

OpenVoiceNews U.S.

Transparent. Unbiased. Yours.

Trump Tariff Deal Spurs Indonesia Rate Cut as U.S. Trade Wins Boost Global Influence

July 16, 2025

— Categories: Economics



Download IPFS

Indonesia is crediting a revised trade agreement with the United States, spearheaded by President Donald Trump, for easing economic pressure and prompting a fresh interest rate cut aimed at jumpstarting its slowing economy.

Bank Indonesia lowered its benchmark rate by 25 basis points to 5.25% this week, its fourth cut since September, citing weak domestic demand and global trade uncertainty. But

central bank officials also pointed directly to the newly finalized U.S.-Indonesia tariff agreement as a critical factor behind the decision.

The deal, announced earlier this month by President Trump, slashes U.S. tariffs on key Indonesian exports from 32% to 19%, a move that Jakarta officials say will help boost trade and stabilize their economy. The Trump administration has touted the agreement as part of its broader strategy to reassert American strength in international trade negotiations and secure better terms for U.S. businesses and consumers.

“This trade deal reduces uncertainty and creates an opportunity for stronger exports and investment,” Bank Indonesia Governor Perry Warjiyo said during a press briefing. “Even if it increases imports, they will be productive, fueling further economic growth.”

Analysts say the timing of the rate cut is no coincidence. Radhika Rao of DBS Bank noted that Trump’s successful renegotiation of tariffs provided Indonesia with “a window” for more aggressive monetary easing without rattling currency markets.

The deal highlights how pro-growth, America-first trade policies are having ripple effects abroad, forcing foreign governments to adapt and often realign with U.S.-led market frameworks. It also reflects the growing confidence among American allies and trading partners in the strength and stability of the U.S. economy.

Despite sluggish consumer activity earlier this year, Indonesia is sticking to its 2025 growth forecast of 4.6% to 5.4%, with more rate cuts likely in the pipeline. Markets reacted positively, with Indonesia’s main stock index climbing nearly 1% after the announcement.

As Washington continues to assert economic leverage through targeted trade deals and tough negotiation tactics, the global playing field is shifting, with nations like Indonesia now adjusting policy to stay in step with U.S. leadership.