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The Legal Dilemma of the 19% Reciprocal Tariff between the Republic of Indonesia (RI) and the United States (US): A Critical Review and Bilateral Policy Implications

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Abstract: Trade between Indonesia and the United States plays a strategic role in maintaining economic stability in the Indo-Pacific region. The change in the joint tariff policy, especially when the US tariff is set at 32% and then lowered to 19%, reflects the complex dynamics between national economic interests and obligations of International Law (IL). This paper is a law that the Indonesian government can use to respond to United States (US) retaliatory tariffs and also review its compliance with international trade principles, such as Most Favored Nation (MFN), National Treatment (NT), It was a negotiation of goodwill within the framework of the World Trade Organization (WTO), General Agreement on Tariffs and Trade (GATT) 1994. This study was normative by a conceptual and comparative approach to International Law (IL). The data was obtained through a literature study of legislation rules, scientific journals, and official statements of the public. Research results show that the application of reciprocal tariffs in the United States (US) has the potential to violate the principle of non-discrimination and development in bilateral trade. The bilateral settlement through diplomacy is considered the most effective step in maintaining trade stability while protecting the legitimacy of Indonesian law at the international level, emphasizing the importance of a balance between personal protection and compliance with international law in trade formulation. The improvement of law-based economic diplomacy and institutional coordination is key to ensuring that Indonesia's tariff policy remains balanced, credible, and sustainable.

Keywords: economic diplomacy; international law; Most Favored Nation (MFN); international trade; mutual tariffs

1. Introduction

The trade relationship between Indonesia and the United States (US) is crucial for maintaining the economic stability of both countries. As two countries with strategic interests in the Indo-Pacific region, their trade dynamics reflect not only economic aspects but also political ones and the application of International Law (IR) principles (Mandalika & Muaja, 2025). One instrument frequently used to balance market access between countries is reciprocal tariffs, which are taxes or trade restrictions imposed by one country on another in response to similar actions taken by that country (The Economic Times, 2025). In April 2025, the United States (US) Government announced the implementation of a 32% reciprocal tariff on products from Indonesia through Annex I: Country Reciprocal Tariff (The White House, 2025a). The policy is linked to several trade barriers that the United States (US) believes reduce market access for its products in Indonesia, such as preferential policies for domestic industries and restrictions on agricultural imports. In response to this move, the Deputy Minister of Trade of the Republic of Indonesia (WMP RI) stated that the 32% tariff is still under negotiation, and the government is preparing strategic measures to protect national interests and maintain the competitiveness of Indonesian exports (Antara News, 2025).

In July 2025, the two countries reached an agreement to reduce the reciprocal tariff to 19% after a series of intensive negotiations, as announced in the Joint Statement on Framework for United States-Indonesia Agreement on Reciprocal Trade released by the

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White House (The White House, 2025b). The Indonesian government also confirmed the agreement through an official press release from the Coordinating Ministry for Economic Affairs, calling it a huge win for Indonesia's labor-intensive industry (Kemenko Perekonomian RI, 2025). International media, such as Reuters, reported that this tariff reduction is part of a broader bilateral trade deal package to include reducing non-tariff barriers and strengthening market access (Lawder & Shalal, 2025).

The tariff change from 32% to 19% is not merely a technical matter of numbers, but also reflects a shift in the politics of international trade law. This reciprocal tariff policy presents a dilemma for Indonesia. On the one hand, Indonesia needs to maintain mutually beneficial trade relations; on the other, the government must ensure that every policy adopted complies with the principles of both national and international law. The balance between economic interests and legal obligations is crucial in determining how Indonesia responds to external pressures while maintaining its national policies (Hafizd et al., 2024).

From a State Administrative Law perspective, the Indonesian government's move to adjust domestic policies in response to external policies raises questions about the basis of its authority, legitimacy, and the use of administrative discretion. Meanwhile, from an international law perspective, the tariff reduction must be assessed in terms of its compliance with the principles of international trade law, particularly the Most Favored Nation (MFN) principle, National Treatment (NT), and the principle of good faith negotiation as stipulated in the 1994 General Agreement on Tariffs and Trade (GATT).

