

Applying Prunckun's Intelligence Strategy Model in Threat Analysis and Export Market Product Development Strategies in Response To U.S. Import Tariffs on Indonesia

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Article Info

Received: 08-June-2026

Revised: 01-Sept-2026

Accepted: 05-Sept-2026

Keywords

Ansoff Matrix; Economic Intelligence; Export Market Development; Import Tariffs; International Trade; National Interest; Prunckun

Abstract

This study analyzes the impact of the United States' import tariff increase policy on Indonesia's national interests, with the objectives of assessing the level of threat using Prunckun's Threat Theory and formulating product and export market development strategies based on economic intelligence through the Ansoff Matrix. This research employs a qualitative method utilizing in-depth interviews, focus group discussions, and secondary data on Indonesia-US export-import activities for the 2020-2024 period, which are analyzed through stages of data reduction, data presentation, and validation. The findings indicate that the threat coefficient falls into the high category due to the combination of the United States' protectionist intent and its strong economic, financial, and regulatory capacities, thereby necessitating a multi-layered strategy encompassing the strengthening of market penetration in the US, market development, innovation of value-added and green-standard products, and long-term diversification, all supported by an economic intelligence-based early detection and early warning system.

1. Introduction

Indonesia is currently at a critical juncture in its long-term development trajectory toward Golden Indonesia 2045 Vision, which aspires to transform the country into a high-income, globally competitive, and economically sovereign nation. Achieving this ambition requires sustaining average economic growth of 5-6% annually and potentially accelerating it to 8% through structural reforms and the strengthening of priority national sectors (Kompas.com, 2025). However, the national economic structure remains imbalanced, with heavy reliance on domestic consumption, which accounted for 52.74% of GDP in the second quarter of 2023 (Kementerian Keuangan, 2023). Exports and investment have not yet functioned optimally as primary engines of growth, while Indonesia's export structure continues to be dominated by raw commodities and concentrated in traditional markets such as China and the United States.

This structural dependency generates vulnerability in the face of external pressures, including trade wars and rising protectionism. Data indicate that Indonesia's exports to the United States declined from USD 28.2 billion in 2022 to USD 23.3 billion in 2023 (BPS, 2024). In 2025, the United States imposed a reciprocal tariff of 32% on Indonesian products before revising it to 19% following diplomatic negotiations (ANTARA News, 2025; The White House, 2025). Meanwhile, Indonesia's Purchasing Managers' Index (PMI) stood at 50.7 in May 2024, signaling weak manufacturing expansion and underscoring competitiveness

challenges within domestic industry (S&P Global, 2024). In this context, tariff pressures affect not only trade volumes but also industrial stability, bargaining power within global supply chains, and overall national economic resilience.

A growing body of literature demonstrates that trade wars and protectionist policies generate systemic effects on the global trade structure. Trade frictions combined with global climate policies reshape energy trade networks and heighten risks for commodity-exporting countries (Shepard et al., 2022). Escalating trade tensions increase volatility linkages between energy and agricultural sectors, thereby intensifying real economic uncertainty in developing economies (Cheng et al., 2023). Economic nationalism and geopolitical rivalry between the United States and China further legitimize protectionist measures and anti-free-trade rhetoric (Boylan et al., 2021). U.S. tariffs against China have triggered trade diversion effects, redirecting portions of trade flows to alternative countries such as Vietnam and Mexico (Cigna et al., 2022), while generating significant welfare losses for developing economies (Fajgelbaum & Khandelwal, 2022).

In the Indonesian context, the U.S.–China trade war created export substitution opportunities but simultaneously increased trade instability (Sitorus, 2021). Indonesia's value-added exports experienced spillover effects from global supply chain reconfigurations (Purwono et al., 2022), and financial market integration studies reveal that trade conflicts produce cross-sectoral impacts (Shi et al., 2021). Furthermore, global commodity price transmission, such as in soybeans, has directly affected exporting countries including Indonesia (Barboza Martignone et al., 2022). These findings indicate that tariff policies function not merely as fiscal instruments but as geopolitical tools that influence global economic stability and the strategic positioning of developing countries within the international trading system.

