

# Impact of the Indonesia Australia Free Trade Agreement

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**Abstract-** Globalization requires the state's readiness to compete with its neighbors. Free trade arises as a result of the globalization tradition which removes barriers between the two. Indonesia finally signed a free trade cooperation with Australia after 9 years of struggle. Indonesia's unpreparedness to compete head to head causes Indonesia to be prepared to face its adverse effects. Food independence programs that change direction to reduce the role of labor.

**Keywords-Reciprocal, Trade Agreement, Indonesia, Australia.**

## I. INTRODUCTION

The Indonesian public health index is low, even though efforts towards healthy Indonesian people have been made. The government provides various health facilities for JKN KIS, BPJS, KIA, posyandu, immunization and provision of hospitals and puskesmas in each sub-district. This has not yielded maximum results, proven heart disease, diabetes and hypertension to be the highest cause of death in Indonesia, and other diseases are cancer. There has to be a altered effort to formulate Indonesian people healthier, one that must be sought is to consume healthy and nutritious food.[1]

The availability of healthy food is the duty of the government. In accordance with the mandate of the 1945 Constitution Article 28 paragraph (4) which states that "The protection, promotion, enforcement and fulfillment of human rights is the responsibility of the state, especially the government." In order to ensure adequate food, the Government has recently cooperated with Australia in the form of free trade. Cattle and wheat products can be imported on a larger scale from Australia. The governments of Indonesia and Australia officially authorized the IA-CEPA on March 4, 2019 in Jakarta, nine years after the agreement was first formulated. This agreement will be ratified by the two countries and is targeted to take effect at the end of this year. Agreement, authorized by the Indonesian Minister of Trade H.E. Enggartiasto Lukita and Australia's Minister of Trade, Tourism and Investment, Simon Birmingham, included regulating trade tariffs between the two countries.[2]

There is an opportunity for Indonesia for the cooperation signed in the form of exports of Indonesia's superior products such as furniture, textiles, textile products and communication equipment, including food products such as coffee and chocolate will be able to enter Australia with zero import duty. In total, as many as 7 thousand export tariff posts will be able to enjoy zero

percent import duty facilities. Meanwhile, tariff posts from Australia that were not subject to import duties were 6,404 tariff posts. [3]

The opportunities that happen if not utilized properly by Indonesia, can actually become a boomerang. Considering so far according to the Central Bureau of Statistics (BPS) in the first half of 2018 Indonesian exports to Australia amounted to 1.35 billion US dollars. While the value of imports was 2.72 billion US dollars, meaning that Indonesia still experienced a trade balance deficit of 1.37 billion US dollars.

## II. RESEARCH METHOD

The type of the present study used in this paper was normative legal research. It used literature study. The present study was also descriptive in nature, namely analyzing the impact of the Indonesia Australia free trade agreement. The present study used secondary data by applying legal materials obtained from literature study of primary legal materials, secondary legal materials and tertiary materials. The tools for fecondary data collection were books relating to the theory and concept of research objects, related articles, scientific writing literatures and so on through literature study. The data were analyzed using a qualitative analysis and presented in a descriptive form. Qualitative analysis was performed through categorization based on the research problems and data collection. [4]

## III. FINDINGS AND DISCUSSION

### 1. Import and Challenges for the Availability of Healthy Food

There is no country which has not experienced the impact of globalization. Its impact is greater in the third world countries. They have been forced to insert into the core of different kinds of trade agreements, such as the General Agreement on Tariff and Trade (GATT), a forum to promote free trade in manufactured goods and the World Trade Organization (WTO), a full system of institutions with immerse power to monitor globalization. [5]

Indonesia declared self-sufficiency in beef in 2026, but some argue that the program feels very difficult to achieve. The signing of free trade between Indonesia and Australia is one of the obstacles. Bearing in mind that currently meat imports from Australia reached 160,000 tons in 2017, based on data from the Central Statistics Agency. 53% of imported beef comes from Australia. BPS data shows that national beef demand reaches 784,000 tons but local breeders are only able to produce 532,000 tons of meat. This situation led to the adoption of beef import policy. [6]

## 2. Food Safety Rules

Food products have met the elements of food safety marked by the presence of the Veterinary Constitutional Number or abbreviated NKV. NKV is a certificate as a valid written proof that sanitation hygiene requirements have been fulfilled as a basis for guaranteeing the safety of food of animal origin in the animal origin food business unit. [7]

In principle, NKV certification is an activity of evaluating the fulfillment of the basic eligibility requirements for a food safety assurance system in the hygiene-sanitation aspect of an animal origin food business unit issued by the competent authority in the Health Midwife. The aspects of NKV assessment are in terms of hygiene and sanitation.

