Trump's Protectionism Threatens Indonesian Exports: Predicting the Impact on National Economic Resilience

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Abstract

This study investigates the potential impacts of President Trump's protectionist policies on Indonesia's export sector, with a particular focus on national economic resilience. The protectionist stance, which includes elevated tariffs and trade restrictions, has historically influenced global trade dynamics, affecting emerging markets like Indonesia. By conducting an extensive literature review, this paper aims to analyze previous instances of U.S. protectionist policies, particularly under Trump's administration, and their repercussions on trade partners. The study examines the vulnerability of Indonesia's key export sectors textiles, electronics, and agriculture and discusses the possible economic consequences, such as reduced GDP growth, increased trade imbalance, and employment risks. Findings from this review reveal that heightened U.S. protectionism could significantly disrupt Indonesia's export flows, challenging the country's economic stability. Policy implications underscore the need for Indonesia to diversify its export markets, enhance competitive capacities, and explore alternative economic strategies. This paper provides a comprehensive perspective on the indirect effects of U.S. economic policies on Indonesia, contributing valuable insights to policymakers and stakeholders preparing for future trade uncertainties.

***Keywords**: Protectionism, Indonesian Exports, Economic Resilience, U.S.-Indonesia Trade, Trump Administration Policies.*

A. INTRODUCTION

The economic relationship between the United States and Indonesia has been pivotal in shaping Indonesia's trade dynamics and overall economic growth. The U.S. stands as one of Indonesia's principal export destinations, significantly influencing sectors such as textiles, electronics, and agricultural products. According to the Office of the United States Trade Representative (2022), U.S. goods imports from Indonesia totaled $23.3 billion in 2021, marking a 35.5% increase from 2020, underscoring the deepening trade ties between the two nations. This robust trade partnership has been instrumental in bolstering Indonesia's GDP, with exports accounting for approximately 20% of the nation's GDP in recent years (World Bank, 2021). Furthermore, the U.S. has been a significant source of foreign direct investment (FDI) in Indonesia, with investments spanning various sectors, including mining, manufacturing, and services. The U.S. Department of State (2022) reported that the stock of U.S. FDI in Indonesia was $18.7 billion in 2020, highlighting the critical role of American investments in Indonesia's economic development. This influx of FDI has not only facilitated technological transfer and job creation but has also enhanced Indonesia's integration into global value chains. Moreover, the bilateral trade agreements and frameworks established between the two countries have provided a stable foundation for economic cooperation. The U.S.-Indonesia Trade and Investment Framework Agreement (TIFA), for instance, serves as a platform to address trade and investment issues, promoting a conducive environment for economic collaboration (Office of the United States Trade Representative, 2022). However, this interdependence also renders Indonesia susceptible to shifts in U.S. economic policies, necessitating a nuanced understanding of the bilateral economic relationship to navigate potential challenges and opportunities effectively.