Previous research also underscores the importance of strengthening competitiveness and market diversification as strategic responses to protectionist pressures. Determinants of Indonesian agricultural exports include productivity, exchange rates, and both tariff and non-tariff barriers that constrain market access (Sugiharti et al., 2020; Rosyidi et al., 2021). Global price fluctuations and economic crises significantly affect palm oil exports in the long term (Mawardati et al., 2021), while Indonesia's soybean competitiveness continues to face structural challenges. Dependence on imported inputs also influences manufacturing productivity and export performance (Pane & Patunru, 2023).

Consequently, industrial downstreaming and domestic value-added enhancement have emerged as critical strategies to strengthen Indonesia's position within global value chains (Rosyadi et al., 2021). Export market diversification is necessary to reduce dependence on major trading partners that may adopt protectionist measures (Juliani Purba et al., 2021). Indonesia's membership in BRICS opens access to alternative markets and financing mechanisms (Reuters, 2025; Kechagia & Metaxas, 2022), including opportunities for green innovation and digital transformation (Ali et al., 2022; Huang, 2024). Nevertheless, internal cohesion within BRICS and evolving geopolitical dynamics remain strategic challenges that require careful management (Brosig, 2024). Overall, prior studies consistently emphasize competitiveness enhancement, industrial upgrading, market diversification, and economic diplomacy as key strategies for responding to tariff-related threats.

The research gap addressed in this study lies in the absence of a comprehensive framework that integrates threat analysis based on Prunckun's Threat Theory with the formulation of export product and market development strategies using the Ansoff Matrix in the context of U.S. import tariff policy toward Indonesia. Existing studies predominantly focus on macroeconomic impacts of trade wars, trade diversion phenomena, sectoral volatility, or commodity competitiveness. However, they do not explicitly conceptualize tariff policy as a strategic threat to national interests measured through an economic intelligence approach.

Moreover, most prior analyses remain descriptive and sectoral, without advancing toward a structured strategic formulation grounded in a recognized growth framework such as the Ansoff Matrix. This condition reveals a theoretical–practical gap, namely the absence of an analytical model linking external threat identification with operational and measurable export strategy formulation. The novelty of this research lies in calculating threat coefficients, comprising threat intent and threat capability to assess the severity of U.S. tariff policy and subsequently using these findings to systematically design strategies for market penetration, market development, product development, and diversification within an economic intelligence framework. Without such an integrated approach, Indonesia risks remaining reactive to global protectionist dynamics. Therefore, this study aims to analyze the threat level posed by

U.S. import tariff increases to Indonesia's national interests and to formulate adaptive, intelligence-based export product and market development strategies as anticipatory measures to strengthen national economic resilience.

2. Literature Review

2.1. Economic Intelligence and Economic Threats

Economic intelligence refers to a systematic process of collecting, analyzing, and disseminating strategic economic information to support national decision-making. It enables a state to identify global market developments, anticipate economic disruptions, and protect national interests from external pressures such as protectionist policies, supply-chain disruptions, and international trade competition (Siswosoemarto et al., 2018). A threat is determined by the interaction between threat intent and threat capability. Threat intent consists of the actor's desire and expectation of successfully achieving its objectives, while threat capability comprises the knowledge and resources required to implement the intended action (Pruncun, 2019). Therefore, the United States' tariff policy can be examined not merely as a trade instrument but also as a strategic economic measure that may reduce Indonesia's export competitiveness, restrict market access, and affect broader national economic interests.

2.2. United States Import Tariffs and Indonesia's Export Market Strategy

The United States' protectionist trade policies have created significant challenges for exporting countries, particularly developing economies that remain dependent on traditional markets and a limited range of export commodities. Higher tariffs may increase the prices of imported products, weaken their competitiveness, disrupt global supply chains, and encourage trade diversion toward countries offering lower production costs or more favorable trade arrangements (Cigna et al., 2022). For Indonesia, these conditions demonstrate the importance of developing an adaptive export strategy through market penetration, market development, product development, and diversification (Ansoff & McDonnell, 1988). Market penetration may be implemented by maintaining Indonesia's position in the United States market through production efficiency, competitive pricing, and improvements in product quality. Market development may be pursued by expanding exports to non-traditional markets, including BRICS member states, the Middle East, Africa, and other emerging economies. Product development and diversification are also necessary to produce value-added, environmentally sustainable, and internationally certified goods. Accordingly, economic intelligence plays an important role in identifying potential markets, detecting emerging trade barriers, assessing external economic threats, and providing early warning to strengthen Indonesia's export resilience.

