

No : 039/CELIOS/II/2026

Subject: Objection to the Agreement on Reciprocal Trade (ART) Indonesia–United States

To:
The President of the Republic of Indonesia
In Jakarta

Center of Economic and Law Studies (CELIOS), as a research institution focusing on economic and public policy issues, hereby expresses its objection to the decision of the President of the Republic of Indonesia in approving the *Agreement Between the United States of America and the Republic of Indonesia on Reciprocal Trade*. Approval of a trade agreement with such broad and strategic implications constitutes a governmental act that cannot be separated from the national legal obligations governing it.

Article 4 of Law No. 24 of 2000 on International Agreements clearly stipulates that in concluding international agreements, the government must be guided by national interests and the principles of equality and mutual benefit, while observing applicable national laws.

This Indonesia–United States agreement regulates trade, investment, digital matters, natural resources, labor, environment, and economic security, all of which directly affect the State's policy space and the livelihoods of the wider public. Given the magnitude of its consequences, it is difficult to assert that the approval process can be separated from the obligation to ensure transparent and accountable protection of national interests.

Furthermore, pursuant to Article 10 of Law No. 24 of 2000, ratification of international agreements must be carried out by law if they concern state sovereignty, human rights, the environment, the formation of new legal norms, as well as political and security aspects. The substance of this agreement clearly enters those domains. Therefore, the President should have involved the House of Representatives (DPR) in the discussion and approval process, and opened space for public participation prior to ratification.

CELIOS will further elaborate the substantive issues within the agreement below, in order to clearly demonstrate its impacts and potential violations, as well as to emphasize the importance of evaluation and correction in accordance with prevailing laws and regulations.

1. Indonesia is required to import oil and gas from the United States amounting to US\$15 billion, equivalent to IDR 253.3 trillion, triggering a widening of the oil and gas trade balance deficit.
2. The removal of certification and non-tariff barriers will cause a flood of imported food products, including beef, milk, and cheese, which will undermine and potentially destroy local farmers and livestock breeders.
3. The elimination of the Domestic Component Level (TKDN) requirements for most imported goods from the United States violates Minister of Industry Regulation (Permenperin) No. 35 of 2025 concerning Provisions and Procedures for TKDN Certification and Company Benefit Weighting. The regulation was established to empower domestic industry in developing high value-added industries and facilitating technology transfer. Provisions in the US–Indonesia ART risk crippling domestic industrialization and causing deindustrialization.
4. Absolute foreign ownership in the mining sector without any obligation to conduct divestment violates Law (UU) No. 3 of 2020, as amended by Law No. 2 of 2025 concerning the Fourth Amendment to Law No. 4 of 2009 on Mineral and Coal Mining, and Government Regulation (PP) No. 96 of 2021 concerning the Implementation of Mineral

- and Coal Mining Business Activities. These laws stipulate that foreign companies operating in mineral and coal mining are required to divest shares.
5. Article 6.1.1 regarding the removal of barriers to critical mineral exports to the United States may be interpreted as a relaxation of restrictions on the export of raw critical mineral ore. If the purchase of raw ore is implemented, downstream industrialization will be threatened with cessation.
 6. The clause on the processing of critical mineral waste could turn Indonesia into an electronic waste dumping ground from the United States, thereby constituting a false solution that merely appears environmentally friendly.
 7. There is a “poison pill” clause whereby Indonesia is restricted from cooperating with other countries that are not aligned with U.S. interests. The U.S. government effectively positions Indonesia within an exclusive trade bloc by compelling Indonesia to participate in imposing sanctions on countries deemed detrimental to U.S. interests. The Indonesia–U.S. ART creates the stigma that “the U.S.’s trade enemy is Indonesia’s enemy” and undermines Indonesia’s independent and active foreign policy stance.
 8. The removal of the halal certification requirement for imported products from the United States violates Law No. 33 of 2014 on Halal Product Assurance (UU JPH) and Government Regulation (PP) No. 42 of 2024 concerning the Implementation of Halal Product Assurance. Both regulations explicitly state that products entering, circulating, and traded within Indonesia must be halal-certified. The purpose of mandatory halal certification is to protect the Muslim community, which constitutes 87 percent of Indonesia’s population (BPS, 2024).
 9. Indonesia may export certain textile products at a 0% tariff, but must purchase cotton raw materials from the United States. If U.S. cotton prices are higher than other sources, this will still harm businesses and workers in the garment and apparel sector.
 10. The purchase of 50 Boeing aircraft raises questions regarding the consequences for fleet requirements and the financial condition of Garuda Indonesia.
 11. The U.S. government compels Indonesia to implement a 10% bioethanol blending mandate by 2030 (E10), a situation that may drive massive land expansion, particularly in Papua’s Food Estate areas.
 12. Indonesia must purchase and facilitate the importation of metallurgical coal (coking coal) from the United States at a time when the government is reducing domestic coal production. Coal dependency could increase the burden of energy subsidies, hinder the energy transition process, and harm public health.
 13. Indonesia is compelled to build a small modular nuclear reactor in West Kalimantan, which poses high risks to the environment and surrounding communities. We view the nuclear option as contradictory to a just energy transition. The high cost of constructing nuclear reactors poses risks to the finances of PLN and the State Budget (APBN).
 14. The U.S. government forces Indonesia to allow the transfer of personal data from within Indonesia to U.S. territory by recognizing that U.S. personal data protection regulations are equivalent to those in Indonesia. This violates Law No. 27 of 2022 on Personal Data Protection. The law stipulates that destination countries for personal data transfers must have a level of data protection equal to or higher than that regulated under Indonesia’s PDP Law. Moreover, there have been data breach cases in the United States, such as in 2024 involving leaks affecting several holders of U.S. citizens’ personal data. Additionally, allowing Indonesian citizens’ financial data to be accessed outside Indonesia violates Financial Services Authority Regulation (POJK) No. 11 of 2022 on Information Technology Implementation in the Financial Services Sector, which requires banking electronic systems to be located within Indonesian territory.
 15. Indonesia cannot limit the dominance of foreign platforms over advertising revenue because it is prohibited from requiring U.S. platforms to pay licensing fees, share user data, or share profits. This will allow U.S. global platforms to easily dominate Indonesia’s market share, particularly in digital advertising. The state loses its market-correction tools. As a result, Indonesia cannot mandate profit-sharing, while U.S. platforms are free to

