

Indonesia-US ART in Baby Language (Detailed)

Plain-English explainer of the signed agreement (date in document: February 19, 2026). This is not legal advice. It is a learning tool.

- Covers each main article (1.1 to 7.5)
- Extra-deep on Security (Section 5)
- Extra-deep on Commercial (Section 6)
- Extra-deep on Non-tariff rules (Art 1.2 & 2.1 + Annex III 2.10)

Tip: Open only the sections you care about, then print/export PDF.

Section 1: Tariffs and Quotas

Article 1.1 Tariffs

- 1.1(1): Indonesia must apply import duty for US-origin goods based on Schedule 1.
- 1.1(2): US must apply revised reciprocal tariff rate for Indonesia-origin goods based on Schedule 2.

Baby meaning: This is the main “price list at the border.” Both sides agree to use the tariff schedules like a menu.

Why it matters for US tariff relief: Indonesia gets better US tariff treatment only through the schedule lanes and only while the agreement is alive.

Article 1.2 Quantitative Restrictions (extra focus)

- Indonesia cannot block US imports using quota-style tools (including import licenses used like quotas, commodity-balance style controls), except where WTO GATT allows.

Baby meaning: Indonesia cannot say: “You can only bring in 100 boxes this month” unless WTO rules clearly allow it.

Practical effect: US negotiators want market access to be real, not blocked by hidden quantity caps.

Section 2: Non-Tariff Barriers and Related Matters (main text)

Article 2.1 Import Licensing (extra focus)

- Indonesia cannot use import licensing in a way that restricts US imports.
- If licensing is non-automatic, it must be transparent, non-discriminatory, not too burdensome, and not reduce competitiveness of US exports.

Baby meaning: License system cannot be a “slow-motion ban.” It can exist, but it cannot become a trap.

Article 2.2 Technical Rules / Standards / Testing

Article 2.3 Agriculture (SPS)

Article 2.4 Geographical Indications

Article 2.5 Cheese and Meat Terms

Article 2.6 Intellectual Property

Article 2.7 Services

Article 2.8 Good Regulatory Practices

Article 2.9 Labor

Article 2.10 Environment

Article 2.11 Customs and Trade Facilitation

Article 2.12 Border Measures and Taxes

Section 3 and 4: Digital Trade + Rules of Origin

Articles 3.1 to 3.5 (digital trade package)

- **3.1:** No discriminatory digital services tax on US firms.
- **3.2:** Keep digital trade open (no discrimination, trusted cross-border data, cyber cooperation).
- **3.3:** Consult US before digital deals with others that could harm essential US interests.
- **3.4:** No forced transfer of source code/technology as market-entry condition (except specific regulatory/judicial need with safeguards).
- **3.5:** No customs duties on electronic transmissions; support WTO moratorium.

Baby meaning: "Don't tax or trap US digital business in unfair ways, and don't force US tech secrets to be handed over."

Article 4.1 Rules of Origin (important backstop)

Section 5 Security (main text) — EXTRA DETAIL

Article 5.1 Complementary Actions

- **5.1(1):** If US places restrictive measures on a third country for economic/national security and notifies Indonesia, Indonesia should adopt measures with equivalent restrictive effect to address shared concerns.
- **5.1(2):** At US request, Indonesia should act against unfair practices by third-country-controlled firms operating in Indonesia when those practices hurt US trade (below-market exports, export surges, or reduced US exports).
- **5.1(3):** Indonesia should adopt similar restrictive-effect measures as US shipping/shipbuilding policies and discuss structure/effects.

Baby meaning: US says, "If we lock one door for security reasons, we want Indonesia to lock a matching door too."

Tariff relevance: This turns tariff benefits into a broader alignment package, not only trade paperwork.

Article 5.2 Export Controls, Sanctions, Investment Security

- **5.2(1):** Indonesia cooperates to restrict transactions with BIS Entity List and OFAC-listed persons/entities (under domestic law framework).
- **5.2(2):** Indonesia builds a national security review mechanism for inbound investment and cooperates with US on investment security.
- **5.2(3):** If US sees Indonesia as cooperative, US may consider that in export controls/investment review administration.
- **5.2(4):** Indonesia should align with US controls on sensitive technologies and prevent "backfilling" that undermines US controls.

Baby meaning: This is "security teamwork mode": list-screening, investment checks, and tech-control alignment.

Positive path: Better trust can help keep preferential treatment stable. **Risk path:** weak alignment increases enforcement friction.

Article 5.3 Other Measures (termination trigger lives here)

- **5.3(1):** US works with Indonesia to streamline defense trade.
- **5.3(2):** Indonesia must enforce anti-transshipment/anti-circumvention and enter duty-evasion cooperation arrangement with US.
- **5.3(3):** If Indonesia signs a new FTA/preferential agreement with a country that jeopardizes essential US interests, US may terminate this ART (after consultations fail) and reimpose EO 14257 reciprocal tariff treatment.

