4 March 2019

The Honourable Mr Enggartiasto Lukita

Minister of Trade

Republic of Indonesia

Dear Minister

In connection with the signing on this date of the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA), I confirm the following agreement reached between the Government of Australia (Australia) and the Government of the Republic of Indonesia (Indonesia) during the course of negotiations regarding Chapter 15 (Economic Cooperation) of IA-CEPA:

In the lead-up to the date of entry into force of IA-CEPA, Australia and Indonesia shall commence work on the design of a new facility and the development of the first Annual Work Program (and related activities) in line with the medium-term objectives attached to this letter. Full mobilisation of the facility, and implementation of activities outlined in the first Annual Work Program, will commence after the date of entry into force of IA-CEPA.

The first Annual Work Program, provided for in Chapter 15 (Economic Cooperation) of IA-CEPA will be developed jointly and in parallel with the design and procurement of the new facility. For greater certainty, the Parties may make changes, through the IA-CEPA Joint Committee, to the Annual Work Program at any time in accordance with Article 15.4.3 (Formulation of Annual Work Program) of Chapter 15 (Economic Cooperation) of IA-CEPA.

I propose that this letter and your letter of confirmation in reply, in the English and the Indonesian languages, both being equally authentic, shall constitute an agreement between our two Governments, which shall enter into force on the date of entry into force of IA-CEPA.

Yours sincerely

**Simon Birmingham**

| **Medium Term Objectives** |
| --- |
| **No.** | **Priority Areas**  | **Agreed Components** | **Indicative/Focus Sectors** |
| 1 | Building technical and human capacity in agricultural and industrial production and management to improve productivity | 1. Knowledge and information sharing in a range of sectors through: * exchanges between ministries, peak industry bodies, research institutions and the private sector to develop pest control techniques specific to Indonesian environment/regions/sectors;
* joint research into commercially viable export crops that fit unique growing conditions across the archipelago;
* joint economic analysis on policies tools to improve Indonesia’s export opportunities;
* knowledge sharing and exchanges between departments and industry stakeholders including the Grains Partnership; and
* economic modelling and pain point analysis on opportunities for reform to increase trade.

2. Training and technical assistance to facilitate product quality control in agreed areas through training courses for government and industry stakeholders as determined. 3. Cooperation activities to promote investment in supply chains to improve quality of goods to domestic/ international markets.  | * Advanced Manufacturing1
* Grains Partnership
* Live Cattle
* Horticulture (Fresh Fruits and Vegetables)
* Sugarcane
* Food and Beverages

1Advanced manufacturing in support of Industry 4.0, including cooperation to explore synergies in our respective automotive sectors |
| 2 | Promotion and Innovation to improve competitiveness | To enhance trade and investment promotion between the Parties and to third markets through:* capacity building in trade and investment promotion between the Parties and to third markets for government and industry in selected sectors; and
* building industry association linkages to promote private sector capacity in communications, advocacy and promotion.
 | * Food, Drug and Herbal Products
* Creative Industry (for example Fashion and Jewellery)
* Tourism, Trade, and Investment promotion
* Horticulture (Fresh Fruits and Vegetables)
 |
| 3 | SPS – strengthening quarantine and biosecurity | Training and technical assistance to strengthen biosecurity and quarantine system through: * targeted training and technical assistance to strengthen biosecurity and quarantine system in selected sectors across selected export products;
* technical assistance and support to identify new products for export and approaches to supporting industry meeting SPS requirements; and
* information sharing and training on resolving issues with quarantine and biosecurity breaches and avenues for advice on treatment options to resolve issues.
 | * Live Cattle
* Horticulture (Fresh Fruits and Vegetables)
 |
| 4 | TBT – promote further standards harmonisation and support product compliance | 1.    Risk management capacity building in agreed sectors. 2.    Continued work on standards harmonisation including: * joint research project to develop a model for harmonisation, guided by (early outcome) joint Standards Mapping Project that identifies useful areas of convergence based on existing systems, bilateral trade flows and points of emerging trade interests;
* short courses to build on (early outcome) first round of courses of food, drugs and well-being products - on Australia and Indonesian standards regimes; and
* promote information sharing and access to pre-market, standards, and conformity assessment.
 | * Food and Beverages
* Pharmaceutical Products
* Herbal Products, Traditional Medicine Textile and Clothes
* Footwear
* Advanced Manufacturing and Component Industries
* Medical Devices
* Digital Trade/E-commerce
 |
| 5 | Improve the capacity of Small and Medium-sized Enterprises (SMEs) to utilise IA-CEPA | 1.    Training to support administration of SMEs in the following agreed sectors through:* workshops, seminars and trade conferences in targeted areas; and
* private sector engagement and public education campaigns.