3. Method

This study adopts a qualitative descriptive-analytical approach to examine the threat posed by the United States' import tariff increase to Indonesia's national interests and to formulate export product and market development strategies based on an economic intelligence framework. The qualitative design was selected to enable an in-depth exploration of strategic perceptions, policy intentions, and institutional responses that cannot be adequately captured through purely quantitative methods. Through this approach, the research seeks to interpret policy dynamics, assess threat characteristics, and construct strategic recommendations grounded in empirical findings.

The conceptual population of the study consists of strategic actors operating in the domains of intelligence, international trade, and economic policymaking. These include government officials, intelligence analysts, trade policy experts, and academics who possess substantive knowledge of tariff policy, export performance, and geopolitical-economic dynamics. The research sample was determined using purposive sampling to ensure that selected informants had relevant expertise and direct engagement with the issues under investigation. The sample includes officials and analysts from the State Intelligence Agency, analysts from the Ministry of Trade, academic scholars specializing in international economics and security studies, as well as practitioners with experience in export-oriented industries.

Data collection was conducted through multiple techniques to enhance validity and triangulation. Primary data were obtained through in-depth interviews designed to capture nuanced assessments of tariff policy impacts and strategic responses. In addition, Focus Group Discussions (FGDs) were organized to generate interactive insights and cross-validate individual perspectives. Secondary data were collected through documentary analysis of Indonesia–United States export–import statistics for the period 2020–2024, sourced from Statistics Indonesia (BPS) and Trademap. The integration of primary and secondary data enabled a comprehensive understanding of both perceptual and empirical dimensions of the tariff policy's impact.

The analytical framework is grounded in Threat Theory as articulated by Prunckun (2019), which conceptualizes threats as a function of both intent and capability. Accordingly, the study assesses two principal dimensions: threat intent and threat capability. Threat intent encompasses the components of desire and expectation, reflecting the motivation and anticipated effectiveness of the actor imposing the tariff policy. Threat capability comprises knowledge and resources, representing the technical competence and structural capacity to implement and sustain the policy. This theoretical lens allows the study to move beyond descriptive trade analysis toward a structured assessment of strategic risk.

Data analysis followed established qualitative procedures, including data reduction, data display, and conclusion drawing/verification. The reduction process involved coding interview transcripts and documentary evidence to identify recurring themes related to tariff motivations, economic leverage, institutional strength, and strategic adaptation. Data display facilitated systematic comparison across informants and sources, while verification ensured the consistency and credibility of findings through triangulation.

To quantify the overall level of threat, this study calculated the Total Threat Coefficient by integrating the components of Threat Intent (Desire + Expectation) and Threat Capability (Knowledge + Resources) (Prunckun, 2019). This operationalization translates qualitative assessments into structured evaluative scores, thereby enabling a systematic measurement of the severity of the tariff policy as a strategic threat. Mathematically, the formulation is expressed as follows:

$$TC = (D + E) + (K + R) \quad (1)$$

TC refers to the Total Threat Coefficient, D denotes Desire, E represents Expectation, K signifies Knowledge, and R corresponds to Resources. The maximum possible score is 20, categorized into low (0–6), moderate (7–13), and high (14–20) levels (Prunckun, 2019). The results of this calculation are subsequently analyzed qualitatively and linked to the formulation of export market and product development strategies using the Ansoff Matrix. This approach generates strategic recommendations grounded in economic intelligence that are both practical and measurable.

4. Results and Discussion

The assessment of the threat posed by the United States' import tariff policy was conducted using Prunckun's Threat Theory, which evaluates the interaction between Threat Intent and Threat Capability. The primary data were collected through in-depth interviews with Rudiar Sjahwil, Head of Sub-Directorate 15.1 for the Americas I, Directorate for the Americas and Europe, Deputy for Foreign Intelligence, State Intelligence Agency of the Republic of Indonesia (BIN); E. Suryo Widodo, Director of Trade, Industry, Cooperatives, Transportation, Tourism, Telecommunications, and Maritime Affairs, Deputy for Foreign Intelligence, BIN, hereinafter referred to as Director 44 BIN; and Aji Bayu Wirotama, an academic and former BIN Overseas Representative to the United States who had served as First Secretary at the Embassy of the Republic of Indonesia in the United States.