Baby meaning: There is a "big red button." If strategic trust breaks, US can end this deal quickly and bring back harder tariff treatment.

Section 6 Commercial Considerations (main text) — EXTRA DETAIL

Article 6.1 Investment

- **6.1(1):** Indonesia facilitates US investment in critical minerals/energy/infrastructure and gives treatment no less favorable than local investors in like circumstances.
- **6.1(2):** US agencies (EXIM/DFC, if eligible) may consider financing support in critical sectors.
- **6.1(3):** Indonesia facilitates job-creating greenfield investment in US.

Baby meaning: “Let US money and projects in, and we will help finance good projects too.”

Article 6.2 Commercial Considerations (SOEs and subsidies)

- Indonesia SOEs should buy/sell using commercial logic, not political favoritism.
- No discrimination against US goods/services, and limited subsidy-style support except public-service mandate.
- On US written request, Indonesia provides subsidy/non-commercial assistance info and takes action on distortive impacts.

Baby meaning: State-owned firms should play fair market game, not “special home-team rules.”

Article 6.3 Textiles

- US commits to a mechanism so certain Indonesian textile/apparel goods can get zero reciprocal tariff rate.
- The volume is linked to Indonesian use of US textile inputs (for example US cotton/man-made fibers).

Baby meaning: “You buy more US textile inputs, you may get more zero-tariff textile lane.”

Article 6.4 Purchases

- Indonesia facilitates purchases by Indonesian firms of US-origin goods listed in Annex IV.

Baby meaning: The deal includes a shopping list, not only legal rules.

Section 7: Implementation, Enforcement, and Exit

Articles 7.1 and 7.2 (legal plumbing)

- **7.1:** Annexes/appendices/footnotes are legally part of the deal.
- **7.2:** Changes need written agreement and legal procedures.

Article 7.3 (enforcement) + 7.4 (termination) + 7.5 (entry)

- **7.3(1):** Nothing blocks a party from extra tariffs/actions for unfair trade, import surges, or security reasons under domestic law.
- **7.3(2):** If one side sees non-compliance, it can review terms and act under domestic law (consult first where practicable).
- **7.3(3):** Import surge/trade-deficit concerns can trigger consultations.
- **7.4:** Either side can terminate with written notice; effective 30 days later.
- **7.5:** Entry into force after legal notifications (90 days unless otherwise agreed).

Baby meaning: This deal has real brakes, not just promises. If trust or compliance breaks, penalties/exit can happen fast.

Requested Deep Dive: Non-tariff + Security + Commercial from Annex III

NON-TARIFF (IMPORT LICENSING / QUANTITY CONTROL IN AGRICULTURE)

- **Annex III Art 2.10(1):** US-origin food/ag products are exempted from Indonesia commodity-balance policy and major import-licensing regimes; Indonesia should apply only automatic licensing for these products.
- **Annex III Art 2.10(2)(a)-(b):** No special/exclusive importer rights that limit US ag products; no other importer restrictions for US ag products.

Baby meaning: No hidden gatekeeper and no quota-by-paperwork for US farm products.

SECURITY (ANNEX III SECTION 5)

- **5.1:** Indonesia joins Global Forum on Steel Excess Capacity and acts on steel overcapacity impact.
- **5.2:** Secure ICT suppliers and secure logistics platforms/ports against cyber and national-security data risk.
- **5.3:** Build robust export-control regime; restrict unauthorized reexport/transfer of US-controlled items; share data and enforce.
- **5.4:** More AD/CVD cooperation, including circumvention inquiries.
- **5.5:** Steps to ratify Convention on Supplementary Compensation for Nuclear Damage.

COMMERCIAL (ANNEX III SECTION 6 + ANNEX IV)

- **6.1 Critical minerals:** remove export restrictions to US on industrial commodities/critical minerals; develop rare-earth/critical-mineral cooperation with US firms.
- **6.2 Strategic investment:** endeavor to facilitate outbound direct investment to US with minimum indicative value of USD 10 billion.
- **6.4 Energy purchases:** facilitate approvals for increased US energy purchases (crude, refined, LPG) including long-term contracts.
- **Annex IV:** support/facilitate US goods/services imports with indicative total up to USD 33 billion.

Baby meaning: This is not only “rules.” It is also “money and buying commitments.”

NEW: Annex-by-Annex + Appendix Baby Explainer

WHAT IS IN SCOPE

- **Annex I:** Tariff schedules + **Appendix 1** (TRQs).
- **Annex II:** Protected market-access naming list (cheese/meat terms).
- **Annex III:** Detailed implementation checklist (many article-level obligations).
- **Annex IV:** Purchase commitments and indicative import targets/values.