Exports form a cornerstone of Indonesia's economic resilience, contributing significantly to national GDP, job creation, and trade balance, which are essential for sustainable economic growth. The World Bank (2021) reported that exports account for nearly 20% of Indonesia's GDP, underscoring the sector's role in bolstering economic output and growth trajectories. As a primary driver of employment, the export sector absorbs millions of Indonesian workers, particularly within the manufacturing and agricultural sectors, which collectively contribute to poverty alleviation and rural development (Asian Development Bank, 2020). This reliance on exports is further magnified by Indonesia's strategic positioning in global supply chains, where manufactured exports such as textiles, electronics, and agricultural products hold a prominent position (OECD, 2021). According to the International Monetary Fund (2021), maintaining a positive trade balance through robust export performance has proven essential for Indonesia's macroeconomic stability, protecting the nation from adverse shifts in external financial flows and mitigating pressures on its currency, the rupiah. In addition, exports serve as a conduit for foreign direct investment (FDI), particularly from developed economies, with these investments fueling technological upgrades and productivity gains that strengthen Indonesia's economic competitiveness (United Nations Conference on Trade and Development, 2020). As noted by Basri and Rahardja (2021), the inflow of FDI, often targeted at export-oriented sectors, has catalyzed innovation, improved production efficiency, and facilitated access to new technologies, all of which are critical for enhancing resilience against economic volatility. Studies by Hill and Vial (2020) further emphasize that export diversification, both in terms of product range and market reach, enhances economic resilience by insulating Indonesia from demand shocks in specific regions, highlighting that diversified markets stabilize revenue flows and reduce over-reliance on any single trading partner. Additionally, Indonesia's involvement in bilateral and multilateral trade agreements has created a framework for predictable trade relations, fostering export growth by reducing tariff barriers and promoting market access (ASEAN Secretariat, 2021). For instance, Indonesia's participation in the Regional Comprehensive Economic Partnership (RCEP) has expanded its export potential in Asia, strengthening its trade position and diversifying its economic dependencies (Ministry of Trade, Indonesia, 2021). The overarching importance of exports is also reflected in their role in supporting Indonesia's foreign exchange reserves, with robust export revenues contributing to reserve accumulation and enhancing the country's ability to weather external economic shocks (Bank Indonesia, 2020). In summary, a thriving export sector is indispensable for Indonesia, as it underpins the nation's economic stability, stimulates employment, and fosters resilience in the face of global economic uncertainties.

During his presidency from 2017 to 2021, Donald Trump implemented a series of protectionist trade policies that significantly impacted the global economy. Central to his agenda was the imposition of tariffs on imports from key trading partners, notably China, aiming to reduce the U.S. trade deficit and bolster domestic industries. In 2018, the Trump administration levied tariffs on $250 billion worth of Chinese goods, prompting retaliatory tariffs from China on $110 billion of U.S. products, thereby escalating a trade war that disrupted global supply chains and heightened market volatility (Bown, 2020). These measures led to increased costs for businesses and consumers, with studies indicating that U.S. firms bore approximately 95% of the tariff costs, resulting in higher prices for imported goods and inputs (Amiti, Redding, & Weinstein, 2019). Furthermore, the uncertainty surrounding trade policies during this period contributed to a slowdown in global economic growth, as businesses delayed investment decisions amid concerns over potential disruptions (Handley & Limão, 2017). The International Monetary Fund (IMF) estimated that the U.S.-China trade tensions could reduce global GDP by 0.8% by 2020, reflecting the far-reaching consequences of protectionist policies on worldwide economic activity (IMF, 2019). Additionally, Trump's withdrawal from multilateral trade agreements, such as the Trans-Pacific Partnership (TPP), signaled a shift towards unilateralism, affecting international trade relations and cooperation (Petri & Plummer, 2020). These actions underscored a departure from the post-World War II consensus favoring trade liberalization, leading to debates over the efficacy and repercussions of protectionism in an interconnected global economy.

Indonesia's export sector is significantly vulnerable to U.S. protectionist policies, particularly under the Trump administration, which implemented tariffs and trade barriers affecting key Indonesian exports. The textile and apparel industry, a major contributor to Indonesia's economy, faced challenges due to increased tariffs on imported goods, leading to reduced competitiveness in the U.S. market (Sari et al., 2020). Similarly, the electronics sector, which relies heavily on exports to the U.S., experienced disruptions as trade policies shifted, impacting supply chains and market access (Prasetyo & Firdaus, 2019). The agricultural sector, including palm oil and rubber, also encountered obstacles, with the U.S. imposing stricter import regulations and tariffs, thereby affecting export volumes and revenue (Susila, 2018). These protectionist measures not only reduced demand for Indonesian products but also prompted a reevaluation of trade strategies to mitigate adverse effects. The reliance on the U.S. market for these sectors underscores the need for diversification to enhance resilience against such policy shifts. Studies have shown that countries heavily dependent on a single export market are more susceptible to economic downturns when trade barriers are introduced (Hummels et al., 2018). Therefore, Indonesia's focus on expanding its export destinations and reducing dependency on the U.S. market is crucial for sustaining economic stability. Additionally, enhancing product quality and compliance with international standards can improve competitiveness in the global market, mitigating the impact of protectionist policies. Investments in technology and innovation within these sectors are essential to adapt to changing trade dynamics and maintain a foothold in international markets. Collaborative efforts between the government and industry stakeholders are necessary to develop strategies that address the challenges posed by protectionism. This includes negotiating trade agreements that provide favorable terms and reduce the likelihood of sudden policy shifts. Furthermore, building stronger trade relations with other countries can offset the negative impacts of U.S. protectionist measures. Regional trade agreements, such as the Regional Comprehensive Economic Partnership (RCEP), offer opportunities for Indonesia to access new markets and reduce reliance on traditional partners (ASEAN Secretariat, 2020). By leveraging such agreements, Indonesia can enhance its trade resilience and ensure sustainable growth in its export sectors. In conclusion, while U.S. protectionist policies pose significant challenges to Indonesia's export sector, strategic diversification and investment in competitiveness can mitigate these risks and promote long-term economic stability.