The findings were further validated through a Focus Group Discussion involving Ridho Meydandoyo and Nisa, Foreign Trade Analysts at the Ministry of Trade of the Republic of Indonesia, as well as Achmad Maulana and Dafa, Economic Analysts at the Deputy for Economic Intelligence, BIN. The primary findings were triangulated with Indonesia–United States trade data covering the 2020–2024 period. The involvement of informants from foreign intelligence, economic intelligence, trade policy, and diplomatic practice provided complementary institutional perspectives regarding the formulation, implementation, and consequences of the United States' tariff policy.

The findings indicate that the United States' tariff policy constitutes more than a conventional fiscal instrument. It forms part of a broader geo-economic strategy aimed at protecting domestic industries, reducing trade deficits, expanding market access for American products, and strengthening the United States' bargaining position in international trade negotiations. The policy consequently generates strategic risks for Indonesia through reduced price competitiveness, pressure on exporters' profit margins, uncertainty within supply chains, and increased exposure to unilateral policy changes by a major economic power.

4.1. Threat Assessment of the United States' Import Tariff Policy

4.1.1. Threat Intent

Threat Intent refers to the willingness of an actor to conduct actions that may negatively affect another party's interests. It is assessed through two components, namely Desire, which represents the motivation to undertake the action, and Expectation, which reflects the actor's confidence that the policy will achieve its intended objectives. The cross-informant thematic findings are presented in Table 1.

Table 1. Research Findings on Threat Intent

Prunckun Indicator	Cross-Informant Thematic Findings	Interview/FGD Sources	Score
Desire to Cause Harm (Desire)	The primary motive behind U.S. tariff policy stems from the intention to reduce trade deficits and protect high-cost domestic industries rather than to specifically harm Indonesia. The United States applies a subtle economic and diplomatic approach characterized by a "carrot and stick" pattern, where pressure is directed toward securing market access, increasing purchases of U.S. products, and obtaining non-tariff concessions. The policy targets multiple countries simultaneously, including the termination of the Generalized System of Preferences (GSP) since 2020, indicating a structural protectionist orientation rather than bilateral hostility toward Indonesia.	Interview with Rudiar Sjahwil; E. Suryo Widodo; Aji Bayu Wirotama; FGD with Ridho, Nisa, Maulana, and Dafa	3 (Moderate)
Expectation of Succes (Expectation)	The United States demonstrates high optimism that tariff pressure will generate concessions, evidenced by the negotiated package with Indonesia (tariff reduction to 19%, commitments to purchase energy, agricultural products, and aircraft). Business actors adjusted through cost-sharing mechanisms, front-loading shipments, and passing price increases to consumers ("Trump effect price"), confirming U.S. expectations that trade flows would continue despite distributed cost burdens along the supply	Rudiar Sjahwil; E. Suryo Widodo; Aji Bayu Wirotama; FGD with Ridho, Nisa, Maulana, and Dafa	4 (Optimistic)

Prunckun Indicator	Cross-Informant Thematic Findings	Interview/FGD Sources	Score
	chain. Most partner countries opted to adjust rather than resist, with the exception of China.		
Subtotal Threat Intent	A combination of consistent economic protection motives and strong confidence in the effectiveness of tariff pressure, although without explicit intent to directly harm Indonesia.	—	7 (Moderate)

1) Desire to Cause Harm

The Desire component is assessed as moderate, with a score of 3. The primary purpose of the United States' tariff policy is not to position Indonesia as a strategic adversary or deliberately damage the Indonesian economy. Instead, the policy is principally intended to reduce the United States' trade deficit, protect domestic industries with relatively high production costs, and encourage trading partners to increase their purchases of American products. The policy therefore represents a defensive and protectionist economic orientation, although its implementation may still create harmful consequences for Indonesia.

The tariff policy is implemented through a coercive-conditional approach commonly characterized as a "carrot and stick" strategy. Tariff pressure functions as the coercive element, whereas tariff reductions, exemptions, market access, and negotiated agreements serve as incentives for countries willing to accommodate American demands. The United States also combines tariffs with non-tariff measures, including customs procedures, product standards, local-content requirements, exception lists, digital payment access, and recognition of American technical standards. These instruments enable the United States to pressure its partners without resorting to direct economic confrontation.

