

Impact of Trump Tariffs Policies on the Export of Indonesian Steel to the United States

Anton Minardi^a, Taufik^b, Naufal Ridha^c, ^{a,b,c}Program Studi Ilmu Hubungan Internasional FISIP Universitas Pasundan Jalan Lengkong Besar No. 68, Bandung, Email: abdurrahmananton1975@gmail.com, taufik@unpas.ac.id, nflrdha7@gmail.com

At the inauguration of the new President of the United States, Donald Trump, there were many factors that focussed the world's attention on him. Such as policies that were quite controversial; one of them was Trump Tariffs, as a form of protectionism. This policy 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 the Trump Tariffs policy on Indonesia's steel exports to the United States (US). In conducting research, the author uses several sources of literature to make it easier for writers to understand the policies made by US President Donald Trump, particularly Trump Tariffs. One of them is a book written by Robert Gilpin entitled *The Political Economy of International Relations*. To generate understanding about international trade, the author uses the 'International Trade Theory Paper' written by Jukriadi. The 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's response to the policy included the Indonesian Minister of Trade, Enggartiasto Lukita, conducting diplomacy to enable Indonesia to avoid the Trump Tariffs policy, which was effective. This research uses an analytical descriptive method to define existing phenomena and discuss the reality that is currently developing, despite 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.

Key words: *International Political Economy, Steel Exports, Trump Tariffs, Trade War, Trade Politics.*



Preface

Steel is an important material in the development of a country; for its very important role, the existence of the steel industry is highly strategic to the prosperity of a country. Consequently, 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), and 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, it states that the steel industry is the basis of the manufacturing industry (Hasni dan Hiras, 2011).

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 kilograms per capita, per year and ranks sixth 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 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 formatting/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 where there were more than four and five major producers in the country for the rolling group with product specifications on hot-rolled and cold-rolled, nine companies for wire rod products, and 40 producers in products re-bar (Hasni dan Hiras, 2011).

Acting as one of the largest mineral exporters in the world, Indonesia has become an important supplier of mineral commodity needs to several countries. However, on 12 January 2014, a 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. Subsequently, the ban on the export of raw minerals that Indonesia applied from 12 January 2014 gained 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 difference in the national interests of countries is one of the factors driving a country to take action to protect and monopolise 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, including that the international political system is among those most influential on market needs. This reinforces 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, enforced 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 (US), 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 carried out this decision, but the country continues to carry out protection policies on other minerals that are scarcer. This shows how the Chinese Government also responded to the WTO's decision regarding the restriction of raw minerals, 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 Newmont, 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 the time, several 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) and 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.



In view of the 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 US, where the country is a large developed country. This shows that the US 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 nineteenth century, iron ore mines in Minnesota, US became the main supplier of the US steel industry. Steel production in the region is unmatched by any steel product, including Brazil and Australia.

Unfortunately in reality, the US 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 US market. The price was much lower compared to the 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, 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 US 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 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 intends to raise import duties on foreign steel imports by 25 per cent and aluminium by 10 per cent, because one third of the 100 million tons of steel needed in the US industry each year of raw materials comes from imports. Imports are also carried out to fulfill 90 per cent of the 5.5 million tons of industrial aluminium needs. Over the years, imports by the US have been viewed 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, US. The factory, which has a capacity of 16 million tons per year, was closed in 2001 (Gilpin, 1987; Jackson dan George, 2009; Jukriadi, 2012; Krugman and Obstfeld, 2000; Mankiw, 2003). It was the second largest company after US Steel went bankrupt and was 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 US industry. American history records that 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 US has a special issue in the politics of cooperation between countries that export steel to the US 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 aluminium itself, the US applies tariffs to countries such as China, the European Union, Canada, and Mexico, among others. Indonesia is not included in the countries that were put on Trump Tariffs. However, even though the US 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. Therefore, from the factors that have been revealed above, the author will explore in this article if there is any impact by the Trump Tariff policy on Indonesian steel exports to the US.

Literature Review

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

The author explains how the role of the steel sector helps 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 a backward linkages analysis showed that the increase in steel sector production could affect the 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.