- transfer data and may be shielded from certain taxes targeting U.S.-origin companies (such as Meta, Google, and YouTube).
16. The U.S. government also prohibits the Government of Indonesia from imposing digital taxes or other levies on U.S. digital and technology companies. This prohibition violates Government Regulation No. 80 of 2019 on Electronic Commerce and Ministry of Finance Regulation (PMK) No. 60 of 2022 concerning Procedures for Appointment of Collectors, Collection, Remittance, and Reporting of VAT on the Utilization of Intangible Taxable Goods and/or Services from Outside the Customs Area within the Customs Area through Electronic Commerce, as updated by Ministry of Finance Regulation No. 81 of 2024 concerning Tax Provisions in the Implementation of the Core Tax Administration System.
 17. The Indonesia–U.S. ART also stipulates that Indonesia must communicate with the U.S. before entering into digital trade agreements with other countries that may endanger U.S. interests. This rule has the potential to hinder existing digital economy agreements, including the ongoing Digital Economy Framework Agreement (DEFA). The U.S. government may potentially insert its interests into such agreements.
 18. Procurement of technology products and infrastructure for 5G, 6G, satellites, and submarine cables must go through consultation with the U.S. This practice may violate Law No. 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition because it creates the potential for collusion carried out by business actors with the involvement of the U.S. government. Furthermore, the development of semiconductors as a potential Indonesian economic sector would be hampered by this clause.
 19. Indonesia is obligated to continue allowing international payment networks owned by U.S. companies to process domestic transactions cross-border. This provision directly benefits Visa and Mastercard. Policy space to strengthen domestic switching systems becomes limited.
 20. Indonesia is compelled to purchase shredded second-hand clothing for recycling purposes, yet there are concerns that the importation process may create loopholes for illegal imports of used clothing.
 21. There are concerns about trade retaliation from other partner countries that may perceive the Agreement Between the United States of America and the Republic of Indonesia on Reciprocal Trade as discriminatory toward products from countries outside the United States.

Considering the United States Supreme Court decision of February 20, 2026, declaring Trump's reciprocal tariffs unlawful, the ART cooperation lacks legal standing under U.S. law. Therefore, further negotiations or revisions are unnecessary. President Prabowo Subianto is urged to immediately send a termination notification to the U.S. Government.

The President is also expected to assist state-owned enterprises, private companies, and MSMEs in seeking compensation for losses arising from the cancellation of reciprocal tariffs.

President Prabowo's decision to join the Board of Peace (BoP) initiated by Donald Trump has become irrelevant. Given the weakened bargaining position caused by reciprocal tariff pressure, participation in the Board of Peace is no longer justified. We further request Indonesia's immediate withdrawal from the Board of Peace.

This letter of objection is respectfully submitted for consideration in refraining from ratification, whether by Presidential Decree or by Law. For further information, please contact us at admin@celios.co.id or +62 857 4223 2974.



Thank you for your attention.

Jakarta, 23 February 2026

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