To demonstrate the economic significance of the implementation of reciprocal tariffs, this study bases its analysis on quantitative data on bilateral trade between Indonesia and the United States, reflecting the direct and indirect impacts of tariff policies on the national economy. Empirically, the United States is one of Indonesia's main trading partners, with bilateral trade consistently ranked among the top five export destinations for Indonesia over the past decade. Indonesia's main export commodities to the United States include labor-intensive products such as textiles and textile products, footwear, furniture, processed rubber, and agro-industrial products, which structurally contribute significantly to domestic labor absorption. Therefore, the change in reciprocal tariffs from 32% to 19% has direct implications for the price competitiveness of Indonesian exports in the United States market, export volume, and the sustainability of export-oriented industrial sectors. Furthermore, these sectors are closely correlated with contributions to Gross Domestic Product (GDP) and employment stability. Therefore, reciprocal tariff policies cannot be viewed solely as an external trade issue, but rather as a factor influencing the national economic structure and the welfare of the Indonesian workforce. The change in reciprocal tariffs from 32% to 19% is classified as a "legal dilemma" because the policy places the Indonesian Government in a tug-of-war between strategic economic interests and normative legal obligations, both within the framework of national law and international law. A legal dilemma in this context refers not simply to a choice of trade policy, but to a condition in which each policy alternative carries different legal consequences and has the potential to give rise to normative tensions. The normative indicator that distinguishes a legal dilemma from a regular trade policy issue lies in the potential conflict between the government's administrative discretionary authority in responding to external pressures and the principles of legality, legal certainty, and accountability in State Administrative Law, as well as the obligation to comply with fundamental principles of International Trade Law such as Most Favored Nation, National Treatment, and the principle of good faith. Thus, a tariff adjustment policy is not only assessed based on its economic effectiveness, but also on its compliance with binding legal norms and limiting the state's scope for maneuver, thus justifying the use of the term "legal dilemma" as a stand-alone category of legal analysis and not merely a pragmatic policy consideration.

Therefore, this study focuses on a legal analysis of the change in reciprocal tariffs from 32% to 19%, and its implications for bilateral trade relations between Indonesia and the United States (US). This study is expected to contribute academically to understand-

ing how international trade policy is implemented at the domestic administrative level and to testing it against the principles of international law (IR).

2. Materials and Methods

According to Peter Mahmud Marzuki, legal research is a process of discovering legal rules, principles, and doctrines to address legal problems. It is a central endeavor for the development of science and technology, as its primary goal is to uncover the truth in a systematic, methodological, and consistent manner (Suratman, 2015). The application of research methodology must be in line with the science which is its parent (Suratman, 2015), so that this research uses a legal research methodology based on the suitability of science to study it (Soekanto, 2006).

This research employs a normative juridical approach, combining primary, secondary, and tertiary legal data sources. The primary objective of this research is to evaluate the problem from an international trade law perspective and to examine its resolution through diplomatic mechanisms, particularly through negotiation, including alternative steps that can be taken if diplomatic channels fail to reach an agreement. Data collection was conducted through literature review, legal document reviews, scientific journals, and library research. Qualitative analysis was conducted using descriptive techniques, aiming to describe and explain the data and phenomena found. All findings were then compiled into a complete narrative to produce a comprehensive and in-depth analysis (Nurcahyani & Ilmih, 2025).

3. Results and Discussion

Based on a literature review and analysis of international trade regulations, it was found that trade relations with trading partners are not fully aligned with the Most-Favored-Nation (MFN) principle and the principle of non-discrimination as stipulated in Article 1 of the General Agreement on Tariffs and Trade (GATT) in 1994. This inconsistency creates legal uncertainty and economic pressure on trading partner countries. In this context, it could be an option due to its flexibility, but rather due to the imbalance of power or power asymmetry between the countries involved (Wibowo, 2025). It aligns with Zartman and Rubin's view that negotiations between parties with unequal power can be more efficient and effective, as each party understands its role, which tends to result in clearer communication and more realistic agreements (Zartman & Rubin, 2000).

The negotiation process often employs economic pressure without adhering to the multilateral rules established by the World Trade Organization (WTO). Therefore, the principle of fairness in international law is further weakened by the prevalence of such practices, known as legal bypassing or the avoidance of the principles of multilateralism (Latifah, 2015; Linda, 2022). The United States' (US) imposition of reciprocal tariffs is essentially nothing new and has previously occurred in a limited number of countries. In resolving these cases, many countries have opted for diplomatic channels based on international legal frameworks (Noermawati, 2025).

