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Research Article

US-EU Trade War, Indonesian Exports Threatened to Be Dragged

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Abstract: The reciprocal tariff policy has a significant impact on a number of countries, including Indonesia. In this scheme, Indonesian non-oil and gas products are subject to a tariff of 32% when entering the US market. Such a high tariff places Indonesian exporters in a less competitive position compared to other countries that have more favorable trade arrangements with the United States. This condition becomes more complex when viewed in the broader context of the US-EU trade war, which creates uncertainty and turbulence in the global economy. Indonesian exports are affected both directly and indirectly. Indirect impacts can be seen from disruptions to the global supply chain, the slowdown in the world economy, and decreased global demand. As global production networks become increasingly interconnected, any disruption in major economies will ultimately suppress demand for Indonesian export commodities. This means that even if Indonesian products are not directly targeted, the ripple effects of global trade tensions will still hinder Indonesia's export performance. For instance, reduced consumption in Europe and the US due to rising product prices and inflation will diminish market opportunities for Indonesian goods.On the other hand, direct impacts arise because several Indonesian products have been explicitly subjected to tariffs by the US government. These include textiles and textile products (TPT), electronics and their components, footwear, furniture, and palm oil (crude palm oil/CPO). Such tariffs significantly reduce Indonesia's competitiveness in the US market, potentially leading to decreased export volumes, lower revenues for domestic industries, and job losses in export-oriented sectors. Furthermore, the policy also makes European products much more expensive in the US market, which worsens the global supply chain, increases logistics costs, triggers inflation, and escalates uncertainty in international trade.

Keywords: Indonesian Exports; International trade; Tariff impact; Threatened to be Dragged; US-EU Trade War

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1. Introduction

US-EU Trade War, Indonesia is considered to have the potential to be affected by the United States' (US) plan to impose import tariffs of up to 50 percent on European Union products, if the policy is actually implemented, not only the European Union and the US will be affected, but also the global economy as a whole. The impact could be significant. Not only for Europe and the US, but also the world

Indonesia could be affected directly or indirectly. The indirect impact comes from the disruption of the global supply chain and the slowdown in the world economy, which ultimately suppresses export demand from Indonesia. "Demand for Indonesian export goods will also be disrupted,". While the direct impact arises because several Indonesian products have been subject to tariffs by the US; 1) The products affected include: (a) textiles and textile products (TPT); (b) electronics and components; (c) footwear; (d) Furniture; and (e) palm oil (crude palm oil/CPO), 2) European products will become much more expensive in the US market,". The European Union is very likely to respond to this policy with similar tariffs on US products, 3) Triggering a trade war that worsens the global supply chain. "Companies will seek new sources of supply and markets, 4) Increase logistics costs, trigger inflation, and create uncertainty," The flow of international trade is also threatened to be disrupted, 5)

Significant to world gold prices. However, on the other hand, this policy risks weakening the rupiah exchange rate.

Indonesia's concerns if the US actually raises tariffs on European Union products. "European products will become much more expensive in the US market,". Of course, the European Union is very likely to respond to this policy with similar tariffs on US products. This condition could trigger a trade war that worsens the global supply chain. "Companies will seek new sources of supply and markets. This could increase logistics costs, trigger inflation, and create uncertainty," The flow of international trade is also threatened to be disrupted.

In addition, the trade war between the United States (US) and the European Union (EU) has the potential to significantly affect Indonesian exports. Even though Indonesia is not a direct party in the conflict, the interconnected nature of the global economy means that the country cannot escape the spillover effects. Disruptions in the global supply chain could hinder Indonesia's access to essential raw materials and intermediate goods, which are crucial for the production of export commodities. At the same time, trade restrictions and protectionist measures between the US and EU can lead to rising input prices, making Indonesian products less competitive in international markets (East Asia Forum, 2025; Project Syndicate, 2025).

Moreover, the decline in global demand from major economies embroiled in the trade war could further weaken Indonesia's export performance. Sectors heavily reliant on the US and EU markets—such as textiles, footwear, and agricultural products—may face reduced orders and declining revenues. Beyond the economic aspects, the uncertainty created by prolonged trade tensions also poses risks for long-term investment and trade partnerships. This instability may discourage both foreign and domestic investors, further dampening Indonesia's prospects for sustainable export growth in an already challenging global environment (East Asia Forum, 2025; Project Syndicate, 2025).

2. Proposed Method

Based on the background above, the formulation of the problem in this paper is: US-EU Trade War, Are Indonesian Exports Threatened to be Dragged Down?

