

IMPACT OF "TRUMP TARIFFS POLICIES" ON THE EXPORT OF INDONESIAN STEEL TO THE UNITED STATES

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1 IMPACT OF "TRUMP TARIFFS POLICIES" ON THE EXPORT OF INDONESIAN STEEL TO THE UNITED STATES

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2 Abstrak

Pada saat dilantiknya Presiden Amerika Serikat yang baru yaitu Donald Trump terdapat banyak hal yang membuat mata dunia tertuju padanya, ia membuat kebijakan-kebijakan yang cukup kontroversial dan salah satunya adalah Trump Tariffs sebagai bentuk proteksionisme. Hal itu punya potensi memicu perang dagang global dan membuat kegiatan ekspor baja negara Indonesia ke Amerika menjadi bermasalah. Tujuan penulisan ini adalah untuk mengetahui adanya pengaruh kebijakan Trump Tariffs terhadap ekspor baja Indonesia ke Amerika Serikat.

Dalam melakukan penelitian penulis menggunakan beberapa sumber literatur dalam memudahkan penulis untuk memahami tentang kebijakan yang dibuat oleh Presiden Amerika Serikat Donald Trump yaitu Trump Tariffs. Salah satunya adalah buku yang ditulis oleh Robert Gilpin yang berjudul The Political Economy of International Relations, lalu untuk memahami tentang perdagangan internasional penulis memakai Makalah teori Perdagangan Internasional yang ditulis oleh Jukriadi.

Kebijakan Trump Tariffs merupakan bentuk proteksionisme Amerika Serikat yang memicu ketegangan antara negara-negara yang terkena dari kebijakan ini, banyak para pengamat ekonomi global mengatakan bahwa hal tersebut menjadi langkah awal dari perang dagang global. Banyak negara-negara yang sudah menyiapkan tindakan balasan atas kebijakan tersebut, Indonesia juga punya respon atas kebijakan tersebut dimana Menteri Perdagangan RI Enggartiasto Lukita melakukan diplomasi agar Indonesia terhindar dari kebijakan Trump Tariffs dan akhirnya membuahkan hasil.

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Penelitian ini menggunakan metode deskriptif analitis yaitu metode yang digunakan untuk mendefinisikan fenomena yang ada dan membahas realita yang serta berkembang dewasa ini kendati yang setuju pada pencarian alternatif untuk membahas permasalahan dan pengantisipasi yang dihadapi. Metode ini dapat dikomparasikan dengan prediksi realita di masa depan.

Kata Kunci: *Ekonomi Politik Internasional, Ekspor Baja, Trump Tariffs, Perang Dagang, Politik Perdagangan*

ABSTRACT

¹ At the inauguration of the new President of the United States, Donald Trump, there were many things that made the world's eyes focused on him, he made policies that were quite controversial and one of them was Trump Tariffs as a form of protectionism. This has the potential to trigger a global trade war and make the country's steel exports to America problematic. The purpose of this paper is to determine the influence of Trump Tariffs policy on Indonesia's steel exports to the United States.

In conducting research the author uses several sources of literature in making it easier for writers to understand the policies made by US President Donald Trump, Trump Tariffs. One of them is a book written by Robert Gilpin entitled *The Political Economy of International Relations*, then to understand about international trade the author uses the *International Trade Theory Paper* written by Jukriadi.

Trump Tariffs policy is a form of United States protectionism that triggers tension between the countries affected by this policy, many observers of the global economy say that this is the first step of a global trade war. Many countries have prepared countermeasures for the policy, Indonesia also has a response to the policy where the Indonesian Minister of Trade Enggartiasno Lukita conducted diplomacy so that Indonesia would avoid the Trump Tariffs policy and finally paid off.

¹ This research uses analytical descriptive method which is a method used to define existing phenomena and discuss the reality that is currently developing even though those who agree on the search for alternatives to discuss the problems and anticipations faced. This method can be compared with predictions of reality in the future.