To prevent escalation in the form of retaliatory policies that could have negative economic impacts, such as high inflation, and political ones that could potentially lead to open conflict, early efforts to resolve the situation through negotiations are considered more likely to achieve a peaceful solution (Al Rasyid et al., 2025). Examples of trade dispute resolution through negotiations by several countries: The United States (US)-China dispute, in 2018–2020, was resolved through intensive bilateral negotiations that resulted in the Phase One Agreement on January 15, 2020. The United States (US)–European Union dispute, from 2018 to 2021, was resolved through the Tariff Quota Agreement in October 2021. The United States (US)–Japan trade war in the 1980s involved automotive and electronics trade disputes resolved through the Voluntary Export Restrictions Agreement in 1981. Prestowitz, in 1998. As a basis for strengthening the analysis, it is necessary to study the implementation of reciprocal tariff policies implemented by the United States (US) against other countries, such as India and China, as a

comparison to Indonesia's legal position. In 2018, the United States (US) imposed import tariffs of 25% and 10% on steel and aluminum products from India, respectively, citing national security protection under Section 232 of the Trade Expansion Act (Bown & Irwin, 2015).

India responded to this action by imposing limited retaliation on 28 products from the United States (US) and filed a dispute with the World Trade Organization (WTO) in June 2019 (Ligustro & Buccarella, 2024). However, a final resolution was reached through bilateral negotiations, with both countries agreeing to gradually reduce tariffs outside the World Trade Organization (WTO) dispute settlement mechanism, the Dispute Settlement Body (DSB). India's approach emphasized that diplomacy and negotiation remain the top priority in upholding national economic interests without escalating international legal conflicts. Meanwhile, in the context of China, the implementation of reciprocal tariff policies in 2018-2020 triggered the United States (US)-China Trade War (Bagwell & Staiger, 2021). China brought several issues to the Dispute Settlement Body (DSB), World Trade Organization (WTO), but most disputes were resolved through direct negotiations that resulted in the Phase One Agreement in January 2020. The agreement includes tariff reductions, increased agricultural exports, and commitments to transparency of domestic policies (Bagwell & Staiger, 2021).

From these two case studies, a general pattern is seen that bilateral negotiations based on the principle of good faith are more effective than formal litigation resolution. Indonesia has effectively followed global best practices by reaching a tariff reduction agreement with the United States (US), from 32% to 19%. This step reflects an effort to balance safeguarding national interests and complying with international law as stipulated in the World Trade Organization (WTO)/General Agreement on Tariffs and Trade (GATT) in 1994.

This example emphasizes that resolving disputes through diplomacy, particularly through negotiations within the framework of International Law (IR), is a legitimate and relevant step to safeguard long-term interests and global economic stability. This approach also has the potential to prevent supply chain disruptions that could trigger inflation and deindustrialization due to increased working capital costs and hampered industrial expansion. Furthermore, a peaceful resolution can prevent political instability, especially for developing countries vulnerable to global pressures. Theoretically, this approach to negotiation is supported by several theories, including: Zartman's Ripeness Theory explains that a conflict is usually resolved through negotiation when both parties are in a mutually hurting stalemate and begin to see an opportunity to reach a solution. The Neoliberal Institutionalism Theory, introduced by Keohane in 1984, emphasizes the important role of international institutions in facilitating cooperation between countries, reducing uncertainty, and encouraging fair and structured dispute resolution. Meanwhile, the Principled Negotiation Theory, developed by Fisher and Ury in 1991, focuses on achieving mutual benefits through a rational approach and the use of objective criteria. This theory is particularly relevant in the context of international trade agreements, which prioritize win-win solutions for all parties involved.

The resolution of reciprocal tariff issues through negotiation reflects the complex interrelationship between legal aspects and political power dynamics in international trade practices. In response to the United States (US) government's focus on Bank Indonesia's (BI) policy promoting the use of the Quick Response Code Indonesian Standard (QRIS) as a national payment system, accusations of violation of the General Agreement on Trade in Services (GATS) are deemed unfounded. It is because the implementation of QRIS does not directly discriminate against US-based fintech companies such as Mastercard and Visa, which, in reality, still play an active role in financial transactions in Indonesia. Instead, the policy aims to strengthen the stability of the national financial system while expanding domestic financial inclusion. It must be acknowledged that this study has limitations, given the lack of empirical data, such as diplomatic interviews. Therefore, the analysis presented is conceptual and based on literature, with a primary

focus on the legal aspects and negotiation approaches, without examining the quantitative economic dimensions of the tariff policy or payment system.

