

## Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) in Economic Recovery During the Covid-19 Period

Dwi F. Moenardy<sup>1\*</sup>, Sintia Catur Sutantri<sup>2</sup>, Gilang Nur Alam<sup>3</sup>, Denny Saputera<sup>4</sup>

<sup>1</sup>Department of International Trade, Widyatama University, Bandung, Indonesia

<sup>2</sup>Department of International Relations, International Women University, Bandung, Indonesia

<sup>3</sup> Department of International Relations, Faculty of Social and Political Sciences, Padjadjaran University, Indonesia

<sup>4</sup>Department of International Trade, Widyatama University, Bandung, Indonesia

<sup>1</sup>dwi.fauziansyah@widyatama.ac.id, <sup>2</sup>sintia@iwu.ac.id, <sup>3</sup>g.n.alam@unpad.ac.id,

<sup>4</sup>Denny.saputera@widyatama.ac.id

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**Abstract:** This article intends to explain the impact of the IA-CEPA agreement in restoring economic conditions during the Covid-19 period, especially in the fields of trade, investment, health and tourism. IA-CEPA, which takes effect from 5 July 2020, is a comprehensive partnership between Indonesia - Australia in the fields of trade in goods, investment, services, and also economic cooperation. This research is qualitative in nature by collecting data through literature study. The analysis knife in this research is international cooperation and bilateral relations. Apart from discussing trade in goods, the IA-CEPA agreement also encourages strategic partnerships in the fields of investment, economy, health, increasing labor capacity, trade in services, transportation, tourism and so on. The results of this study conclude that the IA-CEPA made a real contribution to economic recovery during the Covid-19 period. In the investment and trade sector, Australia provides loans to Indonesia to help the business world. In the health sector, cooperation is focused on the production of masks, medical devices and medical personnel. Meanwhile, in the field of tourism, the two countries are trying to increase the return of tourist visits by still paying attention to health, safety and tourism needs. Thus, the signing of the IA-CEPA illustrates the realization of good bilateral relations in which the two countries contribute to economic recovery during the Covid-19 period..

**Keywords:** IA-CEPA; Bilateral relations; International Cooperation.

### 1. Background

At the beginning of the struggle for Indonesian independence, Indonesia and Australia had collaborated in the fields of investment, trade and education. This was the beginning of a pioneering trade relationship between Indonesia and Australia which continued for a period of 50 years until the financial crisis in Asia occurred in the range of 1997 - 1999.

In 2015, Australia was an important trade and education partner for Indonesia. In the 2015 Indonesia-Australia business week, as many as 360 businessmen from Australia came to Indonesia. These business fields include advanced manufacturing, agriculture and food sustainability, infrastructure, food, beverage, health and care for the elderly, tourism, education, and resources and energy (Harcourt, 2020)

In the 2 + 2 bilateral meeting (12th Bali Democracy Forum), Indonesia and Australia are committed to enhancing cooperation with the principle of equality and mutual respect for the territorial integrity of each country. Partnership relationships are carried out in an effort to maintain peace in the Indo Pacific, prioritizing dialogue, respecting international law, resolving issues of climate change, and empowering the economy of women. In the economic field, Indonesia-Australia's commitment is to run an open economy with increased investment and trade cooperation. This was realized with the signing of the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) (Mardiastuti, 2019). Inisiasi perjanjian kemitraan ekonomi komprehensif antara Indonesia – Australia (IA-CEPA) telah dilaksanakan di Australia pada 4 April 2005 melalui kesepakatan antara presiden RI dengan Perdana Menteri Australia yang dikenal dengan *Joint Declaration on Comprehensive Partnership*. Selanjutnya pada tahun 2007 dilaksanakan *joint Feasibility Study* dengan keterlibatan dari pemerintah, swasta, serta para akademisi untuk menganalisis dan mengkaji berbagai peluang serta hambatan dalam pelaksanaan kerja sama (Nurhayati, 2020).