The structural nature of this policy can also be observed from its broad application to numerous countries rather than Indonesia alone. The termination of Indonesia's Generalized System of Preferences facility in 2020 was part of a broader adjustment to the United States' trade preference system and did not exclusively target Indonesia. Accordingly, the Desire component cannot be categorized as high because the principal motive is domestic economic protection rather than explicit hostility toward Indonesia. Nevertheless, the resulting restrictions may indirectly weaken Indonesia's export competitiveness and affect sectors dependent on access to the United States market (Sjahwil, 2025; Wirotama, 2025).

2) Expectation of Success

The Expectation component is assessed as optimistic, with a score of 4. The United States demonstrates strong confidence that the imposition or threat of higher tariffs will encourage its trading partners to provide concessions. This confidence is supported by the size of the American market and the dependence of many exporters on continued access to consumers in the United States. Consequently, many trading partners are more likely to negotiate and adjust their trade policies than to engage in direct retaliation.

The negotiated reduction of the tariff imposed on Indonesian products from an initial rate of 32 percent to 19 percent was accompanied by commitments related to purchases of American energy products, agricultural commodities, and aircraft. These arrangements demonstrate that tariff pressure can be used to secure broader commercial concessions beyond the tariff itself. The negotiations also show that the United States expects partner countries to maintain their access to the American market by offering compensatory economic commitments (Widodo, 2025).

Business responses further demonstrate the effectiveness of tariff pressure. Exporters and importers adopted cost-sharing mechanisms, renegotiated prices, accelerated deliveries before

the implementation of new tariff rates, and transferred part of the additional cost to consumers. The transmission of higher prices to retail consumers has been described as the “Trump effect price,” indicating that trade flows may continue even when the tariff burden is distributed among exporters, importers, retailers, and consumers. These adjustments support the United States’ expectation that tariff measures will generate concessions without necessarily stopping imports altogether (Wirotama, 2025).

The Focus Group Discussions also revealed that exporters operate with relatively narrow profit margins, meaning that a 19 percent tariff can substantially affect their financial viability. Nevertheless, businesses generally choose adaptation over immediate withdrawal from the market because of the strategic importance of the United States. Front-loading shipments and adjusting contractual arrangements indicate that tariff pressure has directly influenced business decisions and supply-chain management. Accordingly, the combination of successful negotiations, market adjustments, and limited resistance from most trading partners supports an optimistic assessment of the Expectation component (Ridho, 2025; Dafa, 2025; Maulana, 2025).

4.1.2. Threat Capability

Threat Capability refers to the actual capacity of an actor to implement its intentions. It consists of Knowledge, which covers expertise and strategic understanding, and Resources, which include economic, financial, institutional, regulatory, and geopolitical assets. The findings concerning the United States’ Threat Capability are presented in Table 2.

Table 2. Research Findings on Threat Capability

Prunckun Indicator	Cross-Informant Thematic Findings	Interview/FGD Sources	Score
Knowledge & Skills (Knowledge)	The United States demonstrates high technocratic capacity in designing tariff policies based on calculations of trade deficits, trade volumes, and sectoral mapping. The policy is not limited to tariffs but is reinforced by non-tariff instruments, including product standards, local content requirements, exception lists, single-standard recognition, and access to payment systems. Public ambiguity regarding HS codes is interpreted as a strategy of deliberate uncertainty rather than technical incapacity. The U.S. also controls trade negotiation channels (USTR) and strategically leverages market dynamics and business behavior as part of its pressure design.	Interview with Rudiar Sjahwil; E. Suryo Widodo; Aji Bayu Wirotama; FGD with Ridho, Nisa, Maulana, and Dafa	5 (Expert)
Resources (Resources)	The United States possesses substantial leverage through its vast export market, dominance of the U.S. dollar, global payment networks (Visa/Mastercard), international regulatory standards, and strong institutional capacity enabling rapid presidential policy issuance refined through negotiations. Its coercive power is reinforced by sanction mechanisms (anti-transshipment), large procurement contracts tied to	Interview with Rudiar Sjahwil; E. Suryo Widodo; Aji Bayu Wirotama; FGD with Ridho, Nisa, Maulana, and Dafa	5 (Very Strong)

