



Case analysis of Donald Trump's 2025 tax rate hike on cooperation with Indonesia and its impact on the global economy

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ABSTRACT

Background: The phenomenon of Donald Trump raising tariffs on several trading partner countries is causing conflicting political and economic situations internationally. This has put several developing countries under pressure, including Indonesia itself. The focus of this research is to understand how Indonesian Micro, Small, and Medium Enterprises (MSMEs) maintain their price competitiveness amid these tariff policy changes, as well as to analyse the political communication strategies implemented by Indonesia in addressing these challenges on the international stage. **Method:** This research uses a qualitative method based on literature review, as well as analysis techniques that use literature review and discourse analysis of official statements, policies, and public responses. **Findings:** The results of the analysis lead to the conclusion that this research focuses on key political communication strategies that not only involve negotiations at the government level but also build positive narratives in the international public sphere to attract sympathy and cooperation from other countries. The analysis shows that Indonesia, through its political communication strategy, seeks to strengthen the image of MSMEs in the global market, build new economic alliances, and expand its economic diplomacy network to reduce dependence on markets that impose high tariffs. Maintaining economic balance depends on cooperation that involves strategic and collaborative communication. **Conclusion:** Thus, this study concludes that in the era of new protectionism, the success of developing countries in maintaining their economic position depends heavily on their ability to conduct strong economic diplomacy, supported by effective and adaptive political communication strategies in response to global dynamics. This strategy not only involves negotiations at the government level but also building a positive narrative in the international public sphere to attract sympathy and cooperation from other countries. **Novelty/Originality of this article:** The novelty of this article lies in its analysis of political communication and economic diplomacy in understanding the impact of international tariff policies on developing countries, particularly in the context of global power imbalances.

KEYWORDS: cooperation; MSMEs; tariffs.

1. Introduction

Cooperation between countries is something that every country does to improve the welfare of its people (Feijóo et al., 2020; Wirba, 2024). This cooperation is always pursued to create mutualism, where both parties can benefit from each other (Khanagha et al., 2022; Hadjielias et al., 2023). However, it cannot be denied that some cooperation results in commensalism, where one party feels disadvantaged by the cooperation. This has frequently occurred on a smaller scale, especially in the context of international

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cooperation, where the well-being of the people may be sacrificed to maintain the cooperation for the future.

Of course, to establish cooperation, there must be a unification of ideas between the two parties. During this process, it becomes evident that ideological differences create significant barriers between the two countries or more. The established communication is not only persuasive in nature but also includes organisational communication and mass communication, meaning that the established cooperation will be publicised to the public so that they can participate in the cooperation, whether through any contribution, anywhere, and at any time (Cornelissen, 2023; Jensen, 2022). This definition of the communication established is the definition of political communication itself.

According to Harsono Suwardi, political communication can be viewed in a narrow sense or in a broad sense. In a narrow sense, political communication is any form of message delivery, whether in the form of symbols or written or spoken words, or in the form of gestures that influence the position of a person within a particular power structure. Meanwhile, in a broad sense, political communication is any type of message delivery, particularly those containing political information from a source to several message recipients (Arrianie & Si, 2023).

Political communication itself also includes, (a) elite communication; (b) hegemonic communication; (c) petitionary communication; (d) associational communication (Arrianie & Si, 2023). These four points are equally important in establishing diplomatic relations between one country and another. Elite communication and hegemonic communication are carried out by high-ranking officials such as the President and Minister of Foreign Affairs at forums such as ASEAN and G20. Petitionary and associational communication are carried out by the public and non-governmental groups to contribute to these diplomatic relations.

Speaking of diplomatic relations, there has been much discussion recently about the tax increases announced by the United States. Indonesia has certainly felt the significant impact of the policies made by Donald Trump. The following is a summary table comparing the situation before and after the United States' policies in 2025.

Table 1. Comparison of Indonesia-US import tariffs before and after US policy 2025

Aspects	Before the US Policy 2025	After the US Policy 2025
Import tariffs from Indonesia to the United States.	5-10% with non-tariff barriers of 64% (US calculation).	The United States imposed reciprocal tariffs of 32% and additional tariffs of 25% on Indonesian products in retaliation.
United States import tariffs to Indonesia.	5-10% for some products.	The Indonesian government responded by lowering import duties to 0-5% on several products.

