International Journal of Multicultural and Multireligious Understanding

http://ijmmu.com
editor@ijmmu.com
ISSN 2364-5369
Volume 10, Issue 8
August, 2023
Pages: 166-179

Strategy of the Indonesian Government in Increasing Economic Growth Through IA-CEPA ECP Post-Pandemi Covid-19

Nofran Juma; Putri Hergianasari; Novriest Umbu Walangara Nau

Faculty of Social Sciences and Communication Sciences, Universitas Kristen Satya Wacana, Salatiga, Indonesia

http://dx.doi.org/10.18415/ijmmu.v10i8.4876

Abstract

This study aims to analyze the strategy of the Indonesian government in increasing economic growth through the IA CEPA after the Covid-19 pandemic. The IA CEPA is a cooperation framework initiated by the governments of Indonesia and Australia in strengthening cooperation, especially in the economic field. This cooperation framework covers several sectors such as investment and trade, as well as human resource improvement. This research uses descriptive qualitative method with literature study. In implementing the IA CEPA, it will have a specific impact on Indonesia's economic growth through the priority sectors in it.

K*eywords:* *K IA CEPA ECP; Economic Growth; Covdi-19*

Introduction

Two and a half years since the start of the COVID-19 pandemic, the global economy is poised for its strongest post-recession recovery in 80 years in 2021 (Szara et al., 2022). But this process is expected to be uneven across countries, as major economies are seen to post strong growth even when many lagging developing countries. Global growth is expected to accelerate to 5.6% over the year, largely driven by major economic powers such as the United States and China (Morrison, 2019). Despite this year's increase, global GDP levels in 2021 are expected to be 3.2% below pre-pandemic projections (Congressional Research Service, 2021). GDP per capita among many emerging markets and developing economies is expected to remain below pre-COVID-19 peaks for a long time to come. As the pandemic continues to experience escalation, it will shape the course of global economic activity (Gourinchas, 2023).

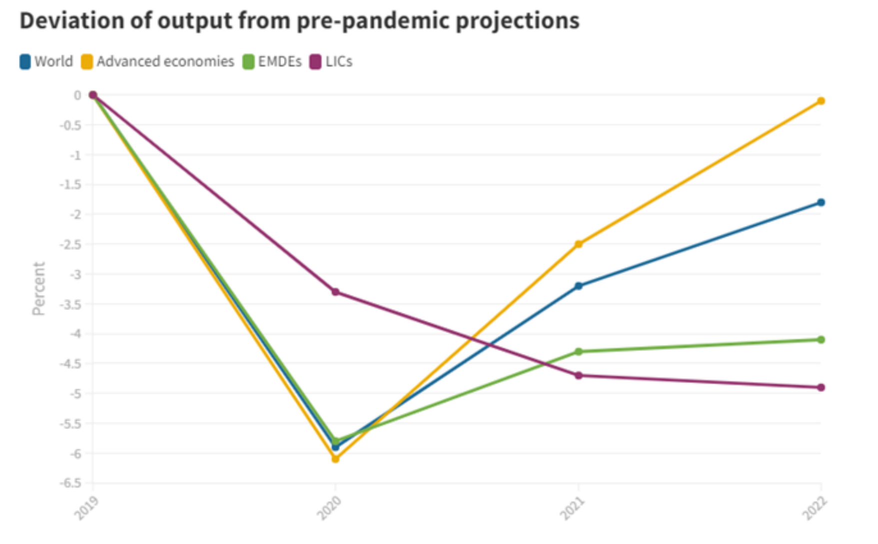

Figure 1. Deviation of Output from pre-pandemic projections
Source:(Gourinchas, 2023)

Based on the data in the figure above, global inflation, which is increasing in line with economic recovery, is expected to continue to grow until the end of 2022. However, it is likely to remain within the target range for most countries. In emerging markets and developing economies where inflation is rising above target, this trend may not require a monetary policy response provided it is temporary, and inflation expectations are well maintained. In the longer term, the prospects for emerging markets and developing economies are likely to be dampened by the long-lasting legacies of the pandemic – the erosion of skills due to lost jobs and schools, a sharp decline in investment, higher debt burden; and more significant financial vulnerability. Growth among this economic group is expected to move to 4.7% in 2022 as the government gradually withdraws policy support (Ferrero et al., 2022).

With its economy hard hit by the pandemic, Indonesia transitioned from upper-middle-income status to lower-middle income in July 2021 (Wihardja & Cunningham, 2021). The pandemic also partially reversed progress in poverty reduction, from a record low of 9.2% in September 2019 to 9.7% in September 2021(Suryahadi et al., 2020). As Indonesia's economy recovers, the country's GDP growth is projected at 5.1 percent in 2022, supported by commodity export growth and accommodative fiscal policies to deal with the pandemic (Olivia et al., 2020). However, more challenging global conditions and the effects of covid-19 could derail the recovery.

Indonesia is one of the countries in ASEAN which is in post-pandemic economic recovery, helped by several bilateral cooperation with several partner countries (Anbumozhi et al., 2022). The focus of cooperation is not only in the economic field, considering the many challenges that have arisen due to Indonesia’s internal and external weakening (Romarina, 2016). It should be acknowledged that several agreements and cooperation failed to benefit Indonesia, such as the example of failure of the free trade agreement between Indonesia and Japan, which showed a deficit in Indonesia’s economic growth and brought benefits to Japan (Vu, 2010). However, in its journey, Indonesia, through several ministries, has realized strategies that create a positive climate in efforts to increase its economy. For example, the Ministry of Investment has also prepared four strategies to maintain a favorable investment climate amidst a pandemic (Christmawan & Utami, 2022). They facilitate existing companies already operating in Indonesia to overcome obstacles; facilitate stalled investments; bring in new investment to Indonesia; and provide incentives to companies planning to implement expansion plans. With these strategies, more foreign investment will flow into Indonesian equity holdings in the next few years (Sachdeva, 2021).

