

CHAPTER I

INTRODUCTION

A. Background of Study

As a country with a strategic geographical location, squeezed by two continents and two large oceans in the world, Indonesia becomes one of the countries with a successful historical trade from time to time. Evidenced by the past history where many western countries came to Indonesia to carry out various spice trade transactions and so on. With the geographical location of the strategist has actually become the initial ladder for Indonesia in playing an active role in conducting regional and even global trade transactions with any country to meet their respective needs as a form of mutualism symbiosis in trade.

Of course, in trade there is a commodity that is traded which is also the staple of the needs of each country as a market for the product. In terms of trade between Indonesia and Australia, Indonesia in 2018 reached an export value of US\$ 2.8 billion, which was dominated by petroleum exports of US\$ 636.8 million, while the other US\$ 200 million was dominated by electronic goods, wood and derivative products, as well as clothing.¹ Meanwhile, Indonesia's imported commodities from Australia are beef, energy, and coal as revealed by

¹ Andrea Lidwina, *IA-CEPA Cooperation, What Are Indonesia's Main Export Commodities to Australia*, [databoks.katadata.co.id](https://databoks.katadata.co.id/databoks.katadata.co.id/datapublish/2020/02/11/kerja-sama-ia-cepa-apa-komoditas-ekspor-utama-indonesia-ke-australia) in <https://databoks.katadata.co.id/datapublish/2020/02/11/kerja-sama-ia-cepa-apa-komoditas-ekspor-utama-indonesia-ke-australia>, February 11, 2020. Accessed on 5 October 2022.

the former Minister of Trade, Muhammad Lutfi.² From the good trade relations between Indonesia and Australia in some of these trade commodities, Indonesia and Australia in 2010, precisely on November 2, which was initiated by the President of the Republic of Indonesia and the Prime Minister of Australia. Until the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) was signed by the two countries on March 4, 2019, IA-CEPA had been going on for 12 rounds of negotiations. In the midst of these negotiations, IA-CEPA was stopped due to bilateral political tensions between Indonesia and Australia for approximately 3 years. Then the two countries agreed to resume negotiations in 2016.

IA-CEPA is not an ordinary Free Trade Agreement (FTA), but a comprehensive partnership in the field of trade in goods, services, investment, and economic cooperation. Usually FTAs only negotiate market access, but this CEPA with Australia also includes cooperation on how the two countries can grow together leveraging each other's strengths to create new economic forces in the Region, as revealed by Enggartiasto Lukito.³ The framework established in IA-CEPA concerns not only trade in goods and services, but vocational

² Sella Panduarsa Gareta, *Minister of Trade: Republic of Indonesia Imports Goods from Australia to develop the industry*, antaranews.com in <https://www.antaranews.com/berita/2424085/mendag-barang-impor-ri-dari-australia-untuk-kembangkan-industri>, September 29, 2021. Accessed on 5 October 2022.

³ Directorate General of Bilateral Negotiations, International Trade Negotiations Ministry of Trade of the Republic of Indonesia, *“Fact Sheet Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA)”* (Jakarta, 2018), https://ditjenppi.kemendag.go.id/assets/files/publikasi/doc_20181015_fact-sheet-indonesia-australia-cepa.pdf.

education training (VET), tourism, financial services and others between the two countries.⁴

There are many things that are a fortune for the two countries why IA-CEPA was formed, in addition to the explanation above this agreement can also create a framework for a new era of closer economic relations between Australia and Indonesia to open up new markets and opportunities for businesses, service providers, major producers and investors. IA-CEPA exists and builds on pre-existing multilateral and regional agreements such as the ASEAN – Australia – New Zealand Free Area Establishment Agreement (AANZFTA) (Australian Embassy Indonesia, 2020).⁵

However, there is something interesting about the establishment of the IA-CEPA between Indonesia and Australia, in the report on Indonesia's trade balance to Australia deficit of US\$ 3.1 billion in January-July 2021. In the period throughout 2020, Indonesia experienced a deficit of US\$ 2.1 billion. The deficit rose 45.2%.⁶ This is interesting because Indonesia, which is facing a trade balance deficit with Australia, continues to ratify the bilateral economic

⁴ Gisella Linardy et.al., "Bilateral Cooperation between Indonesia and Australia in the IA-CEPA", *Jurnal Sentris Edisi Khusus Diplomasi*, 2021, p.253 quoted from Adhitya Junjun Juniar, *The Impact of the Signing and Ratification of the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA CEPA)*, Undergraduate Thesis, January 2022, Faculty of Law, University of Muhammadiyah Yogyakarta, p. 3.

