# TRENDS IN THE INDONESIAN FLOUR MILLING SECTOR

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**AGIC**
**Melbourne, July 31th, 2019**

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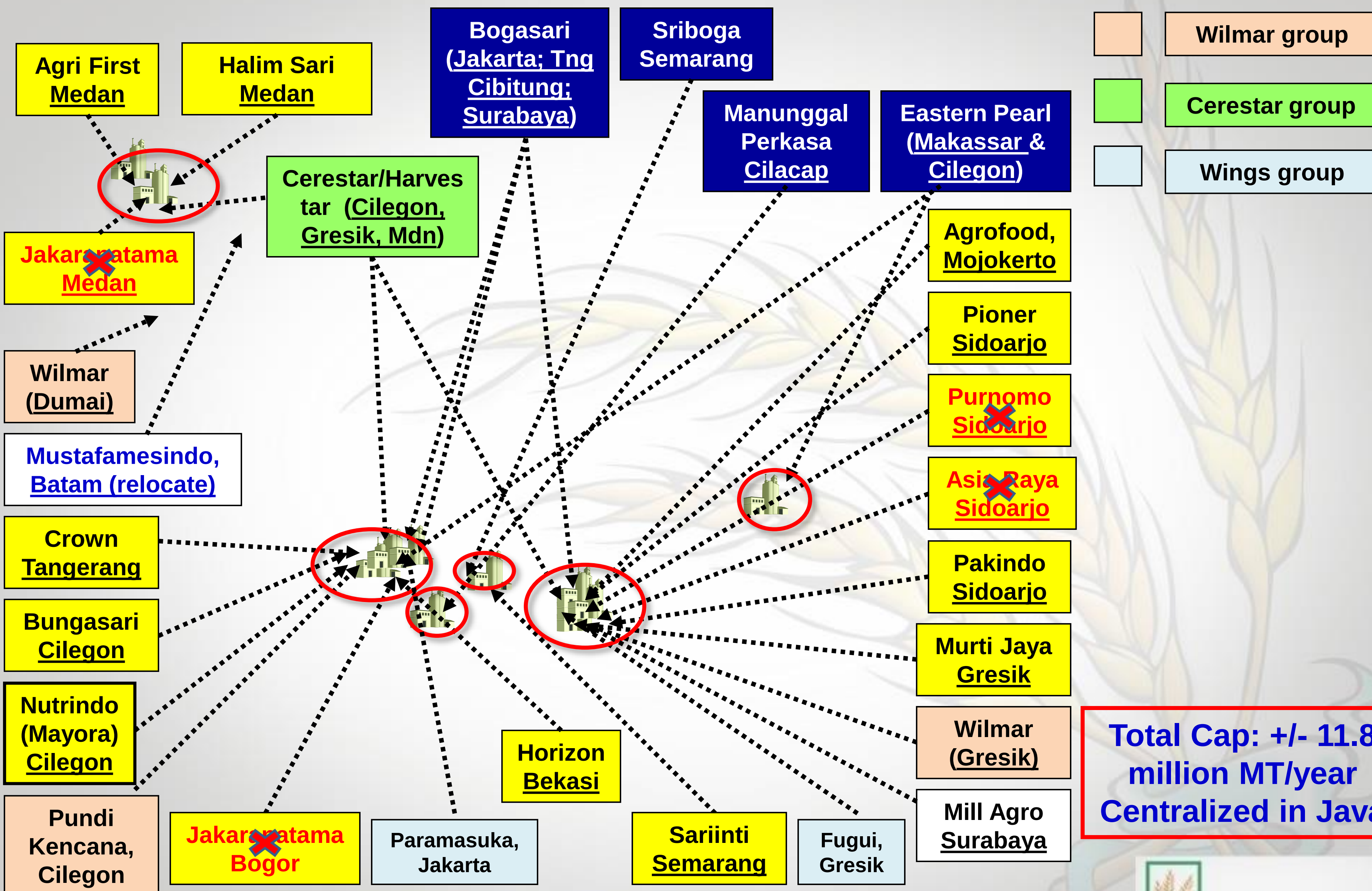
# PRE & POST DEREGULATION OF INDONESIAN WHEAT FLOUR INDUSTRY – THE HISTORY

| SUBJECT | PRE Deregulation (BULOG Era) | POST Deregulation | | | Total |
|---|---|---|---|---|---|
| | 1970-1998 | 1999-2009 | 2010-2014 | 2015 - 2018 | |
| Total | 4 | 4 + 7 = 11 | 11 + 15 = 26 | 27+ 4 (-3) | 28 |
| Location | Jakarta & Surabaya (1); Makassar (1); Semarang (1); Cilacap (1); | Gresik (1); Tangerang (1); Sidoarjo (3); Medan (1); Cilegon (1) | Cilegon (3); Tangerang (2); Medan (2); Bekasi (2); Gresik(3); Sidoarjo (1); Mojokerto (1); Semarang (1) | Jakarta (1); Cilegon (1); Cilegon (-1) Tangerang (-1); Bekasi (-1); Surabaya (1); | Java: 23 Outside Java: 5 (Centralized in Java ) |
| Total of Wheat Mill Capacity : +/- 11.8 million MT/year | | | | | |

# INDONESIAN FLOUR MILLS LOCATION - 2019 (28 Factories)




**Total Cap: +/- 11.8 million MT/year Centralized in Java**

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## New Flour Mills in 2019 (under construction)

- PT Wilmar Nabati Indonesia
  (Location: Dumai, South Sumatera)
  (Location: Gresik, East Java)

- PT Bungasari Flour Mills
  (Location: Cilegon, West Java )

- PT Indofood Sukses Makmur Tbk., Bogasari Division
  (Location: Cibitung, West Java)