This tariff increase policy has negatively impacted MSMEs and the value of the rupiah as Indonesia's currency. Indonesia has suffered so many negative impacts from this policy that it is necessary for the Indonesian government, particularly the President and Minister of Foreign Affairs, to take action to resolve this diplomatic issue. If this policy persists in the future, there will undoubtedly be widespread layoffs, SMEs across Indonesia will lose their competitive edge, and there will be an oversupply and accumulation of export goods.

The emergence of this tax hike issue may prompt the public to analyse the communication style of the United States government, particularly Donald Trump, in establishing diplomatic relations with various countries, including Indonesia. Indonesian society is also becoming more discerning and wiser in responding to and seeking the main reasons behind this case. Moreover, the public is also increasingly aware of Indonesia's diplomatic style with the United States itself. How does the Indonesian government view the United States as the leading economic power in the world? How do other countries respond to this tariff increase policy?

A piece of literature on economics and international relations by Killian (2021) discusses protectionist policies such as increases in import tariffs. These policies are often studied as tools to protect domestic industries from foreign competition, but they also have the potential to cause negative effects such as a decline in trade volume, or what can be referred to as a decline in exports, increased prices of goods, and the potential for trade conflicts. These studies emphasise the importance of economic diplomacy in managing the impact of protectionism through trade negotiations and international cooperation (Arrianie & Si, 2023).

So far, many studies have focused their research on the topic of economic diplomacy and the impact of US protectionist policies on developing countries. One example is a recent literature review by Alunaza et al. (2025), this literature review also does not discuss the elite communication approach between Indonesia and the United States. Therefore, this literature review aims to address this gap by employing a political communication approach, such as hegemonic communication and petitionary communication, and analysing the solutions Indonesia will use to address this phenomenon.

The political communication developed by Harsono Suwardi and Nye's 2019 communication studies, which discuss the definition of conceptual communication and the framework of contemporary diplomatic communication, show the importance of soft power and hegemonic communication approaches in international relations. However, the direct link between US tariff policies and the forms of political communication of partner countries, particularly in the context of Indonesian diplomacy, is still rarely discussed in depth. This paper positions itself at the forefront of economic diplomacy studies, focusing on political communication as a responsive strategy to global economic pressures, which has not been a major focus in previous studies.

On the other hand, this article aims to analyse Indonesia's political communication and economic diplomacy strategies in response to the United States' 2025 import tariff increase policy, as well as its impact on MSMEs and economic stability at the national level. From this import tariff increase policy, it can also be assumed that the Trump administration is using a hegemonic communication pattern that puts countries invited to cooperate (partners) in a difficult position. Some countries have no choice but to try to negotiate with Donald Trump, including Indonesia itself.

Although not explicitly stated by Trump, the U.S. President undoubtedly has multiple objectives in implementing this policy. One of them is that Trump seeks a fair quid pro quo during this cooperation. He feels that the United States has made more sacrifices than its trading partners. Additionally, Trump wants to demonstrate his ability to influence others. He aims to signal that this policy could prompt partner nations to exercise greater caution, renegotiate their cooperation agreements, and pressure their citizens to become more aware of established policies and comply with tax obligations accordingly. Improved tax communication, especially focused on the reciprocity between taxation and spending, may play a role in building a "governance-focused tax reform agenda" (Prichard, 2015). In other words, if the public succeeds in realising and understanding that taxes are useful for the interests of the country, then they can be motivated to comply with and support these policies (Gangl & Torgler, 2020; Sebele-Mpofu, 2020).

This phenomenon is currently a hot topic of discussion because it concerns all aspects of politics and economics (Zhu et al., 2020). However, there is no harm in the public and non-governmental organisations voicing the negative impacts they have experienced, especially since social media can be used as the main platform for expressing opinions. The more people who speak out, the more the government will become aware of the well-being of its citizens, especially in the economic sector (Serikbayeva & Abdulla, 2022; Werhane et al., 2020).

2. Methods

This research study uses a qualitative approach, which means that all data used in this study was collected systematically and thoroughly to gain an understanding of the

phenomenon being studied. This qualitative approach does not aim to measure or calculate variables numerically, but rather emphasises understanding the meaning, context, and dynamics behind the phenomenon being studied. All data collected in this study is non-parametric, meaning that it does not require certain assumptions regarding population distribution or statistical parameters such as mean or variance. Thus, non-parametric data provides greater flexibility in data collection and processing, as it is not bound by strict assumptions as parametric data is. Additionally, non-parametric data does not depend on a large population size, making it highly suitable for research involving small samples or qualitative data.

