

US–INDONESIA TRADE DEAL 2026: Balancing Trade, Securing the Supply Chain

Published on 20 February 2026

The significant value of the Indonesia–United States cooperation commitment recently announced serves as a positive signal for the market. Amidst the dynamics of credit ratings and the caution of global investors toward emerging markets, the strengthening of this strategic partnership with the U.S. can also be interpreted as an indication that Indonesia is still viewed as having long-term investment appeal. However, in any large-scale cross-border agreement, the key question remains the same: **how quickly and to what extent can these commitments be translated into concrete realization?** Here, **Kiwoom Research** aligns market expectations with a realistic implementation timeframe, separating short-term trade execution from long-term industrial investment.



Source: Media Team of President Prabowo Subianto

Strategic Balancing and the USD 38.4 Billion Commitment

Indonesia and the United States have announced a massive cooperation commitment worth USD 38.4 billion (≈ IDR 645.12 trillion), signaling a strengthening strategic partnership amidst emerging market volatility. This agreement is more of a Reciprocal Trade Package rather than a traditional FTA, aimed at reducing Indonesia's trade surplus with the U.S.



Source: Media Team of President Prabowo Subianto

Pillars of Cooperation: Trade vs. Structural Investment

- **Trade Rebalancing (Short-Term):** Immediate focus on large-scale import commitments from the U.S., specifically agricultural commodities (soybeans, corn, wheat) and cotton.
- **Strategic Industries (Medium-Long Term):** Collaboration in the critical minerals sector, energy services (oilfield recovery), and high-tech sectors such as semiconductors to secure global supply chain resilience.
- **Tariff Deal:** The 2025 US-Indonesia trade agreement sets an import tariff of 19% for Indonesian products entering the U.S. In exchange, Indonesia provides market access with 0% tariffs for specific U.S. products, including energy, agriculture, and aircraft.



Source: Media Social of Cabinet Sekretariat

No	MoU Description
1	Critical Mineral MoU between Freeport McMoRan and the Minister of Investment and Downstreaming, also the CEO of Danantara Indonesia
2	Oilfield Recovery MoU between Pertamina and Haliburton
3	Corn MoU between Sorini Agro Asia and Cargill
4	Cotton MoU between Busana Apparel Group and US National Cotton Council
5	Cotton MoU between Daehan Global and US National Cotton Council
6	Shredded Worn Clothing MoU between Pan Brothers and Ravel
7	Furniture MoU between ASMINDO and Bingaman and Son Lumber
8	Furniture MoU between HIMKI and American Hardwood Export Council
9	Semiconductor MoU between Galang Bumi Industri and Essence
10	Semiconductor MoU between Galang Bumi Industri and Tynergy Technology Group
11	Transnational Free Trade Zone Friendship Pact between Galang Bumi Industri and Solanna Group LLC

Source: CNBC Indonesia

Feasibility & Time-Frame:

- **High Probability (3–12 Months):** Procurement-based agreements such as agricultural imports and cotton supply links. These are likely execution-ready contracts with minimal regulatory hurdles.
- **Medium Probability (12–36 Months):** Brownfield projects including the Pertamina–Halliburton Oilfield Recovery and wood/furniture product certifications. Execution depends on capital expenditure approvals and global demand cycles.
- **Complex/High Risk (Multi-year):** High-tech projects such as Semiconductors and the Transnational Free Trade Zone (TFTZ). These require a mature ecosystem (stable electricity, skilled human resources, and fiscal incentives) and may take 3–7 years to realize.

Beneficiary Sectors and Market Impact

- **Mining & Downstreaming:** Players in the copper, nickel, and mineral processing sectors connected to the U.S. supply chain.
- **Energy & Oil/Gas Services:** Potential gains for drilling services and production optimization.
- **Agribusiness & Textiles:** Importers and downstream processors benefit from supply certainty, though margins remain sensitive to global prices and exchange rates.

In Summary

The USD 38.4 billion figure should be viewed as a strategic pipeline, not immediate capital expenditure. While headlines focus on high-tech sectors like semiconductors, the reality in 2026 will likely be driven by a surge in agricultural imports and textile procurement from the U.S. to balance the trade deficit. This Reciprocal Deal serves as a political and economic hedge, positioning Indonesia as a preferred U.S. partner in the race for critical minerals. Investors are advised to remain selective, prioritizing sectors with shorter implementation cycles while monitoring long-term structural progress in semiconductor development and industrial zones.



HEAD OFFICE

Treasury Tower 27th Floor Unit A, District 8 Kawasan SCBD Lot 28,
Jl.Jend.Sudirman Kav 52-53, Jakarta Selatan 12190

Tel : (021) 5010 5800
Fax : (021) 5010 5820
Email : cs@kiwoom.co.id

PT Kiwoom Sekuritas Indonesia is licensed and supervised by the Financial Services Authority (OJK)

OTHER DISCLOSURES

All Kiwoom's research reports made available to clients are simultaneously available on our own website <http://www.kiwoom.co.id/>. Not all research content is redistributed, emailed or made available to third party aggregators. For all research reports available on a particular stock, please contact your sales representative. Any data discrepancies in this report could be the result of different calculations and/or adjustments.

DISCLAIMER This report has been prepared and issued by PT Kiwoom Sekuritas. Information has been obtained from sources believed to be reliable but PT Kiwoom Sekuritas do not warrant its completeness or accuracy. Forward looking information or statements in this report contain information that is based on forecast of future results, estimates of amounts not yet determinable, assumptions, and therefore involve known and unknown risks and uncertainties which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

To the fullest extent allowed by law, PT Kiwoom Sekuritas shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by any person or organization arising from reliance on or use of any information contained on this report. The information that we provide should not be construed in any manner whatsoever as, personalized advice.

No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person. This report is being supplied to you solely for your information and may not be reproduced by, further distributed to or published.