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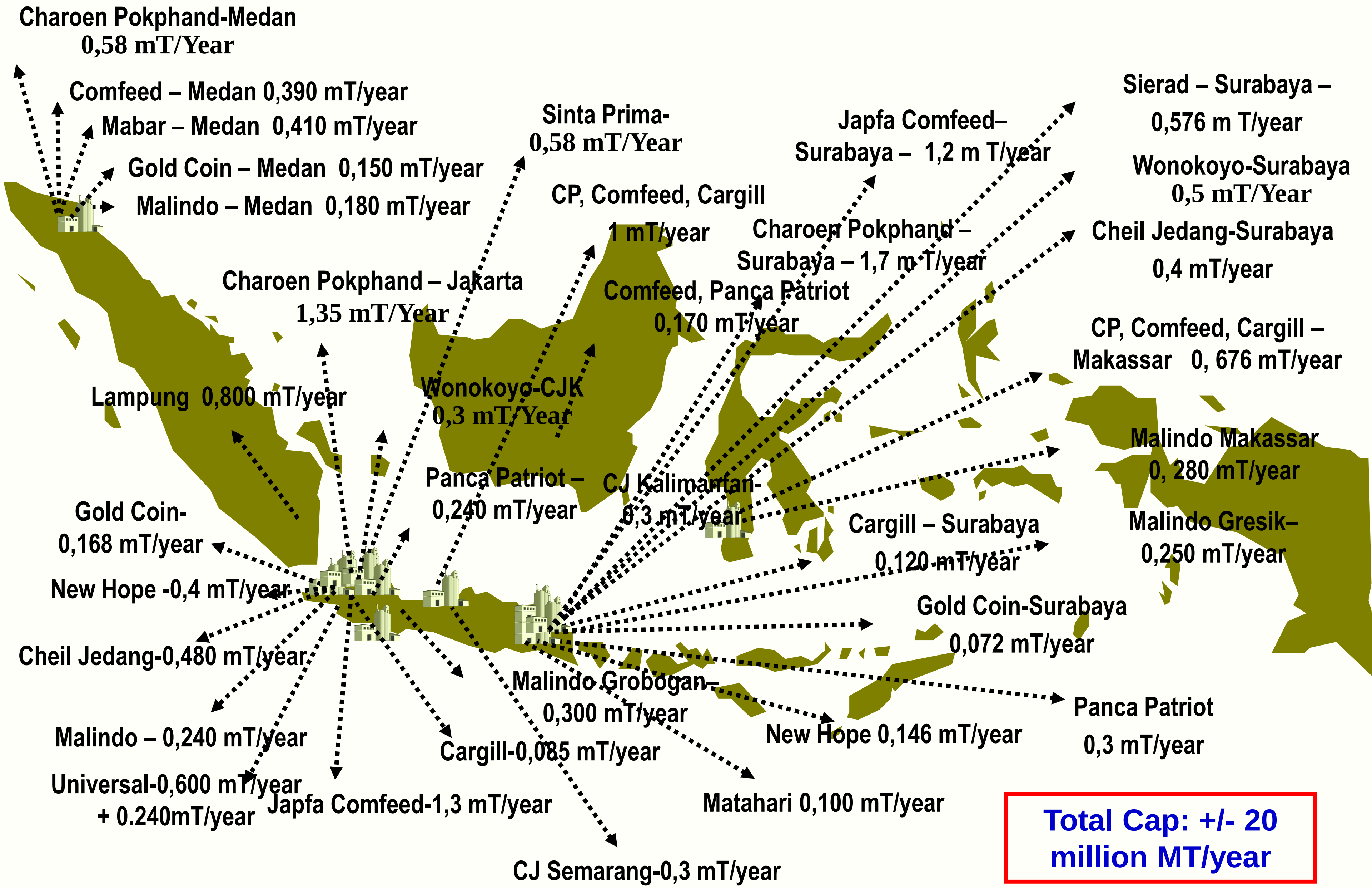
# Feed Mills in Indonesia




**Total Cap: +/- 20 million MT/year**

# INDONESIAN WHEAT FLOUR CONSUMPTION

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# INDONESIAN WHEAT FLOUR CONSUMPTION , 2014-2018

| YEAR | 2015 | | 2016 | | 2017 | | 2018 | | I/2019 | |
|---|---|---|---|---|---|---|---|---|---|---|
| SUBJECT | 000 MT | % | 000 MT | % | 000 MT | % | 000 MT | % | 000 MT | % |
| DOMESTIC SUPPLY | 5,455 | 99.5 | 5,841 | 98.9 | 6,275 | 99.9 | 6,519 | 99.9 | 3,272 | 99.97 |
| IMPORTS | 27 | 0.5 | 64 | 1.1 | 8.5 | 0.1 | 2.3 | 0.04 | 1.1 | 0.03 |
| Total | 5,482 | 100 | 5,905 | 100 | 6,283 | 100 | 6,522 | 100 | 3,273 | 100 |
| Wheat Equivalent | 7,213 | | 7,769 | | 8,056 | | 8,361 | | 4,197 | |
| GROWTH | - 2.60% | | 7.72% | | 6.41% | | 3.79% | | 1.06% | |

Indonesian Wheat Flour Consumption :
2018 : 6.5 MMT, Wheat grain equivalent 8.36 MMT
SMI/2019: 3.27 MMT, Wheat grain equivalent 4.20 MMT

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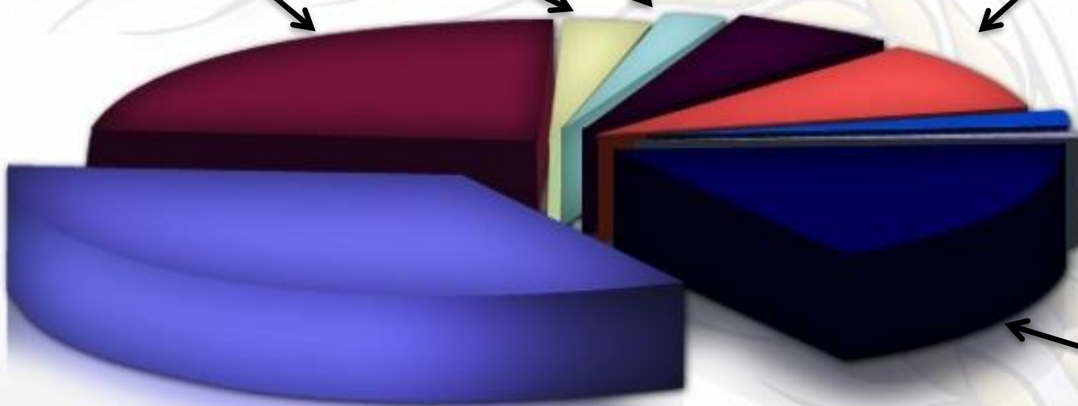
# Price Comparison