The Data Collection Technique uses Online Data Search/Internet searching, browsing, surfing or downloading data, Books, magazines, Journals, Theses, Dissertations, online news, media, websites and Sources from Experts related to matters related to the US-EU Trade War, Are Indonesian Exports Threatened to be Dragged Down?

3. Results and Discussion

Quoted from the page https://www.bisnis.com (07/04/2025). On April 2, 2025, Trump announced a base tariff of 10% on all imports to the US along with higher import duties for dozens of other countries. The tariff appears to target around 60 countries, one of which is the European Union. US-EU Trade War, Indonesia is considered to have the potential to be affected by the United States' (US) plan to impose import tariffs of up to 50 percent on European Union products.

Head of Research and Main Economist of Mirae Asset Sekuritas, Rully Arya Wisnubroto told Kompas.com, Tuesday (27/5/2025). Said, if the policy is actually implemented, not only the European Union and the US will be affected, but also the global economy as a whole. The impact could be significant. Not only for Europe and the US, but also the world

Indonesia could be affected directly or indirectly. The indirect impact comes from the disruption of the global supply chain and the slowdown in the global economy, which ultimately suppresses export demand from Indonesia. "Demand for Indonesian export goods will also be disrupted,". Meanwhile, the direct impact arises because several Indonesian products have been subject to tariffs by the US. The products affected include: (1). textiles and textile products (TPT); (2). electronics and components; (3). footwear; (4). Furniture; and (5). crude palm oil (CPO)".

Contacted separately, Panin Sekuritas Economist, Felix Darmawan (5/26/2025), expressed his concerns if the US actually raises tariffs on European Union products. "European products will become much more expensive in the US market,".

The European Union is very likely to respond to this policy with similar tariffs on US products. This condition could trigger a trade war that worsens the global supply chain. "Companies will look for new sources of supply and markets. This could increase logistics costs, trigger inflation, and create uncertainty," The flow of international trade is also threatened to be disrupted.

Felix added that Indonesia is also still affected even though it is not a direct target. The weakening of the US and European economies will reduce global demand, including for Indonesian export products.

The sectors most at risk of being affected are those that are export-oriented and connected to the US, European Union markets, or part of their global supply chains. "Especially manufacturing such as TPT, footwear, electronics, and automotive components. "The decline in demand from developed countries will immediately reduce export volumes,".

In addition, commodity sectors such as CPO, rubber, coffee, and mining products could also be negatively affected because the industrial slowdown in developed countries has also reduced demand for raw materials from Indonesia.

Felix added that global uncertainty also has the potential to hold back foreign investment in Indonesia. "Investors will be more careful in investing their capital,".

For the record, US President Donald Trump extended the deadline for trade negotiations with the European Union until July 9, 2025. Previously, Trump had set a 20 percent tariff on most European products, then lowered it to 10 percent until July 8 as a negotiation space. However, the threat has not completely disappeared. Speaking at the White House, Trump expressed disappointment with the slow negotiation process and again threatened to raise tariffs to 50 percent starting June 1. "We'll meet soon and see if we can work something out,". (BBC, 5/26/2025).

3.1. Trump Threatens to Raise Tariffs to 50 Percent, EU Given Time Until July 9, 2025

US President Donald Trump extended the deadline for trade negotiations with the European Union until July 9, 2025. This extension was given after he spoke directly with European Commission President Ursula von der Leyen.

Trump initially set tariffs of 20 percent for most EU products. However, the tariffs were reduced to 10 percent until July 8 to provide room for negotiations. However, the threat has not completely disappeared.

Speaking at the White House, Trump expressed his disappointment with the slow pace of the negotiations. He even threatened to raise tariffs to 50 percent starting June 1. We will meet soon and see if we can work something out, as reported by the BBC, Monday (5/26/2025). He then wrote on the Truth Social platform, "It is my privilege to extend the deadline."

Von der Leyen responded to the threat by stating her readiness to immediately complete the deal. However, the EU has asked for time until July 9 to reach a deal that is considered fair. "We are ready to move quickly,". Meanwhile, EU Trade Chief Maroš Šef?ovi? emphasized that the bloc remains committed to reaching a deal.