Expect growing foreign interest in the stock market, direct manufacturing capacity and infrastructure financing.

Indonesia and Australia are long-standing partners in economic cooperation. After all, Indonesia was probably the continent's first trading partner as Australian natives fished and traded sea cucumbers and others with their Makassar counterparts (West & Murphy, 2010). In the 1940s, at the start of Indonesia's struggle for independence, Australia worked closely with Indonesia in trade, investment and educational relations. These close Indonesian-Australian economic ties also continued fifty years later during the Asian financial crisis of 1997-1999 when the Reserve Bank of Australia, moreover at that time, Deputy Governor Stephen Grenville, a former diplomat in Indonesia who at the time was in dispute with the IMF and the authority of President Bill Clinton's government, especially in their respective analyzes related to the Indonesian economy (Matondang, 2021). Peter Costello, who at that time served as Treasurer, confidently followed the recommendations and advice from Grenville and Glen Stevens not to follow the directions from the American economic team and then took different steps, which later succeeded in saving the Indonesian economy (Cornish, 2019). As a result, Indonesia's economy is much better off, recovered quickly, and avoided the traps of other developing countries that followed the IMF's recipe (Krugman, 2001). In 2015, Indonesia finally became an important trading partner with Australia with a total of $16 billion in two-way trade and a vital education partner (Heap & Kingsley, 2020). The fact that no country in Southeast Asia is more important to Australia than Indonesia. Indonesia is the cornerstone of a single strategic ecosystem that inhabits the Indian Ocean across northern Australia to the Southwest Pacific. Indonesia plays a central role in shaping the fabric of the developing Indo-Pacific region (Anwar, 2020). Its traditional distance from great power competition, its influence in ASEAN and its democratic credentials are vital assets in strategic match for the 21st century (Schindler et al., 2022). Its sovereignty and territorial integrity, including with the province of Papua, is fundamental, as Australia recognized through the Lombok Agreement in 2006 (Chauvel, n.d.; Day, 2015). There is a reciprocal relationship based on geo-strategic and geo-economic advantages, which becomes the basis for establishing existing cooperation. Even though they come from different political and cultural backgrounds, the two countries rationally put aside this difference several times and saw opportunities for each country's advantages in various sectors.

Agreements and cooperation between Indonesia and Australia are also embodied in the Comprehensive Economic Partnership, IA-CEPA (Indonesia Australia Comprehensive Economy Partnership Agreement). This partnership agreement entered into force on 5 July 2020. The IA-CEPA aims to create a framework for Australia and Indonesia to unlock the enormous potential of a bilateral economic partnership, fostering economic cooperation between businesses, communities and individuals. IA-CEPA is a form of collaboration between the Government of Indonesia and the Government of Australia that offers two-way opportunities in trade in goods and services, investment, and capacity building of Indonesia's human resources. The IA-CEPA also supports Indonesia's economic recovery efforts amid the Covid-19 pandemic. As one of the fastest-growing economies in the Indo-Pacific, Indonesia presents significant opportunities for Australian businesses. According to some estimates, Indonesia will become the fifth largest economy in the world by 2030, and the IA-CEPA ensures that Australia is well-positioned to deepen economic cooperation and share in Indonesia's growth (Patunru et al., 2021).

As strategic partners and the two countries with the largest economies in Southeast Asia and the Indo-Pacific, this agreement also complements and supports two countries’ common interests in fostering a safe and prosperous region. Although previously Indonesia and Australia were involved in an agreement, namely the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA), it did not have a specific impact on an increase or surplus in Indonesia's economic balance. The IA-CEPA was born based on the results of AANZFTA The two agreements will coexist once the IA-CEPA enters into force. Businesses will continue to be able to use AANZFTA (Caruso, 2010). The governments of Indonesia and Australia, in the Forum meeting of the Ministers of Trade and Investment, launched several innovations rooted in the IA

CEPA, one of which is Catalyst, which is an advanced form of the IA-CEPA whose main essence is to connect the business world, academia and the public sector from the two countries to be able to collaborate effectively. The catalyst acts as a driving force for Indonesia's collaboration and participation in the global value chain, in line with Indonesia's 2045 vision which targets Indonesia to become the fifth largest economy in the world by 2045 (Andriani & Andre, 2017).

Based on the previous general explanation, it is known that Indonesia as a country with high potential has become a regional and international cooperation partner. Many interests are at stake by the Indonesian government through pre-existing agreements and cooperation. This article further discusses the cooperation between Indonesia and Australia through the IA CEPA-ECP cooperation framework. Some sectors and agreements have been planned and realized in terms of their contribution to Indonesia's economic growth, especially in the post-covid-19 pandemic era.

Research Method

This study uses a qualitative approach which is an interpretive approach to analysis. A qualitative approach is a non-statistical approach to obtaining findings it is supported by the in-depth analysis to be able to understand in more detail the issues raised (Moleong, 2014). The method of collecting data used in this study is a literature study in which the authors seek and collect data from books, government publication documents, research results, and published articles (B. Miles & Huberman, 1994). In this writing, qualitative data includes the history of the formation of the IA-CEPA and efforts to increase economic growth carried out by the Indonesian government. The unit of observation in this study is to identify Indonesia's economic growth through the IA-CEPA after the Covid-19 pandemic.