# END USED PROFILE OF WHEAT FLOUR

**SME**
**66%**

**Small Medium Enterprises (SME)**
- Traditional management
- Family-owned business
- Community oriented, tradition-minded

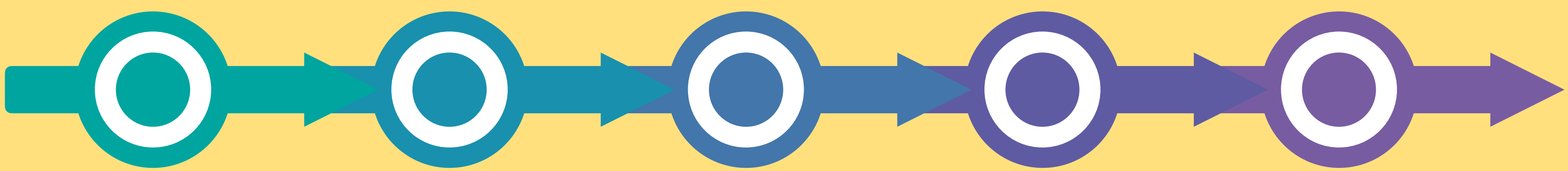



**Big & Modern Industry**
**34%**

**Big & Modern Industry**
- High-tech machinery
- Professional management
- Publicly-listed company

# CUSTOMER JOURNEY

bogasari



**House Hold Hobby**

**Home Order**

**Micro SME - Seasonal**

**SME**
**Big**
**Medium**
**Small**

**Modern Industry**

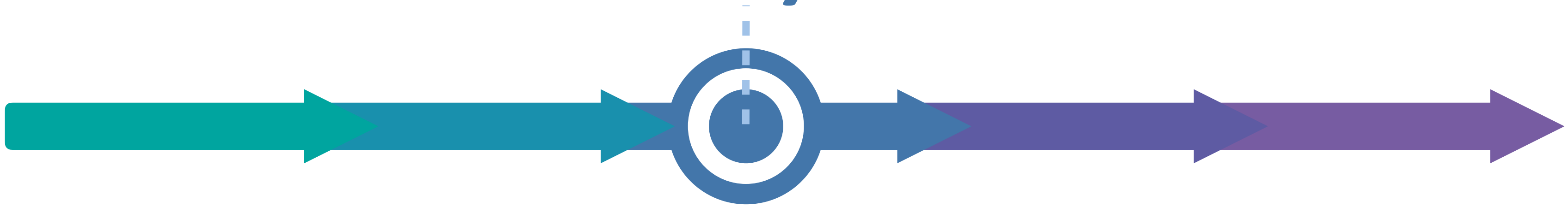
# House Hold / Hobby

Baking at home, for family and hobby

# *Home Order*

Additional income for house wife, taking order by phone, limited community, non routine order.


# *Micro SME / Seasonal*



- Routine order and start having family-employee(s)
- Festive moments, ie Eid Mubarak, New Year, Christmas – additional income
- No distribution network

# *SME*

*Small – Medium - Big*

The business grows – New Business model with more professional management, more employees.

# *Modern Industry*

Big capacity

Modern machinery, Technology and Management

# SME CUSTOMER PROFILE

| No | Factor | Micro SME | Artisan/ Boutique | Traditional | Modern |
|---|---|---|---|---|---|
| 1 | Size | Small | Small | Medium, Big | Big |
| 2 | Profile User | Gen X, Y, Millenials | Gen Y, Millenials | Gen X, Y | Gen X, Y |
| 3 | Management Style | Low | Good | Low | Good |
| | Branding | N/A | Own Brands | No Brand | Own Brands |
| | Marketing Strategy | Low | Good | Low | Good |
| | Distribution Network | Around community | On line | Good | Strength |
| | Product Presentation | Good | Super | Low | Good |
| | Employee | Family member | DIY, Family | Non Family | Professional |
| 4 | Reason of Business | Hobby, Support Family | Hobby | Income for Living | Growing |
| 5 | Moments | Seasonal | Continue | Continue | Continue |

# SME CUSTOMER PROFILE

SME

- Seasonal : Lebaran, Christmas
- Household - helping family‘s economy
- Hobbyist
- No Employee, Family members only
- Get the order from their owned closed community only
- No Distribution Network


# *SME CUSTOMER PROFILE*

**ARTISAN / BOUTIQUE**

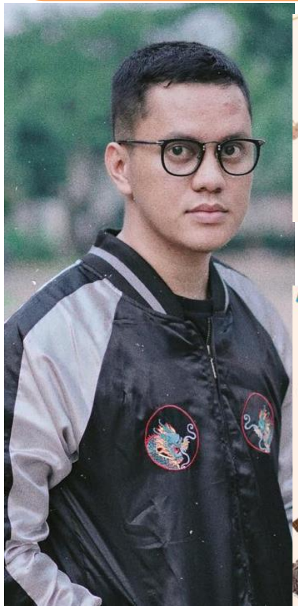
- Size : Silver
- Millennials
- Newly set up company
- Individual or partnership own

- Good Marketing Strategy
- Online Distribution
- Good management
- Highly awareness for end product presentation (Visual Aspect)

**TINTINRAYNER FOLLOWER 650K**

**SWEETOTREATS FOLLOWER 11K**

**CAKEKEKINIAN FOLLOWER 679K**


# SME CUSTOMER PROFILE

## TRADITIONAL

- Low Financial Support
- Size : Silver, Gold, Platinum
- Gen X, Y
- From Generation to Generation
- Simple Management Style
- Family Style Business
- No Marketing Strategy
- No Distribution Network
- Low Awareness for end product presentation



