

14 February 2017

The Secretary,
Joint Standing Committee on Trade and Investment Growth,
Parliament House,
Canberra, ACT 2600.

Dear Secretary,

Please accept this letter and the attachment as a submission to the Joint Standing Committee on Trade and Investment Growth's Inquiry into Australia's trade and investment relationship with Indonesia.

The Perth USAsia Centre is a non-partisan, not-for-profit institution that promotes stronger relationships between Australia, the Indo-Pacific and the USA by contributing to strategic thinking, policy development and enhanced networks between government, the private sector and academia. Based at The University of Western Australia, the Centre maintains a particular focus on Indonesia.

In 2016, the Centre conducted the University of Western Australia's (UWA) *In the Zone* Conference in Jakarta, attended by over 1000 participants and this year will conduct an *In The Zone* event in Surabaya. Former President of Indonesia Susilo Bambang Yudhoyono is an Honorary Fellow at the Centre. In 2015 he received an Honorary Doctorate from UWA.

The Perth USAsia Centre believes that Australia's Trade and Investment relationship with Indonesia is crucial to Australia's long term economic growth and prosperity. This is particularly the case given global economic predictions and expectations that by 2050 Indonesia will be, together with the US, China and India, among the world's top four economies. This was most recently reinforced by the PwC Report "The World in 2050", which had Indonesia as the world's 4th largest GDP by 2050. This same report ranked Australia at 28.

If one proceeds on the basis that a two way investment relationship generally follows a two way trade relationship, the fact that Indonesia is not currently among Australia's top ten two way trade relationships is a significant concern, which must be addressed by the Australian Government.

I attach a paper presented by UWA Professor Stephen Smith, who is a Board Member of the Centre. The paper is based on a speech delivered by Professor Smith in November last year. It was not prepared specifically for the purposes of your Committee's Inquiry, but contains a number of suggestions relevant to improving both the Trade and Investment relationship between Australia and Indonesia. While the whole paper will be of interest to your Committee, I highlight the ten positive suggestions for early action with Indonesia which Professor Smith makes at the conclusion of his paper.

I hope this is of assistance to your Committee.

Yours sincerely,

L. Gordon Flake, Chief Executive Officer
Perth USAsia Centre

Encl, Indo-Pacific Insight Series, Volume 1 November 2016

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