 2.   Training to support product development and export capacity for SMEs in agreed sectors through technical aspects of exporting to Australia and third-party markets.3.    Support training for women entrepreneurs in agreed sectors.4.   Publication of tariffs, non-tariff measures, charges and rules for exporters utilising IA-CEPA. | * Food and Beverages
* Pharmaceutical Products
* Herbal Products, Traditional Medicine
* Creative Industry (for example Handicrafts, Fashion and Jewellery)
 |
| 6 | Communication and coordination | 1.    Cooperation to strengthen communication and coordination between the Parties.2.    Sharing of information and data relating to IA-CEPA implementation to build public awareness and understanding as well as promotion of IA-CEPA to industry and domestic stakeholders. | Supporting the dissemination of information relating to trade facilitation for the traders of both Parties.  |
| 7 | Supporting growth in the tourism sector | 1.     Human capacity building through, but not limited to:* training in related tourism industries; and
* technical advice on tourism promotion and campaigns.

2.       Assistance and cooperation with the development of new tourism destinations including, for example, through technical assistance in support of the 10 New Balis initiative. |   |
| 8 | Improve capacity of Indonesia’s Technical and Vocational Education and Training (TVET) system to boost standards and global competitiveness of Indonesian workers | 1.      Cooperation to develop a Government of Indonesia TVET Committee responsible for national coordination of TVET; developing national TVET standards; and, incentivising Indonesian industry to participate in TVET.2. Cooperation to assist Indonesia to develop sustainable linkages with Indonesian industry to help define relevant national occupational standards appropriate for Indonesian industry and labour market requirements in priority sectors.3.      Cooperation whereby Australian Registered Training Organizations could, including in consultation with Indonesian education providers, create training modules based on national standards.4. Cooperation to assist in developing effective quality assurance of education providers in Indonesia. |   |
| 9 | Strengthen Health Professional standards and competitiveness  | 1. Undertake an initial scoping study and comparative assessment of health professional standards in Indonesia against Australia’s standards.2. Recommendations from this review could be considered for further economic cooperation, including to develop comprehensive standards accreditation. |   |

Notes: The discussion on concrete activities of economic cooperation subject to the establishment of Committee on Economic Cooperation.

4 March 2019

The Honourable Mr Simon Birmingham

Minister for Trade, Tourism, and Investment

Australia

Dear Minister,

I acknowledge receipt of your letter of this date, which reads as follows:

In connection with the signing on this date of the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA), I confirm the following agreement reached between the Government of Australia (Australia) and the Government of the Republic of Indonesia (Indonesia) during the course of negotiations regarding Chapter 15 (Economic Cooperation) of IA-CEPA:

In the lead-up to the date of entry into force of IA-CEPA, Australia and Indonesia shall commence work on the design of a new facility and the development of the first Annual Work Program (and related activities) in line with the medium-term objectives attached to this letter. Full mobilisation of the facility, and implementation of activities outlined in the first Annual Work Program, will commence after the date of entry into force of IA-CEPA.

The first Annual Work Program, provided for in Chapter 15 (Economic Cooperation) of IA-CEPA will be developed jointly and in parallel with the design and procurement of the new facility. For greater certainty, the Parties may make changes, through the IA-CEPA Joint Committee, to the Annual Work Program at any time in accordance with Article 15.4.3 (Formulation of Annual Work Program) of Chapter 15 (Economic Cooperation) of IA-CEPA.

I propose that this letter and your letter of confirmation in reply, in the English and the Indonesian languages, both being equally authentic, shall constitute an agreement between our two Governments, which shall enter into force on the date of entry into force of IA-CEPA.

I confirm that the above reflects the agreement reached between the Government of the Republic of Indonesia and the Government of Australia during the course of negotiations on IA-CEPA, and that your letter, equally authentic in the English and the Indonesian languages, and this letter in reply shall constitute an agreement between our two Governments, which shall enter into force on the date of entry into force of IA-CEPA.

Yours sincerely,

**Enggartiasto Lukita**

Minister of Trade

Republic of Indonesia