



THE HON STEVEN CIOBO MP

Minister for Trade, Tourism and Investment

Mr Bill Cummings
Principal
Cummings Economics
PO Box 2148
CAIRNS QLD 4870

Dear Mr Cummings

Thank you for your letter regarding the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) negotiations.

Indonesia's economy is projected to be the fourth largest in the world by 2050. Its consumer class, currently around 50 million people, is expected to grow to as many as 135 million by 2030. As you would be aware, Northern Australia, and Cairns in particular, is well positioned to take advantage of the immense possibilities that Indonesia offers.

IA-CEPA negotiations are well underway. I visited Indonesia in early August, where I held highly productive talks with Indonesia's Trade Minister Lukita. We renewed our joint commitment to conclude negotiations by the end of 2017.

A key objective of IA-CEPA is to boost Australia's competitiveness in Indonesia. In turn, IA-CEPA, once concluded, should bolster the demand for sea and air trade including through Cairns facilities. You noted that cargo through Cairns is mostly high end manufacturing products. Just over 9 per cent of Australian industrial and manufacturing exports to Indonesia in 2015 faced tariff barriers. We will strive to reduce these tariff barriers through IA-CEPA.

The Australian-Indonesian bilateral trade and investment relationship is not fulfilling its potential – I want to use IA-CEPA to address this. I am also aware of the broader challenges of doing business with Indonesia as mentioned in your letter. There are no easy fixes, but we are working to ensure IA-CEPA includes mechanisms to help smooth trade and build capacity enabling Australian business to capitalise on Indonesia's growth.

Yours sincerely



Steven Ciobo

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