




Submission No 27

Inquiry into Australia's Relations with Indonesia

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**AUSTRALIAN
CUSTOMS SERVICE**

Submission

Joint Standing Committee on Foreign Affairs, Defence and Trade

INQUIRY INTO AUSTRALIA'S RELATIONSHIP WITH THE REPUBLIC OF INDONESIA

Australia's relationship with the Republic of Indonesia, focussing in particular on economic/trade issues and the assistance programs provided by the Australian Customs Service.

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THE ROLE OF CUSTOMS

The Australian Customs Service (Customs) undertakes three principal roles: border protection, revenue collection and trade facilitation. Internationally, the World Customs Organisation (WCO), located in Brussels, is the principal forum that develops and administers cooperation by member organisations on customs issues. Indonesian Customs and Excise is an active member of both regional and international meetings of the WCO.

BILATERAL RELATIONSHIP

The Australian-Indonesian relationship is important on a Customs level as well as a Governmental level. With an increased flow of business and tourist traffic between Australian and Indonesia, the two Customs administrations have forged strong links with each other.

The formal Customs-to-Customs talks held between the Australian Customs Service and Indonesian Customs and Excise in 1993, 1994, 1996, 1997 and 1999 are evidence of the importance the two Customs administrations attach to the relationship. The focus of these talks has been to discuss issues of mutual interest such as emerging trends in international trade and border protection. Customs had a Memorandum of Understanding that provided the basis for these discussions on a biennial basis where possible. The relationship is solid and the meetings provided a sound basis for improving governance and Customs processes and working arrangements.

Following the 1999 talks, it was agreed that the administrations would continue to:

- give priority to the sharing of relevant information on integrity issues and technical assistance in the area of Customs valuation and post clearance audit;
- develop the working relationship between the senior intelligence officials of both administrations; and
- exchange information on organisational and administrative reforms, including issues such as Customs automated systems; compliance improvement; and advances in Customs practices and procedures.

These issues remain relevant and the Australian and Indonesian Customs administrations are both working towards re-establishing a formal relationship through Customs-to-Customs talks to be held in Jakarta in February 2003. The talks will again focus on issues of mutual interest and the two administrations hope to develop and conclude, in the interim, a Memorandum of Understanding on Customs cooperation and mutual administrative assistance in Customs matters.

TECHNICAL ASSISTANCE PROGRAMS

Customs contributes to the implementation of the Government's foreign policy and trade objectives by working with international organisations and other Customs administrations to simplify and improve international customs procedures to enhance global trading. It works actively through various forums including the United Nations, the World Trade Organisation, the WCO and the Asia Pacific Economic Co-operation (APEC) Sub-committee on Customs Procedures (SCCP).

Government Sector Linkages Program (GSLP)

The GSLP is a program undertaken as part of AusAID's Australia/Indonesia Development Cooperation Program. The GSLP emerged from the 1994 round of the Australia-Indonesia Ministerial Forum. It provides a mechanism for Commonwealth agencies to undertake joint development-oriented activities with their Indonesian counterparts.

GSLP aims to promote sustainable development in Indonesia; complement existing relationships and activities where there is a strong development focus; and support the processes of the Forum and/or working groups. Customs has provided specialist technical assistance to Indonesia under the GSLP in the areas of post entry audit techniques, strategic planning for compliance audit management, integrity awareness, integrity action plan, and excise collection and auditing when this was a part of Customs prior to 1999.

Asia Pacific Economic Cooperation (APEC)

As part of the AusAID APEC Support Program, Customs hosted integrity self-assessment workshops in 1999 and 2001 for regional Customs administrations, including Indonesia. An Indonesian participant from one of these workshops has subsequently conducted integrity awareness seminars in Indonesian Customs and Excise. The officer also assisted Australian Customs officers undertaking the GSLP integrity project in 2002.

Indonesian Customs and Excise is a participating economy under the APEC SCCP Program to Implement Risk Management. The purpose of this program is to design and deliver a program to implement systematic risk management to sixteen economies which have requested technical assistance.

In May 1999, two officers from Customs conducted a study mission in Indonesia to assess developments in risk management implementation, assist with future direction, advise on development of a supporting infrastructure, develop priorities and define timelines for implementation.

Two officers from Indonesian Customs and Excise will attend an Operational Risk Management Workshop in late November 2002, in Bangkok as a further stage of the program. The objective of the workshop is to provide requesting economies with sufficient expertise and materials to deliver risk management training in their own economy.

Association of South-East Asian Nations (ASEAN)

In November 1999, Customs conducted an ASEAN workshop in Jakarta on Customs Post Clearance Audit (PCA) procedures for regional administrations, including Indonesia. The aims of the workshop were to exchange information and experience on Customs PCA; establish a clearer understanding of status of implementation in each member economy; and to identify technical assistance needs and other regional cooperative follow-up activities that would assist member administrations in implementation of PCA.

As a follow-up to the workshop, it was agreed that Australia could best provide ongoing assistance to ASEAN members by continuing the current assistance program on audit techniques to Indonesia, thereby enhancing their capacity to drive the implementation through the group. This recommendation was picked up in the 1999-2000 GSLP project on "Strategic Planning for Compliance Audit Management".

Customs International Executive Management Program (CIEMP)

Indonesia is a regular participant in the annual Australian Customs-sponsored CIEMP. CIEMP is a six-week program designed to further develop management and leadership skills in senior executives from Customs organisations of the Asia-Pacific region.

The program incorporates a management curriculum component and a professional fellowship component during which participants undertake a project of relevance to their own organisation.

A senior Indonesian Customs official has participated in CIEMP each year since 1990.

Border Protection and Enforcement

To develop cooperative arrangements to tackle regional transnational crime issues including terrorism, illegal immigration, and narcotics and goods smuggling, Australian Customs has developed information sharing arrangements and operational cooperation with regional administrations, including Indonesia.

The Foreign Ministers of Indonesia and Australia, amongst others, attended the Regional Ministerial Conference on People Smuggling, Trafficking in Persons and Related Transnational Crime, held in February 2002 in Bali. From a Customs perspective, possible and significant outcomes of the Conference include a new co-operative agreement between the Australian and Indonesian Governments in relation to their Customs Services and provision of capacity building technical assistance through AusAID programs.

Trade Facilitation

Australia and Indonesia are both active members of the APEC SCCP. The SCCP aims to simplify and harmonise customs procedures in the Asia-Pacific, including through implementation of the APEC Trade Facilitation Principles.

The SCCP is one of the primary regional forums through which Australia and Indonesia are able to work with other Customs administrations to improve trade facilitation in the Asia-Pacific region. The other is the WCO Asia-Pacific regional group. For both the SCCP and the WCO Asia-Pacific regional group, ratification and implementation of the revised Kyoto Convention are key priorities.

Paperless trading initiatives, risk management and integrity are also important action items under the SCCP's Collection Action Plan (CAP). Through the CAP programs, Australia has provided direct technical assistance to Indonesia in the areas of risk management, integrity and express consignments.