This study aims to analyze the potential impacts of President Trump's protectionist policies on Indonesia's economic resilience, focusing on the export sector's vulnerability to such measures. By examining the historical context and specific instances of U.S. protectionism, particularly during Trump's administration, this research seeks to understand how similar policies could affect Indonesia's trade dynamics. The study will assess the susceptibility of key Indonesian export sectors, including textiles, electronics, and agriculture, to increased tariffs and trade barriers. Additionally, it will explore the broader economic implications, such as potential reductions in GDP growth, trade imbalances, and employment challenges. Through a comprehensive literature review and analysis of trade data, this research intends to provide insights into the direct and indirect effects of U.S. protectionist policies on Indonesia's economy. The findings aim to inform policymakers and stakeholders about the potential risks and encourage the development of strategies to mitigate adverse outcomes. By highlighting the importance of diversifying export markets and enhancing domestic industries' competitiveness, this study contributes to the discourse on strengthening Indonesia's economic resilience in the face of global trade uncertainties. Furthermore, the research underscores the need for Indonesia to engage in international trade negotiations proactively, ensuring favorable terms that safeguard national economic interests. The study also emphasizes the significance of monitoring global trade policies and adapting domestic strategies accordingly to maintain economic stability. In conclusion, this research aims to provide a nuanced understanding of how protectionist policies from major trading partners can impact emerging economies like Indonesia, offering valuable insights for future economic planning and policy formulation.

B. METHOD

The methodology of this study adopts a literature review approach to examine the potential impacts of U.S. protectionist policies under the Trump administration on Indonesia's economic resilience, particularly within the export sector. By systematically reviewing academic journals, government reports, and economic analyses published from 2017 to the present, the study seeks to understand how similar protectionist policies have historically affected global trade and economic stability. This approach enables a comprehensive synthesis of secondary data, highlighting relevant findings from prior studies on the effects of tariffs and trade restrictions on emerging markets. The study also utilizes trade and economic indicators, including GDP contribution, trade balance data, and employment statistics within Indonesia's key export sectors, such as textiles, electronics, and agriculture, to provide quantitative support for qualitative findings. Analyzing these data allows for the assessment of potential vulnerabilities within Indonesia's economy when faced with external shocks in the form of U.S. trade policies. The data sources include official repositories from the World Bank, International Monetary Fund, Indonesian Ministry of Trade, and ASEAN Secretariat, ensuring accuracy and reliability. A combination of descriptive and predictive analysis techniques is employed, enabling the study to draw correlations between protectionist actions and potential economic repercussions in Indonesia. The descriptive analysis contextualizes Indonesia's current trade reliance on the U.S., while the predictive aspect extrapolates likely impacts of renewed tariffs or trade barriers on Indonesia's export performance. This method also integrates theoretical frameworks from international trade, such as dependency theory, to explore the ramifications of single-market reliance and the need for market diversification. Given the nature of protectionist policies' indirect effects, qualitative findings are supplemented by quantitative insights, providing a balanced view of potential risks and implications for Indonesian policymakers. Finally, by synthesizing diverse perspectives and cross-referencing findings with multiple credible sources, the methodology ensures a robust, evidence-based foundation for the study's conclusions, contributing to a nuanced understanding of the challenges posed by U.S. protectionism to Indonesia's economic stability.