Result and Dicussion

Indonesia Australia Comprehensive Economic Partnership Agreement-Economic Cooperation Program (IA CEPA-ECP)

IA CEPA-ECP, apart from being a framework that accommodates several sectors such as business, investment, trade, and improving human resources, this bilateral agreement also refers to the previous collaboration, namely AANZFTA. The IA CEPA-ECP Cooperation Framework was initiated by the two countries awareness of the uncertain dynamics of the global economy, so it is hoped that through the IA CEPA, it will become a new milestone in the bilateral history of Indonesia and Australia which will be able to open wider and diversify opportunities for this economic partnership (Rissy, 2021). Before the two countries officially ratified this agreement, there were several dynamics of changes which of course included an exploratory process in which the two countries considered the quantity, quality, and what capabilities they possessed which were expected to support the success of this Cooperation. In 2013-2016, the negotiations related to the IA CEPA were stopped, during this time, in addition to the existence of government regulations from Indonesia and Australia which of course, became a particular dilemma given the different perspectives and new strategies of political decision-making actors from their respective countries. However, on the other hand, we can see this as an intensive process for the two countries to see all possibilities, both opportunities and threats posed by partner countries. Moving on from past times for the future of the IA CEPA, in 2016-2018 negotiations were held to study further the sectors that would become elements of this agreement. After going through a somewhat complicated process, the completion of the IA CEPA negotiations was then declared by the Minister of Trade of the two countries on 13 August 2018 and witnessed directly by the President of the Republic of Indonesia, Joko Widodo, together with Australian Prime Minister Scott Morrison. This agreement was completed at the signing of the IA CEPA on 4 February 2019 by the Indonesian Minister of Trade Enggartiasto Lukita and Australian Minister of

Trade, Tourism and Investment Simon Birmingham in the presence of business people, government representatives and other important actors.

IA CEPA-ECP, as a scheme for achieving an agreement between Indonesia and Australia, is expected to succeed in implementing the basic principles of win-win for the two partner countries (Nuranisa & Paksi, 2022). About ten years ago around 2013, the bilateral relations between Indonesia and Australia became very tense and rigid due to the wiretapping incident against the Indonesian president (Muhamad Revizal Assyauri, 2019). Through the IA CEPA, Australia continues to strive to improve its relationship with Indonesia as seen from the enthusiasm of the Australian government, which ratified the IA CEPA 1 year earlier than Indonesia. For Australia, through this partnership, it can be described as effortless cooperation which is undoubtedly an advantage because its competitiveness with Indonesia is relatively straightforward. Another advantage gained by Australia is the increase in Gross Domestic Product, which was previously 70% dominated by the foreign investment and services trade sectors. In this case, the investment made by Australia to Indonesia supports the kangaroo country in achieving its economic potential, where capital is used to finance new industries, new levels of infrastructure and productivity and improve existing initiative. This then has a significant effect in supporting economic growth. It becomes higher due to increased tax revenues and can be allocated to essential services such as schools, hospitals and other services. In this cooperation, there is also an exemption from customs tariffs for all commodity tariff items, which were initially 5% to 0% for goods imported from Australia. The advantage gained from this tariff exemption is that the prices of goods exported from Australia in the form of manufacturers can compete with local products or other products in Indonesia.

Through several planned mechanisms, the IA CEPA is predicted to help increase Indonesia's GDP by 0.23% from the baseline of 33.1 billion Australian dollars (AUD) in 2030, which means it will contribute 1.65 billion AUD annually. The contribution of this number is of course, signififcant for Indonesia in increasing its economic capacity considering that Indonesia's financial condition is deemed insufficient to make investments. Hence, it requires assistance from other Investor Countries in investing in their country. Even though Indonesia is included in the category of countries with middle and upper economic status, recently, Indonesia has had to move to the middle and lower economic class after the pandemic. It is undeniable that Indonesia, more precisely, almost the entire world, was torn apart by of a global pandemic. The result is, the country is in a state of confusion about how to deal with the health of its citizens. so they are not affected by COVID-19 but each country’s economic situation either must continue in this pandemic era. Several countries have experienced a decline in economic growth. Some countries have also experienced positive growth even though it is far from its normal growth rate. Indonesia's economic growth was depressed to 2.97%. As one of the main sector bases, the industrial sector in Indonesia is experiencing considerable pressure from the supply and demand side due to the COVID-19 pandemic.

The global economy is experiencing several turbulent challenges. Inflation is higher than seen in decades, tightening financial conditions in most regions, Russia's invasion of Ukraine and the lingering COVID-19 pandemic have all weighed heavily. A third of the world's economies face two consecutive quarters of negative growth. Global inflation is forecast to rise from 4.7 percent in 2021 to 8.8 percent in 2022 but decline to 6.5 percent in 2023 and to 4.1 percent in 2024. The inflationary shock to the rise is most widespread among developed countries, more significant variability in emerging markets and developing economies (www.imf.org, 2022).

Since 2021, inflation has increased faster and more persistently than expected. In 2022, inflation rose in the economy to reach its highest level since 1982. Although inflation is a widespread phenomenon, it affects most economies worldwide and has the most severe impact on low-income groups in developing countries. In these countries, up to half of household consumption expenditure is on food, meaning that inflation can have a very acute impact on human health and living standards (figure 2)