Data collection in this study was conducted through observation of various narratives or records from reliable sources, both national and international. These sources were taken from various platforms, such as mass media, scientific journals, official government reports, and publications from international organisations. Thus, the data collected is very diverse and representative, providing a comprehensive picture of the phenomenon being studied. The data collection period was quite extensive, from 17 February 2025 to 3 April 2025. During this period, researchers actively monitored and recorded every development or event relevant to the research topic.

Once the data has been collected, the next step is data processing. The collected data is then organised and categorised based on specific themes. This process allows researchers to identify patterns, trends, or key issues that emerge from the collected narratives. Thus, the results of data processing are not only brief descriptions, but also in-depth analyses of each theme found. This thematic analysis is very important because it can help the public to understand the phenomenon that is occurring in a more comprehensive and thorough manner. In addition, thematic analysis also allows researchers to identify the causes, impacts, and implications of the phenomenon being studied.

Through this comprehensive analysis, researchers concluded that a phenomenon does not occur by chance but is always based on the specific intentions and objectives of individuals, organisations, or even countries. In the context of this study, the phenomenon being studied can be understood as the result of interactions between various actors with specific interests and agendas. For example, the tariff policy adopted by a country not only has an impact on the domestic economy but also affects international relations and global trade dynamics. Thus, every decision or action taken by individuals, organisations, or countries always has a specific purpose, whether economic, political, or social.

In addition, this study also emphasises the importance of understanding the context and dynamics behind a phenomenon. By understanding the context, the public can be more critical in assessing every event or policy that occurs, so that they are not easily influenced by one-sided or biased narratives. The analysis conducted in this study also opens a broader space for discussion, enabling the public to actively participate in shaping healthy and constructive public opinion.

Overall, this study demonstrates that qualitative approaches and the use of non-parametric data are highly effective in examining complex social, political, or economic phenomena. With this method, researchers are not only able to understand the phenomenon in depth but also provide recommendations or solutions that are relevant to the current context. In addition, the results of this study can also be used as a reference for the wider community, so that understanding of the phenomenon can become more widespread and in-depth.

3. Results and Discussion

The tariff policy announced by President Donald Trump had profound implications for the global economy, particularly for developing countries. Branded as reciprocal tariffs, this policy was justified as an attempt to establish fairer trade. However, analysis from the Peterson Institute for International Economics (2025a) revealed that these tariffs risked paralysing developing economies, since the burden imposed was disproportionate to their fiscal capacity. Further, Policy Brief 25-6 by PIIE emphasised that the reciprocal tariff policy

was more rhetorical than practical. In practice, the measures exacerbated inequality, created trade distortions, and increased logistical costs for exporters in developing countries, including Indonesia (Peterson Institute for International Economics, 2025b). This aligns with the experiences of Indonesian SMEs, which faced challenges in maintaining price competitiveness in the US market.

The Global Economic Prospects report from the World Bank (2025) projected that global growth would slow to approximately 2.3% in 2025, largely due to trade policy uncertainty and the effects of rising protectionism. The impact was not confined to the US, but spread to developing economies through trade shocks, inflationary pressures, and currency depreciation. This underscores how unilateral US policies run counter to the spirit of post-pandemic international cooperation (World Bank, 2025). From a diplomatic standpoint, the Belfer Center (2025) noted that emerging issues in economic diplomacy are increasingly utilised as political tools to reinforce global hegemony. Trump's rhetoric of America First is a clear example of hegemonic communication, asserting US dominance within international trade.

The Rebuilding Trust report at the World Economic Forum (2025) similarly highlighted that geopolitics, conflict, and diplomacy are among the main challenges in restoring global trust. Unilateral tariff policies by the US exacerbated distrust among nations, particularly within multilateral fora such as Davos. From the perspective of political communication, research published in Political Communication stressed that the framing of policy rhetoric plays a critical role in shaping public perceptions. Trump wrapped tariff policies in nationalist slogans to gain domestic support, though internationally the measures were perceived as counterproductive. Papathanassopoulos & Giannouli (2025) further demonstrated that digital platforms accelerated the spread of global criticism against these policies, worsening the United States' international image. On the domestic economic front, Bandyopadhyay et al. (2025) found that tariffs negatively affected the US economy itself. Employing an SVAR model, they demonstrated that protectionist measures depressed real GDP, increased inflation, and disrupted the trade balance. In other words, short-term political gains came at the cost of long-term economic stability.