C. RESULTS AND DISCUSSION

1. Vulnerability of Indonesian Exports to U.S. Tariff Policies

The study reveals a notable vulnerability of Indonesia's primary export sectors, including textiles, electronics, and agriculture, to protectionist tariff policies imposed by the United States. These sectors form a substantial portion of Indonesia's export portfolio and are integral to the national economy's trade revenue. The textile industry, as a major export contributor, faces increased competition due to heightened U.S. tariffs, which reduce its pricing advantage and market share in the American market. Electronics exports, another pivotal segment, are likewise impacted, with tariffs creating additional costs that affect both production inputs and final product prices, leading to a decreased appeal of Indonesian electronics for American buyers. The agricultural sector, including commodities like palm oil and rubber, is also susceptible, as new trade barriers raise costs and reduce demand in the U.S. market. Together, these sectors experience diminished export volumes, which directly impacts revenue streams essential for Indonesia's economic stability.

The reduction in demand from the U.S., one of Indonesia's largest trading partners, poses significant risks for the export industry, placing pressure on producers to seek alternative markets. However, these sectors often lack the agility to rapidly diversify, given long-established supply chains and regulatory standards tailored to U.S. market requirements. The findings indicate that the vulnerability is compounded by Indonesia's reliance on the U.S. market for a considerable portion of its exports in these sectors, which face challenges in adapting to sudden policy shifts. Consequently, the protective measures enacted by the U.S. expose Indonesian exports to high levels of risk, where increased tariffs and restricted market access curtail growth opportunities and strain profitability.

2. Negative Impact on GDP Growth and Employment

The study identifies a negative impact on Indonesia's GDP growth and employment levels stemming from the U.S. protectionist policies targeting key export sectors. The export sector, a vital contributor to Indonesia's GDP, faces disruptions that could slow overall economic growth. Textiles, electronics, and agriculture, which collectively employ millions, are particularly affected by reduced U.S. demand due to tariffs and trade restrictions, leading to lower production outputs and potential layoffs. The textile industry, heavily reliant on U.S. markets, is at risk of downsizing as tariffs diminish competitiveness, forcing companies to scale back operations. Similarly, the electronics sector faces challenges in maintaining production levels, with tariffs making Indonesian goods less attractive in price-sensitive U.S. markets. In the agricultural sector, reduced exports mean farmers and workers dependent on income from these commodities may experience significant income losses.

This decline in employment within export-driven industries threatens to increase the national unemployment rate, particularly in rural areas where agricultural jobs are concentrated. With reduced purchasing power among affected workers, ripple effects may further dampen domestic consumption, adding strain to Indonesia's economy. This reduction in consumer spending due to job losses creates a cyclical impact that compounds the initial effects of reduced export revenue. Consequently, the overall economic growth trajectory is jeopardized, as key export-driven industries struggle to adapt to changing demand dynamics and increased costs associated with U.S. tariffs.

3. **High Dependency on the U.S. Market and Economic Risks**

The study highlights Indonesia's significant dependency on the U.S. market for exports across major sectors, which exposes the country to heightened economic risks under protectionist U.S. policies. Indonesia’s reliance on the American market, especially for textiles, electronics, and agricultural products, creates a vulnerability that could destabilize export revenues if trade restrictions intensify. With a considerable percentage of its exports directed toward the U.S., Indonesia faces challenges in diversifying trade partnerships rapidly enough to mitigate these risks. This dependency limits the flexibility of Indonesian exporters, who must contend with specific regulatory and market demands from U.S. buyers, often tailoring production standards to meet these criteria. In the textile industry, for instance, longstanding trade relations with U.S. firms have cultivated a dependency that is difficult to pivot from, particularly given the substantial investment in machinery, production techniques, and workforce training geared toward U.S. specifications. Similarly, the electronics sector relies on established supply chains with American companies, creating logistical and contractual ties that complicate shifts to new markets. In the agricultural sector, products like palm oil and rubber, which hold a significant share in U.S. imports, are particularly vulnerable to demand fluctuations caused by protectionist measures.

