

US Import Tariff Policy & the Energy Sector

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Trump Tariff Policy
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US Energy in a Global Context

1

In the energy sector, the **game changer** is not only [the “new reciprocal tariff”](#), but also US [withdrawal from global climate commitments](#). This is especially relevant because the US is a **superpower** in both [energy production and consumption](#).

2

In terms of energy security, the **US is a self-sufficient country**, in which it is now a net energy exporter in oil, gas, and coal. Over the past years, this has not always been the case as the country had experienced being a net oil and gas importer, especially prior to the **explosion of non-conventional hydrocarbons** (shale oil/gas, fracking, etc.).

3

Until very recently, all energy supply and demand is **governed by market forces**, although the government would utilize its **strategic reserves** – mostly in petroleum (SPR) – to soften market fluctuations. Thus, the role of tariffs is insignificant. With the new Trump’s “reciprocal tariff policy”, some of the natural trades – most notably with Canada, Mexico, and other Latin American countries – would change, especially if those countries are subject to the new exorbitant tariffs. **This would make energy procurement relatively higher.**

4

However, the uncertainty from this new global energy trade order would result in [lower oil price](#) brought about by global economic slowdown, hence **lower oil demand amidst ample supply**. As we all know, lower oil prices affect other energy procurement economics, most notably in renewable, especially if climate impacts is disregarded ([evidenced by US Govt. refocus on oil and gas production/exploration](#)).

Trump's Protectionist Policies – Global Impacts

1 Lower Global Energy Demand Due to Economic Slowdown

Protectionist trade policies and retaliatory tariffs can **disrupt global trade**, leading to slower economic growth. This weakens industrial activity and manufacturing, which in turn **reduces global energy demand**, especially for oil, coal, and electricity.

2 Downward Pressure on Global Oil Prices

A mix of **lower demand and renewed U.S. production** (shale, offshore) under Trump's energy dominance agenda could create supply surpluses, especially if OPEC+ cohesion weakens. This keeps downward pressure on oil prices.

3 Energy Companies Scale Back Renewable Energy Investment

With policy uncertainty and shifting focus back to oil & gas, major energy companies may **pause or scale back investment in clean energy**. Trump's stance sends weak signals for long-term renewables, which rely on regulatory stability and market predictability.

Trump's Protectionist Policies – Impact on Indonesia

- 1 Higher Oil, LPG, and LNG Import Costs Due to Weakening Rupiah**

A stronger U.S. dollar and global inflation tied to tariffs can **weaken the Rupiah**, raising the **cost of Indonesia's imported oil and LNG**. This stresses the current account and **may increase subsidies or consumer prices**, thus straining further the national budget (APBN).
- 2 Unless Domestic Industries Withstand the disruption, Energy Demand May Weaken**

Indonesia's export-oriented economy could be hit by global trade tensions, slowing manufacturing and logistics activity. This could translate into **weaker domestic energy demand**, especially electricity and transport fuel.
- 3 Reduced Investment in Indonesia's Renewable Sector**

If global oil majors and financiers scale back green energy investment, Indonesia may face **lower FDI inflow** into its renewable sector—slowing progress on solar, geothermal, hydro, wind, and energy transition targets.
- 4 Disrupted Clean Tech Imports**

U.S. tariffs on green technologies (e.g., solar panels, EV components) and disruptions in China-U.S. trade could **hinder Indonesia's access to affordable clean energy technology**, especially if supply chains are fragmented.

Thank You



Recent Trend: Declining Oil Price (1/2)

Global oil price has **dropped significantly** to unprecedented level since the pandemic



Oil dives nearly 8% to lowest since pandemic on China's retaliatory tariffs

By Arathy Somasekhar

April 5, 2025 12:06 AM GMT+7 · Updated 2 min ago



Commodities, Food & Agri | Energy

Articles | 4 April 2025 | 5 min read | Italian version

Oil prices plunge due to tariff-related demand worries and increased OPEC+ supply

NEWS

U.S. Oil Price Skids To 4-Year Low; Goldman Slashes Oil Outlook



Recent Trend: Declining Oil Price (2/2)

Global oil price has **dropped significantly** to unprecedented level since the pandemic

Update:
April 7, 2025



Source: CNBC (<https://www.cnbc.com/quotes/@LCO.1>)

Energy Consumption in Selected Countries (2023)

Country	Energy Consumption (MTOE)	Global Share	Consumption (TOE Per Capita)	Electricity Generation (TWh)	Electricity Generation (MWh) per capita
China	4078.04	27.6%	2.89	9456.4	6.70
United States	2251.87	15.2%	6.72	4494.0	13.42
India	931.89	6.3%	0.65	1958.2	1.37
Japan	415.68	2.8%	3.34	1013.3	8.14
Indonesia	241.42	1.6%	0.87	350.6	1.26
Thailand	119.59	0.8%	1.67	190.5	2.65
Vietnam	116.83	0.8%	1.18	276.4	2.8
Malaysia	114.82	0.8%	3.35	187.8	5.47



Source: Energy Institute – Statistical Review of World Energy (2024)



Photo: Unsplash.com/@gonz_ddl