



CPC

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TO THE WORLD

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Committee Secretary
Joint Standing Committee on Treaties
PO Box 6021
Parliament House
Canberra ACT 2600

23 August 2019

Re: Committee inquiry into Indonesia-Australia Comprehensive Economic Partnership Agreement IA-CEPA.

Dear Secretary,

Thank you for the opportunity to have input into this important inquiry.

CPC supports the Agreement and encourages the Australian Parliament to ratify it in a timely fashion.

It will be beneficial to our company, our industry, northern Australia and the nation.

However, in our view the shifting political dynamics in the Indo Pacific region adds more weight to role this agreement will play in advancing Australia's national interest.

As the committee is aware there is a growing national debate about Australia's relationship with China and our relationship with the United States.

The political priorities of our key political ally the United States, and our key trading partner China, are critical to how Australia seeks to position itself in the region.

The United States President continues to look to build his stocks for the next Presidential election by focusing on his 'America First' economic policy not regional diplomacy; an approach that would carry over to a second term.

While China continues to build its presence in Indo-Pacific Region.

Given the next US Presidential election is at the beginning of November 2020 a continuing focus on domestic issues – and a softening economy - will be the order of the day.

In contrast, as a one-party state, China does not operate around a democratic political cycle.

Both economic and diplomatic resources continue to be focused on building China's influence not only in Asia and the Pacific region but globally.

China now maintains 16 Free Trade Agreements (FTAs) with its trade and investment partners and is negotiating or implementing an additional eight FTAs.



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In this climate CPC sees Australia's relationship with Indonesia as very important.

Further, it is CPC's view that the IA-CEPA also presents as a foundation stone in a regional plan to delivery Indo-Pacific stability and prosperity.

CPC therefore invites the Committee to give considerable weight to the national interest in this inquiry.

Indonesia is the largest economy in Southeast Asia.

Its Gross Domestic Product (GDP) was worth 1042.17 billion US dollars in 2018 and GDP per capita has steadily risen, from \$807 in the year 2000 to \$3,877 in 2018.

Indonesia is the world's fourth most populous nation with a population of 290 million people, has the world's 10th largest economy in terms of purchasing power parity, is a member of the G-20 and an emerging middle-income nation.

Supported by robust investment, stable inflation, and a strong job market, Indonesia's economic growth is forecast to reach 5.2% in 2019.

Finally, the Indonesian capital, Jakarta is just 2270 kilometres from Australia most northern city, Darwin.

Indonesia is a close and powerful neighbor.

At attachment one to the Agreement 'National Interest Analysis with attachments' paragraph 4 states:

IA-CEPA will bring both commercial and strategic benefits. It will strengthen bilateral ties and provide a strong basis for deepening the trade and investment relationship with an important strategic partner.

And paragraph 5:

IA-CEPA will also contribute to the achievement of key Foreign Policy White Paper objectives, advancing Australia's strategic interests with a close neighbour and major Indo-Pacific democracy.

CPC notes the 2017 Foreign Affairs White Paper identified five objectives:

promote an open, inclusive and prosperous Indo-Pacific region in which the rights of all states are respected,

deliver more opportunities for our businesses globally and stand against protectionism,

ensure Australians remain safe, secure and free in the face of threats such as terrorism,



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promote and protect the international rules that support stability and prosperity and enable cooperation to tackle global challenges, and

step up support for a more resilient Pacific and Timor-Leste.

CPC also notes that on 31 August 2018, Australia and Indonesia signed the Comprehensive Strategic Partnership.

The Comprehensive Strategic Partnership has five pillars:

- Enhancing Economic and Development Partnership;
- Connecting People;
- Securing Our and the Region's Shared Interests;
- Maritime Cooperation; and
- Contributing to Indo-Pacific Stability and Prosperity.

CPC notes the Government sees the IA-CEPA contributing directly to the first pillar under the Strategic Partnership and making some contribution to the others.

It is CPC's view that this agreement, and the diplomatic relationship it underpins, has a much broader role not only in Australia's future but the future of the region.

Yours sincerely

Troy Setter
Chief Executive Officer