Keywords: International Political Economy, Steel Exports, Trump Tariffs, Trade War, Trade Politics

Preface

⁴ Steel is an important material in the development of a country, for its very important role, the existence of the steel industry is very strategic for the prosperity of a country. Because of this, the steel industry was created as a processing of raw mineral materials into steel. The steel industry itself has a major role in supplying vital raw

materials for development in various fields ranging from the provision of state infrastructure (buildings, roads, bridges, electricity and telecommunications networks), production of capital goods (factory machinery and supporting materials and their spare parts), means of transportation (ships, trains and rails and automotive), to the country's military weapons (tanks, firearms).

Indonesia is a country with abundant resources both natural resources and human resources, with this extraordinary wealth, Indonesia can become one of the countries exporting these materials. In the Presidential Regulation (Perpres) of the Republic of Indonesia Number 28 of 2008 concerning the National Industrial Policy states that the steel industry is the basis of the manufacturing industry.¹

Indonesia itself has great potential to develop the steel industry, this is based on Indonesia's per capita steel consumption data which is arguably quite high. In 2013, Indonesia's steel consumption reached 61.6 kg per capita per year and ranks 6th among ASEAN countries. The consumption per capita of a country's steel industry is calculated from the amount of crude steel production divided by the country's population. Even now Indonesia's steel consumption continues to increase, it is because the infrastructure development is fast and massive and evenly planned by the government. The Indonesian steel industry can be grouped into four major series starting from upstream as an iron ore processing industry to the downstream series, namely the

final products of iron and steel processing. The four major groups are ironmaking (IM), steelmaking (SM), rolling (R) and forming / cutting / coating (FC).

In the national steel industry, PT. Krakatau Steel (KS), which is a state-owned steel company, plays an important role in the national steel industry. This company has been integrated, besides producing steel in the upstream group, it also produces steel in the downstream group. In the next large group the number of producers in this industry increased in number where there were more than 4 and 5 major producers in the country for the rolling group with product specifications on hotrolled and cold-rolled, 9 companies for wire rod products, and 40 producers in products re-bar.²

Acting as one of the largest mineral exporters in the world, the country of Indonesia has become an important supplier of mineral commodity needs in several countries. However, on January 12 2014, the ban on the export of raw mineral materials was imposed by the Indonesian government, this was an affirmation of Law No. 4 of 2009 concerning Mineral and Coal Mining. Of course, the ban on the export of raw minerals

¹ Hasni dan Hiras Manulang, "Peranan Sektor Baja Dalam Perekonomian Indonesia", Buletin Ilmiah Litbang Perdagangan, Vol. 5 No. 1, Juli 2011, hlm. 22.

² Ibid, hlm. 27

that Indonesia applied from January 12, 2014 directly won the attention of the world. This is because for the country which is one of the largest mineral exporters to do protectionism, the importing country will be confused because it will no longer accept imports from the country that owns the goods. The different national interests of each country are one of the factors driving a country to take action to protect and monopolize the main commodities that are needed by countries in the world to dominate the market and obtain maximum profits.

According to a book issued by Robert Gilpin, political relations between political actors affect the way markets work as markets affect political actors, even the fact that the international political system is among those most influential on market needs. This makes the reason why the economy (market) has a close relationship with the politics of one country with other countries. An example is when China as the world's main producer of raw minerals enforces a policy of protection for its raw minerals by limiting export quotas for Chinese mineral importing countries. The policy made by China made the United States, the European Union, and Mexico file a lawsuit against China to be resolved through the WTO (World Trade

Organization). Until finally the WTO Appeals Agency issued a decision declaring China guilty of violating the WTO agreement to remove trade barriers. China carries out this decision, but China continues to carry out protection policies on other minerals that are more scarce. This shows how the Chinese government also responded to the WTO's decision regarding the restriction of raw minerals it did by using economic sovereignty and the sovereignty of natural resources as a reason for such protective measures.