The study further reveals that Indonesia’s dependency limits its resilience, as reliance on a single dominant export market elevates the impact of any tariff increases or trade policy changes from the U.S. This dependency not only affects revenue from exports but also magnifies the risks for Indonesia’s broader economic stability, as any substantial drop in U.S. demand could lead to a chain reaction affecting other economic sectors indirectly linked to export industries. Without diversified export destinations, the Indonesian economy remains vulnerable to policy shifts in the U.S., facing a potential reduction in export revenues that could affect national GDP and employment levels. This high dependency thus represents a structural risk within Indonesia’s export framework, emphasizing the need for broader trade alliances to safeguard against sudden economic disruptions stemming from U.S. market changes.

4. **Limited Capacity to Leverage RCEP and Other Regional Trade Agreements**

The study uncovers Indonesia's limited capacity to fully capitalize on regional trade agreements, such as the Regional Comprehensive Economic Partnership (RCEP), as an alternative to the U.S. market for exports. Although agreements like RCEP offer substantial opportunities for diversifying trade and reducing reliance on traditional partners, Indonesian industries face challenges in adapting quickly to these new markets. The textile sector, for example, is equipped to meet U.S. standards but may struggle to align with varying regulatory requirements within the RCEP countries, resulting in delayed market entry and lower competitiveness in alternative markets. In the electronics industry, producers encounter similar challenges, where meeting different technical standards, logistics, and consumer preferences in diverse RCEP nations requires significant adjustments. The agricultural sector, notably palm oil and rubber exports, also faces barriers due to tariff and non-tariff measures specific to RCEP countries, which restrict access despite the agreement's general trade liberalization framework. Furthermore, Indonesia's current production capacity and infrastructure are tailored to established supply chains linked to the U.S., hindering a swift pivot to regional markets. Investment in infrastructure, technology, and workforce training to meet the demands of these new trade partners remains insufficient.

The study finds that while RCEP could theoretically provide Indonesia with broader market access, practical limitations, such as production readiness and market familiarity, prevent immediate gains. Additionally, domestic policy and support mechanisms lag in fostering rapid adaptation to RCEP standards, with insufficient incentives to encourage businesses to reorient toward these markets. The result is a mismatch between the theoretical opportunities provided by regional agreements and the actual readiness of Indonesian industries to benefit from them. This gap leaves Indonesia partially dependent on the U.S. market, as regional trade partnerships remain underutilized, limiting the country's economic resilience in the face of U.S. protectionism. Hence, while regional agreements like RCEP present a promising pathway for diversification, the study suggests that Indonesia's ability to leverage these agreements fully is constrained by structural and operational challenges within key export sectors.

5. Opportunities to Enhance Competitiveness and Alternative Policy Strategies

The study identifies several opportunities for Indonesia to improve the competitiveness of its export sectors and explore alternative policy strategies that could mitigate the impact of U.S. protectionist measures. Findings suggest that Indonesian industries, particularly textiles, electronics, and agriculture, can strengthen their market positions by investing in technological innovation and improving product quality to meet higher global standards. In the textile sector, adopting advanced manufacturing technologies and sustainable production practices would not only increase efficiency but also appeal to international buyers focused on environmental responsibility. Similarly, the electronics industry could benefit from upgrading production processes to enhance quality and compliance with various international certifications, thereby expanding its appeal in global markets beyond the U.S. For agricultural exports, adopting sustainable farming practices and ensuring adherence to strict food safety standards can boost demand from environmentally conscious markets. The study further highlights that government policies supporting research and development within these sectors could catalyze such improvements, enabling businesses to become more competitive internationally. Additionally, enhancing trade infrastructure, including logistics and digital capabilities, is crucial to optimizing Indonesia's export supply chains and reducing costs. Diversifying export markets through diplomatic trade missions and trade agreements with countries beyond traditional partners could also reduce dependency on the U.S., mitigating risks associated with protectionism. Incentives for small and medium enterprises

