

PRESS RELEASE INDONESIA FOR GLOBAL JUSTICE (IGJ)

Indonesia-United States Agreement on Reciprocal Trade: A Serious Threat to National Sovereignty and National Interest

Jakarta, 24 February 2026 - Indonesia for Global Justice (IGJ) firmly condemns and strongly opposes the Agreement on Reciprocal Trade (ART) between Indonesia and the United States, which threatens national sovereignty, narrows Indonesia's policy space for national development, and places Indonesia in a position equivalent to being a subordinate to U.S. interests.

This trade agreement is not an achievement. Rather, it is a disaster for a sovereign nation forced to kneel under a new form of colonial domination by the United States. A close reading of the agreement reveals approximately 214 words outlining Indonesia's obligations to "**consult**," "**communicate**," and even "**amend**" strategic trade regulations in order to accommodate U.S. interests.

Rahmat Maulana Sidik, *Executive Director of Indonesia for Global Justice (IGJ)*, stated "**Under the ART Trade Agreement, the United States holds unilateral authority to suspend trade cooperation and raise tariffs if Indonesia engages with countries that the U.S. dislikes or considers threatening to its interests.**"

In fact, the term "*Essential U.S. interest*" within the agreement is broad and lacks a clear definition, which allows the United States to interpret it unilaterally. In other words, what constitutes a "threat to American interests" can be determined solely by the United States.

The important question is: **Did President Prabowo review this agreement prior to signing it? Or was he fully aware of its implications but still proceeded, effectively pawning Indonesia's sovereignty to foreign powers?**

Moreover, the Agreement on Reciprocal Trade also affects strategic sectors in Indonesia, including critical minerals, food, and agriculture, the digital economy, fisheries, and domestic policy, particularly the Local Content Requirement or TKDN.

"The Agreement on Reciprocal Trade also compels Indonesia to ratify the WTO Fisheries Subsidies Agreement. This would eliminate eight types of fisheries subsidies for small-scale fishers in developing countries without any Special and Differential Treatment (SDT), including for Indonesia. Imagine if fuel subsidies for small-scale fishers were removed. Some 2.7 million small fishers would be affected. They would struggle to go to sea, to catch fish, and even to meet their daily needs," Maulana added.

This coercion within the trade agreement reveals the true face of colonialism in the agricultural sector.

Agung Prakoso, Program Manager for Food and Health Issues at IGJ stated: ***“Indonesia is being forced to ratify the UPOV 1991 Convention, which was originally designed by European plant-breeding corporations to protect the interests of the global seed industry, not farmers. Indonesia is not yet a member, but under this agreement we would be required to comply within two years of its entry into force. This constitutes serious intervention in Indonesia’s legal sovereignty and national food policy.”***

Furthermore, Indonesia would be required to exempt U.S. food and agricultural products from various import control mechanisms.

“This provision blatantly opens the floodgates to unlimited imports without protection. Indonesia would even be prohibited from granting special rights, imposing restrictions, or using other policy instruments to control the entry of U.S. agricultural products. This is no longer fair trade cooperation, rather, it is unilateral pressure forcing Indonesia to surrender sovereignty over its national food and agricultural policies. Small farmers will suffer as a result of this agreement,” Agung added.

In the context of digital trade, the Agreement on Reciprocal Trade would restrict Indonesia’s ability to trade with countries considered adversaries by the United States.

Muhamad Aryanang Isal, Program Manager for Digital Economy, Business and Human Rights at IGJ, explained: ***“The Agreement on Reciprocal Trade prohibits Indonesia from imposing customs duties on digital products from the United States (Article 3.5). In addition, Article 3.1 restricts the imposition of taxes or special levies on digital services and transactions. This could harm Indonesia by reducing state revenue from the digital economy sector due to the elimination of customs duties on electronic transmissions for U.S. companies,”*** Anang Said.

Based on a UNCTAD report, if Indonesia were compelled to permanently adopt an e-commerce moratorium policy, the country could lose an estimated US\$10 billion annually in digital customs revenue, Isal added.

Putri Rahmayati, Researcher at IGJ, revealed that ***“The Agreement on Reciprocal Trade places Indonesia’s energy and critical minerals within the orbit of U.S. interests. Indonesia is pushed to open as well as facilitate U.S. investment across strategic sectors for exploration and critical mineral mining,”*** Putri said.

She further asserted ***“Article 6.1 of the Agreement on Reciprocal Trade would eliminate export restrictions on mining products to the United States. This means our mineral resources would be extracted aggressively for U.S. benefit. How could the Indonesian government roll out a red carpet for the U.S. and sign such a damaging trade agreement? Through this agreement, our resources will be plundered and our national sovereignty will be mortgaged,”***

Equally important, Indonesia's Local Content Requirement or TKDN regulations are also targeted to be removed.

Cahaya Arga Putri Diponegoro, Researcher at IGJ, stated “The United States-Indonesia Agreement on Reciprocal Trade would dismantle policies related to Local Content Requirement. Yet, these requirements have been a crucial instrument for Indonesia to build national industrial capacity, strengthen domestic supply chains, as well as promote technology transfer,” Cahaya said.

The Industrial Goods Section (Article 2.2), however, potentially removes such obligations for products from U.S. companies, thereby narrowing Indonesia's industrial policy space.

“In the name of open and non-discriminatory trade, Indonesia would lose a strategic instrument to steer its industrialization. This condition risks reducing Indonesia to merely a market and a link in the global supply chain, rather than an architect of its own industrial development,” Cahaya concluded.

Related IGJ Publications (available at the following links):

1. **PRESS RELEASE: Indonesia–U.S. Conclude Reciprocal Trade Agreement: IGJ Warns of the Dangers of Mortgaging Indonesia's Minerals and Extracting Its Natural Resources**
<https://igj.or.id/2025/12/24/siaran-pers-indonesia-as-sepakati-perjanjian-dagangresiprokal-igj-ingatkan-bahaya-penggadaian-mineral-dan-pengerukan-alamindonesia/>
2. **Critical Minerals in the Grip of Trade Agreements: Policy Challenges and Indonesia's Economic Sovereignty**
<https://igj.or.id/2025/11/28/mineral-kritis-dalamcengkeraman-perjanjian-dagang-tantangan-kebijakan-dan-kedaulatan-ekonomiindonesia/>
3. **Governance of Indonesia's Critical Minerals Under the Shadow of Trade Agreements**
<https://igj.or.id/2026/01/04/tata-kelola-mineral-kritis-indonesia-di-bawah-bayangbayang-perjanjian-dagang/>
4. **Trade Agreements and the Illusion of Indonesia's Economic Sovereignty**
<https://igj.or.id/2026/01/26/perjanjian-dagang-dan-ilusi-kedaulatan-ekonomiindonesia/>
5. **IGJ Position Statement on the Indonesia–United States ART Trade Agreement**
<https://igj.or.id/2026/02/21/pernyataan-sikap-indonesia-for-global-justice-igj-menolakperjanjian-dagang-indonesia-amerika-serikat-neokolonialisme-dan-pelanggarankonstitusi/>

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