

**General Review of the Indonesia-Australia
Comprehensive Economic Partnership Agreement**

Submission to Department of Foreign Affairs and Trade

March 2026

Introduction

The Australian Dairy Industry Council (ADIC) welcomes the opportunity to provide this submission to the Department of Foreign Affairs and Trade as part of the General Review of the Indonesia–Australia Comprehensive Economic Partnership Agreement (IA-CEPA).

This submission has been developed in consultation with Dairy Australia.

IA-CEPA has progressively eliminated tariffs across a broad range of dairy tariff lines, improving Australia's competitive position in the Indonesian market. For several key dairy products, tariffs have been reduced to zero, while others are subject to staged reductions consistent with Indonesia's schedule of commitments. However, ongoing administrative and trade facilitation barriers continue to constrain the full realisation of the Agreement's benefits.

Indonesia is Australia's highest value dairy export market in Southeast Asia and one of Australia's largest dairy export markets globally by value. In 2024–25, Australian dairy exports to Indonesia were valued at approximately \$302 million, highlighting the strategic importance of IA-CEPA to the sector.

Indonesia's structural dairy deficit makes imports essential to support food manufacturing, improve nutrition outcomes and strengthen food security objectives. Australia's geographic proximity, strong food safety systems and longstanding commercial partnerships position it as a reliable and complementary supplier.

Through this Review, the Australian dairy industry recommends that the Australian Government take targeted action to address remaining non-tariff and administrative constraints and improve trade facilitation settings, such as to:

1. Seek to streamline Indonesia's dairy import licensing and establishment registration arrangements, including through annual automatic import permits or equivalent instruments, removal of shipment-by-shipment permit requirements, and more transparent, timely and risk-based registration processes – including recognition of compliance history to reduce repeat approvals.
2. Strengthened coordination between Australian and Indonesian authorities to improve the transparency, consistency and efficiency of establishment and product registration requirements, including through clearer guidance on approval criteria and documentation, publication of indicative processing timeframes, and adoption of streamlined approval pathways.
3. Strengthen perishable goods provisions within the Customs Procedures and Trade Facilitation Chapter to support expedited clearance and reduce commercial risk for time sensitive agriculture and food products.
4. Improve transparency and reporting on IA-CEPA utilisation to better assess uptake, identify administrative barriers and inform targeted engagement.

These reforms would enhance predictability, reduce transaction costs, streamline processes, and improve supply chain resilience for both countries, while maintaining Indonesia's regulatory sovereignty.

The General Review provides an important opportunity to ensure IA-CEPA remains fit for purpose, commercially workable and responsive to evolving trade conditions.

We expand on this below.

The Australian dairy industry

Dairy is the third-largest rural industry in Australia, with a farmgate value of \$6.2 billion. Across the value chain, the dairy industry generates an estimated \$18.5 billion in economic activity and directly employs almost 31,300 people. Around 36 per cent of milk production is exported, valued at approximately \$3.8 billion in 2024-25. Australia ranks fifth globally in dairy trade, with around five per cent of global market share, behind New Zealand, the European Union, the United Kingdom and the United States.

ADIC is the peak national representative body for the Australian dairy industry, representing dairy farmers and processors through its constituent bodies, Australian Dairy Farmers (ADF) and the Australian Dairy Products Federation (ADPF).

Dairy Australia is the national services body and research and development corporation for the dairy industry, supporting farmers to adapt to a changing operating environment and to build a profitable and sustainable future.

Dairy industry feedback to the General Review:

1. Import licensing arrangements

To import dairy products into Indonesia, importers are required to:

- Obtain a Recommendation from the Ministry of Agriculture, typically valid for six months; and
- Obtain an Import Approval or Permit from the Ministry of Trade, generally issued on a shipment-by-shipment basis.

While the Ministry of Agriculture recommendation provides medium term approval, the requirement to obtain import permits on an individual shipment basis introduces administrative burden and timing uncertainty. Processing times can be variable and may affect shipment planning, contract execution, inventory management, production scheduling and overall supply chain reliability.

Importers must reapply for recommendations every six months, even where there is an established compliance history, and manage individual permit approvals for each consignment. This reduces predictability and increases transaction costs for both Indonesian importers and Australian exporters.

Under Chapter 3 of IA-CEPA, which covers Trade in Goods, Indonesia has undertaken specific commitments for certain agricultural products, including live cattle and specified meat products, to provide automatic annual import permits without seasonal restrictions or quantitative limits.

These commitments provide:

- Automatic issuance of import permits on an annual basis

- No seasonal restrictions
- No quota constraints
- Exemption from additional recommendation requirements.