On November 2, 2010, the President of the Republic of Indonesia and the Prime Minister of Australia launched the IA-CEPA negotiations. Furthermore, in September 2010 the first negotiation was held, followed by a second negotiation in July 2013. However, the implementation of these negotiations had stopped for 3 years. Then in March 2016, negotiations were resumed. The negotiations were substantially carried out on August 31, 2018 after carrying out 12 rounds of negotiations as well as meetings at the Head Negotiator level.

The first and second rounds were held from September 2012 to July 2013. The first round resulted in an agreement related to IA-CEPA procedural issues which consisted of the objectives, principles and negotiation organization. Meanwhile, the second round focused on discussions on economic cooperation and the involvement of policy makers. The third round on 4-5 May 2016 agreed on the reactivity of negotiations, especially in the field of modern comprehensive cooperation. The fourth round in August 2016 discussed investment, trade in goods and services, economic cooperation, institutional framework, and economic trade. The fifth round in November 2016 discussed the issue of market access for goods and services. The sixth round in February 2017 discussed the revision of the offer for market access for goods and services. The seventh round in August 2017 discussed investment market access. The eighth round discussed revisions to investment access and the goods market. The ninth and tenth rounds in October - November 2017 discussed issues of investment, goods and services, frameworks, economic cooperation, and institutional provisions. The tenth round was conducted to accelerate the completion of IA-CEPA negotiations. Until finally, the eleventh and twelfth rounds held in December 2017 - July 2018 discussed cooperation with education and health priorities. In this twelfth round, the basic substance of the IA-CEPA was finally agreed (Assyauri, 2019; Kaya & Aydin, 2019).

The signing of the IA-CEPA was carried out by the Indonesian Minister of Trade and the Australian Minister of Trade, Tourism and Investment on 4 March 2019 in Jakarta. The IA-CEPA was ratified on 28 February 2020 by the Government and the DPR in Law No.1 of 2020 concerning Ratification of the Comprehensive Economic Partnership Agreement for Indonesia and Australia (Ramadhan, 2020).

IA-CEPA is a comprehensive partnership in the fields of trade in goods, investment, services, and also economic cooperation. The two countries involved are strategic partners and want to build new economic forces in a region. The momentum created by IA-CEPA can position two countries that are involved at a higher level and enter part of the global value chain that is ready to compete in the global arena. Mutual benefit between the two parties is the basic principle of the partnership created from the IA-CEPA so that the economic relationship between Indonesia and Australia will last for a long time. The basis for the formation of IA-CEPA is opportunities-driven that can create an environment for the purpose of developing business. So business actors are always involved from the start of the negotiations with the aim of obtaining input from them (Ministry of Trade, 2018).

However, in reality, since the IA-CEPA agreement was initiated until it will be made effective in 2020, the trade balance between Indonesia and Australia has experienced a considerable deficit. In a period of 14 years, namely from 2005 - 2019, UN-Comtrade and BPS noted that imports made by Indonesia from Australia increased to 114.8 percent. However, exports from Indonesia to Australia only increased by 3.2 percent. This shows the imbalance in receiving the benefits of bilateral cooperation between Indonesia and Australia. The trade balance between Indonesia and Australia in 2005 experienced a deficit of 339.5 million US dollars. Meanwhile, the deficit in 2019 reached US \$ 3.2 billion (Nurhayati, 2020).

On July 5, 2020, after the IA-CEPA ratification process for 10 months, Agus Suparmanti as Minister of Trade of Indonesia and Simon Birmingham as Minister of Trade, Investment and Tourism of Australia agreed to implement the IA-CEPA. The agreement is considered important to be implemented immediately to assist the economic recovery process of the two countries after being affected by Covid-19 (BKPM, 2020).

The Covid-19 pandemic caused a global economic crisis, including Indonesia and Australia. The Indonesian Central Bureau of Statistics reported that in August 2020 Indonesia's economic growth experienced a minus of 5.32% in the second quarter of 2020. Information from the Indonesian Ministry of Manpower stated that as many as 39,977 companies engaged in the formal sector, as of April 2020 have even imposed layoffs. for its employees. The sector most affected and reducing its workforce is the trade sector. (Kompas.com, 2020). In the tourism sector, Indonesia was significantly affected by Covid-19, especially in several provinces such as Bali, West Java and the Riau Islands. BPS records state that in the second quarter of 2020 the decline in Bali Province reached 10.90%, West Java 5.98% and Riau Islands 6.66% (Fauzan, 2020).