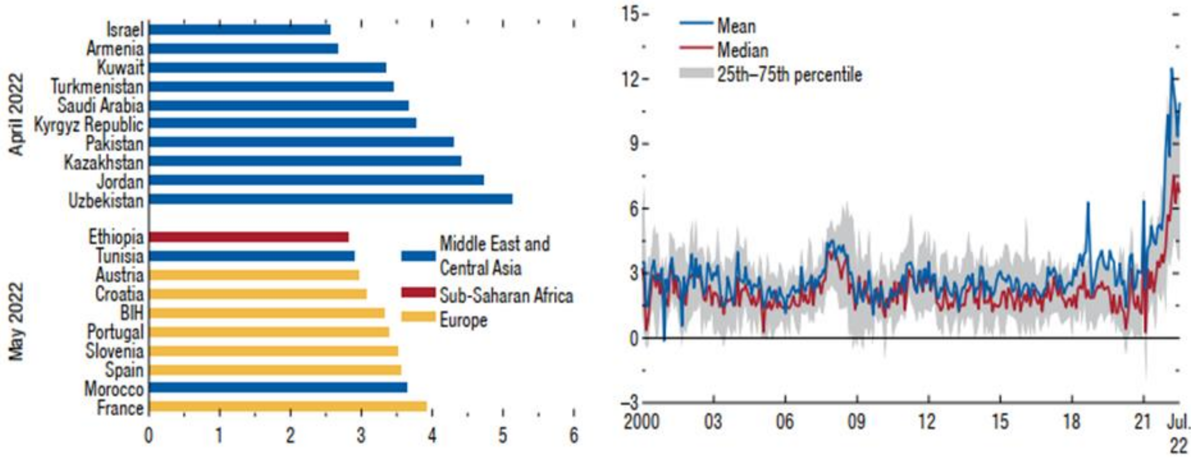

Figure 2. Core Inflation and Its Distribution across Countries
Source: (www.imf.org, 2022)

Despite the slight decline in the consumer price index in July and August, US inflation reached one of its highest levels in about 40 years, with prices in August 8.3 percent higher than a year earlier. The Euro area saw inflation hitting 10 percent in September, while the UK saw annualized inflation of 9.9 percent. Emerging markets and developing economies are expected to experience 10.1 percent in the second quarter of 2022 and face a peak inflation rate of 11.0 percent in the third quarter: the highest rate since 1999.

It doesn't stop here; the emergence of various variants of the Covid-19 virus has a more specific weak effect in several non-superpower countries. Inadequate vaccine distribution also puts pressure on these countries' priority supply chains. This low vaccination rate partially contributes to real per capita GDP growth in countries lagging behind advanced economies in 2022. The problems caused by the pandemic have also slowed human development as result from learning loss due to a lack of schooling and skills gained in the workplace.

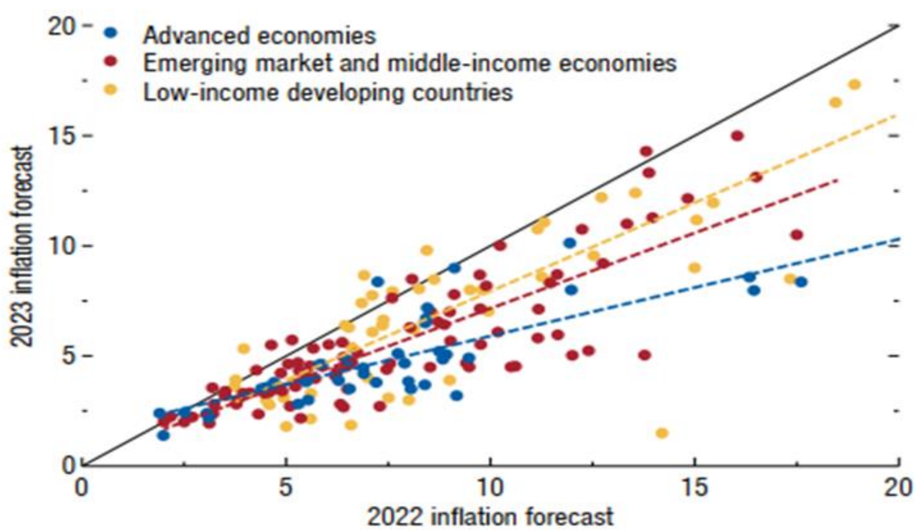

Figure 3. Inflation Likely to Decline Next Year
Source: (www.imf.org, 2022)

From the chart data above, forecasts for most economies have been revised slightly since July but significantly above projections made in early 2022. On a four-quarter basis, global project inflation peaking at 9.5 percent in the third quarter of 2022 before declining to 4.7 percent in the fourth quarter of 2023. The projected disinflation for 2023 is in almost all economies for which forecasts are available but mostly in developed economies. The faster the disinflation for developed economies the sharper the reduction in 2023 for a given inflation rate in 2022 is consistent with the notion that these economies benefit more than emerging markets from a greater credibility monetary framework, which helps to reduce inflation. Indonesia's economic growth was depressed to 2.97%5. As one of the main sector bases, the Indonesian industrial sector in Indonesia is experiencing considerable pressure from the supply and demand side due to the COVID-19 pandemic. Reduced global trade activity resulted in a decrease in the supply of raw materials. Implementing of the Social Distancing policy in Indonesia has also disrupted production capacity. Apart from that, the decline in the exchange rate of the Indonesian currency has become a burden for industries centered on imports. Meanwhile, in terms of demand, it is very dependent on global demand. However, during the pandemic, the world's economic declination resulted in a decline in global demand, directly impacting price declines. Indonesia experienced post-pandemic negative growth due to the disrupted mobility of sectors that effect on increase the country's GDP. Through the IA CEPA, the Indonesian government is optimizing the broad reach of this collaboration to support Indonesia from an economic recession through the sectors that are a concern of this agreement.

A unique feature of the IA-CEPA is the inclusion of the Economic Cooperation Program (ECP), which seeks to increase the likelihood of successful implementation of the IA-CEPA by supporting regulatory reform through technical assistance, industry-to-industry engagement, and developing common standards and skills frameworks. ECP activities will be overseen by the Economic Cooperation Committee (ECC), a joint committee between the governments of Indonesia and Australia. In Indonesia, the National Development Planning Agency (Bappenas) has been proposed as its representative in the ECC. Bappenas will be tasked with monitoring and evaluating and coordinating activities with other Indonesian government agencies. ECP will foster collaboration with the private sector through business dialogues, workshops and seminars. ECP aims to achieve three outcomes by 2025, greater market access, better market integration, and increased labor market skills in Indonesia. ECP focuses on driving activities in pursuit of these three outcomes in three economic sectors: agrifood, advanced manufacturing, and services. Each will have its multi-year activities under an agrifood innovation partnership, strengthen advanced manufacturing, and invest together in skills and training.

