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Key Arguments

- The implementation of a specific IA-CEPA Standards Harmonisation Action Plan will unlock significant benefits for Australian and Indonesian businesses, especially SMEs.
- Enhanced standards co-operation and co-ordination can assist in addressing behind the border market access and participation issues.
- The development of a comprehensive standards harmonisation, regulatory coherence and technical convergence program will strengthen Indonesia's standardisation system related to IA-CEPA implementation and enhance alignment of domestic regulatory systems to international norms.

Comprehensive Economic Partnership between Australia and Indonesia

Standards Australia commends ACCI for seeking and co-ordinating Australia's inputs into Phase 2 of the Indonesia-Australia Business Partnership Group project (IA-BPG). The 2012 IA-BPG's position paper on Considerations Towards the Indonesia-Australia Comprehensive Economic Partnership Agreement provides a useful discussion paper and series of recommendations to inform and guide governments and businesses on the opportunities, issues and challenges facing both economies.

One of the reoccurring themes from the 2012 study is the importance of standards and conformity assessment. If both countries are to maximise bilateral trade and investment opportunities under the planned Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) then a concerted effort is required by Government and industry stakeholders.

Background

The expansion and deepening of the Australia-Indonesia economic and trading relationship is critical to the national interests of both countries and will only grow more so after the conclusion of the Indonesia – Australia Comprehensive Economic Partnership Agreement (IA - CEPA).

There is considerable scope under an ambitious and high quality outcomes focused IA- CEPA to expand bilateral trade and investment opportunities. Indonesia is the largest economy in South-East Asia and one of the fastest growing economies in the G20. Indonesia is currently our 12th largest trading partner with \$14.8 billion in total (two way trade) goods trade during 2014-15, while bilateral trade in services exceeded \$3.8 billion. A successfully concluded IA-CEPA would unlock a new range of business prospects and elevate the Australia-Indonesia relationship to a new level.

Though Indonesia is the largest consumer market in South East Asia, it is nonetheless a challenging and complex market for Australian exporters and foreign direct investment (FDI) – especially small to medium sized enterprises (SMEs). One of the principal areas in which Australia and Indonesia can help address market entry and participation issues is through enhanced standards, technical regulations and conformity assessment trade related co-operation, information exchange and coordinating activities in specific areas and sectors to support the growth of bilateral trade and FDI. In this respect National Standards Bodies have an important and crucial role to play in ensuring the successful post-implementation and benefits realisation of IA – CEPA.

Regional and Global Cooperation - An Emerging Area of Opportunity

Standards Australia is Australia's member of the International Organization for Standardization (ISO), the International Electrotechnical Commission (IEC), and the Pacific Area Standards Congress (PASC). It also supports the Australian Government through the Asia Pacific Economic Cooperation (APEC) Sub-Committee on Standards and Conformance (APEC SCSC) and the World Trade Organisation (WTO).

Standards Australia (SA) and the National Standardization Agency of Indonesia (Badan Standardisasi Nasional BSN), Indonesia's National Standards Body, cooperate in the region's standardisation system, including the APEC and PASC. BSN's hosting of the PASC 39 Annual General Meeting in Bali, Indonesia, 9-13 May 2016, underscores Indonesia's commitment to deepening standards co-operation and engagement in the Asia-Pacific region. In addition, both organisations are active in supporting the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA's) Standards, Technical Regulations and Conformity Assessment Procedures (STRACAP) Standards Co-operation (SC-STRACAP) program, which offers the platform for enhanced standards harmonisation, regulatory coherence and technical convergence.

At the International Standards setting level, SA and BSN are actively involved in the governance, policy and technical development aspects of international standards. As of 30 June 2016, Indonesia was ranked number 42 globally in terms of technical committee participation (240 TCs) at the ISO and number 39 in the IEC (20 TC Participating memberships). This compares to Australia, which is ranked at number 27 in the ISO (394 TCs) and 20 respectively at the IEC (85 TC Participating memberships). The attached spread sheet provides a comprehensive high-level overview of Australia and Indonesia's specific areas of standards development engagement at both the ISO and IEC. Furthermore, it also highlights specific standardisation areas of common interest where Australian and Indonesian technical experts are working side by side to draft and develop international standards solutions.

SA has provided capacity building assistance to BSN including technical assistance in managing international committees under ISO/TC 207 - Environmental management. Again, this type of technical assistance and knowledge transfer can be considerably up-scaled on a bilateral basis under IA-CEPA to promote Good Standardisation Practices. In addition, BSN and its stakeholders have been actively involved in APEC SCSC and APEC SMEWG sponsored projects relating to consumer food safety, critical infrastructure security and cross border data and information flows. As a result of participation in the recent Australian led APEC SMEWG Harmonisation of Standards for Data and Information Flows (APEC HOST) Project, see <http://www.standards.org.au/OurOrganisation/News/Documents/K-1070%20APEC%20HOST%20report.pdf>

Indonesia is reviewing the workshop findings as part of input into potential changes to its ecommerce regulations.

Implementing a Robust Standards Trade-Related Agenda

SA sees considerable merit and opportunity to work more closely with BSN to facilitate the development, adoption and use of voluntary International Standards to support two way trade and business in third markets, for example AANZFTA. Under the framework and STRACAP chapter of IA – CEPA, both SA and BSN can assist governments and businesses to identify, prevent and help address Technical Barriers to Trade, Non-Tariff Measures and thereby support the growth of trade and economic integration between the Australian and Indonesian economies.

To maximise the full benefits of IA-CEPA, it requires National Standard Bodies as well as the larger National Quality Infrastructure, including conformity assessment services (such as testing, inspection, and certification), metrology and accreditation to identify areas of potential collaboration and share experiences, information and know-how. Taking this point further from a standards trade-related perspective, enhanced standards co-operation between SA and BSN would undoubtedly provide another important vehicle to improve bilateral dialogue, understanding and co-operation. This can be further supported through dedicated standards trade-related workshops/road shows with governments and businesses to not only outline and educate businesses on leveraging IA-CEPA, but also gain additional insight on each countries standardisation and regulatory systems. This would also importantly contribute to the development of joint standards harmonisation initiative and associated industry roadmap with the aim of reducing unnecessary costs stemming from standards and regulatory differences in identified high priority market sectors.

Standards Australia is well placed to provide technical expertise and capacity-building support to BSN through an economic co-operation program to support the implementation of STRACAP provisions for the IA-CEPA. Where appropriate, this could include; joint planning of activities, development of a Voluntary Action Plan for the adoption of International Standards (an extension of work already taking place in APEC), implementation of a specific IA-CEPA Standards Harmonisation Action Plan, staff exchanges and secondments, technical committee experts exchanges and collaborative pilot projects to support standards and innovation targeted to SMEs. Down the track, consideration could be made to explore the possibility for the development of joint standards in areas of high priority. In addition, SA's work with Australian regulators in areas such as building and construction and Energy Efficiency Equipment can provide Indonesia with alternative best practice approaches in alignment between standards and regulations.


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Conclusion

Standards Australia is pleased to provide a contribution to the ongoing development of a forward looking IA-CEPA, helping trade negotiators and policy makers to construct an ambitious and balanced agreement.

Standards Australia would be pleased to provide any additional comments to assist the IA-BPG's deliberations.

Yours sincerely

A handwritten signature in black ink, reading "Bronwyn Evans". The signature is written in a cursive, flowing style with a large initial 'B'.

Dr Bronwyn Evans

Chief Executive Officer