3.1 Parliamentary Sovereignty

In general, the concept of Parliamentary Sovereignty implies that parliament has full authority to enact or revoke any law. However, this sovereignty has limits, both external and internal. External limitations originate outside parliament, for example, when the public rejects or disobeys a law that has been passed. Meanwhile, internal limitations originate within parliament itself, namely from the moral considerations of its members. For example, parliament will not pass laws that discriminate against a particular race, as this is considered contrary to moral values.

In a state system that adheres to the principles of constitutionalism, the constitution serves as the primary reference point that limits the scope of parliamentary sovereignty (Muhtar et al., 2023). Although legislation is the primary authority granted to parliament by the constitution, its implementation must be accompanied by various forms of support and subject to constitutionally established limitations. While the power to create laws is essentially supreme and singular, parliamentary decisions must reflect the collective policies of society, in line with its representative role. Within the framework of checks and balances, each state institution monitors the other to prevent abuse of authority (Syah, 2023). Parliament possesses legal sovereignty in carrying out its legislative function, while the public, as the party that elects its representatives, holds political sovereignty to assess, oversee, and criticize parliament's performance.

The concept of parliamentary sovereignty does not inherently imply unlimited power. The judiciary's adherence to the law not only reflects parliament's authority but also demonstrates a judicial understanding of the demands of political morality. Courts will not recognize laws passed by parliament if their content threatens the fundamental principles of democratic governance. Therefore, the legal authority of a law depends on its conformity to prevailing political morality, which is fundamentally part of the principle of the rule of law. In a rule of law, the primary goal is to protect individual rights from potential abuse of power. Legitimate and unquestionable parliamentary sovereignty can only be exercised within the framework of the rule of law. Without laws governing the functioning of government institutions, the existence of these institutions, both legislative and otherwise, would lack a legitimate basis (Prestwich, 1955).

If Parliament ceased to be an effective representative assembly, the courts would resist its laws. Goldsworthy does accept, however, that it is compatible with the sovereignty of Parliament for Parliament to alter its procedures so long as this does not impair its ability to legislate on any subject. He therefore argues that Dicey ‘s definition of parliamentary sovereignty should be modified as follows: A legislature has sovereign law-making power if its power to amend a law is not limited by any norm, concerning the substance of the law, legally enforceable, or written, relatively clear, and set out in a formal legal instrument, even if it is governed by legally enforceable norms that determine its composition, and the procedure and form it must regulate. Furthermore, its sovereign power is continuous, even if it includes the power to amend the norms that regulate the composition, procedure, and form of its own legislation, provided it cannot use that power to unduly impair its ability to amend the substance of the law at any time and at any time it chooses (Bogdanor, 2012).

3.2 Rule Of Law

The Rule of Law aims to prevent the use of arbitrary or tyrannical power. The Rule of Law (ROL) was popularized by the Android Virtual Device (AVD), which describes it through its three main principles, namely the legality principle. A person can only be punished if proven in court to have actually violated the law. The principle of Equality Before the Law (EBL) asserts that no one is above the law, and everyone has equal standing before the law (Lubis et al., 2025). This means that the law applies to all citizens

regardless of social, economic, or political status. Furthermore, the protection of Human Rights (HAM) is guaranteed in the constitution. The constitution and law also reflect the results of previous court decisions that establish and affirm individual rights. According to Ivor Jennings, the concept of the Rule of Law (ROL) has three main elements: The Rule of Law (ROL) implies limitations on the power of every authority, except perhaps for representative legislative bodies. A ruler, or anyone acting on behalf of the state, may only exercise their authority to the extent that such action is justified by applicable law. The principle of Equality Before the Law (EBL) asserts that all people have equal standing before the law regardless of position, social status, or power. According to Julius Stone, the Rule of Law is a broad concept that serves to prevent the emergence of arbitrary power in any form. He also underscored that substantive law must be able to respond to the needs of social and economic development in society. Furthermore, the principle of the rule of law does not require uniform application of rules to everyone in all situations, but rather must be adapted to justice and relevant circumstances.