The Strategy of the Government of Indonesia in Increasing Economic Growth through IA CEPA-ECP

The IA CEPA cooperation is a framework or scheme that presents many new patterns and policies for Indonesia and Australia. It is said to be a win on the win because the two countries tend to have nearly the same strength even though in their position Indonesia is in the developing country category while Australia is a developed country. There is no significant gap from this position because, Indonesia is the country with the largest economy in the Asia Pacific Region and ranks 16th with the largest economy in the world. Because of this the IA CEPA is implemented to provide impartial benefits and contribute to improving the national economies of both countries. The IA CEPA is implemented in the concept of economic powerhouse because it is designed so that the two countries can contribute more to global value chains to supply global needs. Countries participating in such international production are said to participate in the global value chain. Global value chains account for nearly half of the global trade. As companies seek the most efficient production processes, part and components are taking the world storm. International supply chains have led to increased productivity and incomes in many countries. According to the OECD (2013), Indonesia and Australia are relatively less integrated into global value chains. The two countries in this value chain are primarily driven by downstream relationships, namely other countries using natural resources from Australia and Indonesia as inputs.

Indonesia and Australia must create new opportunities for both countries to engage more broadly with global value chains by focusing not on their competing similarities but on their complementarity.

This economic powerhouse concept seeks to identify complementary industries in Australia and Indonesia and strengthen their relationship to access third-country markets. While free trade agreements have traditionally aimed to increase exports of final consumer goods between the two partners, the power generation concept seeks to build a value chain consisting of two partner countries supplying another country outside the agreement. The IA-CEPA will be very suitable to make on this concept in sectors that have been agreed to be in it because it can utilize production capacity in Indonesia with Australia's capabilities. The IA-CEPA must go beyond the traditional FTA approach of reducing tariffs for bilateral consumption of goods in pursuit of partnerships that bring these countries up the global value chain. This will ensure that the agreement’s benefit ensure cheaper products for end consumers to refresh industries in both countries. Considering third-country markets into account during implementation will enlarge the markets covered by the agreement, accelerating economic recovery in both countries from the pandemic onwards.

Involving several sectors in it, IA CEPA has different forms of implementation and policies in each sector. Still within the same goal, although the IA CEPA has not had a significant impact on Indonesia's growth because it only started to be implemented in 2020, several forms of policies need to be further reviewed regarding the mechanisms and their impact on the Indonesian economy. The sectors in question can be seen as follows:

Trade and Investment

Through the IA CEPA framework, Australia abolished Indonesia's export tariffs on approximately 6,474 types of goods which were previously at a rate of 5% to 0%. The elimination of these tariffs certainly impacts on Indonesia's export activities because it is free to export-related commodity goods without a maximum amount and is free from customs fees to Australia. This policy specifically boosted Indonesia's trade achievement figures by 76.84% or the equivalent of 12.6M USD from the previous of 7.14M USD. This achievement absolutely can be a new momentum for Indonesia as the first step towards its economic recovery after the Covid-19 pandemic. Even in the export sector to Australia, the IA CEPA contributed to an increase of USD 3.2 billion, an increase of 28.62% when compared to the number of exports before the pandemic. Eliminating these tariffs will eventually lead to savings in Indonesia's foreign exchange reserves and be able to create an atmosphere of competition with Australia's trading partner countries due to free market access. Free market access is also an opportunity for increasing product specialization by exploiting economies of scale. Indonesia can also capitalize on its comparative advantage through the free flow of goods and services. In achieving its goal of becoming a developed country, the economy is the main driving factor in its journey. As previously mentioned, Indonesia needs Australia to achieve this prestigious economic development because it can provide more protection to foreign investors operating in Indonesia's priority sectors. Australia as a country with the privilege of issuing sovereign currency can assist Indonesia in providing public finance and sharpening incentives and bringing new technologies and ideas that can be adopted into local businesses. This reduction in tariffs to 0% specifically impacts on increasing MSMEs to compete in the global market. From the ratification and inauguration of the IA CEPA, it has succeeded in increasing the number of projects in various sectors, with the latest total being 1,526 projects. This is a positive image because it can be said that IA CEPA can improve Indonesia's investment climate.

In the trade industry, Australia and Indonesia can collaborate beautifully by optimizing natural resources and other advantages each country possesses. As one of the largest wheat-producing countries, Australia supplies almost half of Indonesia's imports of wheat seeds ground into flour (APTINDO, 2019). Most of this flour is used to make instant noodles and is one of Indonesia's major export products to

Nigeria and South Africa. The IA-CEPA can provide a platform to replicate and expand on this success story, combining Australian-milled wheat with the Indonesian flour-based food industry to serve other markets. Exports to third-country markets. This is in line with the basic principle of an economic powerhouse. Trade in goods regulated in the IA-CEPA partnership includes goods originating in agriculture, manufactured goods, and resources and energy.

Goods and Services Sector

In this sector, the impact of the IA CEPA is also quite significant. This was also acknowledged by the Indonesian Minister of Trade, where the IA CEPA provide a surplus of Indonesian service exports to Australia of 1.8M USD, most of which came from the tourism sector. Under the IA CEPA Cooperation framework, it is projected that several service sectors, such as air and sea transportation services, financial services, and insurance services, will be able to increase up to 1.8 billion USD. Different manufacturing and service activities also have the food processing industry as a secondary target. While the AUD 5 million (USD 3.7 million) Powering Advanced Manufacturing activity will initially focus on electric batteries and power input for electric vehicles, there are plans to expand into processed foods. Joint Investment Activities in Skills and Training valued at 8.9 million AUD or equivalent to 6.7 million USD. The program aims to build more significant partnerships between Indonesian and Australian technical vocational education and training providers. One area of focus is agriculture. The AUD 7.5 million (approximately USD 5.6 million) Agri-food Innovation Partnership under the IA CEPA will start with a 'Grains Partnership' to support industry engagement in grains for food and feed. This Collaboration seeks to increase trade in grain products and food processing between Australia and Indonesia to support and invest in Indonesian food processing as added value ECP will focus on driving activities in pursuit of these three outcomes in three economic sectors: agri-food, advanced manufacturing, and the service industry.