# SME CUSTOMER PROFILE

## MODERN

- Size : Mostly Gold, Platinum
- Gen X, Y
- Good Management
- Good Marketing
- Own Customer Network
- Company
- Standard end Product Presentation



# FLOUR CATEGORY AMONG SME

SME LOOK FOR **CONSISTENT QUALITY** AS THEY THINK IT IS IMPORTANT FOR **CONSISTENCY & CONTINUITY** OF THEIR PRODUCTION

1. **QUALITY**
2. **PRICE**
3. **AVAILABILITY**
4. **IMAGE**
5. **SERVICES**

# *Indonesian Millennials*

# INDONESIAN MILLENIALS PROFILE

1980 — BORN IN — 2000

36YRS — AGE BETWEEN — 16YRS

MID LEVEL MANAGEMENT | FIRST-JOBBERS | UNIVERSITY STUDENTS | HIGH-SCHOOLERS

PROFESSION

**INDONESIANMILLENNIALS**

*Goldman Sachs Global Investment Research

# Size of Each Generation & Age Group as of 2018

Traditionalist : 70 years and above

**Pop: 10,027,200**

Baby Boomers : 51 – 69 Years Old

**Pop: 45,864,700**

Generation X : 37 – 50 Years Old

**Pop: 57,811,500**

Generation Y : 16 – 36 Years Old

**Pop: 64,900,400**

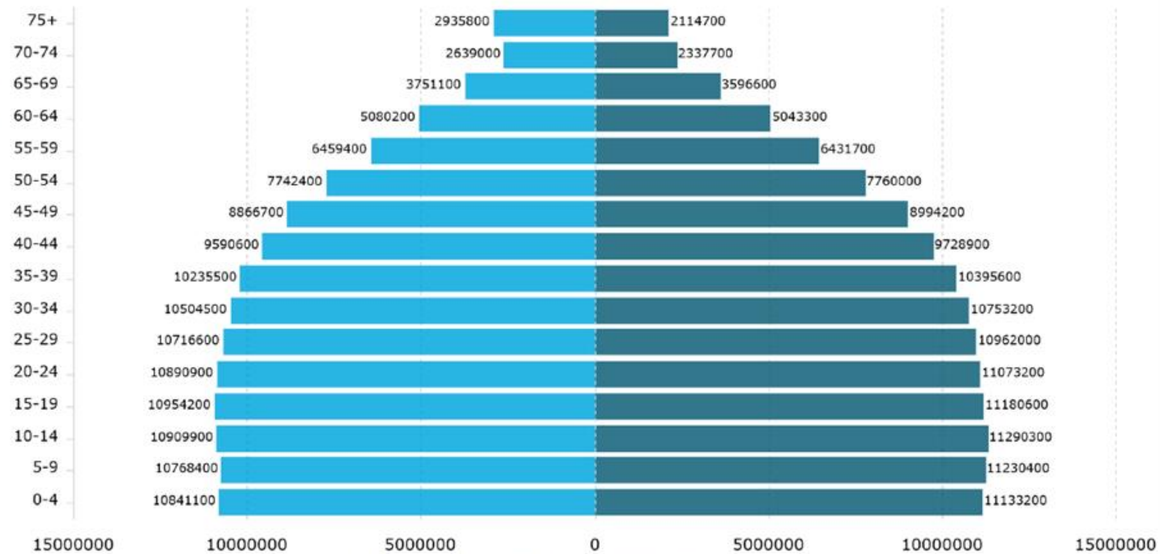
Generation Z : Up to 16 Years Old

**Pop: 88,308,100**

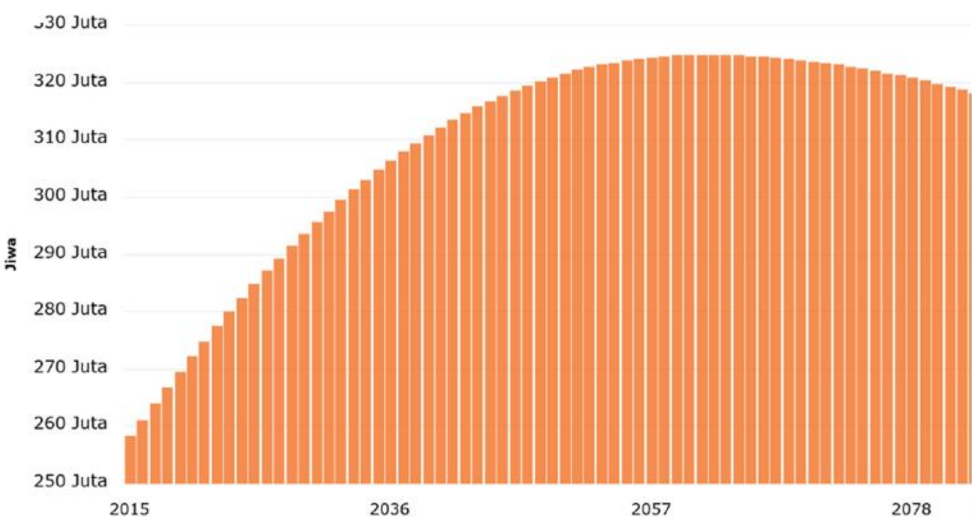
Millennials are Gen Y AND Z = **153 Million**

# THEY ARE NOW DOMINATING THE POPULATION PYRAMID

Indonesia has one of the world's youngest demographic profiles - 60% of the population is below 30; the age where big chunks of Millenials are.




