



PRESS STATEMENT

IBC Proposes Strategic Responds to Mitigate US Reciprocal Tariffs and Ensure Trade Stability

IBC proposes four steps to mitigate the impact of recent US tariff policies, asking governments to renegotiate and expand trade agreements with new countries and regions.

Jakarta, 04 April 2025 – Indonesian Business Council (IBC) fully supports the government's efforts to immediately take strategic steps in responding to the latest trade tariff policies issued by the United States government this week. These moves are necessary to mitigate the impact on Indonesia's export and industry performance.

US President Donald Trump this week announced a list of countries subject to reciprocal tariffs on products exported to the US. Indonesia is included in the list with a tariff rate of 32 percent. The new tariff put significant pressure on the competitiveness of national exports, especially to the US market which contributed USD 38.7 billion of Indonesia's exports in 2024.

"IBC proposes steps to mitigate the impact of new tariff on national economy and trade performance. We also ask the government to renegotiate tariffs and expand trade agreements (FTAs) with new countries and regions to expand market access," said IBC CEO Sofyan Djalil in a press statement in Jakarta.

IBC's proposals include:

First, focus on maintaining macroeconomic stability and providing support to affected industries, including MSME groups that are part of the supply chain. It is also critical to provide a conducive policy environment, ensure regulatory certainty, and structural reforms to improve ease of doing business. This step is needed to increase national productivity and export competitiveness.

Second, IBC proposes that the government take steps to renegotiate with the US government and review the framework of the trade agreement between the two countries, aiming to establish a fair and more balanced tariffs. The purpose is not only to maintain existing trade, but also expanding potential trade relations through active diplomacy.

Third, IBC aligns with the government's move to take multilateral negotiation approach along with ASEAN countries to encourage a fairer and more equal international trade order. ASEAN is a large and important trading partner, so both the US and ASEAN will benefit from negotiation and trade diplomacy rather than unilateral policy implementation.



Fourth, IBC proposes to expand bilateral and multilateral trade agreements and accelerates the completion of on-going trade negotiations (FTA) which are currently underway as stronger trade agreements with new countries and regions will expand Indonesia's market access.

IBC Chair of Supervisory Board Arsjad Rasjid underlined that this development must be utilized to strengthen Indonesia's position as an investment destination and strategic trading partner amidst the shifting global supply chain.

"We need to see this challenge as an opportunity to accelerate structural reform, encourage export market diversification, and develop value-added industries. Ease of doing business must also be continuously improved so that Indonesia is more competitive globally," he said.

The US government's tariff policy has the potential to worsen global trade tensions and disrupt economic stability across countries, including Indonesia. The Indonesian Ministry of Trade shared that the US is a contributor to Indonesia's non-oil and gas trade surplus in 2024. The value of the Indonesia-US trade surplus is 16.08 billion US dollars from the total non-oil and gas trade surplus in 2024, which is 31.04 billion US dollars. Indonesia's non-oil and gas exports to the US are mainly garments, electrical equipment, footwear, and vegetable oil.

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About the Indonesian Business Council (IBC): Indonesian Business Council (IBC) is the association of CEOs and business/industry leaders of leading Indonesian companies established in February 2023. IBC seeks to promote and strengthen Indonesia's competitiveness, foster collaboration, and enhance the contribution of the Indonesian private sector to economic growth and prosperity, through advocacy and the creation of good public policy. Visit the IBC website for more information: <https://business-council.id/>.