



Deals Made Under Repealed Tariffs Should Be Reconsidered

Indonesia Case Study Shows High Costs, Questionable Benefits

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The Trump administration signed an Agreement on Reciprocal Trade (ART) with Indonesia on February 19, 2026, following deals with Argentina, Bangladesh, Cambodia, El Salvador, Guatemala, and Malaysia. As with the other six reciprocal trade deals, the U.S.-Indonesia ART imposes a number of stringent commitments on Indonesia, in exchange for which the U.S. agrees to reduce its “reciprocal” tariff on Indonesian exports from a threatened 32% to 19%.

Before the ink was dry on this deal, however, the U.S. Supreme Court struck down the “reciprocal” tariffs imposed by the Trump administration under the International Emergency Economic Powers Act (IEEPA).

With the 19% IEEPA tariffs forming the basis of the Indonesia deal invalidated by the Supreme Court decision, the future of this and other deals is uncertain. Experts have questioned the legality of the ARTs in the wake of the decision, but the Trump administration has made clear that they intend to recreate the tariffs through alternative legal authorities — though these may also face scrutiny before U.S. courts — and that they consider their reciprocal trade arrangements as separate from the IEEPA tariffs.

At the time of this writing, President Trump has invoked a separate authority known as Section 122 that allows for 15% tariffs for a period of up to 150 days. He has implemented a blanket 10% tariff, with threats of 15%, and has indicated that the administration will pursue more durable tariffs through alternate routes.

Given these chaotic circumstances, the supposed benefits of the ART for Indonesia — tariff relief to its exporters — are illusory because the high “reciprocal” tariff rates are no longer relevant. But the costs of the deal, if Indonesia chooses to comply, are all too real.

The following review of select terms in the deal shows that Indonesia was forced to make painful concessions that benefit big, U.S.-based multinational corporations. Contrary to President Trump’s promises, the deal is not crafted to protect U.S. jobs but instead will

serve to further line the pockets of President Trump's billionaire friends, advance a neocolonial resource power grab, and undermine public interest regulation in Indonesia.

Once again, Big Tech is the big winner.

Big Tech companies have made massive contributions to Trump's inauguration fund, White House ballroom, and other ventures, and President Trump has advanced their interests at every possible opportunity. Big Tech lobby groups have been pushing the U.S. administration to target digital sector laws from around the world using various trade tools. Public comment submissions show that Big Tech has lobbied U.S. trade negotiators to target various Indonesian regulatory initiatives, including: digital taxes, revenue sharing with local news producers, and conditions for exports of personal data to protect privacy rights.

And they've succeeded. In the ART, Indonesia made binding commitments to eliminate these policies that Big Tech companies don't like.

- The deal prohibits Indonesia from imposing taxes on digital service providers operating within their borders or customs duties on electronic transmissions. Indonesia is also required to remove their existing tariff line on "intangible products" and suspend reporting requirements in this regard. In practice, this implies that Big Tech companies will be able to avoid paying their fair share, despite profiting off of users in Indonesia. Indonesia will lose out on revenue that could be put to developmental ends and also lose the use of a tool to protect and nurture its domestic tech and SME ecosystem. While the U.S. government has consistently opposed taxation of Big Tech companies by foreign countries, the acquiescence of Indonesia to provisions related to customs duties on electronic transmissions is particularly noteworthy, as the country has been an outspoken opponent of the WTO's E-Commerce Moratorium, which was expected to lapse in 2026. The change in position by Indonesia, which has now committed to support the Moratorium at the WTO, could therefore have broader effects for taxation of the digital economy going forward.
- Under the ART, Indonesia may not impose measures that Big Tech claims are discriminatory, despite applying equally to companies from any country. In practice, this means that Indonesia will be prohibited from imposing a wide swathe of regulations that targets risks posed by the biggest tech service providers — whether in the form of anti-trust law, intermediary regulation, AI regulations, consumer safety law, labor laws, or otherwise. We have already seen how such provisions have been (mis)used in the U.S. to target digital services taxes, digital

public infrastructure offerings, competition law enforcement, online safety laws, and data breach investigations.