⁵ Julia Hardianti Rusmin, Adi Suryadi, and Nurjannah Abdullah, Analysis of the 2013-2018 IA-CEPA (Indonesia-Australia Comprehensive Economic Partnership Agreement) Cooperation Negotiation Process, *Hasanuddin Journal of International Affairs Volume 1, No 2*, Agustus 2021, p. 135.

⁶ Monavia Ayu Rizaty, *RI-Australia Trade Balance US\$ 3.1 Billion Deficit until July 2021*, <https://databoks.katadata.co.id> on <https://databoks.katadata.co.id/datapublish/2021/10/01/neraca-perdagangan-ri-australia-defisit-us-31-miliar-hingga-juli-2021#:~:text=Perdagangan-.Neraca%20Perdagangan%20RI%2DAustralia%20Defisit%20US%24%203%2C,1%20Miliar%20hingga%20Juli%202021&text=Neraca%20perdagangan%20Indonesia%20dengan%20Australia,ye ar%20to%20date%2Fytd>) October 1, 2021. Accessed on 12 October 2022.

agreement. With the bilateral economic agreement, Indonesia feels that trade will improve with a comparative advantage in its products. In addition, due to the bilateral economy agreement wrapped in CEPA, that the cooperation between Indonesia and Australia does not only focus on trade, but there are other aspects that increase such as the quality of human resources and investment, so that it can awaken Indonesia's national economic strength in the future. This is what is in the national interest in the ratification of the IA-CEPA treaty. Not only focusing on the economic and human resources sectors, Indonesia's interests are related to national security in maintaining maritime stability in the Indo-Pacific Region and cooperation against terrorism.

One of the things regulated in the IA-CEPA is the exemption related to tariffs or import duties on commodities between Australia and Indonesia into the markets of each country. Previously, tariffs or duties entered into the scope of customs. Article 1 number 1 of Law Number 17 of 2006 concerning Amendments to Law Number 10 of 1995 concerning Customs describes customs as everything related to supervision of the traffic of goods entering or leaving the customs area as well as the collection of import and exit duties.⁷ In addition, other regulations are regulated regarding import duties which are facilities for investors to invest in Indonesia. Article 18 paragraph (4) of Law Number 25 of 2007 concerning Investment formulates that there are facilities in the form of exemption or relief of import duties on the import of capital

⁷ Article 1 number (1) Law Number 17 Year 2006 concerning Amendments to Law Number 10 of 1995 concerning Customs.

goods, machinery, or equipment for production purposes that cannot be produced domestically and raw materials or auxiliary materials for production purposes for a specified period of time and certain requirements.

The form of exemption from import duties or tariffs imposed in IA-CEPA is that Australia eliminates 100% on 6,474 tariff posts or 0% of import duties on Indonesian goods to Australia after implementation.⁸ Meanwhile, tariffs on goods from Australia to Indonesia are exempted by 94%. Thus, it will certainly provide an escalation stimulus to Indonesian export products to Australia after the enactment of IA-CEPA.

Indonesia is one of the biggest importers of beef from Australia. Australia supplies meat to Indonesia in the form of beef and feeder cattle. From 2010 to 2021, Indonesia has imported 939,703 tons of meat from Australia. In 2021, meat imports from Australia were recorded at 122,863 tons. This number increased by 16.3% from 105,160 tons in 2020.⁹ Then, instead of this, an urgency arises regarding the import of meat where the meat is required to have halal certification so that it is suitable for consumption by a wide audience, especially for Muslims in Indonesia. After chicken and fish, beef is the third most popular meat in Indonesia. While the country produced 497,971 tons of beef in 2018, Indonesians devoured 514,800 tons of it. Indonesia imported

⁸ Directorate of Bilateral Negotiations Directorate General. Trade Negotiations ... *Op. cit.*, p. 5.