After speaking by phone with US Trade Representative Jamieson Greer and Trade Secretary Howard Lutnick, Šef?ovi? said, "The EU is fully engaged and committed to securing a deal that benefits both sides." reminding the importance of mutual respect. "EU-US trade is unmatched and should be guided by mutual respect, not threats. We are ready to defend our interests,"

Trump has long criticized the US-EU trade relationship, which he considers unbalanced. According to US government data, the EU exported more than $600 billion worth of goods to the United States in 2024. At the same time, imports from the US to the EU were only around $370 billion.

Trump also highlighted imports of cars and agricultural products from Europe. Some tariffs were suspended earlier this year to open up room for negotiations, but a 25 percent tariff on steel and aluminum from the EU remains in place.

1) The escalation in trade tensions is feared to have a negative impact on both sides. France and Germany have openly called for a diplomatic solution. They believe that the policy of tit-for-tat tariffs will harm the shared economy.
2) The European Union itself had threatened to impose retaliatory tariffs of 25 percent on US products worth 18 billion euros (around 20 billion US dollars or Rp325 trillion), although this was later postponed.
3) The bloc is now considering the possibility of adding tariffs on US imports worth 95 billion euros (around Rp1,716 trillion).

3.2. Trump Threatens to Raise Tariffs to 50 Percent, EU Given Time Until July 9, 2025

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3.3. European Stock Markets Rise After Trump Agrees to Delay 50 Percent Tariff Policy

European stocks rose on Monday (5/26/2025) as investors reacted to US President Donald Trump's delay in implementing 50 percent tariffs on the European Union.

As reported by CNBC, the Pan-European Stoxx 600 Index temporarily ended up 1 percent, with all sectors in positive territory. Then, the French CAC 40 index rose 1.2%, while the German DAX rose 1.6 percent. The UK market was closed for a public holiday. In addition, European automotive stocks recovered from a 3 percent loss in the previous session and closed up 1.7% on Monday, 5/26/2025.

This industry is very sensitive to the threat of US tariffs, considering that vehicles and engines are the European Union's largest exports to the United States. German carmakers experienced broad gains, with BMW and Mercedes-Benz last seen up 2 percent and Volkswagen jumping 2.6%.

Elsewhere, Zealand Pharma rose to the top of the Stoxx 600 with shares up 10 per cent. That came after Cantor Fitzgerald maintained its overweight position on the stock. Trump had initially called for 50 per cent tariffs on EU goods on Friday, saying in a post on his Truth Social platform that the duties would come into effect on June 1, 2025, that the bloc was very difficult to work with and that trade talks with the EU were not going anywhere.

1) Trump later said on Sunday that he had agreed to delay the 50 per cent tariffs until July 9 following a call from EU Commission President Ursula von der Leyen.
2) Von der Leyen said in a post on X over the weekend that the EU was ready to move the talks forward quickly and decisively.
3) Asian stock markets were mixed, with Japanese and South Korean stocks up while shares listed in China and Hong Kong were down.

4) US markets were closed on Monday for the Memorial Day holiday. Stocks on Wall Street were in a selloff trend last Friday after Trump threatened to impose new tariffs on the EU and tech giant Apple.

3.4. Impact of the Trade War between the United States (US) and the European Union (EU)

The trade war between the United States (US) and the European Union (EU) has the potential to have a significant impact on Indonesian exports. Although Indonesia is not directly involved in the conflict, disruptions to the global supply chain and decreased demand from affected countries will affect Indonesia's export performance.

Spillover Impacts:

1) Decrease in Demand:
   The US-EU trade conflict could cause a decrease in demand for products exported by Indonesia, especially if these countries are major markets for Indonesian products.
2) Supply Chain Disruptions:
   The trade war could disrupt the global supply chain, making it difficult for Indonesia to obtain the raw materials and components needed to produce export goods.
3) Price Increases:
   The trade war could cause an increase in the price of raw materials and commodities, which could increase production costs and reduce the competitiveness of Indonesian products in the international market.
4) Uncertainty:
   Trade wars create uncertainty in global markets, which can make investors and businesses more cautious and reduce investment and trade activities.

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3.6. World Gold Prices Weaken After Trump Softens to the European Union

World gold prices weakened at the end of trading on Monday (5/26/2025) local time or Tuesday (5/27/2025) morning WIB. The weakening occurred after United States President Donald Trump canceled plans to impose a 50% tariff on goods from the European Union.

Quoting Reuters, the price of gold on the spot market fell 0.8% to US$3,332.04 (around Rp. 53.7 million) per ounce. The price of Comex gold futures on the New York Exchange also fell 1 percent to US$3,331.90 per ounce.

