



## Development of Indonesia - US Trade Tariff Negotiations

Source: Kontan, April 21 2025, additional diplomatic report, and Reuters (April 16–18, 2025)

### 1. Main Commodities in Indonesia–US Trade Relations

#### A. US Exports to Indonesia (Top 10 Commodities)

Commodity	Import Value (US\$ billion)	Tariff Imposed by Indonesian Government
Soybeans	1.50	0.00%
Liquefied propane	1.20	0.00%
Acyclic hydrocarbons	0.68	0.00%
Commodities not yet classified	0.46	N/A
Bituminous coal	0.42	5.00%
Oilcake and other solid residues	0.28	5.00%
Liquefied butane	0.25	0.00%
Chemical wood pulp from soft and artif. wood	0.19	0.00%
Aircraft weighing 2,000kg	0.18	0.00%
Converting, conversion and transmission machines	0.17	0.00%

**B. Indonesia's Exports to the United States (Top 10 Commodities)**

Commodity	Export Value (US\$ billion)	% of Total Exports
Palm oil and its derivatives	1.30	6.50%
Leather footwear uppers	1.03	5.10%
Electrical machinery and equipment	0.84	4.20%
Apparel of other textiles	0.80	3.97%
New knitted apparel from cartel	0.68	3.40%
Preserved shrimp and mollusks	0.68	3.40%
Live, fresh or processed crustaceans	0.68	3.40%
Wood and other wood products	0.67	3.35%
Natural rubber and similar latex	0.67	3.35%
Ready-made garments, knitted cardigans, etc.	0.67	3.35%

**2. Countries with the Largest Trade Surplus for Indonesia (Oil & Gas and Non-Oil & Gas)**

- India: US\$ 14.67 billion
- United States: US\$ 13.64 billion
- Philippines: US\$ 8.22 billion
- Belgium: US\$ 3.75 billion
- Spain: US\$ 3.24 billion



### 3. Strategic Issues and Agendas in Negotiation

Indonesia has proposed several points in its negotiations with the United States to maintain trade stability and avoid the imposition of a 32% tariff on Indonesian exports, which is currently suspended for 90 days. Key measures taken include:

- 1.) Increasing imports and purchases from the US up to US\$ 19 billion, including approximately US\$ 10 billion in energy.
- 2.) Aligning products and commodities with national needs, including the purchase of wheat, soybeans, soybean meal, and capital goods.
- 3.) Reducing tariffs on Indonesia's priority products in the US market, and maintaining tariff preference status under the GSP scheme.
- 4.) Promoting cooperation in education, high-tech, strategic industries, and semiconductors.
- 5.) Simplifying import procedures for US products, such as horticulture and information technology.
- 6.) Facilitating investment and business activities of US companies in Indonesia with various incentives and licensing ease.
- 7.) Promoting cooperation in the development of semiconductor supply chains and sustainable energy transition.
- 8.) Exploring participation in cross-border energy infrastructure projects, including LNG and crude oil from Cheniere Energy and Venture Global LNG.
- 9.) Highlighting the importance of strengthening bilateral standardization and food security.
- 10.) Bilateral negotiations are agreed to be concluded within the next 60 days, followed by a 90-day grace period before any new tariffs are actually imposed.

### 4. Conclusion

Indonesia–US tariff negotiations have evolved into a cross-sectoral strategic agenda. Indonesia is pushing for increased imports from the US—especially in energy, food, and capital goods—to balance the trade balance while maintaining a healthy economic relationship.

Indonesia's main focus includes reducing tariffs on priority exports, expanding market access, recognition of GSP status, and support for strategic industries such as semiconductors and energy transition. Simplification of import procedures and facilitation of US investment are also part of the agreements aimed at transforming the relationship into a *Comprehensive Strategic Partnership (CSP)*.

**Note:** GSP stands for **Generalized System of Preferences**. In the context of international trade relations, GSP is a trade scheme that provides **tariff preferences** (usually in the form of duty exemptions or reductions) from developed countries to developing countries for certain specified products. The aim is to promote exports from developing countries, boost economic growth, and strengthen trade cooperation.



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