Economic simulations by Giesecke & Waschik (2025) confirmed these findings. Their GTAP model revealed that US tariffs introduced in March–April 2025 resulted in inefficient resource allocation, with retaliatory tariffs from other countries aggravating global GDP losses and employment impacts. A complementary analysis from the World Trade Review (2025a) showed that eliminating tariffs in the context of the US–China dispute could restore trade flows and reduce production distortions. This suggests that market openness remains a more effective route to easing geopolitical tensions than protectionism. The concept of “tariff turbulence” to describe the instability created by US tariff policies. This shift from liberalisation to protectionism created significant uncertainty for the multilateral trading system, compelling developing nations to reconsider their economic diplomacy strategies. In response to global fragmentation, Whulanza et al. (2025) observed that developing countries are increasingly adopting local content policies as a defensive strategy. While effective in shielding domestic industries, these policies risk reinforcing global trade fragmentation. In early 2025, specifically in April, President Donald Trump suddenly issued a new policy regarding tariff increases for all partners, including Indonesia. Naturally, this phenomenon caused unrest in various countries due to the significant increase in tax tariffs. A 32% tariff increase on certain products would certainly overwhelm developing countries.

Indonesia, in particular, requires adaptive strategies. Margiansyah (2020) argued that Indonesia's diplomacy should pivot towards a digital economy and innovation diplomacy. Such a shift would enable Indonesia not only to move beyond a dependence on raw commodity exports but also to emerge as a significant player in the global digital economy. Similarly, Mulya et al. (2025) emphasised food diplomacy as a strategic tool for enhancing global competitiveness towards Indonesia's Golden Vision 2045. Protectionist measures in food sectors at the global level remain a challenge to both international and national food security.

Prasetyo (2025) underscored Indonesia's role in the G20 as a strategic platform for advancing national interests. Active participation in multilateral fora such as the G20 is essential for counterbalancing unilateral measures imposed by major powers. Case studies further highlight Indonesia's vulnerability. Mawarni (2025) analysed the nickel ore export ban dispute with the European Union, illustrating the limits of unilateral economic policies when challenged at the WTO. The study stressed the necessity of adaptive diplomacy aligned with international trade law.

The steps taken by Trump confirm that the US President truly prioritises America over its partner countries. This approach is also referred to as "America First". In the "America First" foreign policy, international relations are viewed as a zero-sum game where any benefit for one country can only be achieved at the expense of another (Taufik, 2021). This move also requires a process, in which the direction of Trump's cooperation is constantly changing. Trump collectively prioritises the interests of the American people as his main interest in his trade policy. Trump also uses his trade policy to ensure the economic progress of the United States (Febryani, 2022).

'We are taking measures to rebalance our trade relationships and ensure fair and reciprocal trade that benefits American workers.' This narrative can be found in the official report from the U.S. government published in 2025. For a detailed explanation of this trade policy, it can be accessed in full through by White house (2015). In that article, almost all partner countries are listed regarding this trade, and Indonesia is also one of them.

In general, Trump's tax increase highlights several points that must be considered, namely, a decline in the value of Indonesian exports to the United States, an increase in logistics and distribution costs, disparities in the supply chain.

In other words, Indonesia must pay such high taxes to the United States, but the United States does not pay any taxes to Indonesia on the grounds that it wants to promote its national economy. There was a 17% increase in exports to the United States in the first quarter of 2025. However, it should be noted that several sectors, such as textiles and furniture, continue to face significant challenges in maintaining their competitive position in terms of price. This increase is attributed to the electronics and processed agriculture sectors, which have managed to maintain their market share. For more detailed data, please refer to the official link from the Central Statistics Agency (BPS/*Badan Pusat Statistik*).

In addition to the decline in exports, which is currently a concern, the cooperation between the three largest countries in Asia is also under scrutiny. The cooperation between China, Japan, and Korea was only established after five years, which was referred to as a restart of cooperation (Kim, 2020). This momentum was called a restart because there was tension between China and Japan due to territorial disputes and environmental issues such as Japan's disposal of Fukushima nuclear waste, which triggered an import ban by China.



Fig. 1. Cooperation between China, Japan, and South Korea

This tax increase can be included in the communication process, where the United States can be considered the communicator, taxes as the content of the message, and the communicants as its partner countries, such as China, Japan, and South Korea. The news of cooperation between China, Japan, and South Korea has further alienated the United States from its other partner countries. The communicator is increasingly being abandoned by the communicants because the content of the message is not beneficial to the communicants. As a result, the recipients are strengthening their cooperation by holding a trilateral summit to discuss cooperation in East Asia. China, Japan, and South Korea are also accelerating negotiations on a Free Trade Agreement (FTA) to enhance regional and global trade.