Jumlah Penduduk Indonesia Menurut Perkiraan PBB (2015-2100)

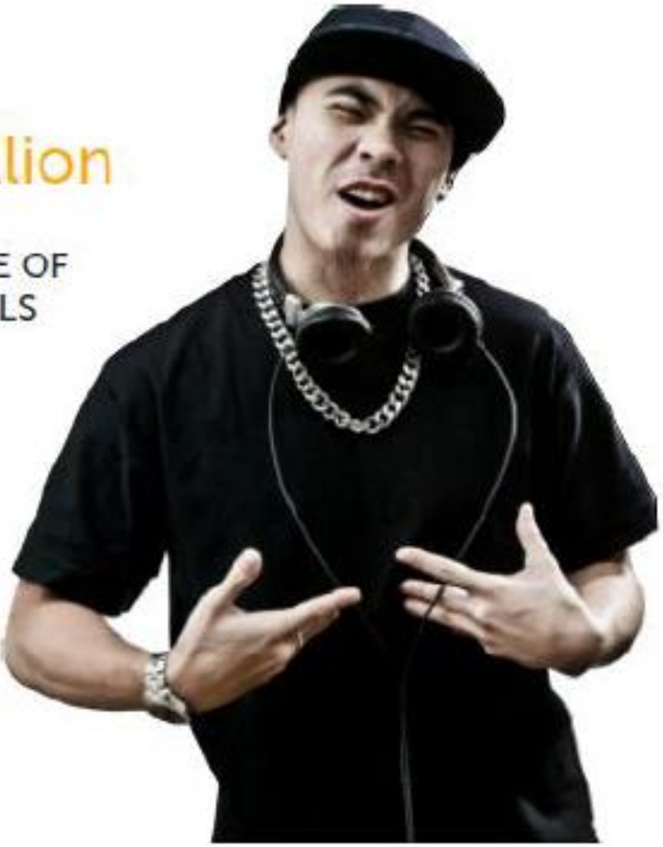



# THEY ARE SLOWLY CATCHING UP WITH GEN X IN BUYING POWER

2015

## $ 38.2 Billion

TOTAL YEARLY INCOME OF INDONESIAN MILLENIALS



## 2020

THEY ARE PREDICTED TO DRIVE THE NATIONAL ECONOMY IN LESS THAN 5 YEARS.

*VISA Research on Indonesian Millennials 2014

# The New Consumerism :
# I buy Experience not Product

- Success for millenials is not owning possessions but about Life Experience
- 78% of Millennial spend to buy new experience : travel, concerts , participating in sports events


## To enhance experience, restaurants offer different set of menu, different concept of design, ambience and service style


*Images Courtesy of Google

# INDONESIAN
# WHEAT GRAIN IMPORT &
# WHEAT FLOUR IMPORT

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# INDONESIAN WHEAT GRAIN IMPORTS
# Period: 2016 – 2019 (Jan – May)

| No | COUNTRY OF ORIGIN | 2017 | 2018 | 2019 (Jan - May) | | 19 vs 18 |
|---|---|---|---|---|---|---|
| | | MT | MT | MT | % | (yoy) |
| 1 | ARGENTINA | 152,312 | 677,953 | 1,608,649 | 32.5% | 137.3% |
| 2 | CANADA | 1,686,052 | 1,973,706 | 1,181,014 | 23.9% | 69.7% |
| 3 | UKRAINE | 1,984,999 | 2,419,769 | 578,219 | 11.7% | 73.6% |
| 4 | AUSTRALIA | 5,103,677 | 2,419,709 | 390,226 | 7.9% | -67.7% |
| 5 | UNITED STATES | 1,150,145 | 904,174 | 511,745 | 10.4% | 15.8% |
| 6 | RUSSIA FEDERATION | 1,222,026 | 1,228,320 | 278,074 | 5.6% | -24.9% |
| 7 | MOLDOVA, REPUBLIC OF | 63,792 | 57,271 | 67,572 | 1.4% | 165.8% |
| 8 | Others | 71,132 | 415,398 | 326,934 | 6.6% | 195.8% |
| | TOTAL | 11,434,134 | 10,096,299 | 4,942,434 | 100% | 27.9% |

**Country of Origin: Argentina, Canada, Ukraine & Australia**

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Source: BPS (Central Bureau of Statistic Indonesia)

# INDONESIAN WHEAT FLOUR IMPORTS
# (HS 1101.00.11 - FOOD)

| No | COUNTRY OF ORIGIN | TOTAL 2019 (Jan-May) | | |
|---|---|---|---|---|
| | | QTY (MT) | CIF (USD) | % |
| 1 | SINGAPORE | 540 | 307,098 | 53.3% |
| 2 | JAPAN | 345 | 257,627 | 34.1% |
| 3 | TURKEY | 88 | 26,250 | 8.6% |
| 4 | INDONESIA | 40 | 19,800 | 3.9% |
| | **TOTAL 2019** | **1,012** | **610,775** | **100%** |
| | **TOTAL 2018** | **782** | **504,781** | |
| | **2019 VS 2018 (yoy)** | **29.4%** | **21.0%** | |

**Country of Origin: Singapore & Japan (Japanese Flour/special flour)**

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Source: BPS (Central Bureau of Statistic Indonesia)

# INDONESIAN EXPORT OF: WHEAT FLOUR; BY PRPODUCT & WHEAT FLOUR BASED PRODUCTS

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# INDONESIAN WHEAT FLOUR EXPORTS
# (HS code 1101.00.11 & 1101.00.19) Period: 2017-2018

| No | COUNTRY OF DESTINATION | 2017 | | 2018 | |
|---|---|---|---|---|---|
| | | MT | 000 USD | MT | 000 USD |
| 1 | EAST TIMOR | 17,262 | 7,406 | 17,296 | 7,293 |
| 2 | PHILIPPINES | 29,488 | 10,049 | 12,505 | 4,170 |
| 3 | PAPUA NEW GUINEA | 14,995 | 3,178 | 9,908 | 4,096 |
| 4 | KOREA, REPUBLIC OF | 3,800 | 1,545 | 3,535 | 1,470 |
| 5 | MYANMAR | 14,192 | 5,660 | 3,013 | 888 |
| 6 | SINGAPORE | 1,331 | 539 | 2,213 | 654 |
| 7 | MALAYSIA | 1,890 | 729 | 461 | 174 |
| 8 | VIET NAM | 6,572 | 1,976 | 0 | 0 |
| 9 | Others | 1,937 | 1,136 | 1,671 | 643 |
| | **TOTAL** | **91,467** | **32,217** | **50,602** | **19,388** |

