BKPM Optimistic IA-CEPA Implementation Increase Investment Amid Covid-19 Pandemic

Jakarta, 8 June, 2020 – Indonesia Investment Coordinating Board (BKPM) via Indonesia Investment Promotion Center (IIPC) Sydney, BKPM representative office for Australia, New Zealand, and other Pacific Countries in collaboration with the Indonesian Embassy in Canberra and the Australian Indonesia Business Council (AIBC) held online discussions themed "Indonesia-Australia Comprehensive Economic Partnership (IA-CEPA) Amidst Covid-19" on Thursday morning Indonesia time (4/6). The event which was held before the implementation of the IA-CEPA agreement on 5 July 2020 was attended by 241 participants from Indonesia and Australia.

From BKPM office, Deputy Chairman for Investment Cooperation Wisnu Wijaya Soedibjo, who was the keynote speaker, said that the investment realization in the first quarter of 2020 showed good growth despite the Covid-19 pandemic. Australia is the 10th largest investor in the January-March 2020 period with a total investment of USD86 million (around Rp1.2 trillion) with a total of 324 investment projects.

"Our strategies to increase investment realization are continuing to approach foreign investment (PMA) investors who are interested in investing in Indonesia by utilizing digital technology such as video conferencing; coordinate directly with the Ministries/Institutions related to company licensing constraints; and the same treatment to all countries", said Wisnu.

Wisnu also emphasized the importance of the IA-CEPA which is expected to encourage growth and investment in both countries during this Covid-19 recovery phase.

"This agreement is expected to encourage more equitable distribution of investment throughout Indonesia. Moreover, the IA-CEPA is also expected to provide opportunities for regional businesses to market their products to Australia and also collaborate as local partners for Australian investors who invest in Indonesia”, said Wisnu.

While in Australia, Indonesian Ambassador Kristiarto S. Legowo in his welcoming speech said that relations between Indonesia and Australia are currently well established amid the Covid-19 pandemic. "Currently, Indonesia and Australia are preparing the implementation of the IA-CEPA which will certainly benefit both countries. IA-CEPA's early outcomes cover several important sectors such as financial services, food innovation, fashion design and jewelry, food and drug standards, herbal and spa products", said Kristiarto.

Director of IIPC Sydney Henry Rombe said that the global economic has not recovered from COVID-19 the implementation of the IA-CEPA is a solution to revive, economic activities, in this case, investment and trade between Indonesia and Australia.
"As BKPM’s representative in Australia, the IA-CEPA provides more opportunities for business and investment for both countries. And not just investment, but also increase the competitiveness and skills of Indonesian workers,” explained Henry.

Meanwhile, the Australian government and the businesses expressed great enthusiasm for the implementation of IA-CEPA. Stephanie Fahey, CEO of AUSTRADE, expressed Australia's commitment to the IA-CEPA. The implementation of IA-CEPA in the first 100 days since its ratification has been prepared, including the Minister-led business delegation from Australia to Indonesia; Economic, Trade and Investment Minister’s Meeting by Senior Economic Officials; and CEO Roundtable.

"In the context of the IA-CEPA, AUSTRADE has a focus on investment in education, business investment, and innovation. Education is the main focus for seeing Indonesia's need to improve its workforce. Also, several Australian campuses have also begun their expansion to Indonesia, "said Stephanie.

Bryan Clark, Director of Trade and International Affairs of the Australian Chamber of Commerce and Industry emphasized that the IA-CEPA must benefits both countries not to be biased.

"It is important to remember the ‘comprehensive’ aspect of this collaboration. It means that both parties, Australia and Indonesia, have roles and advantages in each sector that can complement each other, especially the digital economy sector,” said Bryan Clark.

**About IA-CEPA**

The IA-CEPA was signed by Minister of Trade of Indonesia and Minister of Trade of Australia on March 4, 2019. The IA-CEPA was ratified by the Government of Indonesia on February 28, 2020. This agreement covers the goods trade sector which includes tariff and non-tariff aspects, rules of origin, customs procedures and trade facilitation, technical trade barriers, sanitation and phytosanitary conditions; service trade which includes employment, financial services, telecommunications, and professional services; investment; electronic commerce; competitiveness policy; economic cooperation; and institutional arrangements and frameworks.

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