In a news article from The New York Times, discussed the cooperation between Canada and the United States. Trump also mentioned that reporters always asked him about this tax increase (Broadwater, 2025). However, the article explained Trump's response, which was not well received by the media, namely:

"Everyone says 'When, when, when are you going to sign deals?'" Mr. Trump said, at one point motioning toward Howard Lutnick, the commerce secretary. "We don't have to sign deals. We could sign 25 deals right now, Howard, if we wanted to. We don't have to sign deals. They have to sign deals with us. They want our market. We don't want a piece of their market. We don't care about their market." (Salon, 2025).

Through this article, Trump's words reveal his arrogance. He believes that Canada desperately needs the American market, while America does not care at all about the Canadian market. He also mentioned that Canada should sign a cooperation agreement with America, but instead of America responding with kindness, America itself feels that it does not need to sign a cooperation agreement with Canada. Currently, the United States feels that it is at the pinnacle, with no other country able to surpass it.

Moreover, if examined more closely, some recordings from international discussion forums shared across various social media platforms reveal that Trump truly embodies the style of a president who holds the reins of the global economy. The words spoken by Trump have sparked a lot of negative comments. On YouTube, you can search for and watch a video titled 'Watch Donald Trump's Tariff Chart: China Slapped With 34%, THIS Country Tops the List' from the NDTV Profit channel.

In the video comments, quite a few netizens opposed Trump's policy, even going so far as to say that the tariff increase would harm American citizens themselves, such as through significant price increases in the market. The following are comments posted by netizens in the comments section:

"He thinks he is charging other countries. But he is charging the American people..."

"Americans voted for this guy, so don't get angry when you are hated by the world on the mess you caused"

"It will be very expensive for americans. A lot of price increases for them. So production and trade will flourish in the non-US world."

"He is senile and insane!!"

"Enjoy your new recession America"

These comments are a sign that the public is aware and understands that the tariff increase will not only affect partner countries but also have a significant impact on the United States itself. From a geopolitical perspective, states that Trump's rhetoric weakens international collaboration. The global trade landscape is currently facing a vacuum, which could be filled by China. The steps taken by Trump are not strengthening America's position but are indeed weakening its position on the global stage.

Trump's power has also caused polarisation within the government. Trump's current power is fully supported by the Republican Party, while the Democratic Party and independents strongly reject all his policies. A survey conducted by the same institution also found that 64% of respondents believed that Trump had violated the limits of presidential power. This is because quite a few people disagree with Trump's policies. As a result, on Saturday, 5 April 2025, a large-scale protest took place in Washington, D.C., to oppose his policies. Some protesters even carried signs reading 'Hands Off!', meaning that Trump should not interfere with the economic policies of the people.



Fig. 2. Demonstrations in the United States

When discussing taxes, the public must first understand what taxes are. Taxes are mandatory contributions paid by individuals or communities to the state, with the aim of improving the development of a country. Tax payments are a responsibility that must be complied with because all regulations are stipulated in the law. Many studies have found that the more often a country conducts tax education, the higher the level of tax compliance in that country (Arsandi & Ahmad, 2022). Therefore, the government does not only impose obligations but also actively engages in the field to help provide the correct understanding of tax payments.

As in the case of the United States, reciprocal taxes are taxes established between trading partner countries. Reciprocal taxes or reciprocal tariffs are tariffs or tax policies established by a country on goods or services from another country with a nominal value equivalent to or adjusted to the tariffs imposed by that country on the domestic products of the first country. This policy is a form of reciprocity for similar actions by trading partners, with the aim of balancing trade relations and protecting the domestic economy.

The relationship between governance quality and tax compliance is reciprocal, meaning both variables influence each other. Taxpayers demonstrate the highest compliance when there is a sense of trusted reciprocity. In such instances, the perception of tax authorities' authority becomes less significant in explaining tax compliance. Hence, mutual trust is paramount (Torgler, 2007).

In other words, mutual relations are crucial in improving tax compliance, because trust and the concept of fairness between tax authorities and taxpayers influence each other. Therefore, this tax increase is a form of communication from Trump regarding the progress of the United States' national economy. This measure is intended to reduce the American trade deficit. However, this decision has a global impact on business and trade relations, especially Indonesia, which is so dependent on America in terms of exports.

Discussing the negative impacts felt by Indonesia, some of them include a decline in export value to the United States, increased logistics costs, and disruptions in the supply

chain. Additionally, the SME sector is the most affected by this policy due to its limited resilience to fluctuations in the international market.