**Primary Destinations 2017-2018: EAST TIMOR, PHILIPINNES, PNG, & KOREA**

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Source: BPS (Central Bureau of Statistic Indonesia)

# INDONESIAN WHEAT FLOUR EXPORTS (HS code 1101.00.11 & 1101.00.19) Period: 2019

| No | COUNTRY OF DESTINATION | TOTAL 2019 (Jan-May) | | |
|---|---|---|---|---|
| | | QTY (MT) | FOB (USD) | % |
| 1 | EAST TIMOR | 7,113 | 3,079,232 | 52.0% |
| 2 | PAPUA NEW GUINEA | 2,857 | 1,222,541 | 20.9% |
| 3 | SINGAPORE | 811 | 323,767 | 5.9% |
| 4 | AUSTRALIA | 559 | 237,996 | 4.1% |
| 5 | PHILIPPINES | 480 | 223,862 | 3.5% |
| 6 | VIET NAM | 460 | 190,767 | 3.4% |
| 7 | KOREA, REPUBLIC OF | 355 | 164,571 | 2.6% |
| 8 | HONG KONG | 183 | 97,026 | 1.3% |
| 9 | VANUATU | 239 | 96,335 | 1.7% |
| 10 | BRUNEI DARUSSALAM | 132 | 69,331 | 1.0% |
| 11 | SOLOMON ISLANDS | 166 | 66,790 | 1.2% |
| 12 | THAILAND | 100 | 50,835 | 0.7% |
| 13 | MALAYSIA | 119 | 43,944 | 0.9% |
| 14 | TAIWAN | 50 | 27,027 | 0.4% |
| 15 | OTHERS | 55 | 26,583 | 0.4% |
| | **TOTAL 2019** | **13,678** | **5,920,605** | **100%** |
| | **TOTAL 2018** | **25,784** | **9,835,032** | |
| | **2019 VS 2018 (yoy)** | **-46.9%** | **-39.8%** | |

**Primary Destinations: EAST TIMOR, PNG, SINGAPORE, AUSTRALIA, PHILIPINNES & VIETNAM**
**Compared to 2018 (yoy), wheat flour export value down by 39.8 %**

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Source: BPS (Central Bureau of Statistic Indonesia)

# INDONESIAN BY PRODUCT EXPORTS: 2017 – 2019 (Jan-May) (HS Code 2302.30.10)

| No | Country of Destination | 2017 | | 2018 | | 2019(Jan-May) | | 19 vs 18 (yoy) |
|---|---|---|---|---|---|---|---|---|
| | | MT | (000USD) | MT | (000USD) | MT | (000USD) | (000USD) |
| 1 | THAILAND | 7,150 | 1,151 | 22,400 | 3,935 | 37,075 | 7,166 | #DIV/0! |
| 2 | PHILIPPINES | 7,952 | 1,285 | 17,356 | 3,181 | 24,732 | 4,794 | 335.2% |
| 3 | KOREA, REPUBLIC OF | 66,000 | 10,376 | 46,596 | 7,961 | 19,198 | 3,667 | -36.4% |
| 4 | VIET NAM | 312,465 | 51,895 | 126,959 | 21,654 | 24,122 | 4,316 | -70.0% |
| 5 | JAPAN | 8,262 | 1,394 | 17,189 | 3,040 | 8,144 | 1,560 | 2.9% |
| 6 | CHINA | 25,969 | 4,894 | 96,490 | 20,203 | 14,848 | 2,988 | -70.8% |
| 7 | SAUDI ARABIA | 44,000 | 6,899 | 69,500 | 10,969 | 0 | 0 | -100.0% |
| 8 | OTHERS | 184 | 68 | 2,000 | 778 | 233 | 56 | 503.0% |
| | Total | 471,981 | 77,962 | 398,489 | 71,721 | 128,351 | 24,546 | -40.4% |

**Primary Destinations: Thailand, Philippines, South Korea, Vietnam**
**Compared to 2018 (yoy), by product export value down by 40.4%**

Source: BPS (Central Bureau of Statistic Indonesia)

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# INDONESIAN WHEAT FLOUR BASED PRODUCTS EXPORTS
# Period: 2018 - 2019 (Jan-May)