Review 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 per cent to 4.94 per cent, year on year in the fourth quarter of 2015, as well as quarter-to-quarter growth which fell by 0.07 per cent 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 per cent since the first quarter of 2016 — although, this figure declined compared to the fourth quarter of 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 per cent compared to the fourth quarter of 2015. It is identified 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 US, 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.

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

The author explains that the trade war between the US and 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 the 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 flooding into Indonesia at low prices which will hit domestic goods.

Many people judge that it is too early to conclude that 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 and China trade war by finding new markets for Indonesian export products. The threat of a 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 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-globalisation. 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. The several types of policies mentioned above can provide protection for a country's local industry.

Discussions and Findings

Trump Tariffs

The US has two parties competing for power. When the president elect comes from the Democratic Party, the policy direction taken will be a soft power. The other party is the Republican Party, whose policy direction is a hard power. On 20 January 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 per cent. Then in the same year, he imposed tariffs on steel (25 per cent) and aluminium (10 per cent) from most countries.

On 1 June 2018, this was extended to the European Union, Canada and Mexico. The only countries that remain exempt from steel and aluminium tariffs are Australia and Argentina. Separately, on 6 July, the Trump administration set a 25 per cent tariff on 818 categories of goods imported from China worth \$50 billion. Morgan Stanley estimates that Trump's tariffs for steel, aluminium, washing machines and solar panels, in March 2018, cover 4.1 per cent of US imports (David, 2018).



On 21 November 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 23 January 2017, three days after becoming president, Trump pulled the US from the politically divisive Trans-Pacific Partnership believing that the agreement would "undermine" the US economy and sovereignty.

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 US. During a meeting with the New York Times Editorial Board in January 2016, Trump said that he would charge a 45 per cent Chinese import tax to the US. Trump often criticises the North American Free Trade Agreement, "*the worst trade agreement the US has ever signed*" (Maggie, 2016).

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*" (Majalah Times, 2016).

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'. However, no such action has been introduced at Congress, but Trump has changed course to impose tariffs on solar panels, washing machines, steel, and aluminium. Tariff enforcement falls primarily within the scope of the Department of Commerce and the United States Trade Representative Office.

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

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 of the world become confused, because when a country acts extreme and overtly protectionism, then inevitably the countries around it take countermeasures against the decision. A significant example is the country most



directly affected by the Trump Tariff policy, China. After becoming one of the countries subject to these tariffs, China immediately provided a countermeasure by implementing new tariffs on imports of 128 products from the US with a value of US \$3 billion dollars (some of the products affected by the tariff are fruits and pork). China has called on the US to stop economic intimidation and has warned of retaliation. Newspapers in China also recently reported that the government was almost completing a list of reciprocated tariffs imposed on imports of products from the US (Sakina, 2018).

Besides China, there are still other countries that do not like the policies issued by the US Government. Canada became one of the countries that firmly opposed the policy and imposed the same thing to the US, 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 (AFP, 2018).

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

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

Not surprisingly, India decided to propose an additional tariff policy of \$240 million for a variety of imported products from the US, in response to the same tariff policy applied to Indian exports to the US, such as steel and aluminium. 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.¹

Indonesia-United States Economic Cooperation

Since starting diplomatic relations in 1949, relations between Indonesia and the US have continued to grow and are increasingly important for the two countries. Indonesia and the US

¹ <https://www.matamatapolitik.com/balas-trump-india-berlakukan-kebijakan-tarif-untuk-barang-impor-amerika/>

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 prioritised.

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 US \$90.1 billion dollars per year in 2014 (the last year data was available) or equivalent to 10 per cent of Indonesia's GDP.

The total value of bilateral economic cooperation is projected to be able to reach US \$131.7 billion dollars in 2019, an increase of 46.2 per cent in five years. The compounded annual rate of economic cooperation grew 8.0 per cent over five years (2010-2015), while in the same period Indonesia's GDP grew 5.5 per cent. This shows that economic cooperation between the two countries is an important factor in overall economic growth.²

Indonesian Steel Exports to the United States

Indonesia's economic diplomacy to the US produced encouraging results. The US Government gives an exception to 19 carbon and alloy and stainless steel products from the 25 per cent (US Global Tariff) steel import tariff. This decision was issued on 2 August 2018 after Indonesia previously 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 aluminium 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 23-27 July 2018. At that time, Trade Minister Enggar led the Indonesian Delegation during a working visit to the US. The Minister of Trade invited 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 aluminium products that the US has implemented since March.³