Prunckun Indicator	Cross-Informant Thematic Findings	Interview/FGD Sources	Score
	tariff reductions, and the backing of political-security influence. U.S. capacity has also limited the effectiveness of WTO constraints on its reciprocal tariff policies.		
Subtotal Threat Capability	The United States' economic, financial, regulatory, institutional, and geopolitical dominance enables it to effectively implement tariff pressure and influence the decisions of trading partners, including Indonesia.	—	10 (High)

1) Knowledge and Skills

The Knowledge component is assessed at the expert level, with a score of 5. The formulation of United States tariff policy is supported by established technocratic institutions capable of evaluating trade deficits, import volumes, strategic commodities, sectoral dependencies, employment effects, and the potential reactions of affected countries. This demonstrates that tariff decisions are not merely spontaneous political measures but are supported by extensive economic calculations and institutional expertise.

The United States also integrates tariffs with a wider regulatory architecture. This includes customs measures, technical standards, local-content requirements, product certification, commodity-specific exemptions, and restrictions related to transshipment. Such instruments allow the United States to calibrate economic pressure according to sectors, products, and trading partners. The use of exception lists further demonstrates the ability to selectively protect strategic interests while maintaining imports considered necessary for the American economy.

Uncertainty regarding the commodities covered by particular tariff measures may also serve a strategic function. Ambiguity over Harmonized System codes creates uncertainty among exporters and encourages businesses and governments to seek clarification or negotiate directly with the United States. This uncertainty may increase psychological and commercial pressure even before the tariffs are fully implemented. Therefore, the absence of immediate technical clarity does not necessarily reflect institutional incapacity but may function as an instrument for expanding negotiation space (Nisa, 2025; Maulana, 2025).

The policy process also reflects an understanding of market behavior. The United States anticipated that exporters would accelerate shipments, share costs with importers, renegotiate contracts, or pass additional costs to consumers rather than immediately abandon the American market. These responses demonstrate that American policymakers possess a sophisticated understanding of supply chains, price transmission, and exporters' dependence on large consumer markets. Accordingly, the Knowledge component is appropriately rated at the highest level (Sjahwil, 2025; Widodo, 2025; Wirotama, 2025).

2) Resources

The Resources component is assessed as very strong, with a score of 5. The United States possesses one of the world's largest consumer markets, giving it significant leverage over countries and companies that depend on exports to American consumers. Restricting or conditioning access to this market may produce considerable economic consequences for exporters, particularly those with limited alternative destinations.

The dominance of the United States dollar and American-linked financial infrastructure further strengthens this leverage. Global payment networks, international financial institutions,

trade-financing mechanisms, and dollar-denominated transactions increase the capacity of the United States to influence global commercial activities. The United States can therefore combine tariff policies with financial, regulatory, and institutional pressure.

The United States also possesses strong legal and administrative institutions capable of issuing, adjusting, and enforcing trade policies. Presidential decisions may be implemented rapidly and subsequently refined through negotiations conducted by specialized institutions such as the Office of the United States Trade Representative. This combination of centralized political authority and professional trade-negotiation capacity enables the United States to maintain pressure while offering selective concessions.

Its capability is further strengthened by sanction mechanisms related to transshipment, large-scale procurement agreements, political influence, and security relations with partner countries. These instruments allow tariff negotiations to be linked with broader issues such as energy purchases, agricultural trade, aviation procurement, digital services, and strategic cooperation. Although the World Trade Organization provides rules governing international trade, its ability to constrain unilateral reciprocal tariffs has been limited. Consequently, the United States' extensive market, financial, regulatory, institutional, and geopolitical resources justify the maximum score for the Resources component (Sjahwil, 2025; Widodo, 2025; Wirotama, 2025).

4.1.3. Total Threat Coefficient

The Total Threat Coefficient was calculated by combining the Threat Intent score of 7 and the Threat Capability score of 10. The calculation is presented in Table 3.

Component	Score	Category
Threat Intent	7	Moderate
Threat Capability	10	High
Total Threat Coefficient	17	High (14–20)

The total score of 17 places the United States' import tariff policy in the high-threat category. The elevated threat level is not primarily caused by an extreme intention to directly harm Indonesia. Instead, it results from the convergence of consistent protectionist motives, strong confidence in the effectiveness of tariff pressure, and the United States' exceptional ability to implement and enforce its policies through market, financial, regulatory, and geopolitical instruments.