However, according to The Australian and Reuters reports, the implementation of the Indonesian mineral export restriction policy was still unclear until the issuance of the Minister of Energy and Mineral Resources (ESDM) Regulation No. 5 of 2017 which granted concessions for the export of minerals and coal over the next five years. The reason for the uncertainty is related to the still permissible US mining giant, PT. Freeport McMoRan Copper and Newmot, to export copper worth billions of US dollars at that time. This situation clearly caused confusion for economists because the application of the law was not directly proportional to the actual conditions. At that time, a number of countries did understand Indonesia's desire to focus on processing raw

minerals in the country. However, there are countries that do not seem to like the decision taken by Indonesia. Indonesia itself is not worried about objections and complaints from other countries such as Japan to the World Trade Organization (WTO) related to the policy of limiting exports of raw minerals. The reason behind the implementation of protectionism itself is in the context of meeting domestic needs and downstream programs to add value to commodities, and that is what is used to defend themselves in negotiations or hearings at the forum.

If you view the things described above, it can be said that the Indonesian state has added value if it wants to carry out international cooperation with countries that need these materials. While trying to maintain political stability with other countries, Indonesia also carried out protectionism for one of its commodities. As well as showing that the Indonesian steel industry is needed by large countries in their domestic development efforts. One of the major countries is the United States where the country is a large developed country, this shows that the United States needs raw minerals in large quantities to support the domestic manufacturing industry. The manufacturing industry is needed for

infrastructure development and other items needed by the country. For nearly a second post-revolutionary industrial age at the end of the 19th century, iron ore mines in Minnesota, United States became the main supplier of the United States steel industry. Steel production in the region is unmatched by any steel product, including Brazil and Australia.

But unfortunately, in reality the United States steel products did not operate optimally as revealed in the study of James A. Schmitz, an economist. In the early 1980s, because transportation costs declined, steel products from outside, such as Brazil, began to enter the United States market. The price is much lower compared to local products of miners in Minnesota. At this point, competition for the steel market in the US began. Since then the US domestic market has been flooded with foreign products, one of which is now in the spotlight is the entry of steel from China. As one of the largest steel suppliers in addition to Canada, South Korea, Brazil and Mexico, China is the most highlighted by the United States because its products are fairly cheap and of a quality that can rival local products of its own country. The US steel industry is slowly collapsing due to the flood of Chinese steel.

Anxiety and anxiety began to appear during the administration of the President of the United States of America Donald J. Trump, for this situation he also thought of a plan that is now being highlighted by many countries. Trump plans to raise import duties on foreign steel imports by 25% and aluminum by 10%, because one third of the 100 million tons of steel needed in the US industry each year, raw materials come from imports. Imports are also carried out to fulfill 90% of the 5.5 million tons of industrial aluminum needs. Over the years, imports by the United States have been seen as the cause of various economic problems in the country, one of which is the closure of factories. That is the fate of a company called Bethlehem Steel, a steel company headquartered in Pennsylvania, United States. The factory, which has a capacity of 16 million tons per year, was closed in 2001. The second largest company after US Steel went bankrupt and then sold to the International Steel Group in 2003. In fact, in its heyday, Bethlehem Steel was one of the largest shipbuilding companies in the world and became one of the symbols of the United States industry. American history records, the steel industry has always been an important economic support when the country is involved in a world war or caught in an economic crisis.

Therefore, the United States has a special issue in the politics of cooperation between countries that export steel to the United States itself.