Trump withdrew the threat of high tariffs that were originally planned to take effect on June 1, 2025. This decision suppressed demand for hedge assets such as gold, which are usually sought after when uncertainty increases.

According to UBS analyst Giovanni Staunovo. He assessed that the weakening of gold prices was triggered by the postponement of tariffs that should have been imposed on the European Union. " call it a range-trading day,"

Trump announced plans to extend the negotiation period until July 9, 2025. This statement came just two days after he had threatened to accelerate tariffs due to frustration over the slow progress of trade talks.

3.7. Potential for Strengthening Still Open

Despite weakening, the outlook for gold is considered positive. Global uncertainty is still high. Geopolitical conflicts continue to heat up, US tariff policies are changing, and concerns about the American budget have not subsided.

Citi even raised its gold price projection. The bank estimates that the price of this precious metal could reach 3,500 US dollars per ounce. In the near future, the price is expected to move in the range of 3,100-3,500 US dollars per ounce.

3.8. Latest Gold Price Today, May 26, 2025 at Pegadaian

Figure 1. The Price of Antam Gold

The price of Antam gold bars today is recorded as stable. Gold weighing 1 gram is priced at IDR 2,002,000. Meanwhile, for the 0.5 gram denomination, the gold price reaches IDR 1,053,000, while for the 2 gram denomination, it is pegged at IDR 3,941,000.

Not only Antam gold bars, the price of gold bars from Galeri-24 also remains the same. Galeri-24 gold weighing 1 gram is sold for IDR 1,925,000. Meanwhile, for the 0.5 gram denomination, the gold price reaches IDR 1,010,000, and for the 2 gram denomination, it is pegged at IDR 3,793,000.

Pegadaian also provides various types of Antam gold bars with the latest prices every day. Here are the details of Antam, Galeri-24, and UBS gold prices today according to the Galeri 24 page:

1) Antam gold prices on Monday, May 26, 2025:
   a) 0.5 grams: IDR 1,053,000
   b) 1 gram: IDR 2,002,000
   c) 2 grams: IDR 3,941,000
   d) 3 grams: IDR 9,774,000
   e) 5 grams: IDR 19,491,000
   f) 10 grams: IDR 48,596,000
   g) 25 grams: IDR 97,110,000
   h) 50 grams: IDR 194,139,000
   i) 100 grams: IDR 485,073,000
   j) 250 grams: IDR 969,927,000
   k) 500 grams: Rp 1,939,813,000
2) Gallery-24 gold price on Monday, May 26, 2025:
   a) 0.5 grams: Rp 1,010,000
   b) 1 gram: Rp 1,925,000

c) 2 grams: Rp 3,793,000
d) 5 grams: Rp 9,411,000
e) 10 grams: Rp 18,771,000
f) 25 grams: Rp 46,810,000
g) 50 grams: Rp 93,547,000
h) 100 grams: Rp 187,000,000
i) 250 grams: Rp 467,269,000
j) 500 grams: Rp 934,078,000
k) 1000 grams: Rp 1,868,154,000

3) UBS gold price on Monday, May 26, 2025:
a) 0.5 grams: Rp 1,045,000
b) 1 gram: Rp 1,933,000
c) 2 grams: Rp 3,835,000
d) 5 grams: Rp 9,476,000
e) 10 grams: Rp 18,850,000
f) 25 grams: Rp 47,032,000
g) 50 grams: Rp 93,869,000
h) 100 grams: Rp 187,663,000
i) 250 grams: Rp. 469,017,000
j) 500 grams: Rp. 936,929,000

3.9. Antam Gold Price Today, May 26, 2025 Drops IDR 11,000 Per Gram

The price of gold from PT Aneka Tambang Tbk or Antam was observed to have dropped IDR 11,000 per gram today, Monday (5/26/2025). Quoting Logam Mulia, the price of Antam gold bars at the beginning of the week is now IDR 1,919,000 per gram from the previous day's IDR 1,930,000 per gram.

The buyback price for Antam gold today was also observed to have dropped IDR 11,000 per gram to IDR 1,763,000 per gram from the previous IDR 1,774,000 per gram.

Buyback is the price that Antam gold holders get if they want to sell the gold bars. However, the price of Antam gold is the one that applies at the LM Gold Boutique, Graha Dipta, Pulo Gadung, East Jakarta, so the price may be different at other Antam gold sales outlets.

Based on the Regulation of the Minister of Finance (PMK) Number 34 of 2017, it is regulated that the purchase of gold bars will be subject to PPh 22 of 0.9%.