This distinction is important because economic threats do not always originate from open hostility. A policy designed to advance one country's domestic interests may still threaten another country's national interests when the initiating state possesses sufficient capability to alter market access, production decisions, investment flows, employment, and export revenues. In Indonesia's case, dependence on the United States as a major destination for several labour-intensive and commodity-based exports increases its exposure to such policy changes.

The threat is therefore strategic and systemic rather than directly confrontational. It affects not only individual exporters but also the broader resilience of Indonesia's trade structure, industrial employment, foreign-exchange earnings, and bargaining position within global value chains. Consequently, the appropriate response should not be limited to short-term diplomatic negotiation. It must also involve export-market diversification, product upgrading, stronger intelligence collection, early warning mechanisms, and long-term structural transformation.

4.2. Indonesia–United States Trade Exposure

Indonesia's exposure to the United States' tariff policy is closely related to the bilateral trade imbalance. Indonesia's exports to the United States reached approximately USD 26.36 billion in 2024, while United States exports to Indonesia amounted to approximately USD 12 billion. The difference produced an Indonesian trade surplus of approximately USD 14.36 billion, which simultaneously represented a trade deficit from the United States' perspective (Trade Map, 2025). Concurrently, a market development

strategy is pursued by reducing risk concentration in the U.S. market through the expansion of exports to BRICS countries, the Middle East, Africa, Latin America, and Canada, utilizing the networks of Indonesian Trade Promotion Centers (ITPC) and trade attachés (FGD—Ridho). This approach aligns with the literature emphasizing the importance of export destination diversification to reduce vulnerability to unilateral tariff shocks (Sitorus, 2021). The four strategic directions are illustrated in the Ansoff Matrix as presented in Table 4.

Table 4. Ansoff Matrix as an Export Product and Market Development Strategy to Anticipate U.S. Import Tariff Threats

	<i>Existing Products</i>	<i>New Products</i>
<i>Existing Market (US)</i>	Market penetration — Market penetration aims to maintain the position of existing Indonesian products in the United States market through production efficiency, logistics optimization, contract renegotiation, tariff-adjustment clauses, quality differentiation, and front-loading before tariff implementation. Although part of the 19 percent tariff may be transferred to American consumers through the “Trump effect price,” small and medium-sized exporters remain vulnerable because of narrow profit margins and limited bargaining power. Therefore, this strategy should be supported by targeted financing, logistical assistance, and government-facilitated negotiations (Wirotama, personal interview, 2025; Meydandoyo, Maulana, & Dafa, FGD, 2025).	Product Development — Market development is directed toward expanding existing Indonesian products into alternative markets such as BRICS countries, the Middle East, Africa, Latin America, and Canada to reduce dependence on the United States. This strategy requires stronger coordination among the Ministry of Trade, the Ministry of Foreign Affairs, Indonesian Trade Promotion Centers, trade attachés, embassies, and overseas intelligence representatives to identify buyers, provide market information, facilitate business matching, and address regulatory barriers. However, market diversification must be managed carefully to prevent Indonesia from replacing its dependence on the United States with dependence on another single market (Meydandoyo, FGD, 2025; Wirotama, personal interview, 2025).
<i>New Markets</i>	Market Development — Product development involves improving existing products to meet changing international market requirements through certification, packaging improvement, technical adaptation, traceability, environmental compliance, and conformity with product-specific standards. Exporters must monitor Harmonized System classifications, tariff-exception lists, and technical requirements because market access is increasingly influenced by non-tariff measures. In the medium term, product development should also increase domestic value added by shifting exports from raw commodities toward processed, branded, and technology-based products (Nisa, FGD, 2025).	Diversification — Diversification combines the development of new products with entry into new markets and represents Indonesia’s long-term strategy for reducing dependence on raw-material and low-value exports. Potential products include halal processed foods, environmentally certified commodities, sustainable furniture, industrial components, battery-related products, and technology-intensive manufactured goods. Its implementation requires institutional coordination, research and development, technological upgrading, export financing, market testing, and collaboration among government institutions, universities, research organizations, and business actors (Meydandoyo & Maulana, FGD, 2025).