The Australian Bureau of Statistics stated that the Australian economy shrank by 7% in the second quarter, namely in April - June 2020. This confirms that Covid-19 had a negative impact on Australia's largest economy, especially Australia (voaindonesia, 2020). , tourism and immigration have experienced a very large decline. Australia is facing its first recession in 30 years with an unemployment rate of 7.1% (Indraini, 2020).

Based on this background, this research intends to examine how the impact of the IA-CEPA agreement in restoring economic conditions during the Covid-19 period, especially in the fields of trade, investment and tourism..

## 2. Literature review

### 2.1. International Cooperation

K.J.Holsti in his book *International Politics Framework for Analysis*, states that the process of cooperation or collaboration is formed from a diverse mix of national, regional and global problems that arise and need the attention of more than one country. Each country takes its own approach and brings various proposals to solve the problem and collects written evidence with the aim of justifying one or several proposals and ending negotiations with the formation of an agreement that gives satisfaction to all parties.

International cooperation is defined by K.J.Holsti with the following details:

- a. Views regarding several interests, goals and values that meet to produce something to be further promoted and fulfilled by the parties involved jointly.
- b. The views and hopes of a country regarding policies that have been decided by other countries can ultimately help that country achieve its interests and values. The similarity or conflict of interest that occurs in the end can result in an agreement
- c. An official or unofficial rule regarding transactions carried out in the future by means of an agreement to be carried out jointly.
- d. A transaction between countries with the aim of fulfilling their agreement (Holsti, 1988).

Another definition of international cooperation is a form of relationship established by a country with other countries with the aim of meeting the needs of the people and to fulfill the interests of the state. International cooperation covers the social, political, economic, defense and security fields, culture, and bases guidelines on the foreign policy of each country (Ikbar, 2014).

Collaboration between state actors and non-state actors such as institutions and international organizations is widely established because both of them need each other with the stated goals. The existence of institutions and organizations can reduce costs and can provide information in a collaboration. Cooperation can achieve success if both have the same interests, resulting in mutually beneficial conditions (mutuality), a number of actors involved, and a shadow of the future (Keohane, 1985).

### 2.2. Bilateral relations

International cooperation can be divided into three parts, namely;

1. Bilateral Cooperation, namely an agreement carried out only by two countries with the nature of a Treaty Contract.
2. Regional Cooperation, namely an agreement carried out by several countries in one area and having the nature of a limited Law Making Treaty and Treaty Contract.
3. Multilateral cooperation, namely agreements carried out by many countries without being limited by certain areas and being international in nature with the Law Making Treaty (James E. Dougherty, Robert L. Pfatzgraff, 1996).

The concept of bilateral relations according to the international political dictionary is defined as a condition that describes the occurrence of a mutually influential relationship between two countries or two parties (Krisna, 1993). Bilateral relations occur because of the national interests of each country so that cooperation is established between one country and another. Another goal of cooperation between the two countries is to create peace while still paying attention to economic, political, social and cultural cooperation so as to create a more harmonious relationship.

international relations, bilateral relations exist in two contexts consisting of cooperation and conflict. Bilateral relations have a pattern of interaction in bilateral cooperation where there are interests that form the basis of an agreement between two countries involved in an interaction so that objectives in certain fields can be mutually agreed upon. International cooperation is carried out based on the common interests of the countries involved with the principle of mutual benefit and its implementation begins with actions in bilateral and multilateral relations (Suryadi, 2015).

## 3. Method

This research uses qualitative methods and produces descriptive data. This method was chosen because qualitative research can be carried out by researchers in the field of social sciences and focuses on problems related to the behavior and roles of organizations, groups and individuals. This is in accordance with the issues raised, namely regarding how the impact of the IA-CEPA agreement in restoring economic conditions after Covid-19, especially in the fields of trade, investment and tourism.

Data collection is done through library research by searching for information through books, internet and journals to be analyzed with theories in International Relations.