If you want to get a lower tax deduction of 0.25 percent, according to the regulation of PMK Number 38 of 2023, include the Taxpayer Identification Number (NPWP) for each transaction. Each purchase of gold bars will be accompanied by proof of PPh 22 deduction.

As for buybacks, based on PMK Number 34 of 2017, the resale of gold bars to Antam with a value of more than IDR 10 million will be subject to PPh 22 of 1.5 percent for NPWP holders and 3 percent for non-NPWP.

It should also be noted that the buyback price set by Antam does not include tax if the sale exceeds Rp 10 million. PPh 22 on the buyback transaction will be deducted directly from the total buyback value. Here are the details of Antam gold prices today:

1) 0.5 gram gold: Rp 1,009,500
2) 1 gram gold: Rp 1,919,000
3) 2 gram gold: Rp 3,778,000
4) 3 gram gold: Rp 5,642,000
5) 5 gram gold: Rp 9,370,000
6) 10 gram gold: Rp 18,685,000
7) 25 gram gold: Rp 46,587,000
8) 50 gram gold: Rp 93,095,000
9) 100 gram gold: Rp 186,112,000
10) 250 gram gold: Rp 465,015,000
11) 500 gram gold: Rp 929,820,000
12) 1,000 grams of gold: Rp 1,859,600,000

Figure 2. The Price of Antam Gold
Source: https://www.kontan.co.id (05/26/2025).

Here are the prices of gold jewelry according to The Palace today:

1) 9 Karat Gold Jewelry (37.5%)
   a) Selling Price of Yellow Gold (Chain Model): Rp928,000
   b) Buying Price of Yellow Gold (Chain Model): Rp507,000
   c) Selling Price of White Gold (Chain Model): Rp928,000
   d) Buying Price of White Gold (Chain Model): Rp507,000
   e) Selling Price of Yellow Gold (Non-Chain Model): Rp928,000
   f) Buying Price of Yellow Gold (Non-Chain Model): Rp507,000
   g) Selling Price of White Gold (Non-Chain Model): Rp928,000
   h) Buying Price of White Gold (Non-Chain Model): Rp507,000
   i) Selling Price of CZ Gold: Rp998,000
   j) Buying Price of CZ Gold: Rp472,000
   k) Celebrity Gold Selling Price: Rp1,050,000
   l) Celebrity Gold Purchase Price: Rp472,000
2) 18K Gold Jewelry (75%)
   a) Yellow Gold Selling Price (Chain Model): Rp1,637,000
   b) Yellow Gold Purchase Price (Chain Model): Rp1,277,000
   c) White Gold Selling Price (Chain Model): Rp1,654,000
   d) White Gold Purchase Price (Chain Model): Rp1,277,000
   e) Yellow Gold Selling Price (Non-Chain Model): Rp1,6514,000
   f) Yellow Gold Purchase Price (Non-Chain Model): Rp1,277,000
   g) White Gold Selling Price (Non-Chain Model): Rp1,689,000
   h) Purchase Price White Gold (Non-Chain Model): Rp1,277,000
   i) CZ Gold Selling Price: Rp1,698,000
   j) CZ Gold Purchase Price: Rp1,190,000
   k) Celebrity Gold Selling Price: Rp1,864,000
   l) Celebrity Gold Purchase Price: Rp1,190,000

The price of gold jewelry can vary from store to store or brand, depending on the respective pricing policy, gold content, model, and other additional costs. The price information presented is based on data from The Palace and is for reference only.

4. Conclusions

Reciprocal tariff policy that has a significant impact on several countries, including Indonesia. In this policy, Indonesian non-oil and gas products are subject to a 32% tariff when entering the US market. Trump is known to have announced a reciprocal tariff policy that has a significant impact on several countries, including Indonesia. In this policy, Indonesian non-oil and gas products are subject to a 32% tariff when entering the US market.

US-EU Trade War, Indonesian Exports are directly and indirectly affected. The indirect impact comes from the disruption of the global supply chain and the slowdown in the world economy, which ultimately suppresses export demand from Indonesia. "Demand for Indonesian export goods will also be disrupted,".

Meanwhile, the direct impact arises because several Indonesian products have indeed been subject to tariffs by the US, including:

1) Products affected include: (1). textiles and textile products (TPT); (2). electronics and components; (3). footwear; (4). Furniture; and (5). palm oil (crude palm oil/CPO).
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