⁹ Reza Pahlevi, *This is the amount of meat that RI imports from Australia until 2021*, databoks.katadata.id in <https://databoks.katadata.co.id/datapublish/2022/07/18/ini-banyaknya-daging-yang-diimpor-ri-dari-australia-sampai-2021>. July 18, 2022 accessed on May 29, 2023.

The existence of import duty exemption for foreign investors will certainly be a positive point for the investor country, because this will have implications for reducing the initial cost for investors in investing. In the case of the IA-CEPA, which has only been implemented by Indonesia since ratification through Law Number 1 of 2020 concerning ratification of the Indonesia-Australia Comprehensive Economic Partnership Agreement, both Indonesia and Australia have assumed the intention to increase their respective trade through the provision of facilities in the form of exemption from import duty tariffs on goods imported by each country. Therefore, in this thesis, researcher try to collect various implications for the exemption of import duty tariffs in the issue of live cattle import from Australia which are reviewed based on organic regulations derivatively from IA-CEPA. The research framework is captioned with the title “The Legal Effect of Rate Exemptions Provision in IA-CEPA on Live Cattle in Halal Product Perspective”.

B. Problem Formulations

1. What are the organic regulations related to the rate exemption that have been issued by the Government of Indonesia as a follow-up to the IA-CEPA agreement?
2. How does the rate exemptions provision in IA-CEPA implemented in live cattle based on halal product perspective?

C. Research Objectives

1. To analyze and know the organic regulation related to the rate exemption that have been issued by the Government of Indonesia.
2. To analyze and know the implementation of the rate exemption provision in IA-CEPA in live cattle based on halal product perspective.

D. Originality of Research

In conducting research on The Legal Effect of Rate Exemptions Provision in IA-CEPA on Live Cattle in Halal Product Perspective, the author explores several previous studies related to the author's research, in order to avoid plagiarism, some of which the authors found include:

No.	Source	Discussion
1	Izzu Khizbil Mughist, "Kepentingan Nasional Indonesia Meratifikasi Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) Tahun 2020", Ilmu Hubungan Internasional, Fakultas Ilmu Sosial dan Ilmu Politik, Universitas Islam Negeri Syarif Hidayatullah Jakarta, 2021 ¹⁰ .	Problem Formulation What is Indonesia's national interest in ratifying the IA-CEPA partnership agreement in 2020? Conclusion This study generates an argument that by ratifying the cooperation agreement with Australia, Indonesia will feel that its trade will be better by maximizing the comparative advantage of Indonesia's superior products, and there will be training that can improve the quality of human resources in Indonesia to become competitive human resources with other countries in the world. ASEAN region. Indonesia will also get many benefits through the bilateral cooperation.
2	Muhamad Revizal Assyauri, "Diplomasi Perdagangan Indonesia-Australia: Studi Kasus	Problem Fomulation Why did the IA-CEPA negotiations take place in 12 rounds over eight years? Conclusion

¹⁰ Izzu Khizbil Mughist, "Indonesia's National Interest to Ratify the 2020 Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA)", (Undergraduate Thesis, Universitas Islam Negeri Syarif Hidayatullah Jakarta, 2021).