According to Pietro Costa, the term rule of law (ROL) has become increasingly popular in recent years, both in academic literature and in political discourse. This term not only shares semantic similarities across countries but also represents an idea used for various purposes, depending on the interests behind it. Therefore, the term known in German as Rechtsstaat, in French as État de droit, in Italian as Stato di diritto, in Spanish as Estado de derecho, and in English as Rule of Law (ROL), although conceptually similar, has different meanings and emphases in each national context.

Within these five concepts of the Rule of Law (ROL), there is a common view that the idea of ROL is applied for various purposes, depending on the interests being pursued. For example, to protect individual freedom from the threat of totalitarianism, affirm the importance of individual rights, or promote personal autonomy in the face of bureaucratic behavior.

Historically, the Rule of Law has had a long history that has significantly influenced its meaning in various contexts. The use of this term cannot fully reflect the legal experience that developed in England or in continental European countries. Therefore, it cannot be assumed that terms such as Rechtsstaat, État de droit, Stato di diritto, and Estado de derecho refer to identical phenomena. The similarities in these terms are more due to linguistic kinship, while the historical, conceptual, and national tradition differences that underlie them remain critical aspects that should not be overlooked.

According to Brian Z. Tamanaha or the Rule Of Law (ROL), in essence requires government officials and citizens to be bound and act in accordance with the law or the Rule Of Law (ROL), at its core, requires that government officials and citizens are bound by and act consistent with the law. The basic requirement requires a set of minimal characteristics, namely the law must be outlined in advance or be prospective, published, general, clear, stable and certain, and applied to everyone according to its requirements or law must be drafted in advance or be prospective, be made public, be general, be clear, be stable and certain, and be applied to everyone according to its terms.

Danilo Zolo states that the Rule of Law (ROL) has been one of the most popular formulas employed by Western political and legal thinkers in the last two decades of the 20th century, following the long post-war period. Although the expression of the Rule of Law (ROL) is typical of Anglo-Saxon culture, it turns out that this expression is used in Europe with other analogous expressions, such as Rechtsstaat-German, Etat de droit-French, Stato di diritto-Italy, and Estado de derecho-Spanish.

Following the collapse of socialism and the crisis in representative institutions, the concept of the Rule of Law (ROL) regained prominence in Western culture, particularly in relation to the doctrine of individual rights or Human Rights (HAM). During this period, the ideas of prominent figures such as Ronald Dworkin, Ralf Dahrendorf, Jürgen Habermas, Norberto Bobbio, and Luigi Ferrajoli emerged. This revival of the rule of law positioned it as a political and legal theory that emphasized the importance of protecting human rights, namely rights recognized in various national constitutions and interna-

tional conventions in the 19th and 20th centuries. These rights include the right to life, security of person, liberty, private property, and political rights, which are the main foundations of the modern legal system.

However, in subsequent developments, for example, in Germany and Italy, debates emerged over the Rule of Law (ROL) theory. This term has become a prestigious term in Western political and cultural language. In particular, political writers and journalists tend to use this term to emphasize the institutional character, which is seen as helping to define Western civilization and distinguish it from other civilizations, particularly Confucian culture in China and the Islamic tradition. Nevertheless, the conceptualization of the Rule of Law (ROL) remains uncertain and controversial.

Carl Schmitt, in the early 1930s, argued that the term Rechtsstaat could persist because it had a variety of meanings, both in terms of the word Recht itself and the various concepts and institutional arrangements implied by the word Staat. With a sarcastic tone, Schmitt added that it was not surprising that propagandists and legal experts from various circles often used the term to discredit their opponents by accusing them of opposing the principle of the Rule of Law (ROL).

Fernando Garzoni notes that even twenty years later in Italy, there is still regret over the conceptual uncertainty and ambiguity of the meaning of the State of the Self. He argues that the popularity of long-standing ideas, such as the concept of natural law, persists precisely because of their flexibility and adaptability to various ideologies. Even theorists of German National Socialism and Italian Fascism, such as Otto Koellreutter, Heinrich Lange, and Sergio Panunzio, were able to claim the concept of Rechtsstaat or State of the Self as the basis for their own political models.