## 4. Results

### 4.1. IA-CEPA Benefits

The IA-CEPA partnership agreement that has been agreed by Indonesia-Australia is of course beneficial for both parties. The general benefits that will be obtained by Indonesia include:

1. Expanding market access and increasing competitiveness for agricultural, fishery, industrial and forestry products.
2. Expanding market access and increasing the competitiveness of Indonesian workers. IA-CEPA can facilitate Indonesia to improve the quality standards of international workforce.
3. Increase two-way investment between Indonesia and Australia. Indonesia can be an attractive destination for Australian investors, across a wide range of sectors. On the other hand, Indonesian investors in Australia will be more confident and find it easier to invest their capital.
4. Increase wider cooperation to optimize the utilization of the agreement. IA-CEPA can facilitate the promotion of sustainable trade through 'Economic Cooperation' within the framework of the IA-CEPA. (Ministry of Trade, 2018).

The Indonesian Minister of Trade, Enggartiasto Lukita, stated that the IA-CEPA is a means of showing that Indonesia has an open economic and trade policy so that it can compete with countries in the region that already have more FTAs than Indonesia. Areas that have the potential to increase exports include wood and furniture, automotive products, especially hybrid and electric cars, textile products, communications equipment, tires, medicines, electronic equipment and machinery. As for the manufacturing industry, Indonesia can obtain cheaper and quality raw materials from Australia and can market its processed products to third countries (Kumparan, 2018).

Another focus of the IA-CEPA partnership is in the fields of health and education. Increased competitiveness, quality, and services can also be realized with Australian investment in Indonesia. The partnership of the two countries in the development of vocational schools in Indonesia can support the industrialization process due to the increased skills possessed by Indonesian workers (Kumparan, 2018).

IA-CEPA, which took effect from July 5, 2020, is a trade agreement which includes several aspects including non-tariff tariffs, customs procedures, provisions on the origin of goods, trade facilities, trade services which include labor, trade technical barriers, financial services, sanitation and phytosanitary, telecommunications, investment, electronic commerce, economic cooperation, frameworks and institutional arrangements. There are other benefits that will be obtained by Indonesia with the IA-CEPA agreement, among others (Kemlu.go.id, 2020):

1. The elimination of all import duties to Australia will benefit Indonesian entrepreneurs so that all products marketed in Australia will be subject to a tariff of 0%. Several export products from Indonesia that have good potential are wood and its derivatives (furniture), automotive, textile products, electronic equipment and communication equipment. Australia is also subject to a 0% import duty rate to Indonesia. Sources of raw materials from Australia at lower prices include the food and beverage industry, particularly in the hotel, catering and restaurant industries.

2. Increasing human resources in the field of vocational education and apprenticeship programs tailored to the needs of industry in Indonesia. The plan is to provide 200 apprenticeship visas in nine professions according to priority sectors, namely tourism, education, health, telecommunications, mining, infrastructure development, financial services, energy, information technology and telecommunications.

3. Protection in the investment sector can encourage the entry of investors from Australia to Indonesia, especially in the fields of higher education, health, industry, vocational education, industry, energy, construction, tourism and mining. In addition, Indonesian investors in Australia will be protected in carrying out business expansion.

4. The Economic Powerhouse as the concept that forms IA-CEPA causes Indonesia and Australia to collaborate by taking advantage of the advantages and productivity of each country with the aim of targeting market access in third countries. For example, in the processed food industry from meat as raw material, Indonesia obtains raw materials from Australia at lower prices for processing and marketing to the Middle East region. This economic concept is expected to accelerate economic recovery during the Covid-19 pandemic.

In general, the benefits of IA-CEPA for Indonesia in trade in goods are that exports from Indonesia to Australia will increase. This is due to the commitment given by Australia to eliminate import duties for Indonesia so that the tariff becomes 0%.