Through this collaboration, Co-investing in Skills and Training activities are also held, which are training programs for flour mills in Indonesia are included in the Grain Partnership. Several programs focus on that the complementarity between the Australian agricultural business and the Indonesian food and beverage manufacturing industry makes this area a good candidate for an approach as two countries with different potentials that can be put to good use. Indonesia and Australia have also shown their seriousness as partner countries by holding Cooperation in the financial services sector in a digital economy scheme. This initiative is under the IA CEPA ECP Catalyst follow-up program, which aims to increase market access **investment** and two-way trade by achieving more inclusive economic growth in sectors that have experienced a significant impact in Indonesia after the Covid-19 pandemic. The output form of implementing this catalyst is the collaboration of the digital economy-based financial services sector. Equivalent to the 4th pillar of President Jokowi's development, namely accelerating digital transformation, cooperation in this field is projected to reach US$146 billion by 2025. Optimism appears in this collaboration space considering that the digital economy sector is one of the main contributors as well as key enablers for recovery from the covid pandemic-19, especially for Indonesian MSMEs. Another supporting factor is the high use of the internet as well as the population and consumers who also high, which has spurred the rapid development of e-commerce platforms. Supported again by Indonesian youth who are literate in technology. Cooperation in this sector will be realized openly, especially with Western Australia. Meeting in different demographic and geographical characteristics can contribute a few of ideas for this Cooperation. For example, several companies such as *Andalin* and *Go To* which are engaged in regional and global trade and have been trained in developing in a large area with a high population such as Indonesia can become a role model and be adopted by following per under the conditions of Western Australia which has a low population density. with a very large area.

The second form of implementation of the IA CEPA achievement under the Catalyst framework is also in the manufacturing industry development sector with the concept of green technology, and it is known that Indonesia is preparing to develop electric vehicles. The Indonesian government has set a goal for electric vehicles to make up 20 percent of all domestic cars produced, equivalent to around 400,000 e-cars, by 2025. This ambitious target for EV production has its advantages: reducing dependence on imported oil and supporting a thriving battery manufacturing industry promising. Both are likely to help improve Indonesia's fiscal position and socio-economic development. In this regard, the Indonesian government continues to issue policies to accelerate the growth of its EV sector. In September 2020, the government officially announced the Electric Vehicle (EV) roadmap, which was published as part of the Minister of Industry Regulation no. 27/2020. The roadmap outlines the country's ambition to become a significant player in the global EV market by 2030 with a planned local production capacity of more than 600 thousand four-wheeled EV units and 2.45 million two-wheeled EV units annually. Since then, various policies have been issued to further encourage the electric vehicle sector, such as Minister of Energy and Mineral Resources Regulation No. 13 of 2020, and the recently issued Positive Investment List (PIL) in the electric vehicle supply chain. Australia is well positioned as a leading nickel producer to produce the lithium-ion batteries needed to in Indonesia. With significant reserves of minerals essential for the producing of electric vehicle batteries, manufacture electric vehicles in Indonesia and Australia are present in the existing battery value chain. Australia is a significant supplier of upstream battery minerals and an end user of batteries. Meanwhile, Indonesia's position in this chain is dominated as an upstream supplier of battery minerals, particularly nickel reserves.

Australia is an ideal battery mineral partner for Indonesia. Australia must proactively develop an integrated supply chain with Indonesia to claim shared economic benefits. Accounts for 60 percent of world lithium production, Australia offers a vital mineral missing from Indonesia's domestic resource wealth. The partnership will leverage Australia's world-class technical and industrial capabilities. Australia is rapidly increasing resource production through innovation and can assist Indonesia in developing its nickel sulfate capabilities to manufacture lithium-ion batteries successfully. The implementation related to electric vehicles, if calculated, impact Indonesia. Even for individuals and motorists, this EV helps everyone save approximately 2,770,000 in expenses to buy the fuel oil needed by vehicles. The use of electric cars can help the government cut its budget. It is claimed by the Ministry of Energy and Mineral Resources that the technology industry will save as much as 32.7 billion per year. Another benefit is that using electric vehicles will also increase electricity consumption, estimated to reach 15.2 GWH per year. Switching from conventional to electric cars can also reduce gas emissions by around 0.03 million tons.

Human Resource Development

In this sector, the Indonesian and Australian governments have agreed on several matters, such as vocational education and training, higher education, and health. Vocational education and training cooperation intended to develop Indonesia's national standards and capacity will likely be conducted on a government-to-government basis. Australian vocational education and training providers are only expected to grow training modules based on these national standards in consultation with Indonesian providers, in line with the business model specified in the IA-CEPA. In higher education and health, the IA-CEPA refined the provisions in the 2016 DNI. The negative list only allowed foreign hospitals in several Eastern Indonesia provincial capitals, and this restriction was removed in the IA-CEPA. The IA-CEPA also eliminates university restrictions in the Minister of Research, Technology and Higher Education Regulation No. 53 of 2018, which only allows foreign universities in special economic zones. As a result of the agreement, Australian-owned hospitals and universities can be established anywhere in Indonesia.

