FTA's, Trade Policy Incident Report, Trade Policy Monitoring, WTO Notifications

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**Report Highlights:**

Indonesia on February 6th ratified the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA). This followed ratification by Australia in mid-December. Indonesia is the fifth largest export market for Australian agricultural products. Once implemented, IA CEPA will provide preferential access for more than 99 percent of Australia's agriculture goods imported by Indonesia.

## **Summary**

Indonesia on February 6<sup>th</sup> ratified the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA), and this followed ratification by Australia in mid-December. Indonesia is the fifth largest export market for Australian agricultural products. Once implemented, IA-CEPA will provide preferential access for more than 99 percent of Australia's agriculture goods imported by Indonesia.

## **Background**

Indonesia was Australia's fifth largest export market for agricultural products in 2019 after China, Japan, the United States and South Korea. Australia's agricultural exports are typically between \$2-2.5 billion but have fallen the last two years as severe drought in Australia and strong competition from other suppliers have reduced Australia's wheat shipments to Indonesia. Australian agricultural exports to Indonesia totaled \$1.48 billion in 2019.



Source: Australian Bureau of Statistics

Indonesia is usually the largest market for Australian wheat and the largest market for Australian live cattle. It is also the second largest market for Australian grapes and dried milk products, the third largest for cotton, and the fifth largest for beef.

The United States exports around \$3 billion of agricultural exports to Indonesia annually, and competes with Australia in wheat, cotton, dried milk, and beef exports. For more information please see report by FAS/Jakarta – [Indonesia and Australia Sign Major Trade Partnership Agreement](#)

## Outcomes for Australian Agricultural Products

Australia is an important supplier of agricultural products to Indonesia. Once implemented, IA-CEPA will provide preferential access for more than 99 percent of Australia's agriculture goods imported by Indonesia.

Below is a table taken from the [Department of Foreign Affairs and Trade](#) setting out the outcomes for Australian agricultural products.

Sector	Summary Outcomes
<b>Live cattle</b>	<p>Live cattle is Indonesia's third 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"> <li>• Elimination on EIF of the five per cent tariff and guaranteed 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"> <li>◦ A review in year 6 of the Agreement to consider subsequent increases</li> </ul> </li> <li>• Elimination of the five per cent tariff on live breeder (female cattle), with unlimited tariff-free access guaranteed</li> </ul>
<b>Frozen beef</b>	<p>Indonesia will eliminate its tariff on frozen beef:</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• Tariffs on all other frozen beef eliminated by 2020</li> </ul>
<b>Sheep and goat meat</b>	<p>Indonesia will eliminate its tariff on sheep and goat meat:</p> <ul style="list-style-type: none"> <li>• Tariff on frozen sheep meat reduced to 2.5 per cent on entry into force of the Agreement and eliminated by 2023</li> <li>• 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</li> </ul>
<b>Dairy</b>	<p>Indonesia will eliminate tariffs on dairy products not eliminated under ASEAN-Australia-New Zealand FTA (AANZFTA):</p> <ul style="list-style-type: none"> <li>• Elimination on EIF of concentrated or sweetened milk and cream</li> <li>• Elimination on EIF for grated or powdered cheese</li> <li>• Elimination in 2033 of tariffs on liquid milk and cream (not concentrated or containing added sugar or other sweetening matter)</li> <li>• Elimination in 2026 of tariffs on milk and cream (not concentrated nor containing added sugar or other sweetening matter), other than in liquid form</li> </ul>
<b>Honey</b>	<ul style="list-style-type: none"> <li>• Phased elimination of the 5 per cent tariff on honey to 2033</li> </ul>

Sector	Summary Outcomes
<b>Vegetables</b>	<p>IA-CEPA outcomes for vegetables include:</p> <ul style="list-style-type: none"> <li>• 25 per cent tariff on potatoes (excluding granola, median, nadia and blis) cut immediately to ten per cent for 10,000 MT per year, then further reduced after five years to five per cent for 12,500 MT per year, increasing by 2.5 per cent per year</li> <li>• 25 per cent tariff on carrots cut immediately to ten per cent for 5,000 MT per year, with progressive tariff reductions down to zero per cent for all carrots after 15 years</li> <li>• Elimination of tariffs from EIF or by 2026 for most other vegetables</li> </ul>
<b>Fruit and Nuts</b>	<p>Indonesia will eliminate tariffs on citrus under tariff rate quotas:</p> <ul style="list-style-type: none"> <li>• 25 per cent tariff on Australian mandarins cut immediately to ten per cent for 7,500 MT per year, with progressive tariff reductions down to zero per cent for all Australian mandarins after 20 years</li> <li>• Guaranteed tariff free access for 10,000 MT of oranges, increasing by five per cent each year</li> <li>• Guaranteed tariff free access for 5,000 MT of lemons and limes, increasing by 2.5 per cent each year</li> </ul> <p>Indonesia will reduce or eliminate tariffs for other fruit and nuts:</p> <ul style="list-style-type: none"> <li>• Elimination of tariffs on pineapples, avocados and strawberries in 2026</li> <li>• 20 per cent tariff on mangoes reduced to 12.5 per cent in 2025</li> <li>• Five per cent tariff on dragon fruit reduced to two per cent in 2026</li> <li>• 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.</li> </ul>
<b>Cereals and grains and products of milling industry</b>	<p>Indonesia will guarantee access for feed grains to complement the strong trade in grains for human consumption:</p> <ul style="list-style-type: none"> <li>• Guaranteed access into the Indonesian market for 500,000 MT of feed grains (wheat, sorghum and barley) each year, increasing at five per cent per annum</li> <li>• Elimination of outstanding tariffs not eliminated under AANZFTA on most remaining cereals and grains <ul style="list-style-type: none"> <li>○ Elimination of the five per cent tariff on rolled oats</li> <li>○ Elimination of five per cent tariffs on unroasted malt</li> </ul> </li> </ul>
<b>Sugar</b>	<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>

**Attachments:**

No Attachments.