The policy issued by the President of the United States at this time namely Trump Tariffs only applies in certain countries, for the import of steel and aluminum itself, the United States applies such tariffs to countries such as China, the European Union, Canada, Mexico and other countries. Indonesia itself is not included in the country that was put on by Trump Tariffs. But even though the United States only imposes import policy tariffs on a few countries (especially China), the impact may spread to other countries in the world. Especially with countries that have political and economic relations with China and the United States of America where Indonesia is a country within that scope. So from the things that have been revealed above, the author wants to find out is there any impact of the trump tariff policy on Indonesian steel exports to the United States to finally make a Journal with the title: "**The Impact of the Trump Tariffs Policy on Indonesian Steel Exports to the United States**".

LITERATUR REVIEW

Reviu 1: The Role of the Steel Sector in the Indonesian Economy (Hasni & Manulang, 2017)

The author explains how the role of the steel sector in helping the economy in Indonesia. The national steel industry is a vital industry for the development of the Indonesian economy. This was shown, among others; the links are very strong with other industries (backward and forward linkages), such as with the machinery industry and the transportation equipment industry and others. The results of backward linkages analysis showed that the increase in steel sector production could affect the input input demand of sectors by 1.2744.

This means that each increase in steel sector output by Rp. 1 will increase the demand for inputs from other sectors by Rp. 1.2744. Sectors that are the main contributors to the production of the steel sector are the energy group sector and the electricity and gas sector which are the main energy sources in the national steel industry.

Reviu 2: Indonesia's Economy After Trump's Election (Da & Faisal, 2017)

This research from Faisal explains the Indonesian economy after Donald Trump's election. Indonesia's Economic Growth in the fourth quarter of 2016 contracted by 0.1

percent, to 4.94 percent, year on year in the fourth quarter of 2015 as well as quarter-to-quarter growth which fell by 0.07 percent compared to the third quarter.

Based on data released by the Central Statistics Agency (BPS), the pace of economic growth in Indonesia in the fourth quarter was driven by an increase in investment of 0.13 percent since the first quarter of 2016, although this figure declined compared to the fourth quarter, 2015, as well as an increase in Indonesia's export and import activities. The downward trend in the current account deficit was contributed by an increase in the value of international trade (exports and imports). Based on the Quarterly Balance of Payments Report IV, 2016 issued by Bank Indonesia (BI), the increase in the current account in exports and imports of goods by 55 percent compared to the IV quarter of 2015. It is seen that the movement of the Indonesian economy is supported by improved export and import values. The increase in export and import trade was also driven by the improvement in the economies of China and the United States, which led to an increase in the prices of Indonesia's export commodities. However, there was a decrease in the Gross Domestic Product (GDP)

component of household or private expenditure as well as government consumption. This decline in government consumption is suspected to be an impact of budget efficiency so that it has also influenced the pace of the economy in the fourth quarter of 2016 and continued in the first quarter of 2017.

Reviu 3: United States-China Trade War and Its Implications for Indonesia (Pujayanti, 2018)

The author explains that the trade war between the United States-China is also felt by Indonesia. So far, Indonesia's trade balance has always recorded a deficit with China. Indonesia is the only country in ASEAN which has a deficit in the trade balance with China. Data from the Central Bureau of Statistics shows that Indonesia's non-oil and gas trade deficit to China was recorded at US \$ 13.89 billion in 2017, because Indonesia's exports to China were valued at US \$ 21.32 billion less than its imports at US \$ 35.51 billion. Indonesia's largest exports to the US and China are likely to be affected. Meanwhile imports from the two countries, especially China, are feared to be increasingly flooded into Indonesia at low prices which will hit domestic goods.

Many people judge that it is too early to conclude a trade war between China and the US will have a negative impact on Indonesia, because Indonesia's economic growth is largely supported by domestic factors. However, the two countries are Indonesia's main trading partners. Therefore the Government must be prepared to face the effects of the US-China trade war by finding new markets for Indonesian export products. The threat of trade war is a warning for Indonesia not to depend on export markets to traditional markets.