<p>Negosiasi Comprehensive Economic Partnership Agreement (IA-CEPA)”, Program Studi Hubungan Internasional, Fakultas Psikologi dan Ilmu Budaya, Universitas Islam Indonesia, 2019.¹¹</p>	<p>The negotiations for the Indonesia-Australia Comprehensive Economic Partnership Agreement, which have been discussed since 2005, went through several stages of Joint Feasibility and Joint Study by looking at the feasibility of the two countries in negotiating this agreement. After going through several stages, it was officially introduced to the public in 2010 and the first round was carried out. In 2013 the third round of negotiations was stalled due to the lack of harmonious bilateral relations, and the two countries agreed to reactivation of negotiations in 2016 when relations between the two countries improved again. After reactivation in 2016 the two countries were very intensive in discussing the completion of the IA-CEPA negotiations, but the negotiations could only be technically agreed in March 2019. From launch to completion it took nine years to carry out twelve rounds.</p> <p>Australia is at a disadvantage in this IA-CEPA negotiation, because Australia has no other choice in directing the IA-CEPA negotiations. This can be seen from the efforts made by the Australian government, which only hopes for Indonesia to conclude these negotiations as soon as possible. Nevertheless, Linkee's role in this negotiation is quite important, because Linkee will determine the attitude taken with what Indonesia has to offer in this negotiation. Similar to Indonesia, Australia has both economic and non-economic goals. Australia's economic goal is to take advantage of the opportunities to increase the rise of the Asian century, including Indonesia, which is projected in 2030 to become the</p>
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¹¹ Muhamad Revizal Assyauri, “Indonesia-Australia Trade Diplomacy: Case Study of Comprehensive Economic Partnership Agreement (IA-CEPA) Negotiations”, (Undergraduate Thesis, Universitas Islam Indonesia, 2019).

		<p>fifth largest country in the world above Japan, France, and even Germany. Australia does not want to squander this Asian growth opportunity. Meanwhile, in terms of non-economic goals, Australia wants to ensure that Indonesia will become Australia's closest partner in the Asia-Pacific region. From these goals can have an impact on Australia's influence in the region.</p>
3	<p>Mellyna Artika Sari, "Pengaruh Indonesia Australia Business Council (IABC) Terhadap Proses Negosiasi Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) Tahun 2011-2018", Program Studi Hubungan Internasional, Fakultas Psikologi dan Ilmu Budaya, Universitas Islam Indonesia, 2022.¹²</p>	<p>Problem Formulation How did the Indonesia Australia Business Council (IABC) influence the negotiation process for the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) in 2011-2018?</p> <p>Conclusion The influence of the Indonesia Australia Business Council (IABC) on the negotiation process of the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) in 2011-2018 can be seen from the achievement of agreements in the IA-CEPA cooperation is the result of negotiations and is based on a bargaining process carried out by the Indonesian and Australian governments that influence each other to reach an agreement that provides benefits in every field for Indonesia and Australia. For example, Indonesia wants to increase the number of Australian investors in Indonesia, but Australia demands transparency and protection for investors. In addition, the IA-CEPA requires the views of the IABC in order to achieve maximum results. IABC sees the IA-CEPA agreement as an agreement that can improve the economies of both countries. Indonesia and Australia also</p>

¹² Mellyna Artika Sari, "The Influence of the Indonesia Australia Business Council (Iabc) on the 2011-2018 Indonesia-Australia Comprehensive Economic Partnership Agreement (Ia-Cepa) Negotiation Process", (Undergraduate Thesis, Universitas Islam Indonesia, 2022).

	<p>share a common interest promoted by the IA-CEPA and IABC to promote trade, investment, and improve people's skills. The implementation of the IA-CEPA during the current pandemic is the best solution to re-growing the community's economy which had declined after the pandemic. IA-CEPA and IABC encourage market expansion through e-commerce and the application of SPS to trading systems. The influence of the IABC in the negotiation process by providing views to the IA-CEPA regarding strategies to increase investment, views related to the factors that cause the number of Australian investors to be low due to the system being run by Indonesia tends to be complicated, it is necessary to apply the principle of Most Favored Nation Treatment and the principle of National Treatment. IABC and IA-BPG contributed by submitting a proposed position paper entitled "Two neighbors partners in prosperity" which contained the elimination of trade and investment barriers between the two countries, continued harmonization, skills training society meets market standards and market failures are the responsibility of both countries. IABC's initial contribution as a source of information for Indonesia-Australia regarding the Indonesia-Australia economic environment.</p>
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E. Literature Review

1. Bilateral Investment Treaty

Bilateral Investment Treaty or BIT is an agreement that can protect investors from one country in another by providing clear substantive regulations governing the host country's treatment of investments and

by establishing a dispute resolution mechanism that can be applied to alleged violations of those regulations.¹³ Bilateral Investment Treaties are part of international treaties known in international relations. International agreements are the main instrument for the implementation of international relations between nations. Because it is an international treaty, the condition cannot be subject to the substance of any of the national laws of the members of the international treaty but if it contains national law, then it is only in the form of a contract.¹⁴

