Indonesia Trade / US Tariff Policy

Section 301 Analysis — Re-Verified · 5 June 2026

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US Section 301 — Re-Verified: Indonesia 10% (Forced Labor Investigation); 1,819 ART Exemptions; Cambodia, Bangladesh, Malaysia Also at 10%; Vietnam & Thailand at 12.5%

CORRECTION: Cambodia, Bangladesh, Malaysia in same 10% tier as Indonesia | Real advantage: vs Vietnam/Thailand/India (12.5%) | ART: 1,819 goods at 0% | Excess capacity 301 rates: TBD — hearing July 7 | Section 122 expiry: Jul 24, 2026

Forced Labor 301 Rate	ART Product Exemptions	ART Baseline Tariff	Excess Capacity 301
10%	**1,819 goods**	**19%**	**TBD**
Proposed — lower tier (has ban/ART)	**0% on CPO, coffee, cocoa, rubber, spices**	**All other Indonesian goods**	**NOT YET PUBLISHED — hearing Jul 7**

KEY TAKEAWAYS — RE-VERIFIED ANALYSIS

- **USTR formally proposed Section 301 tariff rates on 2 June 2026 under the forced labor investigation covering 60 economies: 10% for economies with a forced labor prohibition or ART commitment; 12.5% for the remaining 46 with no such steps.** Indonesia receives 10% by virtue of Trade Minister Regulation No. 9/2026 and its ART commitment signed February 2026. This is a proposed rate — public comments are due July 6, a public hearing is scheduled July 7, and Section 122 (the current flat 10% global tariff) expires July 24, 2026. These are two separate frameworks: Section 301 forced labor (Investigation 1, rates proposed June 2) and Section 301 excess manufacturing capacity (Investigation 2, rates NOT YET PUBLISHED). Both could stack.
- **CORRECTION from prior analysis: Cambodia, Bangladesh, and Malaysia are in the SAME 10% tier as Indonesia — not at 15–19% as previously reported. Indonesia's real tariff advantage is specifically vs Vietnam, Thailand, India, South Korea, and Japan — all in the 12.5% tier.** The 2.5pp differential (10% vs 12.5%) is real but narrower than initially reported. The 10% tier applies broadly to: Indonesia, EU, Canada, Mexico, Ecuador, Pakistan (existing domestic bans) and Argentina, Bangladesh, Cambodia, El Salvador, Guatemala, Malaysia, Taiwan, UK (ART-type commitments). The 12.5% tier includes Vietnam, Thailand, India, South Korea, Japan, China (additionally burdened by pre-existing legacy 301 rates of 25%+), Brazil, Australia, and ~40 others. Source: USTR press release June 2, 2026 + National Law Review + Atlantic Council.
- **Indonesia's real structural advantage is the ART signed February 19–20, 2026: 1,819 goods at 0% tariff, comprising 1,695 industrial products and 124 agricultural products — a scale of product-level exemption that no ASEAN competitor currently matches.** Confirmed zero-tariff products include palm oil, cocoa, coffee, rubber, spices, semiconductor components, and aircraft parts. Textiles and apparel receive 0% under a Tariff-Rate Quota mechanism linked to use of US cotton and man-made fiber inputs (volume TBD). ART baseline is 19% on all other Indonesian goods. Note: ART is not yet in force — it takes effect 90 days after both countries complete domestic legal procedures. The '18 exclusions' cited by Airlangga in Paris on June 5 likely refer to specific product carve-outs within the Section 301 framework, separate from the 1,819 ART exemptions; the exact HTS codes have not yet been published.
- **The key unknown: Section 301 Investigation 2 (excess manufacturing capacity) covering 16 economies — including Indonesia, Vietnam, Cambodia, Bangladesh, Malaysia, Thailand — has produced no proposed rates yet. This is the investigation that could materially reshape the tariff gap.** Investigation 2 targets electronics, semiconductors, batteries, steel, aluminium, chemicals, and industrial machinery in 16 economies. Public hearings ran May 5–8. USTR is on an accelerated timeline to publish findings before July 24. Country-specific rates under this investigation could stack on top of the forced labor 301 rates — meaning Indonesia's total Section 301 burden is 10% (forced labor) + TBD (excess capacity), not just 10%. The outcome of Investigation 2 will determine whether Indonesia retains, widens, or loses its competitive tariff position vs peers in manufacturing-intensive sectors.