Research Method

The research method that the author will use in this research is a qualitative case study method, the main purpose of qualitative research is to understand (to understand) social phenomena or phenomena by focusing more on the complete picture of the phenomenon being studied rather than detailing it into variables interrelated. The hope is to obtain a deep understanding of the phenomenon to further produce a theory. Because the objectives are different from quantitative research, the procedures for data acquisition and the types of qualitative research are also different. (Rahardjo, 2010)

Theoretical Framework

In international relations there is a thought or paradigm called protectionism. Protectionism is an economic policy to control trade between countries through methods such as import tariffs, quota restrictions, and various other government regulations that are restrictive to prevent imports and foreign takeovers from local markets and company. This policy is very much in line with anti-globalization. Protectionism is widely used in an economic context, referring to policies or doctrines that are "protecting" business and "decent wages" in a country by restricting or regulating trade between countries. (Adele & Fouda, 2012). Protectionism emerged as an attempt by the state to protect domestic interests, focusing on the economy internationally. There are several ways to do protectionism, namely by issuing a policy. The policy can be carried out in various forms including trade procedures, taxes, import tariffs, customs, and quota restrictions. Of the several types of policies mentioned above can provide protection for a country's local industry.

Discussions and Findings

Trump Tariffs

The United States has two parties competing for power, one party is a democratic party where when the president is elected comes

from this party, the policy direction taken will be more soft power, while the other party is the republic party, the policy direction taken by the president those from the party will be hard power. On January 20, 2017, a president who was promoted by the Republican party Donald Trump was inaugurated.

The policies that have been issued during the Trump administration always attract the attention of the world, one of these policies is the Trump Tariffs. Trump rates are a series of tariffs imposed during Donald Trump's presidency as part of his economic policy. In January 2018, Trump imposed tariffs on solar panels and washing machines of 30 to 50 percent. Then in the same year he imposed tariffs on steel (25%) and aluminum (10%) from most countries.

On 1 June 2018, this was extended in the European Union, Canada and Mexico. The only countries that remain exempt from steel and aluminum tariffs are Australia and Argentina. Separately, on July 6, the Trump administration set a 25% tariff on 818 categories of goods imported from China worth \$ 50 billion. Morgan Stanley estimates that Trump's tariffs for steel, aluminum,

washing machines and solar panels, in March 2018, cover 4.1% of US imports.³

⁷ On November 21, 2016, in a video message, Trump introduced the economic strategy of "putting America first", stating that he would negotiate a "fair bilateral trade agreement that would bring jobs and industry back to the American shores." On January 23, 2017, three days after becoming president, Trump pulled the United States from the politically divisive Trans-Pacific Partnership who believed that the agreement would "undermine" the US economy and sovereignty.

³ Trump adopted his current views on the issue of trade in the 1980s. During the 2016 presidential campaign, Trump repeatedly supported policy proposals that renegotiated trade agreements for the United States. During a meeting with the New York Times Editorial Board in January 2016, Trump said that he would charge a 45% Chinese import tax to the United States. Trump often criticizes the North American Free Trade Agreement,

"the worst trade agreement the US has ever signed".⁴

He also called the Trans-Pacific Partnership,

"A deadly blow to American manufacturing" and that it will place the interests of foreign countries above our own."⁵

⁷ Similar to his approach to trade transactions, Trump also promised as part of the Contract with American Voters, to impose tariffs to prevent companies from laying off workers or moving to other countries, through the "End of Offshoring Act". But no such action has been introduced at Congress, but Trump has changed course to impose tariffs on solar panels, washing machines, steel, and aluminum. Tariff enforcement falls primarily within the scope of the Department of Commerce and the United States Trade Representative Office.

"A strong steel and aluminum industry is very important for our national security, absolutely vital," Trump said. "Steel is steel. You have no steel, you have no country."