Thus, this change has generated interest from Australian businesses. Canberra-based Aspen Medical and Sydney-based Docta have signed a joint venture agreement with PT Jaya Sarana, a state-owned company in West Java, to develop 650 clinics and 23 hospitals across the province. Monash

University has announced its intention to open a campus focused on master's and doctoral students in Jakarta. Central Queensland University has also started offering a dual degree Master's program through a partnership with Bakrie University in Jakarta. To push this further, Indonesia and Australia should aim to work together to create educational power through immigration policy reform for international students. International education is Australia's fourth largest export, valued at over AUD 40 billion. Nearly half of this sector's economic activity results from international students attending Australian universities. As a result of the covid-19 pandemic, the Australian government has closed its borders to international travelers due to the pandemic. IA-CEPA provides a possible solution for Australian universities facing drought in international students that suit the needs of human resource development in Indonesia. In addition, welcoming more international students will benefit local universities, as the presence of global education providers will also encourage these local universities to raise their standards. Reforms to expand international students' flow should be considered an integral component to building an Indonesian-Australian educational powerhouse.

Conclusion

IA CEPA as a new milestone can increase the two countries' commitment in this bilateral cooperation towards a wider, higher and more efficient stage or level. The scope of its broad framework makes Indonesia more active in taking strategic policies which certainly have a positive impact on improving its internal quality, especially in the economic field. Even though the Covid-19 pandemic has given Indonesia a nightmare with the effect of hit economic growth, indonesia and Australia can use the IA CEPA as momentum to recover from the downturn caused by Covid-19. Priority sectors the pandemic has shaken are also the main concern of this Cooperation Framework. Even though it was only implemented in 2020, when this period is prone to a pandemic in Indonesia, the contribution of this agreement is unclear. However, based on the contracts and policies that have been planned and implemented, each sector within the framework of this Cooperation will provide precise results for Indonesia's economic growth. As a long-term framework, IA CEPA is quite promising in terms of a long negotiation process up to its ratification. However, these negotiations can be considered part of preparations for something big that will give a new history to the two countries. For IA CEPA to remain on a positive axis, the Indonesian government must also be wise and selective in considering cooperation to see the advantages of existing sectors so as not to disrupt other economic activities. Indonesia must use investment liberalization through the IA-CEPA as learning while developing its higher education sector. The IA-CEPA provides learning opportunities for both. Indonesian policymakers and Australian education providers. Early engagement with a single source country can help Indonesian policymakers identify unforeseen investment barriers while limiting pitfalls before broadly opening up the sector.

Reference

Anbumozhi, V., Kalirajan, K., & Kimura, F. (2022). Introduction: Regional Catalysts for the Realisation of the SDGs in the Post Pandemic Era. *Sustainable Development Goals and Pandemic Planning*, 1–24. https://doi.org/10.1007/978-981-16-6734-3_1.

Andriani, Y., & Andre. (2017). Implikasi Perjanjian Kemitraan Ekonomi Komprehensif Indonesia-Australia (IA-CEPA) terhadap Perdagangan Luar Negeri Indonesia. *Andalas Journal of International Studies (AJIS)*, *6*(1), 79–92. http://ajis.fisip.unand.ac.id/index.php/ajis/article/view/70.

Anwar, D. F. (2020). Indonesia and the ASEAN outlook on the Indo-Pacific. *International Affairs*, *96*(1), 111–129. https://doi.org/10.1093/IA/IIZ223.

B. Miles, M., & Huberman, A. M. (1994). *Qualitative Data Analysis*. 1–352.

Caruso, D. (2010). Prosperity in Co-Operation: The Asean-Australia-New Zealand Free Trade Agreement (AANZFTA). *The Journal of World Investement & Trade*, *11*(2), 197–225.

Chauvel, R. (n.d.). Papua as a Multilateral Issue for Indonesia and Australia. In T. Lindsey & D. McRae (Eds.), *Strangers Next Door?: Indonesia and Australia in the Asian Century* . Retrieved March 18, 2023, from https://books.google.co.id/books?hl=en&lr=&id=ppNVDwAAQBAJ&oi=fnd&pg=PT235&dq=Its+own+sovereignty+and+territorial+integrity,+including+with+the+province+of+Papua,+is+fundamental,+as+Australia+recognized+through+the+Lombok+Agreement+in+2006.&ots=WMsNQR90X_&sig=2ztK7BMReVynwERV9BrPWhhYpZU&redir_esc=y#v=onepage&q&f=false.

Christmawan, P. E. E. C., & Utami, L. R. (2022). STRATEGI KEMUDAHAN BERUSAHA DALAM MENINGKATKAN DAYA SAING EKONOMI INDONESIA DI BIDANG EKSPOR DAN INVESTASI. *MANAJEMEN DEWANTARA*, *6*(1), 118–131. https://doi.org/10.26460/MD.V6I1.12101.

Congressional Research Service. (2021). *Global Economic Effects of Covid-19*.

Cornish, S. (2019). The Evolution of Inflation Targeting in Australia. *History of Economics Review*, *72*(1), 4–34. https://doi.org/10.1080/10370196.2019.1615401.

Day, R. (2015). West Papua and the Australia-Indonesia relationship: a case study in diplomatic difficulty. *Australian Jpurnal of International Affairs*, *69*(6), 670–691. https://doi.org/10.1080/10357718.2015.1052730.

Ferrero, G., Pisani, M., & Tasso, M. (2022). Policy Mix During a Pandemic Crisis: A Review of the Debate on Monetary and Fiscal Responses and the Legacy for the Future. *Springer Proceedings in Business and Economics*, 267–320. https://doi.org/10.1007/978-3-031-10302-5_11/COVER.

Gourinchas, P. O. (2023, January 30). *Global Economy to Slow Further Amid Signs of Resilience and China Re-opening*. Www.Imf.Org. https://www.imf.org/en/Blogs/Articles/2023/01/30/global-economy-to-slow-further-amid-signs-of-resilience-and-china-re-opening.

Heap, M., & Kingsley, J. (2020). The Indonesia-Australia Comprehensive Economic Partnership Agreement: Consequential Legal Document? *Australian Journal of Asian Law*, *21*, 131–149. https://doi.org/10.3316/INFORMIT.065787353949022.