Baby meaning: Main text tells the rules. Annexes tell the detailed homework.

Annex I + Appendix 1 (Tariff menus + TRQ mechanics)

ANNEX I - SCHEDULE 1 (INDONESIA TARIFF SCHEDULE FOR US-ORIGIN GOODS)

- Uses ICTB 2022 structure and meanings.
- Staging categories: **EIF** (duty goes to zero at entry into force), **A** (stays zero), **TRQ** (quota-based lane), **Z** (normal applied MFN lane).
- TRQ administration rules: transparent, fair, first-come-first-served, non-discriminatory, and published in advance.

Baby meaning: Schedule 1 is Indonesia's tariff price list for US goods, with special quota lanes for selected products.

ANNEX I - APPENDIX 1 (TRQ DETAILS)

- **Pork products:** 3,000 MT duty-free in-quota each year; above quota goes to category Z treatment.
- **Distilled spirits:** 400 MT in-quota at 5% duty each year; above quota goes to category Z treatment.
- **Wine and related products:** 1,985 MT in-quota at 5% duty each year; above quota goes to category Z treatment.

Baby meaning: Appendix 1 gives exact quota numbers. Inside quota = friendlier duty. Outside quota = tougher normal lane.

ANNEX I - SCHEDULE 2 (US TARIFF SCHEDULE FOR INDONESIA-ORIGIN GOODS)

- Goods in **Schedule 2A:** no additional reciprocal tariff under EO 14257.
- Goods in **Schedule 2B:** reciprocal tariff rate is **0** (EO 14360 lane).
- All other Indonesian-origin goods: additional reciprocal tariff is **no higher than 19%**, and this is on top of normal US MFN duty.

Baby meaning: US side has three baskets: protected basket, zero basket, and $\leq 19\%$ basket.

Implementation note: full line-by-line tariff tables are in the companion schedules file (‘02.19.26 US-IDN ART Schedules 1 and 2 - As Printed and for Website sanitized.pdf’).

Annex II (Market Access List for names/terms)

- Contains a list of 40 cheese terms (for example cheddar, mozzarella, parmesan, swiss) and 10 meat terms (for example bratwurst, prosciutto, salami).
- Connects to main text Article 2.5 so Indonesia does not block US market access just because those names are used.

Baby meaning: Annex II is a \"name-protection from over-protection\" list. It keeps generic/common food names usable for US products.

Annex III (Specific Commitments) - article-by-article baby map

SECTION 1 (ART 1.1)

- **1.1 Other Taxes and Fees:** Indonesia reviews/adjusts internal taxes so imported like-products are not hit harder than domestic like-products.

SECTION 2A - INDUSTRIAL AND CORE NON-TARIFF RULES (ART 2.1 TO 2.9)

- **2.1 Import Licensing:** submit WTO import-licensing questionnaire each year.
- **2.2 Local Content:** exempt US firms/goods from local content rules and forced domestic-spec requirements.
- **2.3 Testing/Certification:** accept accredited US conformity routes and remove duplicative tests.
- **2.4 Cabotage exemptions:** shipping/logistics carve-outs to reduce access frictions.
- **2.5 Medical devices/pharma:** accept FDA-related approvals/certificates and reduce repetitive reauthorization burdens.
- **2.6 Motor vehicles/parts:** accept US federal safety/emissions pathways and compliance procedures.
- **2.7 Remanufactured goods:** reduce restrictions on remanufactured imports.
- **2.8 Worn clothing:** adjust restrictive treatment in this category.
- **2.9 Halal (manufactured goods):** streamline recognition and avoid unnecessary certification burdens.

Baby meaning: This block says \"do not hide barriers in technical paperwork, local content, and approvals.\"

SECTION 2B - AGRICULTURE AND SPS-HEAVY RULES (ART 2.10 TO 2.23)

- **2.10 Import licensing for food/ag:** exempt US food/ag from commodity-balance and key licensing regimes; use automatic licensing only.
- **2.11 Certificates/system recognition:** recognize US SPS and accept US official certificates with controlled change process.
- **2.12 Facility registration/listing:** simplify dairy/meat/aquatic facility and certificate treatment.
- **2.13 Prior notice/time limits:** reduce timing frictions and arbitrary expiration barriers.
- **2.14 MRLs:** science/risk-based approach and proportionate handling of non-compliance.
- **2.15 FFPO recognition:** provide recognition and transparent adverse-action procedures.
- **2.16 Agricultural biotechnology:** process LLP events and biotech approvals with predictable procedures.
- **2.17-2.20 Horticulture/animal access + disease protocols:** timelines and science-based handling (including HPAI/ASF areas).
- **2.21-2.22 Live animals e-signature and halal food/ag:** reduce frictions and unnecessary requirements.
- **2.23 Bioethanol:** avoid measures that prevent US ethanol imports and support blend-policy rollout.

