

**Submission by Indonesian Consulate in Perth in Relation With
Australia-Indonesia Free Trade Agreement Feasibility Study
Presented In Perth on 04 Dec. 2007**

First of all I would like to introduce myself, Dr. Aloysius L. Madja –Indonesian Consul to Western Australia and my colleagues; Mr. Iwa Mulyana, Economic Officer, and Mr. Yomi Eka Putra, Junior Diplomat in Training.

1. We are very honored to be given this rare opportunity to present our view on the envisaged FTA between Indonesia and Australia. However due to the fact that we are not in the position to give an official submission, our statement here will be more a general unofficial input.
2. Given the development of international trade toward a globalized world on the one hand and a stumbled process of negotiation of Doha Round on the other hand, it is only logical that a regional or bilateral agreement on free trade should emerge into existence while waiting for the next negotiation at higher level. Therefore a Free Trade Agreement between Indonesia and Australia is a way out of that situation in order not to be left behind with other country in the region. As immediate neighbor with a huge potential to increase their economic relationship, FTA will serve as an instrument for economic development in both country.
3. As the basic idea of Free Trade is a free movement of goods, services, and people between the parties, the agreement therefore should emphasize also that the relationship should be based on a mutual partnership, respect, and mutual beneficial. All the problem arising should be resolved through dialogue and practical manner.
4. FTA should strengthen the economic development in both countries brings the consequences that the cooperation should be complementary to the improvement of the weakness or shortage in respective country.
5. Indonesia with the population of more than 220 million has big problem in creating employment, FTA should not only be the target of marketing, but should also empower the people to have better buying power, higher productivity, higher skill, and education. By doing this, In cooperation with Australia, Indonesia can supply the work force badly needed by Australia.
6. As the biggest Moslem country, Indonesia can and should be a partner of Australia in fattening cattles for domestic consumption or export further to third country especially to other Moslem country under halal label. The need for potato seed and other horticulture and aquaculture can be provided by Australia.

7. Indonesia has abundant sources of tropical fruit, however the standard put by Australia or importation of product is not yet met by Indonesian farmer. It is regarded as non-tariff barrier. In this regard, cooperation in training and technology transfer should play an important role. The same token applied to resources management, environment protection, and research.
8. Cooperation in the field of fisheries is another contentious issue. In order to reduce illegal fishing in both country territories, alternative income should be offered. The Indonesian manpower can be trained and then employed by the Australian fishing industries as one of the alternative.
9. Investment should be made for a long term purpose with a view to the environment protection especially in mining, local people should also benefit from the investment through various involvements in the process of production or ownership.
10. Millions of people need social security, and insurance. Financial institution, such as banking, insurance, and stock market are increasingly spread out through the region. Again, the investment in this sector should not for a short term purpose. Financial crisis 1997 was a valuable lesson for country in the region that nobody gains anything with the collapse of the country's financial sector.
11. As developing country, Indonesia still needs billions of dollars investment in infrastructure (for building of bridge, toll road, air and seaport). A free trade will only be boasted and successful if the infrastructure is ready to channel and speed up the movement of goods, services, and people. The same matters valid in the field of energy and electricity supply. Communication and information technology is another interesting field which can strengthen economic cooperation and relationship. Again all of those need a long term investment policy.
12. It might be very general and one-sided what we have presented, however we tried to put forward our view which may be the interest of the Indonesian in establishing a Free Trade Agreement with Australia

Thank you very much for your attention.

Perth, 04 December 2007