This trade policy was established with the aim of creating a principle of tariff retaliation, or what could be called Reciprocal Tax. This principle can be referred to as the Theory of Reciprocal Demand proposed by John Stuart Mill. In fact, this theory builds upon David Ricardo's Theory of Comparative Advantage, which seeks to find the equilibrium point of exchange between two goods by two countries based on their exchange ratio or by determining the Domestic Exchange Rate (DER) (Aprita et al., 2020). The purpose of this theory is to maintain a balance between a country's exports and imports in its trade relations with other countries.

The tax increase by Donald Trump also aligns with the theory presented by John Stuart Mill. The US President openly stated that the reciprocal tax implemented by the United States is aimed at creating trade fairness and reducing the trade deficit with partner countries. This explanation can be found on the official website, The White House. Trump has also frequently stated in public forums that partner countries should pay more attention to his reasons for doing this, which is none other than to protect the domestic economy.

In other words, the United States has conveyed many urgent messages regarding this phenomenon. These urgent messages are as follows, (1) the United States wants to maintain trade deficits and economic security. The "America first" approach is clear here, (2) it is a form of argument in cooperation between trading partner countries. Some countries appear to be manipulative in their cooperation with the United States, whether through currency manipulation or even high value-added taxes. As an effort to protect state revenue and create new jobs. By setting new tariffs, the US government can receive revenue of USD 3.1 trillion over 10 years. This amount can cover the budget deficit and also finance state expenditure amid the threat of a surge in national debt. From all the explanations that have been elaborated, Trump certainly has a core message he wants to convey. In addition to prioritising his own country, he undoubtedly intends to divide his trading partners. He is aware and understands that this policy benefits certain sectors, but it also has a negative impact on others. This policy has inadvertently triggered trade conflicts with other countries. For example, the relationship between the United States and China is not in good shape, so the United States wants to show China that it is the world's economic powerhouse and can stand on its own two feet. However, China wisely took swift action by forming a partnership with Japan and South Korea. This collaboration between China, Japan, and South Korea has caused a stir and surprise among the public, as this move seems to be a direct blow to the United States, indicating that even without American assistance, there are other countries willing to collaborate and possess more resources.

In addition to the three largest countries in Asia beginning to distance themselves from the United States, countries like Canada are also starting to do the same. Despite the well-known close relationship between the United States and Canada, the United States' adoption of the 'America First' policy has led Canada to retaliate with tariff hikes. Canada is also strengthening its trade ties with other countries, announcing steps to diversify its export markets to reduce dependence on the U.S. market.

Not only Canada, but countries like Mexico, South Africa, Zimbabwe, and the European Union are also leaving the United States. They are taking concrete steps, such as gradually reducing their dependence on the US market, strengthening regional markets, and seeking alternative markets as a response to protectionist policies. The communicator emphasises that the communicator should not be arrogant about the cooperation established, as every problem always has a solution to address it.

The International Encyclopedia of Communication highlights the theory of elite political communication proposed by Harold D. Laswell. "Politics is who gets what, when, and how." Laswell emphasised that the political world truly governs all aspects of life, whether it be public opinion, the flow of information, or even the political agenda. This is complemented by Harsono Suwardi's Typology of Political Communication, which includes elite communication, hegemonic communication, petitionary communication, and associational communication.

Focusing on elite communication, this phenomenon shows that Trump wants to demonstrate his power as a major political actor to the public and other international stakeholders. This is to show that the United States is the most dominant country compared to any other country. Under the pretext of “America First”, Trump wants to demonstrate his power. Everything Trump says in various media outlets shows that he feels he is the most powerful person.

In addition to having malicious intentions by raising tariffs, Trump himself is slowly being hit by his own stone. Over time, China will grow stronger every day by taking wise steps in dealing with this tariff increase. With the bold steps taken by China, it is hoped that Indonesia will also be more courageous in taking steps and voicing its opinion to deal with this phenomenon. So far, the concrete steps taken by Indonesia regarding cooperation with the United States are to renegotiate with the United States so that it is more beneficial to both parties fairly. Indonesia is also negotiating with ASEAN countries, including Cambodia, Malaysia, and Singapore, so that they can work together to deal with this tariff increase case. In addition, the government has also coordinated with industry and various other parties to work together to build economic stability in Indonesia.