² <http://detak.co/detail/berita/mendalami-hubungan-ekonomi-amerika-serikat-indonesia>

³ <https://ekbis.sindonews.com/read/1335245/34/hasil-diplomasi-ke-as-produk-baja-dan-aluminium-ri-bebas-tarif-25-1535965593>

The US President raised tariffs on imports of steel and aluminium products by 25 per cent and 10 per cent respectively after previously implementing a 0 per cent (duty free) tariff policy on 23 March 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 US excludes RI from importing 25 per cent steel and 10 per cent aluminium. Based on data compiled by the United Nations Comtrade Database, exports of aluminium and its products (HS code 76) between Indonesia to the United States reached US \$218.83 million (around Rp3.17 trillion) in 2017. That number rose 76.97 per cent 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 aluminium, exports of iron/steel goods in 2017 decreased 32.03 per cent from 2016's achievements of US \$154.14 million (Rp2.23 trillion). In the iron/steel goods category, Indonesia relies on exports of structures and structural parts (e.g. bridges, towers, lattice poles, roof truss) of iron/steel, with export value reaching US \$43.02 million (Rp623.79 billion) — See Table 1.

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 parts of structures (for example, bridges and bridge sections, sluice gates, towers, grating poles, roofs, roof trusses, doors and windows and their frames and thresholds for doors, window shutters, balustrades and pillars), of iron or steel	43,02	85,8	-49,86
7312	Twisted wire, ropes, cables, plaited belts,	17,22	17,26	-0,23

	slings and the 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
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 300L	3,78	7,27	-48,01

With that amount, the export of the HS 7308 coded commodity accounted for more than 40 per cent of iron and steel products exported by Indonesia to the US in 2017. However, due to the export of this superior iron and steel product, it dropped by 49.86 per cent on an annual basis on year and year over year, then the total exports of iron and steel goods eventually experienced a fall. ⁴

Effect of Trump Tariffs on Indonesian Steel Exports

After reviewing the previous sections, what exactly is the effect on Indonesian steel exports to the United States? (Masoed, 1990; Schmitz, 2005; Walter dan Simmons; Appleyard et al., 2006; Majalah, 2019; Majalah, 2019; Raditya, H. 2019; Rina, A. 2019; Scott, 2018). 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 US 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; if a country carries out

⁴ <https://www.cnbcindonesia.com/news/20180830190606-4-31085/baja-ri-dapat-angin-segar-di-as-berapa-ekspor-selama-ini>



extreme and blatant protectionism acts such as this, 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 and 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 US, but because of the 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, resulting in shareholders withdrawing 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 export steel to the US.

Conclusion

After reviewing the various factors that have been explained in the previous chapters in this practicum, the writer can finally draw conclusions. Starting from the enactment of the US foreign economic policy that Trump completed during his tenure, Trump Tariffs made it a global spotlight. This occurred 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 an economic collapse in various countries if it continued, even though, until now, there were no clear signs of this matter.

Assessing the events and facts that occur around the issue, we can see that the Trump Tariff policy does not have a direct impact on countries in the Southeast Asia region, especially Indonesia. However, if Indonesia can identify prosperous opportunities in this event, it is likely that Indonesia can advance the national economy for the better. For example, to take the position of China as one of the countries that exports steel to the US. However, 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.

The 'Trump Tariffs' policy has a positive impact on Indonesia's steel trade activities to the US. The increase in the volume of US steel imports in 2017 broke through double digits compared to the previous year's imports. Meanwhile, US aluminium imports in 2016 reached 90 per cent of total domestic consumption. The increasing import of iron and aluminium



products amid 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 thirty-fourth and fifteenth respectively as steel and aluminium suppliers to the US. Even though Indonesia's carbon steel exports to the US had slumped due to several factors that have been explained, the value of Indonesia's aluminium exports to the US in 2017 could double from the previous year. In general, Indonesian steel and aluminium products are still promising in the US market because most of them are products that have high exclusivity and precision that are not produced by the US.