Baby meaning: Big farming message: \"stop quota-by-paperwork and accept valid US certification systems.\"

SECTION 2C - GI, IP, SERVICES, REGULATION, LABOR, ENVIRONMENT, CUSTOMS (ART 2.24 TO 2.46)

- **2.24 GI procedures:** transparent fair GI process and safeguards against over-broad protection.
- **2.25-2.26 IP treaties/issues:** implement listed treaties and make practical IP-enforcement upgrades.
- **2.27 Onshoring export proceeds:** adjust treatment to reduce distortion against US trade/investment flows.
- **2.28 Foreign investment restrictions:** reduce discriminatory barriers.
- **2.29 Payment networks/chip standards:** keep room for international networks and accepted chip standards.
- **2.30 Other services:** ease delivery-services limits, keep licensing fees proportionate, and avoid new digital/service constraints.
- **2.31 Good regulatory practices:** publication, consultation, evidence-based design, and review of rules.
- **2.32-2.33 Labor law + enforcement:** strengthen legal framework and inspectorate enforcement tools.
- **2.34-2.40 Environment/fisheries/wildlife/CITES:** stronger governance and enforcement obligations.
- **2.41-2.46 Customs operations:** express shipments, advance rulings, pre-shipment inspection, pre-arrival data, proprietary-data protection, and customs-officer incentive governance.

Baby meaning: This long block is \"clean up the rulebook\" so trade access is real, not blocked by hidden procedures.

SECTION 3 (ART 3.1 TO 3.3)

- **3.1:** commitments on intangible products/electronic transmissions.
- **3.2:** commitments on data transfer treatment.
- **3.3:** requirements framework for digital services providers.

SECTION 5 SECURITY IN ANNEX III (ART 5.1 TO 5.5)

- **5.1 Steel excess capacity cooperation:** join forum and act on overcapacity impacts.
- **5.2 Equipment/platform security:** secure ICT/logistics ecosystem and supplier integrity.
- **5.3 Export controls:** robust control framework, screening, data sharing, and enforcement.
- **5.4 AD/CVD cooperation:** better circumvention-related cooperation.
- **5.5 Other commitments:** steps on nuclear liability framework commitment.

SECTION 6 COMMERCIAL IN ANNEX III (ART 6.1 TO 6.5)

- **6.1 Critical minerals:** remove restrictions and cooperate on critical-mineral supply chains.
- **6.2 Strategic investment:** facilitate outbound investment to US with minimum indicative value target.
- **6.3 Industrial cooperation:** apply equal legal requirements to industrial parks/facilities.
- **6.4 Energy purchases:** facilitate approvals for increased US energy purchases.
- **6.5 Investment:** support selected project cooperation (including energy/infrastructure tracks).

Baby meaning: Annex III is the big compliance checklist. If this checklist is not delivered, tariff benefits become less stable.

Annex IV (Purchase Commitments) - baby explainer with numbers

- **Headline:** Indonesia supports commercial arrangements to import US goods/services with indicative total up to **USD 33 billion**.
- **Industrial goods:** includes US energy, industrial commodities, manufactured goods, aerospace; energy-related value track at **USD 15 billion**, aerospace/commercial aircraft track at **USD 13.5 billion**.
- **Agricultural goods:** value track at **USD 4.5 billion**, with annual volume markers for products including cotton, soybeans, soybean meal, wheat, apples, beef, citrus, corn, corn gluten meal, ethanol, grapes, and rice (as listed).
- Text in Annex IV includes a safeguard concept: if volume targets are missed but US finds no Indonesian trade barrier caused that miss, US should not automatically treat Indonesia as in breach for those lines.

Baby meaning: Annex IV is the \"real buying plan\" side of the deal. It shows scale, product focus, and practical benchmarks.

Simple Bottom Line (baby language)

Think of ART like a **club membership** with benefits and chores. The benefit is better US tariff lanes for Indonesian goods. The chores are policy, security, and commercial commitments.

- If Indonesia does the chores well, lower-tariff access is more stable.
- If Indonesia does not do the chores, the US has legal room to review, take action, or terminate and reimpose tougher reciprocal tariffs.
- So this is not just a tariff deal. It is a **trade + security + investment alignment package**.

Sources used: US-IDN ART Full Agreement PDF in your folder ("US-IDN ART Full Agreement - US Final 2026.pdf"), including pages 1-10 (main articles), pages 11-15 (Annex I + Appendix 1 + US Schedule 2 notes), pages 16-17 (Annex II), pages 18-42 (Annex III), and pages 43-45 (Annex IV).