| No | HS CODE | WHEAT FLOUR BASED PRODUCTS | 2018 | | 2019 (Jan-May) | | 2018(Jan-May) | | 2019 vs 2018 % | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | QTY, MT | VALUE (000 USD) | QTY, MT | VALUE (000 USD) | QTY, MT | VALUE (000 USD) | QTY | VALUE |
| 1 | 19053220 | Wafers | 136,080 | 307,153 | 27,793 | 62,424 | 53,126 | 121,462 | -47.7% | -48.6% |
| 2 | 19023040 | Oth instant noodles, stuffed, whether or not cooked | 132,568 | 207,188 | 24,740 | 43,031 | 51,498 | 84,314 | -52.0% | -49.0% |
| 3 | 19053110 | Sweet biscuits, not containing cocoa | 50,872 | 177,637 | 12,316 | 34,501 | 16,339 | 51,513 | -24.6% | -33.0% |
| 4 | 19053120 | Sweet biscuits, containing cocoa | 41,499 | 79,993 | 16,262 | 30,133 | 17,464 | 32,759 | -6.9% | -8.0% |
| 5 | 19059010 | Unsweetened teething biscuits | 12,231 | 24,516 | 3,597 | 7,139 | 4,482 | 9,492 | -19.7% | -24.8% |
| 6 | 19023090 | Transparent vermicelli, stuffed, whether or not coo | 13,116 | 21,189 | 3,239 | 6,949 | 4,839 | 10,441 | -33.1% | -33.4% |
| 7 | 19059090 | oth baker wares | 9,565 | 26,835 | 3,150 | 6,250 | 4,239 | 11,750 | -25.7% | -46.8% |
| 8 | 19021990 | Pasta, whether or not cooked or stuffed or otherwis | 6,858 | 7,720 | 3,219 | 3,358 | 3,319 | 3,780 | -3.0% | -11.2% |
| 9 | 19059080 | Other crisp savoury food products | 3,326 | 7,076 | 1,020 | 2,405 | 1,285 | 2,999 | -20.7% | -19.8% |
| 10 | 19059030 | Cakes | 830 | 2,638 | 750 | 2,403 | 310 | 914 | 141.9% | 163.0% |
| 11 | 19053210 | Waffles | 1,052 | 3,306 | 430 | 1,420 | 0 | 0 | #DIV/0! | #DIV/0! |
| 12 | 19051000 | Crispbread | 1,016 | 2,073 | 310 | 684 | 263 | 615 | 18.0% | 11.2% |
| 13 | 19054090 | Rusk, toasted bread & sim toasted product, contai | 412 | 985 | 270 | 638 | 100 | 252 | 170.4% | 152.9% |
| 14 | 19059020 | Oth unsweetened biscuits | 1,356 | 1,687 | 470 | 630 | 452 | 546 | 3.9% | 15.3% |
| 15 | 19054010 | Rusk, toasted bread & sim toasted product, not co | 29 | 78 | 212 | 520 | 21 | 63 | 917.9% | 731.3% |
| 16 | 19059040 | Pastries | 716 | 994 | 101 | 256 | 366 | 531 | -72.3% | -51.8% |
| 17 | 19021100 | Pasta, whether or not cooked or stuffed or otherwis | 154 | 196 | 114 | 147 | 49 | 71 | 132.4% | 107.5% |
| 18 | 19059070 | Communion wafers, sealing wafers, rice paper and | 3 | 9 | 5 | 13 | 1 | 4 | 281.4% | 222.4% |
| 19 | 19022010 | Pasta, Stuffed with meat or meat offal | 14 | 69 | 0 | 0 | 10 | 57 | -100.0% | -100.0% |
| 20 | 19022030 | Pasta, Stuffed with fish, crustaceans or molluscs | 14 | 8 | 0 | 0 | 0 | 0 | #DIV/0! | #DIV/0! |
| | | TOTAL | 411,712 | 871,352 | 97,998 | 202,898 | 158,164 | 331,562 | -38.0% | -38.8% |

**Primary Destinations: China, Malaysia, Philippines, Myanmar, Vietnam, Australia, Japan, Thailand, USA, East Timor, Hongkong, Singapore.**
**Compared to 2018, Wheat Flour Based product export down 38.8%**

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# EXPORT VALUE OF WHEAT FLOUR, BY PRODUCTS & WHEAT FLOUR BASED PRODUCTS, 2010 –2019

| Year | Export Value in .000 USD FOB | | | | Growth, yoy (%) |
|---|---|---|---|---|---|
| | Wheat Flour | Wheat Flour Based Product | By Products | Total (000 USD) | |
| 2010 | 18,703 | 329,159 | 71,660 | 419,522 | - |
| 2011 | 18,296 | 416,077 | 71,043 | 505,416 | 20.5% |
| 2012 | 26,297 | 441,871 | 88,055 | 556,223 | 10.1% |
| 2013 | 37,063 | 513,128 | 105,762 | 655,953 | 17.9% |
| 2014 | 39,952 | 605,683 | 109,907 | 755,542 | 15.2% |
| 2015 | 35,290 | 608,117 | 92,972 | 736,379 | -2.5% |
| 2016 | 26,315 | 700,535 | 98,228 | 825,078 | 12.0% |
| 2017 | 32,217 | 811,240 | 77,962 | 921,418 | 171.6% |
| 2018 | 20,312 | 871,352 | 71,721 | 963,385 | 4.6% |
| 2019 (Jan-May) | 5,921 | 202,898 | 24,546 | 233,365 | -31.2% |
| 2019 vs 2018 (yoy) | -39.8% | -29.6% | -40.4% | -31.2% | |

1. Total export 2018 : 963.4 million USD;
2. Total export Jan – May 2019 : 233.4 million USD (down by 31.2% vs 2018 yoy)

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<u>CONCLUSION</u>:

1. **<u>Flour Mill Industries growth since 1998</u>**:
   - 1970 – 1998 (Bulog Era) : 4 Flour Mills
   - in 2017 (post deregulation): 28 Flour Mills (will be 31 factories in 2020) *(centralized in Java, 23 flour mills)*
   - **Total Wheat Milling Capacity: 11.8 Million MT**
2. **<u>Indonesian Wheat Flour Consumption</u>:**
   - 2018: 6.52 MMT, <u>rise by 3.79%</u> (Wheat equivalent : 8.36 MMT)
   - **S1-2019: 3.27 MMT, <u>rise by 1.06%</u> (Wheat equivalent : 4.2 MMT)**
3. Export value in 2018:
   - wheat flour: 19.4 mio USD (<u>down by 39.8</u>% compared to 2017)
   - wheat flour based products : 871.4 mio USD (<u>rise by</u> 7.4% compared to 2017)
   - by products export: 19.4 mio USD (<u>down by 39.8</u>% compared to 2017)

   **(<u>Total export value 2018: 963.4 mio USD, rise by 4.6% compared to 2017</u>.)**
4. **Export value in 2019 (Jan – May):**
   - wheat flour: 5.9 mio USD (<u>down by 39.8</u>% compared to 2018, yoy)
   - by products export: 24.5 mio USD (<u>down by 40.4</u>% compared to 2018, yoy)
   - wheat flour based products: 331.5 mio USD (<u>down by</u> 38.8% compared to 2018, yoy)

   **(<u>Total export value S1-2019: 233.4 mio USD, down by 21.2% compared to 2018 yoy</u>)**

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# THANK YOU

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# IA - CEPA

INDONESIA-AUSTRALIA
COMPREHENSIVE ECONOMIC PARTNERSHIP AGREEMENT

Indonesia will be the world's fifth-largest economy by 2030, and IA-CEPA ensures that Australia is well-placed to deepen economic cooperation and share in Indonesia's growth.