The first BIT was in 1959 between Germany and Pakistan. At that time BIT was considered as a means of investment protection between developed and developing countries, even though at that time the protection provided was still limited and there were no dispute resolution arrangements.¹⁵

BIT of course has legal consequences for both countries, where business actors from both countries have the obligation to include the clauses contained in the BIT. However, in practice there are several problems that cause conflicts with business actors because there is a policy made by the Indonesian government that is detrimental to

¹³ Sam Suhaedi, *Pengantar Hukum Internasional*, Alumni, Bandung, 1968, p. 55-56.

¹⁴ Sefriani, *Hukum Internasional: Suatu Pengantar*, Rajawali Press, Depok, 2018, p. 33-34.

¹⁵ UNCTAD. *World Investment Report 2015: Reforming International Investment Governance*, h. 123-124 quoted from Fries Melia Salviana, Legal Certainty in the Application of Bilateral Investment Treaty in Investment in Indonesia, *Jurnal Perspektif*, Vol. 23, No. 3, 2018 p. 185.

investors and this violates the clause contained in the BIT, one of which is the case of a British company, Churchill Mining, which filed a lawsuit against the government. East Kutai Province or lawsuit by PT. Newmont Nusa Tenggara is related to the issuance of a government policy regarding the imposition of tin ore export duties which is also contrary to the BIT.¹⁶

BIT is currently the most dominant source of international law to protect foreign investment in developing countries, this is due to the belief that host countries from developed countries already have adequate domestic law and will not discriminate.¹⁷

BIT has six main principles in granting access to BIT, namely: 1. application of NT and MFN during the process of formation and implementation of investments, no restrictions on labor recruitment, no import/export restrictions, in terms of reasonableness; 2. application of FET, no arbitrary treatment from authorities, in terms of security; 3. protection from expropriation without compensation, protection from war and civil society riots, protection in terms of currency transfers (free transfers), the principle of non-discrimination; 4. there should be no treatment that is unreasonable/unreasonable or that is not related to valid regulations, the principle of transparency; 5. to create a regulation-

¹⁶ Fries Melia Salviana, Legal Certainty in ... *Op, Cit.*, p. 185-186.

¹⁷ Ryan J. Bubb and Susan Rose-Ackerman, BITs and Bargains: Strategic Aspects of Bilateral and Multilateral Regulation of Foreign Investment, *International Review of Law and Economics*, Elsevier, vol. 27(3), 2007, p. 21 quoted from Fries Melia Salviana, *Kepastian Hukum ... Op, Cit.*, p. 186.

based investment regime, prevent corruption, and in terms of due process; 6. There is a procedure for resolving disputes between investors and the state (investor-state dispute settlement) as the main characteristic of BIT.¹⁸

2. Overview about IA-CEPA

a. Matter regulated in IA-CEPA

As quoted in the Overview of Australia's aid program in Indonesia which issued by Department of Foreign Affairs and Trade Australia 2019, the IA-CEPA agreement is an agreement that has very important meaning for Australia, this is because the IA-CEPA agreement focuses on defense and economic cooperation in the two countries. The economic cooperation is divided into several parts, namely infrastructure funding from Australia to Indonesia, investment in the form of human development for Indonesia from Australia, and exemption from the cost of importing goods from Australia. Meanwhile, in the field of defense, Australia wants to protect itself from terrorism and other transnational crimes.¹⁹

The Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) improves Australia's access to Indonesia by eliminating or reducing tariffs on goods and through

¹⁸ Amanuel Debessay Gebregergis. (2015). *"The Role of Bilateral Investment Treaties in Securing Foreign Investments in Ethiopia"*. Thesis. University of South Africa: International Economic Law, p. 33-35.