References

- AFP, (2018). CNN Indonesia. *Respons Kebijakan Trump, Kanada Terapkan Tarif Impor ke AS* <https://www.cnnindonesia.com/ekonomi/20180601203535-92-302810/respons-kebijakan-trump-kanada-terapkan-tarif-impor-ke-as>. Diakses pada tanggal 27 Desember 2018.
- Appleyard, D., Field, A. & Cobb, S. (2006). *International Economics. 5th Edition*. New York: McGraw Hill/Irwin.
- David, C. (2018). *Trump's trade tariffs: Long on rhetoric, short on impact?*, <https://www.reuters.com/article/us-usa-trade-trump-rhetoric-analysis/trumps-trade-tariffs-long-on-rhetoric-short-on-impact-idUSKBN1GH37N>. Diakses pada tanggal 25 Desember 2018.
- Gilpin, R. (1987). *The Political Economy of International Relations*, Princeton University Press.
- Hasni dan Hiras, M. (2011). *Peranan Sektor Baja Dalam Perekonomian Indonesia*, Buletin Ilmiah Litbang Perdagangan, Vol. 5 No. 1.
- Jackson, R. dan George, S. (2009). *Pengantar Studi Hubungan Internasional*, Terjemahan Dadan Suryadipura, Yogyakarta: Pustaka Pelajar Hal 5.
- Jukriadi, (2012). *Makalah Teori Perdagangan Internasional*. Makassar: Universitas Muhammadiyah
- Krugman, P. R. and Obstfeld, M. (2000). *International Economics: Theory and Policy*. University of California: Addison Wesley.
- Maggie, H. (2016). *Donald Trump Says He Favors Big Tariffs on Chinese Exports*, <https://www.nytimes.com/politics/firstdraft/2016/01/07/donald-trump-says-he-favors-big-tariffs-on-chinese-exports/>. Diakses pada tanggal 26 Desember 2018.
- Majalah Times, (2016). *Read Donald Trump's Speech on Trade*, <http://time.com/4386335/donald-trump-trade-speech-transcript/>. Diakses pada tanggal 26 Desember 2018.
- Majalah, D. (2019). *Mendalami Hubungan Ekonomi Amerika Serikat – Indonesia* <http://detak.co/detail/berita/mendalami-hubungan-ekonomi-amerika-serikat-indonesia> Diakses pada tanggal 7 Januari 2019.

- Majalah, M. (2019). *Balas Trump, India Berlakukan Kebijakan Tarif untuk Barang Impor Amerika*, <https://www.matamatapolitik.com/balas-trump-india-berlakukan-kebijakan-tarif-untuk-barang-impor-amerika/>. Diakses pada tanggal 1 Januari 2019.
- Mankiw, N. G. (2003). *Teori Makro Ekonomi*. Imam Nurmawan, Penerjemah. Jakarta: Indeks.
- Masoed, M. (1990). *Ilmu hubungan Internasional Disiplin dan metodologi*. Jakarta: LP3ES.
- Raditya, H. (2019). *Baja RI Dapat Angin Segar di AS, Berapa Ekspor Selama Ini?*, <https://www.cnbcindonesia.com/news/20180830190606-4-31085/baja-ri-dapat-angin-segar-di-as-berapa-ekspor-selama-ini>. Diakses pada tanggal 7 Januari 2019.
- Rina, A. (2019). *Baja dan Alumunium RI Bebas Tarif 25%*, <https://ekbis.sindonews.com/read/1335245/34/hasil-diplomasi-ke-as-produk-baja-dan-aluminium-ri-bebas-tarif-25-1535965593>. Diakses pada tanggal 1 Januari 2019.
- Sakina, R.D.S. (2018). *Balas Kebijakan Trump, China Kenakan Tarif Impor 128 Produk dari AS*, <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.
- Schmitz, J. A. (2005). *What Determines Productivity? Lessons from the Dramatic Recovery of the U.S. and Canadian Iron Ore Industries Following Their Early 1980s Crisis*. *Journal of Political Economy*, 113, 582-625.
- Scott, H. (2018). *Trump Formally Orders Tariffs On Steel, Aluminum Imports*, <https://www.npr.org/2018/03/08/591744195/trump-expected-to-formally-order-tariffs-on-steel-aluminum-imports>. Diakses pada tanggal 26 Desember 2018.
- Walter, C. T. R. dan Simmons, B.A. *Handbook of International Relations*. London: Sage hal 335