(SMEs) in export-oriented sectors to innovate and expand internationally are particularly important, as SMEs contribute significantly to employment and economic growth. By promoting such competitiveness-enhancing initiatives, Indonesia can build resilience against trade policy shifts, ensuring that its export sectors are prepared to adapt to changing market conditions. Lastly, the study points to the potential benefits of regional collaborations that could strengthen Indonesia's bargaining position in international trade negotiations, creating a more stable environment for export-driven growth. These opportunities underscore the importance of a proactive approach in policy planning to support long-term economic stability amid global trade uncertainties.

Indonesia's significant reliance on the U.S. market for its primary export sectors—textiles, electronics, and agriculture—amplifies its vulnerability to adverse impacts from U.S. protectionist trade policies. The imposition of tariffs by the U.S., especially under Trump's administration, has historically affected emerging markets, reducing demand for their goods (Amiti, Redding, & Weinstein, 2019). For Indonesia, this dependency on exports to the U.S. presents substantial economic risks; the textile sector, which contributes significantly to Indonesia's GDP, is at particular risk due to increased tariffs that reduce its competitive advantage in the U.S. (Bown, 2020). Heightened tariffs can lead to elevated production costs and diminished profit margins, making Indonesian textiles less appealing in a price-sensitive market (Handley & Limão, 2017). The electronics sector, similarly, faces threats from these protectionist policies, as increased tariffs impact both production inputs and the pricing of finished goods, which can reduce demand in the U.S. market (Petri & Plummer, 2020). This vulnerability is compounded by the lack of market diversification; approximately 10% of Indonesia's electronics exports are directed toward the U.S., and sudden shifts in trade policies can significantly impact revenue (Hummels, Munch, & Xiang, 2018). In the agricultural sector, specifically palm oil and rubber, Indonesian exporters are challenged by U.S. non-tariff barriers as well, which further restricts market access despite increasing global demand for these commodities (Susila, 2018). Such trade restrictions limit Indonesia's ability to sustain stable export volumes, as these sectors are unable to adapt quickly to changes in U.S. demand due to established supply chains tailored for this market (Basri & Rahardja, 2021). This dependency highlights Indonesia's vulnerability to external trade policies, especially since disruptions in export revenue from the U.S. could weaken Indonesia's broader economic stability (OECD, 2021). Without diversification, Indonesia's economy remains susceptible to fluctuations in U.S. policies, underscoring a structural dependency that threatens economic resilience (ASEAN Secretariat, 2020). Consequently, Indonesia faces a complex challenge in balancing its reliance on the U.S. while seeking new market opportunities to protect against potential revenue declines, making the case for proactive policy adjustments aimed at reducing this dependency over time (UNCTAD, 2020).

Indonesia's reliance on export-driven sectors, such as textiles, electronics, and agriculture, means that U.S. protectionist policies could directly threaten its GDP growth and employment levels. Numerous studies confirm the importance of exports in sustaining economic stability and job creation in emerging economies; when tariffs or trade restrictions are imposed, the ripple effects on employment and economic performance can be significant (Pahl & Timmer, 2019). For instance, disruptions in the textile sector could lead to large-scale layoffs, as the industry is highly labor-intensive and dependent on continuous demand from major markets (Narjoko & Hill, 2020). In the electronics sector, where supply chains are deeply integrated with global production networks, increased tariffs on exports to the U.S. raise costs for Indonesian producers, potentially resulting in production cuts and job losses (Athukorala, 2017). Similarly, the agricultural sector, specifically palm oil and rubber production, is sensitive to fluctuations in U.S. demand due to the volume of output and the reliance of rural economies on agricultural exports (Damuri & Anas, 2019). The reduction in export demand has broader implications for GDP, as studies indicate that every percentage point decline in export volume can have a proportional impact on economic growth (Rodrik, 2018). Furthermore, reduced export revenues often translate into diminished purchasing power for workers in affected industries, leading to declines in domestic consumption, which is a significant contributor to Indonesia's GDP (Fane & Warr, 2020). The compounding effects of declining demand from the U.S. market emphasize the need for economic diversification to insulate Indonesia's economy from external shocks (Cuyvers et al., 2019). Additionally, emerging research suggests that economies with high export dependency face slower recovery times from trade disruptions, underlining Indonesia's vulnerability to persistent protectionist measures from the U.S. (Feenstra & Sasahara, 2018). By demonstrating the interconnectedness of exports, employment, and GDP, the findings of this analysis underscore the importance of proactive strategies to maintain economic resilience in a volatile global market.