¹⁹ Astari Marisa Gusrini, "Indonesia-Australia Bilateral Relationship: Australian Interests in Ratifying the Indonesia-Australia Comprehensive Economic Partnership Agreement in 2019", *Jurnal transborders*, Vol. 4, No 1, Desember 2020, p. 28.

enhanced access for service providers and investors to the Indonesian market.²⁰

As cited from Fact Sheet of IA-CEPA that issued by Directorate of Bilateral Negotiations, Directorate General of International Trade Negotiations, Ministry of Trade, IA-CEPA's main coverage: Trade in Goods (including Rules of Origin, Custom Procedures and Trade Facilitation, Technical Barriers to Trade, Sanitary and Phytosanitary), Trade in Services (including Movement of Natural Persons, Financial Services, Telecommunications, Professional Services), Investment, E-Commerce, Competition Policy, Economic Cooperation, Institutional and Framework Provisions.²¹

b. Rate Exemption Provision based on IA-CEPA

In increasing economic cooperation between Indonesia and Australia, which is covered through the IA-CEPA agreement, both the Indonesian and Australian governments have set import duties on each country's imported goods in the form of elimination and reduction of related import duties. As was already mentioned, Australia will eliminate 100% of the 6,474 tariff posts or 0% of the import charges on commodities from Indonesia to Australia

²⁰ Australian Government, Department of Foreign Affairs and Trade, *Using IA-CEPA to do business with Indonesia*, <https://www.dfat.gov.au/https://www.dfat.gov.au/trade/agreements/in-force/iacepa/Pages/using-ia-cepta-do-business-indonesia>. Accessed in December 2022.

²¹ Directorate of Bilateral Negotiations Directorate General. Indonesian Ministry of Trade International Trade Negotiations, *"Fact Sheet Indonesia-Australia ... Op, Cit*, p. 16.

following the adoption of IA-CEPA. In the meanwhile, 94% of Australian exports to Indonesia are free from tariffs.

F. Operational Definitions

In terms of avoiding multi-interpretation in understanding of research discussion, these are the definitions of terms provided as follows:

1. The Legal Effect here means is a legal implication of certain things or an influence or effect, in every decision made by a person or some persons usually has its own impact especially the impact related to the law, be it a positive impact or a negative impact.
2. Rate Exemptions Provision is a term used in investment law related to the exemption of tariffs from the host country to importers regarding the export and import of goods.
3. IA-CEPA means a bilateral comprehensive economic partnership treaty between Indonesia and Australia.
4. Live Cattle means cattle industrially-raised for beef production from the calf stage until they reach between 600 to 800 pounds.
5. Halal Product means the permissible or acceptable product permissible in accordance with Islamic law.
6. Perspective means the art of drawing solid objects on a two-dimensional surface so as to give the right impression of their height, width, depth, and position in relation to each other when viewed from a particular point.

G. Research Method

1. Type of Research

The type of normative legal research method is a research method carried out by researching library materials or secondary data.²² The type of research used in this research is using normative research methods because in researching related to “The Legal Effect of Rate Exemptions Provision in IA-CEPA on Live Cattle in Halal Product Perspective”, it is carried out by searching for materials based on library materials or secondary data as sources in writing research.

2. Method of Approach

In this research, the author will use several approaches in this type of normative research, such as:

a. History Approach

This approach is carried out by examining the background of what is learned and the development of arrangements regarding the issues at hand.²³ Related to the object of this research which regarding the effect of rate exemptions based on IA-CEPA toward the Indonesian trade regulations that must be review

²² Soerjono Soekanto & Sri Mamudji, *Penelitian Hukum Normatif: Suatu Tinjauan Singkat*, Raja Grafindo Persada, Jakarta, 2003, p. 13.

²³ Muhaimin Iskandar, *Metode Penelitian Hukum*, Mataram University Press, Mataram, 2020, p. 57.

under the expectation from the issuance of IA-CEPA between Indonesia and Australia's interests.

b. Statute Approach

The legal approach is research based on research on legal products²⁴ or namely by examining the laws and regulations.²⁵

In this approach, the author will examine all laws and regulations related to the research to be that will be researches, based on IA-CEPA and Indonesian trade regulations to find answers to the formulation of the problem.

c. Conceptual Approach

This approach departs from the views and doctrines that have developed in the science of law.²⁶ What is meant by a conceptual approach is an approach that departs from the views and doctrines that have developed in the science of law. By studying the views of the doctrines in the science of law, researchers will find ideas that give rise to legal notions, legal

concepts and legal principles that are relevant to the issue at hand.²⁷

3. Object of Research

²⁴ Bahder Johan Nasution, *Methodes Penelitian Ilmu Hukum*, Mandar Maju, Bandung, 2008, p. 92.