³ David Chance. 2018. <https://www.reuters.com/article/us-usa-trade-trump-rhetoric-analysis/trumps-trade-tariffs-long-on-rhetoric-short-on-impact-idUSKBNIGH37N>. Diakses pada tanggal 25 Desember 2018

⁴ Maggie Haberman. 2016. <https://www.nytimes.com/politics/first->

<draft/2016/01/07/donald-trump-says-he-favors-big-tariffs-on-chinese-exports/>. Diakses pada tanggal 26 Desember 2018

⁵ Dilansir dari majalah Times Juni 28 2016. <http://time.com/4386335/donald-trump-trade-speech-transcript/>. Diakses pada tanggal 26 Desember 2018

House Speaker Paul Ryan, R-Wis., Issued a statement disagreeing with the government's approach, citing "targeted enforcement" of poor trade practices by countries such as China.

"I disagree with this action and fear unintended consequences. I am pleased that the president has listened to those who share my concerns and includes exceptions for some American allies, but must go further," Ryan said. "We will continue to urge the government to narrow this policy so that it only focuses on countries and practices that violate trade laws."

Countries Response to Trump Tariffs

The imposition of trump tariffs makes the countries in the world become confused, because when a country acts extreme and overtly protectionism then inevitably the countries around it take countermeasures against the decision. We take a concrete example is the country most directly affected by the trump tariff policy, namely China, after becoming one of the countries subject to these tariffs, China immediately provides a countermeasure by implementing new tariffs

on imports of 128 products from the United States with a value of 3 billion US dollars (some of the products affected by the tariff are fruits and pork). China has called on the United States to stop economic intimidation and warned of retaliation. Newspapers in China also reported last week that the government was almost completing a list of reciprocated tariffs imposed on imports of products from the US.⁶

Besides China there are still other countries that do not like the policies issued by the United States government, Canada became one of the countries that firmly opposed the policy and imposed the same thing to the United States, namely setting import tariffs with similar products.

"The tariff is an insult to the long-established partnership between Canada and the United States, and above all, an insult to the thousands of Canadians who fought and died with their American brothers,"

"We have to believe that at some point, common sense will win. But we don't see that sign in the policies adopted by the United States government," Trudeau added.⁷

⁶ Sakina Rakhma Diah S.
<https://ekonomi.kompas.com/read/2018/04/02/094006926/balas-kebijakan-trump-china-kenakan-tarif-impor-128-produk-dari-as>. Diakses pada tanggal 27

Desember 2018

⁷ AFP, CNN Indonesia.
<https://www.cnnindonesia.com/ekonomi/2018060120>

Canadian Foreign Minister Chrystia Freeland said tariffs will be imposed on steel and aluminum products and consumer products as of July 1.

Consumer products that are subject to tariffs include yogurt, coffee, sugar, toilet paper, washing machines, which are intended to suppress a number of US states that export to Canada a lot.

Not surprisingly, India decided to propose an additional tariff policy of \$ 240 million for a variety of imported products from the United States (US), in response to the same tariff policy applied to Indian exports to the US, such as steel and aluminum. That is arguably small, given that US exports are worth more than \$ 1.5 trillion. However, the impact will be felt, because the policy will be implemented in conjunction with a counter tariff policy to US imports implemented by China, the European Union, and associates of the US, Canada and Mexico North American Free Trade Agreements.⁸

Indonesia-United States Economic Cooperation

Since starting diplomatic relations in 1949, relations between Indonesia and the

United States have continued to grow and are increasingly important for two countries. Indonesia and the US have collaborated and become important partners in various sectors, especially economics, education and culture. Economic relations, especially through trade, are the sectors that will be prioritized.

The United States Chamber of Commerce in Indonesia (AmCham Indonesia) in its latest study showed that the total value of Indonesia and the US bilateral economic cooperation reached 90.1 billion US dollars per year in 2014 (the last year data was available) or equivalent to 10 percent of Indonesia's GDP.

