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## Prabowo Seeks EU Trade Pact as US Tariff Threat Looms

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President Prabowo Subianto arrived in Brussels determined to finalize Indonesia's most significant trade agreement yet with the European Union, a move seen as a strategic response to mounting tariff threats from the United States and broader economic uncertainty.

As global trade dynamics grow increasingly unstable, Indonesia is positioning itself to secure a major foothold in Europe through the Indonesia-European Union Comprehensive Economic Partnership Agreement, known as IEU-CEPA. This expansive pact spans 21

areas, including trade in goods and services, investment, customs procedures, digital commerce, and environmental cooperation. Coordinating Economic Minister Airlangga Hartarto, speaking from Brussels, called the agreement “a milestone” that could redefine Indonesia’s export landscape. “Our products can now enter Europe at zero tariffs,” Airlangga said in a video statement. He noted that all outstanding issues have been resolved, with the final signing planned for the third quarter of 2025.

Prabowo’s visit underscores Indonesia’s intent to strengthen ties with Europe at a time when Washington is signaling protectionist policies that could inflict tariffs ranging from 20 to 40 percent on Southeast Asian nations. Airlangga suggested that shifting geopolitical priorities have made Europe a far more attractive market, particularly as the European Union has recently softened its stance on contentious issues such as deforestation regulations affecting palm oil exports. Trade Minister Budi Santoso emphasized that Europe’s import market, valued at roughly 6.6 trillion United States dollars globally, offers a scale and stability that outpace the American market by a wide margin.

Meetings in Brussels include engagements with European Commission President Ursula von der Leyen, European Council President António Costa, and King Philippe of Belgium, signaling high-level support on both sides. Officials believe that Indonesia’s bid to join the Organisation for Economic Co-operation and Development, abbreviated as OECD, has further convinced Brussels of Indonesia’s strategic value as a trade partner.

The agreement is expected to deliver significant benefits to Indonesia’s key sectors, including textiles, fisheries, and renewable energy, by removing tariffs and easing regulatory hurdles. Even before full ratification, anticipated by 2027, Indonesian businesses are aligning supply chains to capitalize on Europe’s demand. Airlangga pointed out that, unlike Indonesia’s experience with the current labor and immigration policies in other regions, Europe has shown a willingness to compromise to secure reliable trade flows.

While the United States recently offered a temporary “pause” on new tariffs to allow further negotiations, many in Jakarta see this as an unreliable reprieve. The administration’s growing appetite for protectionist measures has prompted several Association of Southeast Asian Nations, abbreviated as ASEAN, economies to diversify their partners and reduce dependence on American markets.

By pursuing the IEU-CEPA now, Indonesia aims to lead its regional peers, Malaysia and Thailand, among them in securing more predictable and mutually beneficial trade ties with

Europe, while maintaining leverage in its negotiations with Washington.

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