



THE HON DR CRAIG EMERSON MP
MINISTER FOR TRADE

AND

DR MARI PANGESTU
MINISTER FOR TRADE, INDONESIA

E&OE

Subjects: Australia-Indonesia trade, Doha Round, Indonesia-Australia Comprehensive Economic Partnership Agreement.

MARI PANGESTU: (*Translated from Indonesian*) Let me just start, we have just completed a bilateral meeting between the Australian Trade Minister and us. And this is the 9th Trade Ministers Meeting, which of course does not only involve the Ministry of Trade but also involves the Ministry of Agriculture, Industry, the Drug and Food Regulatory Agency and several other agencies. The Australian side is also represented by several Ministries.

Essentially we discussed various issues involving Australia and Indonesia with regard to WTO, as well as the G20, and the East Asia Summit which will be held in Indonesia this year. In essence we agreed to continue the good cooperation between Australia and Indonesia in multilateral and regional forums. Especially on Doha, of course there are still many things or challenges ahead in its resolution, but we do agree, we remain committed to the multilateral trading system and also agree that we will work hard to manage the situation so that confidence in the multilateral trading system could continue.

Including what we will do in regional cooperation. And that's where we discussed how the Australia-Indonesia Comprehensive Economic Partnership Agreement negotiations should continue, which was announced by Prime Minister Julia Gillard, on her visit to Indonesia in November last year, for negotiations to begin. And a

process has already begun in preparation for steps towards negotiations. We agreed the principle of these negotiations is partnership and comprehensiveness. And in this comprehensive partnership what is very important is the development principle.

This will be reflected in all aspects of the negotiations so that all parties in Indonesia, which of course is a country whose level of development is below Australia, can participate and enjoy the benefits of this agreement. And we also agreed the second principle is that the preparation and negotiation process will greatly involve all stakeholders in this process.

Therefore, what was signed just then, and witnessed by all, was the agreement between the Kadin (Indonesian Chamber of Commerce) and the Australian Chamber of Commerce and Industry, to actually engage in the preparatory negotiations process and the involvement of the business sector. And we thank the Indonesian Chamber of Commerce for their support in this regard.

The third aspect of economic cooperation that is important to continue is there's already economic cooperation that's on-going between Australia and Indonesia, in agriculture, in education, as well as in economics...is how this economic cooperation principle within CEPA could be improved or added to ensure that the development principle is truly reflected in our Comprehensive Partnership Agreement. Because we also both agree that the level of bilateral trade currently is high and can continue to be enhanced on the basis of complementarities and mutual benefit. Thank you and we will give the opportunity to Minister Craig Emerson to add or explain from the Australian perspective. Thank you.

CRAIG EMERSON: Thank you Mari. If I could echo the comments that you have made, we in Australia see the commercial relationship between Australia and Indonesia as having much upside potential. We are the two biggest economies in the region of South East Asia and that means that there are opportunities for economic development of both our countries.

We did discuss, before getting onto the Indonesia-Australia Comprehensive Economic Partnership Agreement, the global trading rules and the global trading system and I'm pleased to be able report to you that Indonesia and Australia are kindred spirits. We are absolutely committed to the global trading system that

was developed after the Second World War and has laid the foundations for a great deal of prosperity.

However, more needs to be done in opening up developed country markets to trade and that's why Dr Pangestu and I are such advocates because it can bring benefits to people all around the world, but especially to the most vulnerable people on earth.

So we think it is a great humanitarian endeavour. So we will continue to push as allies for the successful conclusion of the Doha Round. We know that there are some real challenges there but we will do everything we can as two countries to preserve and promote the multilateral trading system.

Similarly for regional trade, both our countries are very active in opening up markets for people from our countries in the region and we had very good and fruitful discussion in that area. Bilaterally, I think it's true that the relationship between Australia and Indonesia has never been in better shape and I'm very optimistic about what can be achieved in the coming years.

I was so heartened when Prime Minister Gillard came to Indonesia late last year and the President and the Prime Minister agreed to the concept of an Indonesia-Australia Comprehensive Economic Partnership Agreement. What we have in mind here as two countries is a 21st Century agreement, which means that beyond the direct trading issues we are looking to promote investment by both countries in the other's country; and crucially, economic cooperation and technical cooperation to lift the living standards of people in Indonesia more broadly. Because it so is important that we approach this as a development agreement not simply as a trade agreement.