- Indonesian regulators, independent experts and government authorities are prohibited from reviewing algorithms and source code as a condition for market access, limiting efforts to enhance transparency and accountability of software and AI systems. This makes citizens less safe, particularly with the increasing ubiquity of AI in our everyday lives and domestic attempts at enacting AI regulations.
- The deal undermines Indonesia’s efforts to regulate exports of personal data, exposing their citizens’ personal information to misuse. By forcing Indonesia to recognize the U.S. as providing “adequate data protection” under its law, the Indonesian government will be forced to (a) ignore its own law, which requires a factual analysis of whether data will be sufficiently protected when taken offshore, and (b) ignore the fact that the U.S. does not in fact adequately protect personal data, particularly that of foreign citizens. This implies that Big Tech companies can continue to profit from Indonesian data while denying them privacy rights. Access to data is also a critical geopolitical issue given its importance in the digital economy, specifically in the AI supply chain.
- The deal bars Indonesia from imposing revenue-sharing requirements on U.S. Big Tech companies. This means that a 2024 measure implemented by Indonesia to support local news publishers whose work is (re)used by digital platforms will need to be repealed or watered down. This measure, similar to those implemented in Australia, Canada, and elsewhere, is increasingly being considered as a practical way to ensure equitable distribution of the profits from the digital ecosystem and protect domestic news producers, and has therefore been consistently opposed by Big Tech.

The Trump administration is delivering exactly what Big Tech CEO’s are asking for — less regulation of the digital ecosystem on a global basis — even if this comes at the cost of people and communities in the U.S. or elsewhere.

The ART could undermine access to medicines and health and safety standards.

When Trump first announced his now-rejected tariffs, he made clear that he would use them to target trade partners’ “non-tariff barriers.” Those “non-tariff barriers” are policies and practices of other countries that supposedly frustrate trade — regardless of the health, safety, or other goals behind those policies. In addition to its tech accountability regulations, Indonesia was forced to agree to address many other public interest laws that U.S. companies don’t like, which could have negative impacts on the health of its people.

- Like the ART with Argentina, this deal requires Indonesia to “expeditiously take steps to fully resolve” a litany of Big Pharma complaints raised in the controversial Special 301 Report on intellectual property practices. For example, the deal seeks to impose data exclusivity, which reinforces and can extend the effective patent monopoly, delaying access to cheaper generics. It also attacks Indonesia’s rights to use the few access-to-medicine safeguards embedded in patent rules, like compulsory licensing.
- The agreement requires Indonesia to accept imports that meet U.S. FDA and other health and safety requirements, forbidding them to require any additional standards, despite Robert Kennedy Jr. and his MAHA mania undermining U.S. health standards at every turn.
- Indonesia must automatically accept without question all U.S. standards and practices around medical devices, agricultural food safety, meat and poultry disease management.
- Indonesia must maintain a “science-based” regulatory framework – eschewing the precautionary principle for the corporate-maximalist U.S. approach – to facilitate increased trade in genetically modified food and other products.
- It restricts the ability of Indonesia, the world’s largest majority-Muslim country, to decide how Halal foods and other goods that cross its borders are certified.
- The deal does not even include the paltry footnote that was included in at least one other ART, with Malaysia, that claims that despite all the obligations, the country “has the right to regulate in the public interest.” We have seen time and again that exceptions like this are completely insufficient. In the WTO’s nearly 30 years of existence, in 47 out of 49 cases, governments were unsuccessful in using a similar “general exception” to defend domestic policies challenged as illegal. Indonesia was not able to secure even this fig leaf in its deal.

The deal promotes a colonial resource grab of Indonesia’s mineral wealth.

Indonesia is one of the most resource-rich countries in the world, sitting atop vast deposits of copper, tin, and bauxite — as well as roughly one-third of global nickel reserves. In 2020, the Indonesian government enacted significant reforms to its mining sector, including a full ban on raw nickel exports. The reforms aimed to promote domestic downstream processing, assert greater control over strategic mineral resources, and align with its broader industrial strategy, including the development of an electric vehicle battery industry. Since the ban, nearly all mined nickel has been processed domestically, with exports shifting from low-value ore to higher-value refined and semi-finished products,

resulting in Indonesia's nickel export value surging from roughly \$1 billion to \$20 billion in just two years.