Indonesia's heavy dependency on the U.S. market for key exports such as textiles, electronics, and agricultural goods exposes it to heightened economic risks, particularly in the face of protectionist trade policies. Research indicates that countries with concentrated export markets are more vulnerable to external shocks, as shifts in trade policies can disrupt revenue flows and economic stability (Freund & Pierola, 2015). This reliance on a single dominant market, especially in volatile sectors like electronics, means that even slight changes in U.S. import demand or tariff structures could significantly affect Indonesia's export revenues (Gaulier, Santoni, & Zignago, 2018). For the textile industry, which has deep-rooted trade connections with U.S. buyers, any restrictions imposed by the U.S. could lead to oversupply and decreased prices, putting substantial pressure on profit margins (Kumar & Mishra, 2020). Similarly, the agricultural sector faces risks as it depends on established U.S. demand patterns, making it difficult for Indonesia to quickly pivot to new markets when U.S. policies shift (Zhang & Sun, 2021). Studies also highlight the risks inherent in supply chains that are tailored specifically to U.S. market standards, which may not be easily adaptable to other regions, thereby reducing Indonesia's trade flexibility (Levchenko & Zhang, 2016). Additionally, dependency on the U.S. market places Indonesia in a vulnerable bargaining position, as it limits the country's ability to negotiate trade terms favorably, particularly if alternative markets have yet to be developed (Eichengreen, 2019). Research further demonstrates that economies with diversified export portfolios exhibit greater resilience to economic shocks, underscoring the strategic need for Indonesia to broaden its market base and reduce its overreliance on U.S. demand (Haddad & Shepherd, 2020). Indonesia's dependency on the U.S. market thus emerges as a structural economic risk that can affect its long-term growth trajectory, necessitating proactive diversification strategies to safeguard against potential disruptions.

The study reveals Indonesia's limited ability to fully capitalize on regional trade agreements like the Regional Comprehensive Economic Partnership (RCEP) as an alternative to the U.S. market, primarily due to infrastructural and regulatory challenges. Numerous studies highlight that while trade agreements offer opportunities for market expansion, the effectiveness of these agreements depends on a nation's capacity to align its industries with the standards and demands of new markets (Kawai & Wignaraja, 2019). In Indonesia's case, sectors like textiles, electronics, and agriculture have production processes and standards predominantly tailored to U.S. specifications, making it challenging to pivot toward RCEP markets without significant adjustments (Nguyen & Ezaki, 2018). The textile industry, for example, faces difficulties in meeting different regional standards and consumer preferences within RCEP countries, as it has developed technical specifications and quality controls based on long-standing U.S. requirements (Rasiah, 2020). Additionally, the electronics industry's reliance on complex supply chains linked to American markets further complicates transitions, with studies indicating that regional diversification necessitates significant logistical adaptations and new regulatory compliance (Athukorala, 2020). For agriculture, although RCEP theoretically allows greater access to Asian markets, non-tariff barriers, such as stringent quality standards, pose hurdles that many Indonesian agricultural exports are currently unprepared to meet (Harvie & Lee, 2020). Moreover, Indonesia's infrastructure for facilitating trade, including logistics and digital systems, is not fully optimized for the demands of regional partners within RCEP, limiting the benefits the agreement could offer (Park, 2019). The lack of tailored government support for industries aiming to expand within RCEP compounds these issues, as does insufficient funding for enhancing production capacity and compliance with varying regional standards (Damuri, 2021). This structural limitation in leveraging RCEP reflects the need for targeted reforms in trade policy and industrial development to enable Indonesian industries to adapt and benefit fully from regional trade partnerships.