Based on the Ansoff Matrix framework, the formulation of strategies to anticipate increases in United States import tariffs is designed in stages to ensure that responses are both adaptive and sustainable (Ansoff & McDonnell, 1988). In the short term (1–3 years), the primary focus is export stabilization and margin protection through low-risk market penetration and market development strategies. Measures undertaken include improving production and logistics efficiency to mitigate the impact of the 19% tariff, renegotiating contracts through tariff-adjustment clauses and cost-sharing mechanisms (Benguria et al., 2022), and optimizing shipment timing (front-loading) to anticipate policy shifts (Cigna et al., 2022). In addition, part of the export volume of competitive commodities is redirected to alternative markets by optimizing the networks of Indonesian Trade Promotion Centers (ITPC) and trade attachés in order to reduce risk concentration in the U.S. market (Sitorus, 2021). These measures enable Indonesia to sustain export flows without requiring immediate structural transformation.

In the medium term (4–5 years), the strategic focus shifts from short-term resilience to structural reorientation of export markets through a combination of market development and product development strategies. This includes accelerating the implementation of bilateral and regional trade agreements (CEPA/FTA) to expand non-U.S. market access (Zeng et al., 2022), as well as establishing a more balanced regional composition of export destinations to reduce dependency risks (Rosyadi et al., 2021). On the product side, efforts involve upgrading standards and certifications (e.g., FSC, HACCP, FDA, halal certification), strengthening traceability systems, and integrating green trade principles to meet increasingly stringent global regulatory requirements (Rochdiani & Wulandari, 2023; Huang, 2024). Strengthening the role of economic intelligence as a global market sensor is also prioritized to ensure that export policies are grounded in strategic information (Siswosoemarto et al., 2012).

In the long term (beyond 5 years), the strategy is directed toward structural transformation through the dominance of product development and diversification approaches. Indonesia must shift its export base from raw commodities and low-cost products toward higher value-added manufacturing and processed goods with stronger technological content and differentiation (Fahmid et al., 2022). This transformation requires strengthening innovation ecosystems, research and development (R&D), design capabilities, and branding in order to enable Indonesia to move up the global value chain (Gereffi et al., 2005). Market diversification through strategic partnerships, including leveraging BRICS networks and alternative financing mechanisms such as the New Development Bank (Duggan et al., 2022) constitutes a foundation for long-term export resilience. Accordingly, short-term strategies aim to maintain stability, medium-term strategies focus on structural strengthening, and long-term strategies are designed to build sustainable competitiveness and resilience in the face of evolving global protectionist dynamics.

5. Conclusion

The policy of increasing import tariffs by the United States constitutes a significant threat to Indonesia's national interests. The analysis based on Prunckun's Threat Theory indicates that the U.S. tariff increase toward Indonesia yields a total threat coefficient of 17, placing it in the high category. The U.S. threat intent is assessed as moderate, as the policy is not explicitly designed to harm Indonesia but rather to protect domestic industries and reduce the trade deficit. However, the threat capability is assessed as very high due to the United States' economic, technological, and military strength, as well as its control over the global financial system, which enables the effective implementation of such policies. The combination of protectionist motives and extensive global capacity renders the tariff policy not merely an economic measure but also a geopolitical instrument to sustain U.S. economic dominance. The impact on Indonesia is reflected in declining export competitiveness, continued dependence on the U.S. market, and potential diplomatic pressures exerted through non-tariff instruments such as sustainability standards and data security regulations. Therefore, this threat can be categorized as strategic and systemic, requiring strengthened economic intelligence preparedness through early warning systems and diplomacy grounded in strategic information.

Meanwhile, the analysis based on the Ansoff Matrix suggests that Indonesia's export market development strategy in response to the policy can be pursued through four growth approaches. Under the market penetration strategy, Indonesia should maintain its export share in the U.S. market through cost efficiency, tariff-adjustment-based contract negotiations, and a focus on high-quality flagship products such as electronics and footwear. Through market development, Indonesia must expand exports to non-traditional regions, including BRICS countries, the Middle East, and Africa, in order to reduce reliance on

the U.S. market. In terms of product development, innovation efforts remain constrained because domestic industries lack flexibility in adjusting production lines; therefore, supportive policies in research, certification, and innovation incentives are required. Under diversification, opportunities may be expanded through entry into new products and markets based on green industry and the digital economy, although challenges remain in terms of investment readiness and infrastructure capacity. Overall, the Ansoff Matrix highlights economic diplomacy, product innovation, and market diversification as the three principal pillars for safeguarding Indonesia's export resilience amid tariff threats and global protectionist dynamics.

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