Not only are partner countries disappointed by this, but the American people themselves have given their president a poor rating. In terms of satisfaction, Trump's performance during his first 100 days has reached its lowest level in 80 years. A joint survey conducted by ABC News, The Washington Post, and Ipsos shows that only 39-41% are satisfied with Trump's performance. This represents a 42% decline compared to his performance during his first day in office in 2017.

The reason for this decline is certainly due to public dissatisfaction with the leader's policy on tariffs. The public is dissatisfied with Trump's policies in handling economic issues, including import tariffs, which have sparked concerns about inflation and stock market volatility. The public also doubts Trump's ability to deal with crucial policy issues such as inflation and trade.

This turbulent moment can be linked to the theory of propaganda presented by Harold D. Lasswell in his work titled *Propaganda Technique in the World War* in 1927. Harold D. Lasswell argued that one way to define propaganda is to refer to its role in controlling public opinion through significant symbolic messages, or more concretely, through stories, rumours, reports, and images that may not be accurate (Zakiyuddin, 2018). However, a few years later, Lasswell introduced a slightly different definition of propaganda, namely that propaganda in a broad sense is a technique of influencing human behaviour by manipulating representations. This definition includes advertising, and even the work of a teacher influencing a class, although such actions are not commonly referred to as propaganda (Severin & Tankard, 1972).

In addition to Harold & Blumer (1969) also stated that propaganda can be considered a political campaign that deliberately invites and guides people to influence and persuade them to accept a certain view, sentiment, or value. In addition to the definition, there are certainly several objectives of propaganda. The objectives of propaganda are, to foster hatred towards the enemy, to preserve the friendship of allies, to maintain friendship and, if possible, to establish cooperation with neutral parties; and to destroy the spirit of the enemy.

These objectives were also conveyed by Lasswell to clarify that those who engage in propaganda have intentions and objectives, including considering the most effective strategies to promote ideology or even to maintain advantages.

The theory of propaganda itself consists of several techniques listed in Dan Nimmo's book. This figure explains in detail the seven techniques of propaganda that utilise a combination of words, actions, and logic to persuade. However, when analyzed in relation to the phenomenon surrounding Donald Trump himself, only three propaganda techniques appear most relevant. The first is Glittering Generalities, which involves the use of emotionally appealing and positive-sounding phrases to garner support. Trump's persistent use of the slogan “America First” exemplifies this technique, as it conveys a sense of

patriotism and noble intent, suggesting that all his policies are designed in the best interest of the American people.

The second is Card Stacking, a method in which information is selectively presented—both logical and illogical, accurate and inaccurate—to construct a favorable narrative. In Trump's case, this is evident when his administration often highlights positive indicators, such as job creation and increased national income that could help reduce national debt. However, these messages are carefully curated to downplay or omit negative consequences, such as rising consumer prices, reduced export volumes, and widespread public dissatisfaction that sometimes leads to demonstrations.

The third is Plain Folks, where the speaker aligns themselves with the average citizen to gain trust. Trump frequently emphasizes that his tariff policies stem from his personal understanding of the economic challenges faced by ordinary Americans. This portrayal of himself as someone who shares the struggles of the general public is intended to foster a sense of solidarity and collaboration between the government and its people. Upon closer analysis, it appears that Trump also employed a diversionary tactic to influence public opinion in his favour. Under the pretext of reducing fraud between the United States and its partner countries, he wanted the public to perceive his actions as protectionist policies designed to protect the country. He does this so that the public does not focus on domestic issues, allowing the media, which can be referred to as a channel, to focus more on this protectionist policy.

As the President of the United States, Donald Trump, as a communicator, always uses adequate communication channels so that his messages can be conveyed smoothly without any noise getting in the way. However, no matter what media is used, noise is always present. Especially if the media used is a social media application that is highly susceptible to hoaxes, propaganda, and the like. This news has undoubtedly spread everywhere, even reaching the founders of SMEs in Indonesia. This tariff increase has a significant impact on Indonesian SMEs, with many people complaining about the same issues that American citizens have raised with their president. Indonesia, as one of the communication partners and ally nations of the United States, is also under pressure to act beyond mere negotiations. These negotiations still require further action by the Indonesian government to establish a mutually beneficial relationship between both parties.

In addition to focusing on the Indonesian government's efforts to negotiate, SME operators should also consider other strategies to ensure that existing SMEs are not wasted. All SMEs produced are a distinctive feature of Indonesia that should be celebrated regularly. There are so many resources produced by the motherland, and all of them generate significant and unique benefits. The motherland is rich in resources, which can be used as a reference to ensure that the economy in Indonesia continues to rotate and remain stable in the future.