The IA-CEPA agreement encourages the issuance of implementing regulations which consist of three things, namely:

1. Provisions for the Origin of Indonesian Goods and Provisions for Issuance of Certificate of Origin for Goods of Indonesian Origin in the Comprehensive Economic Partnership between Indonesia and Australia as stipulated in Regulation of the Minister of Trade Number 63 Year 2020

2. Determination of Import Duty Tariff in the framework of the Indonesia-Australia Comprehensive Economic Partnership Agreement as stipulated in the Minister of Finance Regulation No. 81 / PMK.10 / 2020.

3. Procedures for Imposing Import Duty Tariffs on Imported Goods Based on the Indonesia-Australia Comprehensive Economic Partnership Agreement as stipulated in the Minister of Finance Regulation No. 82 / PMK.04 / 2020.

#### **4.2. IA-CEPA Key Results**

The main perceived IA-CEPA results Indonesia includes:

##### **a. Access to automotive products**

Australia does not have a national auto industry, so resistance from local competitors will not occur. Malaysia and Thailand are Indonesia's competitors in ASEAN for automotive products that have received a preferential tariff of 0%. So with the IA-CEPA, Indonesian automotive products also get 0% preferential rates so that they can compete with other countries.

##### **b. Benefits for Indonesian Workers**

Other results of the IA-CEPA include the benefits felt by Indonesian workers, including:

1. Work and Holiday Visa (Sub Class 462). The Australian government plans to increase the quota to 2500 people per year. The quota is 4100 people with an increase in the quota of 5% per year up to 5000 people
2. Labor Exchange Labor exchange between Indonesian-Australian companies in the context of transfer of know-how
3. Partnership for Higher Education and Vocational Investments and Cooperation in order to increase the competitiveness of Indonesian medium and high skilled workers.

##### **c. Benefits for the Investment Climate**

In 2018, the amount of Australian FDI in Indonesia reached USD 597 million, with the leading sectors being mining, food crops and plantations, basic metal and metal goods industries, and hotels and restaurants. IA-CEPA will create new investment opportunities and a more conducive investment climate. This is important to increase the amount of Australian FDI in Indonesia, and vice versa. However, Indonesia also continues to control strategic matters relating to public interests such as land ownership, taxation, fisheries, distribution of electrical energy, protection of MSMEs, and so on (Ministry of Trade, 2018).

#### **4.3. IA-CEPA agreement between Indonesia -Australia in Economic Recovery during the Covid-19 Pandemic**

Indonesia-Australia's commitment to carry out economic cooperation, especially during the Covid-19 pandemic, is very important. The Indonesian Ambassador to Canberra in his remarks at the Indonesia and Australia Comprehensive Economic Partnership Amidst COVID-19 webinar stated that the bilateral relations between Indonesia and Australia are getting stronger and more solid during this Covid-19 pandemic. Exports and imports between the two countries increased in the first quarter of 2020. The value of exports increased by 7.67%, while the value of imports increased by 21.3%. However, anticipation must be prepared to face the impact of the Covid-19 pandemic in the form of a possible decline in investment and trade in the next quarter until the end of the Covid-19 pandemic (Canberra, 2020).

Indonesia-Australia economic cooperation is increasingly maintained by the existence of the IA-CEPA agreement. The agreement not only addresses the issue of trade in goods, but encourages strategic partnerships in the fields of investment, economy, health, increasing labor capacity, trade in services, transportation, tourism and so on (Cahyani, 2020)

Several areas of concern in efforts to recover the economy during the Covid-19 period include:

##### **a. Investment and Trade Sector**

In 2019, trade in goods between Indonesia and Australia reached USD 7.8 billion. However, Indonesia experienced a deficit of USD 3.2. This is due to Indonesia's export value of USD 2.3 billion, while the import value is USD 5.8 billion. Most of Indonesia's imported commodities sent from Australia are raw materials in the form of grain, raw sugar, cream, milk, iron ore, zinc, aluminum, coal and zinc.

Australian statistics noted that in 2018-2019 Indonesia experienced a surplus in the services sector of 2.7 billion with export value reaching AUD 4.4 billion, while imports of services amounting to AUD 1.7 billion. Indonesia's transportation and tourism services sector is a contributor to this surplus. Meanwhile, in the field of education services, Indonesia imports from Australia. In 2019, the value of Australian investment in Indonesia reached USD 264 million with the implementation of 740 projects in the fields of hotels and restaurants, food crops, food industry, mining, electricity, metal industry, water and gas, pharmaceutical and chemical industries as well as trade and repair. (Cahyani, 2020).