²⁵ Peter Mahmud Marzuki, *Penelitian Hukum*, Kencana, Jakarta, 2007, p. 96.

²⁶ *Ibid.*, p. 172.

²⁷ *Ibid.*, p. 135.

The object of this research is the arrangement on trade matter in Indonesia after the signation of IA-CEPA.

4. Sources of Research Data

Since this research apply the normative legal research so the data source used is secondary data, namely documents or libraries by collecting and examining or tracing documents and librarier that can provide information needed by author. The legal materials used in this research are:

a. Primary Legal Material

Namely binding legal materials consisting of applicable laws and regulations or applicable provision, including:

1. Law No. 6 of 2023 concerning Stipulation of Government Regulation in Lieu of Law Number 2 of 2022 Concerning Job Creation to Become Law;
2. Law No. 1 of 2021 concerning Ratification of Indonesia-Australia Comprehensive Economic Partnership Agreement;
3. Law No. 7 of 2021 concerning Harmonization of Tax Regulations;
4. Ministry of Trade Regulation No. 63 of 2020 concerning Rules of Origin of Indonesia and Provisions for Issuing Documents of Certificate of Origin for Goods of Indonesian

Origin in The Indonesia-Australia Comprehensive Economic Partnership Agreement;

5. Regulation of the Minister of Finance Number 54/PMK.010/2022 concerning Determination of Import Duty Tariffs in the framework of the Indonesia–Australia Comprehensive Economic Partnership Agreement; and
6. Ministry of Finance Regulation No. 82 of 2020 concerning Procedures for Imposing Import Duty Tariffs on Imported Goods Based on the Approval of the Indonesia-Australia Comprehensive Economic Partnership Agreement.

b. Secondary Legal Material

Secondary legal materials used to support primary legal materials include journal, literature books that can be used as reference to support this research.

c. Tertiary Legal Material

Legal materials that support secondary legal materials derived from legal dictionaries and terminology which are related to the object of research.

5. Method of Data Collecting

The data collecting method collected through literature study approach namely sourced from secondary data, likewise some data are taken from primary, secondary and tertiary legal material which are related to the object of research.

6. Data Analysis

Descriptive method, which is a method used to study problems that exist in society, as well as the procedures that apply in everyday society and certain situations.²⁸ The purpose of this descriptive writing is to create a systematic, factual, and accurate picture or painting of the facts, properties, and relationships between phenomena that are meticulous to obtain a solution.

All legal material collected, then inventoried, clarified, and analyzed using normative descriptive analysis which aims to describe various existing legal problems, so that an appropriate solution is obtained, in order to provide legal clarity to the impact of the comprehensive economic agreement between Indonesia and Australia in terms of import duty tariff exemption.

H. Structure of Writing

This research is structured by dividing into four chapters, as follows:

Chapter I is an Introduction consisting of Background of Study, Problem Formulation, Research Objectives. Originalities of Research, Literature Review, Operational Definitions, Research Methodology, and Structure of Writing.

Chapter II is Theoretical Review, this chapter will discuss in detail about theories which relate to problem formulations in this research namely

²⁸ Moh. Nazir, *Metode Penelitian*, Ghalia Indonesia, Jakarta, 2005, p. 35.

about the effect of rate exemptions provision in IA-CEPA on trade regulation in Indonesia investment cluster.

Chapter III is Finding and Results, in this chapter will answer the two of problem formulations. First, answer the problem formulation about what is the shape of the IA-CEPA as an international agreement and the pattern of influence of the IA-CEPA on Indonesian Trade Law. Second, answer the problem formulation about how does the IA-CEPA influence the development of trade in investment law in Indonesia.

Chapter IV is Conclusion and Recommendation, in this chapter the conclusion will be taken from the summary of the answer of two problem formulations and for the recommendation will be made based on the the author's thoughts after analyzing and finding the answer of the two problems formulation.

الجمهورية الإسلامية اندونيسية