The granting of NKV certification has several objectives, namely to realize livestock product guarantees that meet the safe, sebat, whole and halal requirements for those who are required. The next goal is to provide health protection and inner peace for consumers of livestock products. In terms of business actors, the presence of NKV certificates will improve the competitiveness of domestic livestock products and provide legal certainty for livestock product business actors. If there are food safety issues, the presence of NKV can facilitate traceability of the findings of distribution of livestock origin products. [8]

## 3. Legal Protection of Indonesian Original Varieties and Food Safety

Providing food that is accurately healthy and safe for consumption is inadequate just in terms of hygiene and breeding methods. Food is capable to consume also related to the physiological structure of the human body besides the cultural side of the local community. That is why in Islam food must not only meet halal standards but also thayyib, in the sense of being good for consumption. Halal standards have been listed in the Qur'an and hadith

as guidelines for Muslim societies, while thayyib has no general guidelines, as long as these foods do not adversely affect health and are suitable for consumption, these foods know how to be categorized as thayyib. For example, goat meat is halal and nutritious food, but for hypertensive sufferers, consumption of meat can be bad for health, and therefore should be avoided. [8]

Plant-based foods or plant foods can also be said not thayyib if they give dangerous effects when consumed. Foods that are produced from GMO seeds or GMO (genetically modified organisms) can cause allergies and trigger hypertension, impaired kidney function and even cancer. Therefore GMO-based foods must go through a series of laboratory tests before being declared safe for consumption. Regarding imported products, the government should have a special institution that examines whether products entering Indonesia have fulfilled halal and health elements. Currently, the Government through the Ministry of Trade conducts surveillance of products related to security, health, safety and the environment to protect consumers and secure the domestic market. [9]

Some imported products are proven not to meet health standards after laboratory testing. This March, it was discovered that there were imported corn seeds from India which contained *Pseudomonas syringae* pv *syringae* which were categorized as A1 bacteria. At present, A1 bacteria cannot be overcome in Indonesia if it has spread. The corn seeds have been fulfilled administratively, but when examined further through a laboratory six tons of corn seeds contain quarantine plant-disturbing organisms (A1). The bacteria is dangerous because it is able to damage other agricultural land if it is later spread to domestic agriculture.

Differ from Indonesia, in America, there is a body that maintains food safety called the FDA. In America, the food safety law requires the FDA to establish a safety system for imported foods that includes a foreign supplier verification program. The FDA's science board's global health subcommittee also has suggested the industry could play a key role in ensuring the safety of imported food by providing the FDA with expertise and helping to monitor safety across the supply chain. As an administrative body under the executive branch of the United States government, the powers and jurisdiction of the FDA are based on laws made by the United States Congress. Most of the FDA's mandate is based on the Federal Food, Drug and Cosmetic Act created by the US Congress. The law gives various responsibilities to the FDA, including the responsibility for ensuring interstate commerce is free

from contaminated or mislabeled food, drugs and medical devices.

Almost like the FDA in America, Indonesia has a BPOM (Food and Drug Monitoring Agency) which, with the latest regulations, Presidential Decree No. 166 of 2003 is a Non-Departmental Government Institution responsible to the President. However, BPOM's authority does not include imported food. Regarding imports, it is regulated under the Minister of Trade under Minister of Trade Regulation No. 59 of 2016. In the regulation in Article 18 it is stated that imports of animal products must attach a Certificate of Health in the country of origin of the Animal after the Import Approval is issued

Regarding imports of animal products, Indonesia has routinely imported live beef and live cattle from Australia. So far, the cooperation in importing cattle from Australia is intended to reduce the price of beef so that it is affordable. However, in the long run, the policy will have an impact on native Indonesian beef varieties. In achieving beef self-sufficiency in 2026, the Ministry of Agriculture has a strategy in achieving beef self-sufficiency in 2026, namely by providing and utilizing land for integration, adding imported broodstock, increasing births and increasing productivity (upsus siwab). In addition, financing and subsidies (KUR), institutional strengthening (regional / corporation), and regulation and deregulation of Belgian Blue Cows are the types of cattle that are expected to meet the achievement of self-sufficiency in meat. Urgent sacrifice is the presence of potentially destroyed local cattle varieties.

There is no country which has not experienced the impact of globalization [10]. Its impact is greater in the third world countries. They have been forced to enter into different types of trade agreements, such as the General Agreement on Tariff and Trade (GATT), a forum to promote free trade in manufactured goods and the World Trade Organization (WTO), a full-fledged institution with immense power to monitor globalization. In addition, the reduction in labor absorbed due to declining beef demand will also result in long-term economic conditions.

#### IV. CONCLUSION

The conclusions in this study were import policy by the government should be carried out with in-depth planning, so that it does not have an impact on community work, the environment and health. The ease of import has the effect of reducing the demand for local products causing and decreasing labor absorption. Besides that, the import policy also makes the food security program that has been built difficult to be realized given the intense

price competition between local products and Indonesian local pro.

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