The hope of the IA-CEPA agreement is that it will be easier to implement investments both from Indonesia to Australia and vice versa. Indonesia is listed as the 12th place for investment destination countries from Australia. So with the IA-CEPA, Indonesia hopes to be in the top 10 ranking as an investment destination country from Australia. Investment facilities and protection for investors from both countries, especially in the fields of tourism, infrastructure, food processing, energy, technology development and higher education (BKPM, 2020).

The Asian Development Bank (ABD) coordinates the Active Response and Expenditure Support (CARES) program by providing loans from Australia to Indonesia. Josh Frydenberg as Minister of Finance of Australia and Sri Mulyani as Minister of Finance of Indonesia announced that the loan amount is worth AUD 1.5 billion and the repayment period is 15 years. This is a form of strong partnership between Indonesia and Australia and is a form of strategic cooperation between the two countries. Through this loan, it is reflected in the enthusiasm that Indonesia and Australia have to jointly face the challenges of the Covid-19 pandemic in an effort to help the business world and protect the community so that economic recovery will be achieved in the not too distant future (Puspasari, 2020).

Data shows that in the period January to March 2020, Australia was the 10th largest investor with an investment value of 86 million dollars (Rp. 1.2 trillion) with 324 investment projects. Wisnu Wijaya Soedibyo as Deputy for Cooperation at the Investment Coordinating Board (BKPM) said that IA-CEPA could encourage Indonesia-Australia investment to increase during the Covid-19 recovery period. Local business actors have the opportunity to expand product marketing to Australia and can collaborate to become local partners for Australian investors who invest in Indonesia. So that it is hoped that investors from Australia can spread evenly throughout Indonesia (Catriana, 2020).

## **b. Health**

Peluang ekspor alat kesehatan dari Indonesia to Australia is open with the IA-CEPA. These medical devices include masks and personal protective equipment (PPE). If previously the Indonesian Minister of Trade imposed a ban on the export of raw materials for masks and PPE during the transition period of large-scale social restrictions (PSBB) to the new normal, then with the enactment of IA-CEPA the ban will be lifted. This is because many business actors have changed their business fields in medical devices. The high demand for medical devices during the Covid-19 pandemic caused the benefits to be greater than in other fields (CNN Indonesia, 2020).

The government's policy regarding the lifting of the ban on the export of mask raw materials is in line with Holsti's opinion, which states that policies that have been decided by other countries can ultimately help the country achieve its interests and values. So in this case, Indonesian policies can assist the state in achieving its interests, especially related to health recovery and the economy of both Indonesia and Australia. The similarity or conflict of interest that occurs in the end can result in an agreement

In the IA-CEPA trade agreement, 3 agreements were drawn up in the health sector, namely:

1. Market access to health services.
2. Side Letter Economic Cooperation
3. Side Letter on Improving Health Professional Standards and Access to Health Services

The three agreements were implemented based on the principle of mutual benefit and respect. The Ministry of Health will seek to utilize the IA-CEPA to achieve equal recognition of standards and competencies for health workers, medical device products and pharmaceuticals between Indonesia and Australia (Rokom, 2021).

The Indonesian nurse market is in great demand by foreign countries. This can be seen from the opening of job opportunities in the health sector in Australia for nurses from Indonesia. This can increase the competitiveness of nurses from the two countries (Liputan6.com, 2020). During the Covid-19 period, Indonesian citizens in Australia who have a Working Holiday Visa and work in the health sector will get freedom from the limitation of working for six months with one employer. If the active period of the visa ends within the next six months, then it is considered eligible to extend the visa so that they can still work in these important sectors (Embassy, 2020).

