

# Australia and Indonesia's Free Trade Agreement - what you need to know

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## Key issues:

- The Australian and Indonesian Governments recently entered into a free trade agreement, formally known as the Indonesia-Australia Comprehensive Economic Partnership Agreement.
- The IA-CEPA is projected to result in 99% of Australian goods (by value) entering Indonesia duty-free or under improved preferential arrangements by the year 2020.
- Indonesia will now guarantee automatic issue of import permits for key products such as live cattle, frozen beef, sheep meat, feed grains, citrus products, carrots and potatoes.

The Australian and Indonesian Governments recently entered into a free trade agreement, formally known as the Indonesia-Australia Comprehensive Economic Partnership Agreement (**IA-CEPA**). With a population of approximately 270 million and increasing levels of economic growth, Indonesia is developing its potential as one of the world's largest economies and currently sits as Australia's fourth largest agricultural export market.

According to the Australian government, the IA-CEPA will result in 99 percent of Australian goods (by value) entering Indonesia duty-free or under improved preferential arrangements by the year 2020.

Relevantly for the Australian agricultural industry, Australian producers of grains, live cattle and meat, dairy and horticulture look set to benefit from lower tariffs and improved access to Indonesian markets.

Additionally, Indonesia will now guarantee automatic issue of import permits for key products such as live cattle, frozen beef, sheep meat, feed grains, citrus products, carrots and potatoes.

A table outlining the details of the key outcomes of the IA-CEPA in relation to Australian agriculture is provided below.

Product	Treatment at entry into force	Longer term outcome
<b>Live male cattle</b>	Duty-free (from 5% tariff) access for 575,000 cattle in year one	<ul style="list-style-type: none"><li>• 4% annual growth in volume reaching 700,000 by year 6</li><li>• A review for subsequent increases</li></ul>
<b>Frozen beef</b>	Tariff cut to 2.5% (from 5%) and access for unlimited volume	Elimination of tariff after 5 years
<b>Sheep meat</b>	Tariff cut to 2.5% (from 5%) and guaranteed access for unlimited volume	Elimination of tariff after 5 years
<b>Feed grains</b>	Duty-free access for 500,000 tonnes in year one	5% annual growth in volume thereafter
<b>Sugar</b>	Locked in 2017 "early outcome" of reduction of tariff to 5%	Ongoing
<b>Dairy</b>	Elimination or reduction of tariffs across a number of dairy lines	Removal of all remaining tariffs on dairy lines

Product	Treatment at entry into force	Longer term outcome
<b>Citrus</b>	Mandarins – tariff cut to 10% (from 25%) for 7,500 tonnes per year	<ul style="list-style-type: none"> <li>• Tariff reduced to 0% over 20 years.</li> <li>• Duty-free access for unlimited volume thereafter</li> </ul>
	Oranges – duty-free access for 10,000 tonnes in year one.	5% annual growth in volume thereafter
	Lemons – duty-free access for 5,000 tonnes in year one	2.5% annual growth in volume thereafter
<b>Vegetables</b>	Potatoes – tariff cut to 10% (from 25%) for 10,000 tonnes per year for five years	<ul style="list-style-type: none"> <li>• After five years, 5% tariff for 12,500 tonnes per year</li> <li>• 2.5% annual growth in volume thereafter</li> </ul>
	Carrots – tariff cut to 10% (from 25%) for 5,000 tonnes per year	<ul style="list-style-type: none"> <li>• Tariff progressively reduced to 0% over 15 years.</li> <li>• Unlimited volume permitted at 0 tariff after that</li> </ul>
Source: Australian Government Department of Foreign Affairs and Trade		

If you require any further information in relation to how the IA-CEPA may affect your business or supply chain arrangements with Indonesia, please contact HopgoodGanim Lawyers' [Agribusiness and Food](#) team.

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