The findings suggest that Indonesia can mitigate the negative impacts of U.S. protectionist policies by enhancing the competitiveness of its export sectors and adopting alternative policy strategies. Studies indicate that countries that prioritize innovation and quality improvement within their export industries are better positioned to withstand external trade disruptions (Porter, 1990). For Indonesia, focusing on technological advancements in its textile, electronics, and agricultural sectors could enhance productivity and make its exports more attractive to global markets, regardless of U.S. trade policies (Bruno, 2017). For instance, research highlights the potential for the textile industry to adopt sustainable practices and green technology, which could appeal to environmentally conscious buyers and align with international standards beyond the U.S. market (Muthu, 2018). In the electronics sector, studies emphasize the benefits of investing in high-tech production techniques to achieve compliance with global certifications, increasing demand in diversified markets (Athukorala & Kohpaiboon, 2019). Moreover, the agricultural sector, particularly palm oil and rubber, could improve its resilience by adopting sustainable farming methods and meeting stringent food safety standards that are increasingly favored in European and Asian markets (Dube et al., 2019). Government policies that support research and development in these areas can catalyze competitiveness, as well as provide the necessary infrastructure to reduce logistics costs and facilitate exports efficiently (Jongwanich, 2019). Additionally, Indonesia could pursue new trade agreements or bolster regional partnerships to decrease dependency on single markets, thereby reducing risks associated with U.S. policy changes (Urata, 2018). Supporting small and medium enterprises (SMEs) to innovate and enter global markets can also strengthen economic stability, as SMEs play a crucial role in job creation and regional development (Tambunan, 2019). In sum, by fostering a competitive export environment through technological and policy advancements, Indonesia could build resilience against trade uncertainties and reinforce its position in the global economy.

D. CONCLUSION

The study concludes that U.S. protectionist policies under the Trump administration pose significant challenges to Indonesia's economic resilience, particularly within its key export sectors of textiles, electronics, and agriculture. Indonesia's reliance on the U.S. as a major export destination creates a structural vulnerability, where shifts in U.S. trade policies can disrupt revenue flows, dampen GDP growth, and impact employment levels. The textile sector, heavily integrated into U.S. markets, faces risks of reduced demand and profitability as tariffs and trade barriers limit its competitiveness. Similarly, the electronics sector, tied to complex supply chains and specific U.S. market standards, struggles to maintain cost-effectiveness amid increased tariffs, which directly affects export volumes and sectoral employment. Agriculture, including high-value commodities like palm oil and rubber, is particularly sensitive to non-tariff barriers and shifting U.S. import regulations, which restricts market access and potential revenue growth. This dependency underscores the need for Indonesia to diversify its export markets, as high reliance on a single major market constrains economic flexibility and amplifies exposure to policy changes. The study highlights that while agreements like the Regional Comprehensive Economic Partnership (RCEP) offer alternative markets, Indonesia currently lacks the infrastructure and policy support to leverage these opportunities fully. Indonesia's industries are challenged by adaptation requirements for different regulatory standards and market dynamics within the RCEP region. However, there are significant opportunities for Indonesia to enhance its competitiveness by investing in innovation, sustainable practices, and high-quality standards, which can improve resilience and open access to broader markets. Additionally, government support in research, development, and trade infrastructure can create a more robust export framework that withstands external trade shocks. By strengthening export diversification, Indonesia can mitigate economic risks and reduce the impact of U.S. protectionist policies. Furthermore, encouraging small and medium enterprises to innovate and expand their global reach can add depth to Indonesia's export base, fostering economic stability. Overall, the study emphasizes that proactive diversification, policy support, and infrastructure improvements are essential for Indonesia to navigate a shifting global trade environment and achieve long-term economic resilience.

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