Michel Rosenfeld states that any attempt to put more flesh and bones on the concept of the Rule of Law (ROL) should be mindful that diverse conceptions of the rule of law have taken root in different traditions. A brief comparison between these traditions will allow for a better understanding of the rule of law and thus make it easier to appreciate its scope and limitations with a view to testing its legitimacy in the context of a pluralist constitutional democracy.

Because there is no definitive agreement on the meaning of the Rule of Law (ROL), this concept has developed into part of different legal traditions, as seen in the differences between the Anglo-American version, the Rechtsstaat in Germany, and the État de Droit in France. Although all three support the principle of the rule of law in the narrow sense, each has significantly different characteristics and emphases according to the historical context, culture, and legal system of each country.

According to Satjipto Rahardjo, the emergence of various terms regarding the rule of law stems from the fact that the separation between the rule of law as a political structure and as a legal organization is no longer tenable. A rule of law, constructed solely as a juridical construct, needs to be complemented to become more complete by incorporating a political dimension. Thus, politics becomes a determining factor influencing the form and content of a rule of law. Consequently, the concept of the rule of law, originally general (allgemein), has evolved into a unique legal order (speziellen rechtsordnung) that reflects the character and political dynamics of each country.

Indeed, the term "rule of law" in various literature does not have a single meaning, but rather is interpreted differently according to the tempus (time) and locus (place) behind it. Its meaning is heavily influenced by the ideology and political system adopted by each country. Muhammad Tahir Azhary in his research, he stated that the term "rule of law" is a genus of grip. Through his research, he discovered five types of concepts of the rule of law as species of grip, namely: (1) The concept of the rule of law derived from the Qur'an and Sunnah is known as Islamic Nomocracy; (2) In the Continental European tradition, the concept of Rechtsstaat is known; (3) The legal system in Anglo-Saxon countries adheres to the concept of the Rule of Law (ROL); (4) In the Soviet Union, the concept of socialist legality was used; and (5) In Indonesia, the concept of the Pancasila rule of law developed. In its application, the Rule of Law (ROL) requires several princi-

ples as stated by A.V. Dicey, including: The principle of non-arbitrary power or the rule of law asserts that no one may be punished or treated unlawfully except for a violation of established law and proven before a public court in accordance with applicable procedures. Dicey asserted that every individual, both ordinary citizens and government officials, must be subject to the same law. He also argued that a person can only be punished if proven to have violated the applicable law, and this proof must be made through a valid judicial process in a public court.

Equality before the law means that everyone has the same standing before the law, regardless of status, position, or social standing. In this context, the principle of the rule of law asserts that no individual is above the law. Even government officials are bound by the same laws and are not entitled to special courts to handle their cases. The Constitution also guarantees the right to personal liberty and the protection of human rights. The Rule of Law (ROL) itself is a dynamic concept and difficult to define unequivocally. Each thinker has their own perspective—some define it as the supremacy of law, while others emphasize principles such as clarity, universality, and stability of law. Therefore, various essential elements have been identified as key components for the Rule of Law to function and survive, including: (1) a government bound and governed by law; (2) equality before the law; (3) the establishment of law and order; (4) the efficient and predictable application of justice; and (5) the protection of human rights.

3.3 The Rule Of Law And The Legitimacy Of Constitutional Democracy

Today, the Rule of Law and Dicey (ROLD) theory is not fully accepted. The modern concept is quite broad and outlines the ideals for a government. The modern Rule of Law and Dicey (ROLD) concept was developed by the International Commission of Jurists, known as the Delphi Declaration of 1959, which was later confirmed in 1961. The following is the Rule of Law and Dicey (ROLD) concept according to the International Commission of Jurists: "The Rule Of Law and Dicey (ROLD) can be characterised as 'the principles, institutions and procedures, …which the experience and traditions of lawyers in different countries of the world, often having themselves varying political structures and economic backgrounds, have shown to be important to protect the individual from arbitrary government and enable him to enjoy the dignity of men."

