

## Indonesia Moves to Sign \$34 Billion US Deal Before Tariff Deadline

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Indonesia is taking a significant step to safeguard its trade relationship with the United States by preparing to sign a landmark US\$34 billion pact next week. The move comes as Jakarta races to avoid steep tariffs that could hurt the country's exports.

Speaking to reporters in Jakarta on Thursday (July 3), Indonesia's Coordinating Minister for Economic Affairs, Airlangga Hartarto, confirmed that the memorandum of understanding will be signed on July 7. The agreement is designed to boost purchases from the United States

and support new investments, which Indonesian officials hope will help secure a more favorable trade deal with Washington.

Indonesia has reason to move quickly. Currently, it faces a hefty 32 percent tariff on its goods entering US markets. With the deadline for negotiations set for July 9, the government is under pressure to show goodwill and rebalance trade flows. According to the Office of the United States Trade Representative, the country recorded a goods trade surplus of US\$17.9 billion with the United States in 2024.

Increasing imports is part of a broader effort to ease tensions and avoid the kinds of punitive measures that have already hit other countries in the region. For instance, in April, Vietnam initially faced a 46 percent tariff announced by former President Donald Trump. Although Washington later lowered that figure to 20 percent for many Vietnamese exports, the episode underscored how volatile trade ties with the United States can be.

Minister Airlangga stressed that by addressing the trade balance directly, Indonesia hopes to secure better terms than those offered to Vietnam. “We want to demonstrate our commitment to a fair and balanced partnership,” he said. “This agreement is a step to show that Indonesia is serious about strengthening economic ties and creating opportunities for both sides.”

The US\$34 billion commitment will finance purchases of American goods and new investments that could help modernize Indonesia’s industries and infrastructure. While officials did not disclose details of the sectors involved, they said the focus will be on areas that can bring long-term benefits to the Indonesian economy.

Analysts see the agreement as a pragmatic way for Indonesia to protect its exports and maintain access to the lucrative US market. With only days left before the tariff deadline, the deal’s success could prove crucial in avoiding a trade standoff and preserving the billions of dollars in trade that flow between the two nations each year.

By securing this pact, Indonesia is signaling to investors and trading partners that it is willing to take concrete action to keep its economy competitive in an uncertain global landscape.