CORRECTED COMPETITIVE LANDSCAPE — SECTION 301 FORCED LABOR TIER BREAKDOWN

Country	Forced Labor 301 (Proposed Jun 2)	Excess Capacity 301 (TBD — Inv. 2)	ART Status	Notes — Verified
10% TIER — Has Forced Labor Prohibition (Domestic Ban or ART Commitment)				
Indonesia ★	**10% (has Reg 9/2026 + ART)**	TBD	19% base 1,819 at 0%	*Confirmed: USTR Jun 2 press release; ART: White House/US Embassy fact sheet Feb 20*
EU	10% (existing domestic ban)	TBD — in Inv. 2	No ART	*Existing forced labor prohibition; also in excess capacity investigation*
Canada / Mexico	10% (existing domestic ban)	Canada: not in Inv. 2 Mexico: TBD Inv. 2	USMCA applies	*Canada not in excess capacity 16-economy list; Mexico in both*
Cambodia	10% (ART commitment)	TBD — in Inv. 2	ART signed (19%)	*SAME 10% tier as Indonesia — not at higher rate as previously stated*

Bangladesh	10% (ART commitment)	TBD — in Inv. 2	ART signed (19%)	*SAME 10% tier as Indonesia — not at higher rate as previously stated*
Malaysia	10% (ART commitment)	TBD — in Inv. 2	Framework (19%)	*SAME 10% tier as Indonesia — not at higher rate as previously stated*
Taiwan	10% (ART commitment)	TBD — in Inv. 2	ART signed	*Also in excess capacity investigation*
12.5% TIER — No Forced Labor Prohibition or Commitment				
Vietnam	**12.5% (no ban, no ART)**	TBD — in Inv. 2	No ART	*2.5pp worse than Indonesia on forced labor 301; also in excess capacity investigation*
Thailand	**12.5% (no ban, no ART)**	TBD — in Inv. 2	No ART	*2.5pp worse than Indonesia on forced labor 301; also in excess capacity investigation*
India	**12.5% (no ban, no ART)**	TBD — in Inv. 2	No ART	*2.5pp worse than Indonesia on forced labor 301; also in excess capacity investigation*
South Korea / Japan	**12.5% (no ban, no ART)**	TBD — in Inv. 2	No ART	*Both in excess capacity investigation; 2.5pp worse on forced labor*
China	**12.5% + legacy 301 (25%+ stacks)**	25%+ pre-existing	No ART	*Far highest effective rate; legacy Section 301 stacks on top*

↳ KEY CORRECTION: Cambodia, Bangladesh, Malaysia are in the same 10% forced labor 301 tier as Indonesia — not at 15–19%. Indonesia's tariff advantage is specifically vs Vietnam, Thailand, India, S. Korea, Japan (all 12.5%). The 2.5pp gap is real but narrower than initially reported. The more decisive advantage is the ART's 1,819 product exemptions at 0%, unmatched by any ASEAN peer.

Sources: USTR press release Jun 2 2026 (forced labor 301 proposed rates — ustr.gov); USTR press release Mar 11 2026 (excess capacity investigation — ustr.gov); White House fact sheet Feb 20 2026 (ART); US Embassy Jakarta (ART detail, 1,819 products); National Law Review Jun 4 2026; Atlantic Council Jun 3 2026; Global Trade Alert Jun 2 2026; Buchanan Ingersoll Jun 4 2026; Tempo.co Jun 5 2026 (Airlangga Paris). Rates are PROPOSED — subject to change post-July 7 hearing. For informational purposes only.