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# Australia – Key Outcome

**Goods:**

Duty free

Import permit

Trade facilitation

Non tariff measures

| Product | | Treatment at entry into force | Longer term outcome |
|---|---|---|---|
| | Live male cattle | Duty free (from 5% tariff) access for 575,000 cattle in year one | 4% annual growth in volume reaching 700,000 by year 6. A review for subsequent increases |
| | Frozen beef | Tariff cut to 2.5% (from 5%) and access for unlimited volume | Elimination of tariff after 5 years |
| | Sheep meat | Tariff cut to 2.5% (from 5%) and guaranteed access for unlimited volume | Elimination of tariff after 5 years |
| | Feed grains | Duty free access for 500,000 tonnes in year one | 5% annual growth in volume thereafter |
| | Sugar | Locked in 2017 "early outcome" of reduction of tariff to 5% | Ongoing |
| | Dairy | Elimination or reduction of tariffs across a number of dairy lines | Removal of all remaining tariffs on dairy lines |
| | Citrus | *Mandarins* – tariff cut to 10% (from 25%) for 7,500 tonnes per year | Tariff reduced to 0% over 20 years. Duty free access for unlimited volume thereafter. |
| | | *Oranges* – duty free access for 10,000 tonnes in year one. | 5% annual growth in volume thereafter |
| | | *Lemons* – duty free access for 5,000 tonnes in year one | 2.5% annual growth in volume thereafter |
| | Vegetables | *Potatoes* – tariff cut to 10% (from 25%) for 10,000 tonnes per year for five years | After five years, 5% tariff for 12,500 tonnes per year<br>2.5% annual growth in volume thereafter |
| | | *Carrots* – tariff cut to 10% (from 25%) for 5,000 tonnes per year | Tariff progressively reduced to 0% over 15 years.<br>Unlimited volume permitted at 0 tariff after that |
| | Hot and cold rolled steel coil | Duty free access (from between 2.5% to 11.25%) for 250,000 tonnes in year one | 5% annual growth in volume thereafter |
| | Copper cathodes | Tariff eliminated | |

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# Australia – Key Outcome

## Services & Investments:

Level of Ownership
Treatment of Services
Digital Trade

| Sector | New level of binding for market access |
|---|---|
| Work training | Australian ownership up to 67% for supplying certain technical and vocational training |
| University education | Automatically locks in future liberalisation for Australian universities setting up in Indonesia – Indonesia intends to open its higher education sector further in the future |
| Mining and related services | Australian ownership up to 67% of contract mining services and mine site preparation services |
| Hospitals and in-hospital pathology, paramedic and specialist medical and dental clinics | Australian ownership up to 67% of large hospitals and, within large hospitals, up to 67 per cent of pathology, paramedic and medical and dental specialist clinic services. No geographic limitations |
| Aged care services | Australian ownership up to 67% of aged care facilities |
| Telecommunications | Australian ownership up to 67% of telecommunications |
| Tourism | 100% Australian ownership for 3, 4 and 5 star hotels and resorts, no geographical limits; 67% Australian ownership of most other accommodation, restaurants, cafes and bars, as well as tour operator services and tourism consultancy services; 51% marinas. |
| Professional services | Australian ownership up to 67% of architectural, urban planning and most engineering and surveying services |
| Construction services | Australians ownership up to 67 % most construction-related work |
| Energy | Indonesia committed to allow Australian ownership up to:<br><br>95% of power plants (more than 10 megawatts)<br>75% of oil and gas platform construction<br>67% for electrical power construction, installation, operation and maintenance<br>55% for electrical power installation constructions.<br>51% of geothermal power plants (10 megawatts or less); geothermal surveying, drilling and operations; and offshore oil and gas drilling |
| Wastewater management | Australians ownership up to 67% of wastewater management |
| Transport | Australian ownership up to 67% for highways, bridges, tunnel concessions and parking services and 51% for operation of railways |


## Indonesia – Key Outcome

**Goods:**

Free Tariffs – imports into Australia

Origin Electric Motor Vehicles

**Services & Investment**

Public health & education

Social services

Culture & broadcasting

Indigenous policy

Maritime transport

**Skills Package**

Skill Exchange, 6 months, work training

Work & holiday visas

**Economic Cooperation**

Jointly-funded work program

### GOODS

Building on the ASEAN-Australia-New Zealand Free Trade Agreement, Australia will immediately eliminate all remaining tariffs on Indonesian imports into Australia.

In response to a specific Indonesian request, Australia has provided the most liberal origin requirements for Indonesian electric motor vehicles of any Australian trade agreement.

### SERVICES AND INVESTMENT

Australia's services and investment commitments in IA-CEPA lock in Australia's existing open policy settings, similar to those in other trade agreements. These commitments include exceptions that preserve policy flexibility in sensitive areas such as:

- public health and education
- social services
- culture and broadcasting
- indigenous policy
- maritime transport

Australia's open investment settings will be set out in IA-CEPA, encouraging further investment from Indonesia. Indonesian investment in Australia will be subject to Australia's foreign investment policy, including screening by the Foreign Investment Review Board.

### SKILLS PACKAGE

As part of an overall skills package, Australia and Indonesia have agreed to a reciprocal Skills Exchange, allowing professionals from both countries to gain 6 months experience in the other's market.

Australia has also committed to allow a certain number of Indonesians (200) to engage in 6 month work training opportunities in Australia – this will help build the capacity of Indonesia's workforce in key sectors, including those of interest to Australian investors.

Indonesia will also receive an increase in the number of Australian work and holiday visas (from 1000 today to 4100 in year one, growing to 5000 over six years). This will provide useful work experience for young Indonesians as well as assist regional Australia to meet seasonal labour requirements.

### ECONOMIC COOPERATION

IA-CEPA includes a framework for trade and investment-related cooperation through a jointly-funded work program. The joint work program will support technical assistance and capacity building activities across a range of trade-related areas to strengthen commercial links and help stimulate two-way investment.