And we can be trend-setters about the quality that can go into agreements that are truly beneficial to a country like Indonesia and to a country like Australia.

To pass that test we need to ensure that there are benefits to people right through Indonesia; that people who are looking to lift their living standards are supported through economic cooperation agreements which would be part of this Comprehensive Economic Partnership Agreement. And that's why I'm so excited about it. Because it's a new 21st Century approach to these sorts of negotiations. If I could give a couple of examples: Australia is very keen to work with Indonesia in terms of

beef husbandry, the raising of cattle. Certainly we have a project that we are developing in relation to East Java and to Southern Sumatra, which would be really valuable to those people who are engaged in the cattle industry in those parts of Indonesia. Indonesia, I know, is concerned that it takes whatever opportunities are available to add value to the minerals that are developed in Indonesia. And again here is an area where Australian expertise might be able to be brought to bear to the commercial benefit of both countries.

The entire area of the services sector is an area where we think there can be more cooperation. And, indeed, in the green economy, for example, technical assistance with the area of geothermal energy and even carbon capture and storage. All of these opportunities are available through the negotiation of a Comprehensive Economic Partnership Agreement.

Fundamentally, because we see so much upside potential in the relationship between our two countries, because it is in such good shape and because our leaders are so committed to closer integration and even friendlier relationships between our two countries.

We are very keen to work with Indonesia on this Agreement to maximise the benefits for Indonesians right through the country because we think that's a way of ensuring that both sides get good benefits out of this and deepening and strengthening the relationship between our two countries.

So I think now, Mari, we're probably into the question and answer side of things, which is where the fun really starts.

PANGESTU: Who would like to ask a question? Please go ahead and please mention your name and where you're from.

JOURNALIST: Thank you. I'm Francisca from the Jakarta Globe. I'd like to ask about the Industry Minister that asked the Indonesian Government to postpone the ratification of AANZFTA because he compared it to the FTA with China, because according to his Ministry, the FTA with China hurt Indonesian industry. Thank you.

PANGESTU: I don't think there has been any request on that count. As a Government, we have agreed to prepare the preparations for the negotiations very much in the spirit of what both myself and Minister Craig Emerson has mentioned.

That this is a Comprehensive Economic Partnership Agreement which is going beyond trade in goods. It has investment; it has services. It has many other components, especially the economic cooperation component which will ensure that this is a win-win agreement. And it will very much involve input from the business sector. And that's why Kadin as well as the Australian Chamber of Commerce and Industry are involved in the preparation for the negotiations. And during the negotiations they will provide us with input to ensure this is a win-win agreement.

EMERSON: And, indeed, during my short time here we've already had the opportunity of discussions with business representatives of their aspirations for this agreement.

And I've learned a lot through those discussions and I think, as Mari has indicated, the fact that you've taken the initiative to sign a memorandum of understanding between the two business organisations or business communities is testament to the fact that this is an agreement that offers so much potential.

We're doing it by doing the pre-negotiation consultations so that we can get a really good assessment of the aspirations of the Indonesian business community and the Australian business community as to the content of the agreement so that we do maximise the benefits all-round.

PANGESTU: Any others?

JOURNALIST: Karlis Salna, Australian Associated Press. Dr Emerson, you said in the meeting just before that on beef import restrictions that the restrictions on boxed beef were causing some level of anxiety to Australian exporters. I'm wondering if you could elaborate on that and perhaps elaborate on the potential damage to the Australian export industry and the costs to the Australian export industry in terms of that.

EMERSON: You're soon about to learn that I'm an optimist rather than a pessimist, so I don't want to dwell on the potential costs other than to say that we had a good discussion about the situation with boxed beef. At the ports there is some movement in relation to that. There are some complexities that we are working through and the Trade Ministry is working through. We got a very good response on that and obviously we will continue to make representations on behalf of the Australian industry.

But I will say this: if we can resolve those difficulties I am assured by the Australian industry that the business here in Indonesia is very profitable.

And so what we want to do is work together to realise again the benefits to Australia and Indonesia of beef production and import into Indonesia, and including for live cattle as well, so there are two sets of issues.

We've had a good discussion about those and we think that there are some positive developments in this area but obviously we will continue with those representations.

MC: Welcome the next question - from the Indonesian media.

PANGESTU: You're able to use bahasa Indonesia! (*laughter*)

MC: If there are no more questions that concludes the joint conference in the event of the 9th Indonesia-Australia Trade Ministers Meeting. Thank you for your attention. Good afternoon.