Indonesian SMEs themselves consistently export furniture, retail products, and various spices and agricultural products to the United States. These sectors can generate millions of dollars in profits, particularly the spice and agricultural product sectors. Spice purchases in January 2025 reached USD 155 million, including the potential for a memorandum of understanding transaction worth USD 2.67 million. For the furniture sector, the United States has been the main market for the past five years. Indonesia earned around USD 120,000 from the shipment of five containers. The data from the furniture sector is the latest data that has been recorded in May 2025.

Finally, independent analyses further reinforce the risks of tariffs. The Federal Reserve Bank of Richmond Fed estimated that the new tariffs raised import costs and disrupted supply chains, ultimately reducing consumer welfare and industrial competitiveness. Complementing this, Bouët et al. (2025) from CEPII warned that an escalating trade war could shave 1.2% off global GDP in the medium term, with developing countries bearing the heaviest burden. This scenario threatens to undermine not only economic growth but also the credibility of the WTO as the principal arbiter of global trade.

Taken together, the literature demonstrates that the 2025 tariff policies had multidimensional consequences; weakening developing economies, eroding global trust,

and reinforcing hegemonic political communication that prioritises domestic gains. For Indonesia, strategic responses must include adaptive diplomacy, positive narratives to support SMEs in global markets, and stronger regional cooperation through ASEAN and the G20. By doing so, Indonesia can reduce dependence on the US market and assert its strategic position amidst rising global protectionism.

4. Conclusions

This study presents a comprehensive analysis of the phenomenon of tax increases imposed by US President Donald Trump on several major trading partners, including Indonesia. This protectionist policy not only affects bilateral economic relations, but also puts significant pressure on developing countries, particularly in maintaining the competitiveness of micro, small and medium enterprises (MSMEs) in the international market. Through a qualitative approach based on literature review and discourse analysis, this study highlights the importance of political communication strategies and economic diplomacy as key instruments in responding to such global challenges.

From a theoretical perspective, this study expands the understanding of political communication, both in the narrow sense, the delivery of messages that influence power structures—and in the broader sense as the exchange of political information among various actors, both elites and the public. In the context of international diplomacy, political communication is not only carried out by high-ranking state officials through official forums such as ASEAN or G20 but also involves the role of the public and non-governmental organisations in voicing national interests through petitionary and associational communication. This emphasises that modern diplomacy is an inclusive and multidimensional process, where public voices play an important role in shaping narratives and foreign policy.

The United States' tariff hike policy has caused various negative impacts on Indonesia. SMEs, as the backbone of the national economy, face significant challenges such as reduced-price competitiveness, potential declines in export volumes, and the threat of job losses due to oversupply and the accumulation of export goods. The rupiah exchange rate has also come under pressure, exacerbating the domestic economic situation. In this context, the Indonesian government, particularly the President and Minister of Foreign Affairs, is faced with the need to formulate effective policies and communication strategies to protect national interests and minimise the negative impacts of global protectionist policies.

This study found that Indonesia's political communication strategy in responding to US tariff policies not only focuses on negotiations at the government level but also on building a positive narrative in the international public sphere. Indonesia is striving to strengthen the image of SMEs in the global market, build new economic alliances, and expand its economic diplomacy network to reduce dependence on markets that impose high tariffs. This approach aligns with the theories of soft power and hegemonic communication, where persuasive power and image-building are key to winning international sympathy and support.

This study aims to emphasise the importance of adaptive and responsive economic diplomacy in the face of global power dynamics. Developing countries like Indonesia must be able to build strategic communication that not only prioritises national interests but also fosters mutually beneficial collaboration and cooperation. In the era of new protectionism, the success of developing countries in maintaining their economic position is highly dependent on their ability to conduct strong economic diplomacy, supported by effective and adaptive political communication strategies.

The qualitative research method used in this study proved effective in identifying patterns, trends, and key issues emerging from public narratives and official statements. By organising data based on specific themes, this study was able to provide in-depth thematic analysis, helping the public understand the context and dynamics behind international tariff policies. This research also opens a broader space for discussion in society, encouraging active participation in shaping healthy and constructive public opinion.

Overall, this research concludes that amid global power imbalances and increasingly strong protectionist policies, collaborative and innovative political communication and economic diplomacy strategies are key for developing countries to maintain economic stability and fight for their national interests on the international stage. Indonesia's success in addressing these challenges will largely depend on its ability to build positive narratives, expand cooperation networks, and conduct smart negotiations at various levels, both nationally and internationally.

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Author Contribution

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