Krugman, P. (2001). Analytical Afterthoughts on the Asian Crisis. *Economic Theory, Dynamics and Markets*, *5*, 243–255. https://doi.org/10.1007/978-1-4615-1677-4_19.

Matondang, P. A. (2021). Kerja Sama Internasional Indonesia-Australia: Studi Kasus Kesepakatan Perundingan Indonesia-Australia Comprehensive Economic Partnership Agreement (Ia-Cepa) Tahun 2010-2018. *Universitas Islam Indonesia*. https://dspace.uii.ac.id/handle/123456789/34148.

Moleong, L. J. (2014). *Metode Penelitian Kualitatif* (edisi 1 re). Remaja Rosdakarya.

Morrison, W. M. (2019). China's Economic Rise: History, Trends, Challenges, and Implications for The United States. *Current Politics and Economics of Northern and Western Asia*, *28*(2/3), 189–242.

Muhamad Revizal Assyauri, 15323111. (2019). Diplomasi Perdagangan Indonesia-Australia: Studi Kasus Negosiasi Comprehensive Economic Partnership Agreement (Ia-Cepa). *Universitas Islam Indonesia*. https://dspace.uii.ac.id/handle/123456789/18433.

Nuranisa, S. A., & Paksi, A. K. (2022). The Peran Strategis Kerjasama IA-CEPA Terhadap Pemulihan Ekonomi Indonesia di Masa Pandemi COVID-19. *Jurnal Penelitian Dan Pengembangan Sains Dan Humaniora*, *6*(2), 192–202. https://doi.org/10.23887/JPPSH.V6I2.47310.

Olivia, S., Gibson, J., & Nasrudin, R. (2020). Indonesia in the Time of Covid-19. *Bulletin of Indonesian Economic Studies*, *56*(2), 143–174. https://doi.org/10.1080/00074918.2020.1798581.

Patunru, A., Surianta, A., & Audrine, P. (2021). Indonesia-Australia Comprehensive Economic Partnership Agreement: Building the Powerhouse. *Econstor*. https://www.econstor.eu/handle/10419/249413.

Rissy, Y. Y. W. (2021). TANTANGAN DAN STRATEGI PELAKSANAAN INDONESIA-AUSTRALIA COMPREHENSIVE ECONOMIC PARTNERSHIP AGREEMENT (IA-CEPA). *Refleksi Hukum: Jurnal Ilmu Hukum*, *5*(2), 179–198. https://doi.org/10.24246/jrh.2021.v5.i2.p179-198.

Romarina, A. (2016). ECONOMIC RESILIENCE PADA INDUSTRI KREATIF GUNAMENGHADAPI GLOBALISASI DALAM RANGKA KETAHANAN NASIONAL. *JURNAL ILMU SOSIAL*, *15*(1), 35–52. https://doi.org/10.14710/JIS.15.1.2016.35-52.

Sachdeva, M. (2021, August 9). *Indonesia on the cusp of big changes in overseas investment trends* . Www.Thejakartapost.Com. https://www.thejakartapost.com/academia/2021/08/08/indonesia-on-the-cusp-of-big-changes-in-overseas-investment-trends.html.

Schindler, S., DiCarlo, J., & Paudel, D. (2022). The new cold war and the rise of the 21st-century infrastructure state. *Transactions of the Institute of British Geographers*, *47*(2), 331–346. https://doi.org/10.1111/TRAN.12480.

Suryahadi, A., Al Izzati, R., & Suryadarma, D. (2020). Estimating the Impact of Covid-19 on Poverty in Indonesia. *Bulletin of Indonesia Economic Studies*, 175–192. https://doi.org/10.1080/00074918.2020.1779390.

Szara, K., Fedan, R., & Ślusarczyk, B. (2022). COGNITIVE BIASES AS A REACTION TO THE COVID-19 PANDEMIC FROM THE PERSPECTIVE OF BEHAVIORAL ECONOMY. *Humanities and Social Sciences* , *29*(1), 73–85. https://doi.org/10.7862/RZ.2022.HSS.06.

Vu, T. (2010). *Paths to Development in Asia: South Korea, Vietnam, China, and Indonesia* . Cambridge University Press. https://books.google.co.id/books?hl=en&lr=&id=uZbr9iD1HZ8C&oi=fnd&pg=PR7&dq=t+should+be+acknowledged+that+several+agreements+and+cooperation+failed+to+benefit+Indonesia,+such+as+the+example+of+the+failure+of+the+free+trade+agreement+between+Indonesia+and+Japan+which+showed+a+deficit+in+Indonesia%E2%80%99s+economic+growth+and+brought+ben&ots=1kWwhV94DA&sig=iXk8zD8mLnhWYiqlt5UDOVFTV3E&redir_esc=y#v=onepage&q&f=false.

West, B. A., & Murphy, F. T. (2010). *A Brief History of Australia* . Facts On File, Inc. https://books.google.co.id/books?hl=en&lr=&id=RkYAWm-PhwwC&oi=fnd&pg=PP1&dq=Indonesia+and+Australia+are+long-standing+partners+in+economic+cooperation.+After+all,+Indonesia+was+probably+the+continent%27s+first+trading+partner+as+Australian+natives+fished+and+traded+sea+cucumbers+and+others+with+their+Makassar+counterparts&ots=UkjtGle9HN&sig=_gvf2C2QAXKxXDueME0Hl-OR-QU&redir_esc=y#v=onepage&q&f=false.

Wihardja, M. M., & Cunningham, W. (2021). *Pathways to Middle-Class Jobs in Indonesia*. World Bank, Washington, DC. http://hdl.handle.net/10986/35848.

www.imf.org. (2022, October). *World Economic Outlook, October 2022: Countering the Cost-of-Living Crisis*. Www.Imf.Org. https://www.imf.org/en/Publications/WEO/Issues/2022/10/11/world-economic-outlook-october-2022.

Copyrights