The total value of bilateral economic cooperation is projected to be able to reach 131.7 billion US dollars in 2019, an increase of 46.2 percent in five years. The compounded annual rate of economic cooperation grew 8.0 percent over five years (2010-2015), while in the same period Indonesia's GDP grew 5.5 percent. This shows that economic cooperation between

3535-92-302810/respons-kebijakan-trump-kanada-terapkan-tarif-impor-ke-as

⁸ <https://www.matamatapolitik.com/balas-trump-india-berlakukan-kebijakan-tarif-untuk-barang-impor-amerika/>

the two countries is an important factor in overall economic growth.⁹

Indonesian Steel Exports to the United States

Indonesia's economic diplomacy to the United States (US) produced encouraging results. The US government gives an exception to 19 carbon and alloy and stainless steel (stainless steel) steel products from the 25% (US Global Tariff) steel import tariff.⁵ This decision was issued on 2 August 2018 after previously Indonesia also obtained exceptions for 142 requests for Carbon and Alloy steel products with a total volume of more than 6,976 tons and 1 application for Aluminum Sheet of 1,680 tons.

This US-based product exclusion is a concrete result after the Indonesian Minister of Trade Enggartiasto Lukita's meeting with US Trade Minister Wilbur Ross in Washington D.C. at the end of July 23-27 2018. At that time, Trade Minister Enggar led the Indonesian Delegation during a working visit to the US. The Minister of Trade invites representatives of ministries / institutions,

associations, and entrepreneurs of Indonesia's main export products to the US.

The visiting agenda included a variety of approaches to the US Government regarding Indonesia's eligibility for the Generalized System of Preferences (GSP) program which was reviewed and sought exemptions from the imposition of US global tariffs on Indonesian steel and aluminum products that the US has implemented since March.¹⁰

The US President raised tariffs on imports of steel and aluminum products by 25% and 10% respectively after previously implementing a 0% (duty free) tariff policy on March 23, 2018. Before making a direct approach at the ministerial level, the Government of Indonesia had first made efforts to make Indonesia excluded from tariff increases. The effort was carried out by the Ministry of Trade through a written request. The Ministry of Trade revealed that the United States (US) excludes RI from importing 25% steel and 10% aluminum. Based on data compiled by the UN Comtrade Database, exports of aluminum and its products (HS code 76) Indonesia to the United States reached US \$ 218.83 million

⁹ <http://detak.co/detail/berita/mendalami-hubungan-ekonomi-amerika-serikat-indonesia>

¹⁰ <https://ekbis.sindonews.com/read/1335245/34/hasil->

² [diplomasi-ke-as-produk-baja-dan-aluminium-ri-bebas-tarif-25-1535965593](#)

(around Rp3.17 trillion) in 2017. That number rose 76.97% from the previous year's achievements which amounted to US \$ 123.65 million (Rp1.79 trillion).

Meanwhile, exports of iron and steel goods (code HS 73) to the US amounted to US \$ 104.77 million (Rp1.52 trillion) in 2017. Unlike the export of aluminum, exports of iron / steel goods in in 2017 it decreased 32.03% from 2016 achievements of US \$ 154.14 million (Rp2.23 trillion). In the iron / steel goods category, Indonesia relies on exports of structures and structural parts (eg bridges, towers, lattice poles, roof truss) of iron / steel, with export value reaching US \$ 43.02 million (Rp623.79 billion) . (See Table 1)

HS Code	Types of Iron / Steel Goods	2017 Export (US \$ million)	2016 Export (US \$ million)	Changes (%)
7308	Structures (excluding prefabricated buildings of heading 94.06) and	43,02	85,8	- 49,86

	parts of structures (for example, bridges and bridge sections, sluice gates, towers, grating poles, roofs, roof trusses, doors and window s and their frames and threshol ds for doors, window shutters , balustrades and pillars), of iron or steel			
7312	Twisted wire, ropes, cables, plaited belts, slings and the	17,22	17,26	-0,23

	like, of iron or steel, are not electrically insulated.			
7323	Tubes, pipes and other hollow profiles (for example, open or welded, riveted or similar connections), of iron or steel.	7,85	6,91	13,60
7307	Tube or pipe fittings (for example, connectors, elbows, sleeves) of iron or steel.	7,55	7,56	-0,13