Based on this formula, "The Rule of Law and Dicey (ROLD)" can be understood as a set of principles, institutions, and procedures that, based on the experience and traditions of legal experts in various countries with different political and economic backgrounds, are considered essential to protect individuals from arbitrary government action and ensure that everyone can enjoy their human dignity. Based on this formulation, the Rule of Law and Dicey (ROLD) asserts that in a free society, the government has a responsibility to create conditions that guarantee respect for human dignity. The respect not only requires the recognition of civil and political rights but also requires the creation of a political, social, economic, educational, and cultural environment that supports the development of the individual's full personality. According to Davis, there are seven main principles in the Rule of Law and Dicey (ROLD), namely: (1) law and order; (2) fixed rules; (3) elimination of discretion; (4) due process of law or fairness; (5) natural law or the application of the principles of substantive justice (natural law or observance of the principles of natural justice); (6) preference for judges and ordinary courts of law to executive authorities and administrative tribunals in carrying out judicial functions; and (7) judicial review of administrative actions.

Finally, it can be said that the Rule of Law and Dicey (ROLD) is a government under the rule of law or government under the Rule of Law and Dicey (ROLD), but also a government governed by democratic law or democracy. The Rule of Law and Dicey (ROLD) is the law made in a democratic process by a parliament elected in a general election after debate and discussion. The Rule of Law and Dicey (ROLD) is the foundation of constitutional democracy, marked by its important role in the process of authoritarian or totalitarian transition to constitutional democracy in Western Europe and other regions. In a

broad sense, the Rule of Law and Dicey (ROLD) places citizens as subjects of official laws made by the legislative function, separate from the adjudication function, and no one should be above the law. Furthermore, without the Rule of Law and Dicey (ROLD), constitutional democracy will never be able to survive, because the three essential characteristics of constitutionalism will never be institutionalized, namely: (1) limiting the power of the government; (2) adherence to the law (adherence to the rule of law); and (3) protection of fundamental rights.

4. Conclusions

Based on the results of the legal analysis conducted, this study concludes that the imposition of reciprocal tariffs by the United States (US) government on Indonesian products constitutes a form of pressure in international trade relations, potentially creating normative tensions and ongoing conflicts of interest. From the perspective of international trade law, this tariff policy poses problems in its compliance with the principles of non-discrimination and Most Favored Nation (MFN) as stipulated in the 1994 General Agreement on Tariffs and Trade (GATT), particularly when tariffs are applied selectively and based on unilateral domestic policy considerations. In this context, diplomatic dispute resolution through bilateral negotiations has proven to be a more effective, efficient, and proportional instrument than formal litigation mechanisms under the World Trade Organization (WTO), both in terms of cost, time, and the stability of long-term trade relations.

Furthermore, this study emphasizes that non-tariff issues, such as the focus on the use of the Quick Response Code Indonesian Standard (QRIS) in the national payment system, cannot be automatically classified as violations of international trade principles. The implementation of QRIS is essentially a domestic payment system policy implemented in an inclusive and coexistent manner with the presence of US-based financial technology companies. Therefore, it does not conflict with the principle of National Treatment or the financial services liberalization regime. Therefore, the Indonesian government's legal position in responding to this issue is more appropriately positioned within the realm of normative clarification and economic diplomacy, rather than as a legal concession that undermines national policy sovereignty.

In terms of scholarly contribution, this research makes a specific contribution to the development of international trade law studies by integrating analysis of international law and State Administrative Law to interpret reciprocal tariff policy as a legal dilemma, not solely a trade policy issue. Unlike previous literature, which tends to emphasize economic impacts or partial normative compliance, this study offers an analytical framework that positions bilateral negotiations as a legal-administrative practice fraught with state discretion, legitimacy, and legal accountability. Thus, this research enriches understanding of the role of law in Indonesia's economic diplomacy practices amidst pressures from developed countries' trade policies.

Urgent follow-up research agendas that need to be developed include, first, an empirical study of the Indonesia-United States bilateral tariff negotiation process to identify patterns of discretionary use, legal bargaining positions, and non-juridical factors influencing negotiation outcomes. Second, quantitative research on the economic impact of various reciprocal tariff scenarios on strategic Indonesian sectors, particularly labor-intensive industries and exports oriented to the United States market. Third, a comparative analysis with other developing countries facing similar tariff pressures from the United States to formulate a more adaptive and sustainable model of legal response and economic diplomacy. By developing these agendas, it is hoped that the study of international trade law will not only be normative but also responsive to the dynamics of national practices and interests in the era of economic globalization.

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