- In the ART, Indonesia made a binding commitment to “remove restrictions on exports to the United States of industrial commodities, including critical minerals.” This means Indonesia will not be permitted to institute any bans, quotas, or domestic processing requirements with respect to exports to the United States, replicating a colonial extractivist model where resource-rich countries are locked into the role of raw commodity exporter while richer countries profit from value addition in the supply chain.
- The deal also requires Indonesia to “allow and facilitate U.S. investment in its territory to explore, mine, extract, refine, process, transport, distribute, and export critical minerals...under terms no less favorable than it accords to its own investors in like circumstances” as well as to “provide greater certainty for companies involved in critical mineral extraction, creating certainty for businesses to increase production capacity and supporting operational growth”. The deal stops short of the more extreme provisions granting U.S. companies “right of first offer,” as was included in the 2025 U.S. Strategic Partnership Agreement with the Democratic Republic of Congo, but does restrict the Indonesian government from using its mineral resources in strategic ways to benefit its domestic companies. These binding commitments ensure predictable upstream access for U.S. companies while constraining Indonesia's sovereign decision-making over its own mineral resources.

The ART undermines Indonesia's sovereignty and development goals.

Like other ARTs, the Indonesia deal was negotiated in secret and without input from either country's civil society. It erodes Indonesia's sovereignty by forcing it to pay tribute and accept extremely one-sided conditions that limit its ability to enact policies in the public interest and independently conduct international relations.

In addition to the previously discussed provisions, the ART requires Indonesia to:

- Align export control measures and sanctions with those imposed by the U.S. — limiting its ability to independently conduct international relations.
- Support U.S. positions at various multilateral forums, including the WTO, and inform the U.S. if it signs a digital trade agreement with another country.
- Only use equipment from U.S.-approved suppliers in its Information Communication Technology (ICT) networks, thereby boosting profits of Big Tech

companies while limiting Indonesia's ability to choose the most appropriate network equipment providers for its burgeoning tech infrastructure needs.

- Limit the liability of companies in the nuclear energy sector, implying that the Indonesian public would disproportionately bear the costs of any nuclear accident.
- Remove any import restrictions on shredded clothing and refurbished or second-hand goods from the U.S.. Many countries have seen the harm that imports of cheap, second-hand goods can have on domestic industries, including textile and clothing production. Countries should be free to take actions to support domestic industries and not be forced to accept rich countries' fast-fashion waste.

The ART does not meaningfully address the “race to the bottom” that has harmed workers at home and abroad.

- While the ART includes requirements to adopt and implement labor standards, including a forced labor import ban, such standards are meaningless without enforcement. Without swift and certain, facility-specific enforcement mechanisms, which the ART lacks, multinational corporations will be able to continue to offshore U.S. jobs to take advantage of exploited workers.
- Despite some lip service to environmental protections, the deal never once mentions “climate change.” It requires Indonesia to facilitate the importation of U.S. coal, including highly polluting metallurgical coal, and to purchase \$15 billion in LNG and other fossil fuels.

What's next?

Given the sweeping concessions Indonesia made with very little in return, the ART has attracted criticism across Indonesia, including in the media and by civil society groups, who have petitioned the government to block its ratification.

The U.S. Supreme Court's decision invalidating the tariffs is yet another reason for countries like Indonesia to be wary of ratifying these deals negotiated with the Trump administration. Initial comments of the Indonesian government appear to adopt a wait and watch attitude towards developments in the U.S., with voices within Indonesia calling for the deal to be scrapped absent major revisions to protect the country's sovereignty and national interest.

The U.S. Congress should also exercise its constitutional authority over trade policy by demanding transparency and oversight of secretive trade negotiations like the U.S. - Indonesia ART and a vote over any final deal. Otherwise, Trump will continue to push a trade agenda that purports to benefit U.S. workers while in practice advances the goals of Big Tech, Big Pharma, and other large corporate interests.