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<https://www.cnbcindonesia.com/news/201808301906>

7309	Reservoirs, tanks, barrels and similar storage areas for all types of material (other than gas under pressure or liquefied gas), of iron or steel, with capacities exceeding 300 L	3,78	7,27	-48,01
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Tabel 1

With that amount, the export of the HS 7308 coded commodity accounted for more than 40% of iron / steel products exported by Indonesia to the United States in 2017. However, due to the export of this superior iron / steel product, it dropped by 49.86% on an annual basis -on-year / YoY), then the total exports of iron / steel goods eventually experienced a fall.¹¹

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06-4-31085/baja-ri-dapat-angin-segar-di-as-berapa-eksport-selama-ini

Effect of Trump Tariffs on Indonesian Steel Exports

After looking at the previous sections, what exactly is the effect for Indonesian steel exports to the United States? If you look at this event from an EPI perspective, there is clearly a special agenda behind Trump Tariffs policy decisions, one thing that can be expected is that Trump wants to show the strength of the United States economy in the eyes of the world, as if they are ready to fight with other powerful economies. This is a trigger of anger for other countries, the article is if a country carries out extreme and blatant protectionism acts like that then inevitably the affected countries will definitely take a countermeasure.

In the table in the previous sub-chapter, it can be seen that a significant amount of iron / steel products in the HS 7308 period needs to be guarded by the government. Indeed, Indonesia's steel export activities are not as big as those of other countries that also export steel to the United States, but because of this trump tariff policy, Indonesia has the opportunity to take over the position of these countries. However, because of this policy, Indonesia's position is also disadvantaged, because if the policy

continues to make other countries experience losses there will be a global trade war.

This results in the price of world market goods rising and will impact weakening the value of the country's currency, shareholders will withdraw their existing shares in Indonesia. The price of domestic goods will also increase causing the price of steel production to rise, then domestic steel production will also decline and make Indonesia unable to meet domestic demand and also cannot export steel to the United States.

Conclusion

After seeing the various things that have been explained in the previous chapters in this practicum, the writer can finally draw conclusions about these things. Starting from the enactment of the US foreign economic policy that Trump did during his reign, Trump Tarrif made it a global spotlight. This happened because many experts said that this could be the beginning of a trade war that could shake the world economic system until later there would be economic collapse in various countries if it continued, even though until now there were no clear signs of that matter.

Seeing the events and facts that occur around we can see that this trump tariff policy

does not have a direct impact on countries in the Southeast Asia region, especially Indonesia. However, if Indonesia can see good opportunities in this event, it is likely that Indonesia can advance the national economy to be better, for example is to take the position of China as one of the countries that exports steel to the United States. But if we do not raise Indonesian steel quality standards, there is a possibility that it will not be able to penetrate American steel quality standards and eventually our steel cannot enter the American market.

This "Trump Tariffs" policy has a pretty good impact on Indonesia's steel trade activities to the United States. The increase in the volume of US steel imports in 2017 broke through double digits compared to the previous year's imports. Meanwhile, US aluminum imports in 2016 reached 90 percent of total domestic consumption. The increasing import of iron and aluminum products in the midst of stagnation in US domestic production has become a special concern for the US Government. It can be said here that one of the advantages is Indonesia. From the data in the previous Chapter, throughout 2017 Indonesia ranked 34th and 15th respectively as steel and aluminum suppliers to the US. Even though Indonesia's carbon steel exports

to the US had slumped due to several factors that have been explained, but the value of Indonesia's aluminum exports to the US in 2017 could double from the previous year. In general, Indonesian steel and aluminum products are still promising in the US market because most of them are products that have high exclusivity / precision that are not produced by the US. References.

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