The practical effect is streamlined and predictable access. By contrast, dairy products, despite benefiting from tariff liberalisation, do not receive equivalent automatic licensing treatment.

This differential treatment represents a practical gap in the functioning of IA-CEPA. While tariff outcomes are commercially meaningful, the continued administrative layering constrains the Agreement's full trade facilitation potential.

Given Indonesia's reliance on imported dairy inputs to support domestic food manufacturing, school nutrition programs and consumer demand, improving predictability for dairy trade would deliver economic and food security benefits for both countries.

To deepen liberalisation and enhance trade facilitation under IA-CEPA, the Australian dairy industry seeks the prioritised engagement with Indonesia to streamline dairy import licensing arrangements.

Specifically, Australia should seek:

- Annual automatic import permits, or equivalent instruments, for dairy products
- Removal of shipment-by-shipment permit requirements
- Elimination of any seasonal constraints
- Recognition of compliance history to reduce repeat recommendation requirements.

Such reforms would not alter Indonesia's regulatory sovereignty but would materially improve certainty, streamline processes, reduce transaction costs and enhance the practical value of IA-CEPA commitments.

2. Establishment registration requirements

Company and establishment registration requirements for importers into Indonesia continue to present practical market access challenges for Australian dairy exporters.

While not a tariff measure, these requirements can be administratively complex, with processes that may lack transparency and can be applied inconsistently in practice, particularly where product-specific approvals or facility listings are required.

Industry feedback suggests that delays in registration, limited visibility over approval timeframes, and evolving documentation requirements can disrupt trade flows and increase compliance costs. In some cases, these factors may constrain the ability of exporters to enter or expand in the market, even where tariffs have been reduced or eliminated under IA-CEPA.

Improving regulatory transparency, streamlining approval processes, and strengthening coordination between Australian and Indonesian authorities would support more predictable market access and help ensure the Agreement's tariff benefits are more fully realised.

3. Perishable goods provision

IA-CEPA's Customs Procedures and Trade Facilitation Chapter contains important commitments relating to transparency, advance rulings and efficient border procedures. However, there is scope to further strengthen provisions relating specifically to perishable goods, such as dairy products.

The Australian dairy industry recommends that, as part of the General Review, the Parties consider enhancing commitments consistent with Article 7.9 of the World Trade Organization Trade Facilitation Agreement, which provides for expedited release of perishable goods – including dairy.

An explicit commitment to priority treatment and release of perishable goods within the shortest possible time would reduce commercial risk, minimise spoilage, and enhance supply chain certainty for exporters on both sides. This would deliver mutual benefit: Australian exporters of dairy, chilled meat and horticulture products to Indonesia face time-sensitive clearance pressures, while Indonesian exporters of perishable goods such as seafood and horticulture products to Australia similarly depend on rapid border processing to preserve quality and value.

Strengthening IA-CEPA in this area would modernise it in line with contemporary trade facilitation standards and reinforce the shared objective of supporting resilient, high-quality agri-food trade between our two economies.

4. Monitoring and measuring utilisation of Free-Trade Agreements

Comprehensive and transparent reporting on IA-CEPA utilisation would significantly assist industry in assessing the Agreement's effectiveness. Currently, public reporting on FTA utilisation rates at a sector-specific and product-level is limited. Greater visibility on

- Utilisation rates by tariff line
- Preference margin uptake
- Administrative barriers affecting use
- Comparative use of IA-CEPA and AANZFTA

Such transparency would support a more robust, evidence-based assessment of how the Agreement is functioning in practice and where targeted improvements may be required.

For dairy exporters, understanding how IA-CEPA preferences are being utilised, and where bottlenecks arise, would support evidence-based engagement with government and Indonesian counterparts.

We recommend that the Australian Government publish regular sector-level and product-level utilisation reporting and undertake targeted consultation where utilisation appears below expected levels.

Conclusion

IA-CEPA has been instrumental in strengthening Australia's dairy trade relationship with Indonesia. Tariff liberalisation outcomes have improved competitiveness and supported export growth.

However, administrative complexity, particularly in relation to import licensing and registration processes, continues to limit the Agreement's full trade facilitation potential. Addressing these practical constraints would enhance predictability, reduce transaction costs, streamline processes, and deliver mutual economic and food security benefits.

The Australian dairy industry looks forward to continuing to work closely with the Australian Government to further strengthen IA-CEPA, maximise its effective utilisation and ensure Australian dairy exporters remain internationally competitive in the Indonesian market.

Yours sincerely,



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