The Indonesian Ministry of Health seeks to take advantage of IA-CEPA in the field of medical devices and pharmaceuticals by preparing proposals that focus on two things, namely:

1. Efforts to reduce technical overstatement in trade (non-tariff barriers).

## 2. Efforts to increase the capacity of Small and Medium Enterprises (MSMEs)

The hope is for creating conducive market access and encouraging investment flows for the medical and pharmaceutical equipment industry so that the Action Plan for the Development of the Pharmaceutical and Medical Devices Industry is achieved so as to create independence in the provision of medical and pharmaceutical devices (Rokom, 2021).

### c. Tourism Sector

The best tourist destinations for Australian tourists are New Zealand and Indonesia with particular destinations for Jakarta, Bali and the Riau Islands. This makes Indonesia the second largest tourist destination for Australian tourists. In 2019 BPS recorded foreign tourist visits from Australia reaching 1,386,903 with an average spending per visit of USD 1,900. Flights from Australia to Indonesia per week reach 42,579 with a frequency of flights per week reaching 199 times (Antara, 2020).

The strengthening of cooperation between Indonesia and Australia was carried out by the Government of Indonesia through the Baparekraf / Kemenparekraf for business recovery in the creative economy and tourism sectors affected by the Covid-19 pandemic. Officially, the cooperation in the creative economy sector between Indonesia and Australia was signed on August 31, 2018. The cooperation covers the fields of creative industries, broadcasting, photography, visual arts, screen production (animation, music, virtual effects architectural design, etc. ). So in a meeting that was held virtually on July 24, 2020, Indonesia-Australia agreed to strengthen cooperation in the new normal, one of which was the plan to open the border through a travel bubble agreement (free travel zone) considering that Australia and New Zealand had decreased during the period. Covid-19 pandemic period (Antara, 2020).

Strategic steps designed by Australia to make the tourism sector recover during the Covid-19 pandemic include:

1. Establishing and maintaining cooperative relationships with institutions or companies in other countries, especially those related to the creative economy and the tourism industry.
2. Prioritizing the health, safety and needs of tourists.
3. Carrying out a campaign with the concept of With Love From Aus which intends to welcome foreign tourists at the start of the Covid-19 pandemic (Antara, 2020).

Meanwhile, the strategic steps taken by Indonesia are:

1. Review policy regarding appropriate tourist destinations.
2. Increasing the quality of the destination more than the quantity.
3. Involving the participation of communities around local tourist destinations.
4. Prioritizing the safety and health factors of tourists.

In this tourism sector, Indonesia

and Australia agreed to prioritize strict health protocols. This in turn will increase the confidence of tourists and encourage the recovery of the tourism sector and the creative economy.

## 5. Conclusion

The research that has been conducted shows that Indonesia and Australia are both facing the effects of Covid-19. However, with the existence of IA-CEPA, the cooperation between Indonesia and Australia is getting more solid. This is shown by the export and import value which has increased, namely exports by 7.67% and imports by 21.3% in the first quarter of 2020.

Apart from discussing trade in goods, the IA-CEPA agreement also encourages strategic partnerships in the fields of investment, economy, health, increasing labor capacity, trade in services, transportation, tourism and so on. In the investment sector, to help the business world and protect the community during the economic recovery period due to Covid-19, Australia provides loans worth AUD 1.5 billion with a repayment period of 15 years.

In the health sector, Indonesia-Australia collaborates in the provision of masks, personal protective equipment and also the procurement of medical personnel (nurses). This is because during the Covid-19 period, the demand for medical devices was very high. This also encourages entrepreneurs to change their business direction in the health sector. The government also lifted the ban on the export of raw materials for masks, which was done during the pandemic, so that businesses in the health sector, especially the provision of masks, are increasingly starting to expand.

Meanwhile, in the tourism sector, the two countries developed strategies to increase the return of tourists to come to their countries. Increasing cooperation in the creative economy and tourism industry is focused on paying attention to the health, security and safety of tourists.

Thus, the signing of the IA-CEPA illustrates the realization of good bilateral relations in which the two countries contribute to economic recovery during the Covid-19 period. This can be seen in cooperation in the fields of investment and trade, health and tourism. It is hoped that the IA-CEPA agreement can continue to be implemented in various fields in accordance with the mutual agreement so that Indonesia and Australia can restore the economy due to Covid-19 in the not too long time..

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