

Trade Dispute between the EU and Indonesia over Indonesian Steel Product**Cici Amilia Putri¹**

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ciciamilia15@gmail.com**Abstract**

This paper examines the trade dispute between the European Union (EU) and Indonesia over Indonesian steel goods. The EU's application of customs duties and anti-dumping measures on Indonesian steel products spurred Indonesia to initiate a dispute with the World Trade Organisation (WTO), claiming breaches of the bilateral agreement struck by the two countries. The WTO's creation of a trade dispute tribunal needs compliance from both Indonesia and the EU. This study uses qualitative approaches to critically assess relevant material, including scholarly journals, papers, and news sources, to provide light on the motives behind the EU's adoption of customs and anti-dumping policies, showing underlying domestic interests. Despite the EU's displeasure with Indonesia's remedy, it is still within Indonesia's sovereign rights to take such moves. This case highlights the complexities of international trade agreements, as well as the need to follow WTO norms for settling disputes.

Keywords; *Indonesia, European Union, WTO, Trade Dispute, Anti-dumping.*

1. INTRODUCTION

Indonesia is a growing country in Southeast Asia with a strategic position in several areas (Matondang, 2017). However, it does not rule out the prospect of Indonesia developing connections with nations beyond its area. Cooperation is one strategy for Indonesia to build partnerships with other nations, particularly on the economic front (Hakim & Amalia, 2021). Economic collaboration, particularly in commerce, is quite beneficial and can provide economic wealth to countries that collaborate.

However, cooperation does not always go well or smoothly, one example is the conflict that arose between Indonesia and the EU (Hennessy & Winanti, 2022). Recently, Indonesia launched a lawsuit against the European Union over anti-dumping and customs taxes on Indonesian steel. However, Indonesia had already engaged in various conflicts with the European Union, particularly over anti-dumping problems. For example, in 2019, Indonesia formally restricted the export of nickel ore, and the European Union filed a case against Indonesia (Widiatedja, 2021). Another concern is palm oil, which has a reduced usage of CPO from the European Union and has been designated as a crop with a high risk of deforestation (Hamid & Paramitaningrum, 2023). Last year, in early 2023, Indonesia launched a lawsuit against the EU-Indonesia dispute over steel goods. This dispute was presented straight to the WTO, an international trade agency (Hennessy & Winanti, 2022). Because the current conflict was a continuation of the prior one. It is possible to regard Indonesia's actions as a counterclaim against Indonesia.

Indonesia's interaction with countries beyond its immediate region indicates its desire to form diversified and powerful global ties (Tambunan, 2008). Despite its geographical concentration in Southeast Asia, Indonesia recognizes the significance of increasing its ties to promote economic growth and improve its international status. As a major player in the global economy, Indonesia aims to use its resources and strategic position to form mutually beneficial connections with nations across continents.

However, pursuing collaboration is not without hurdles, as illustrated by current tensions between Indonesia and the European Union (EU) (Bungenberg & Hazarika,

2017). These confrontations highlight the challenges of negotiating international economic relations, notably anti-dumping laws and environmental sustainability. The disagreements between Indonesia and the EU illustrate the complexities of combining economic interests with regulatory concerns, demonstrating the delicate dynamics at work in the world of international trade. Understanding these complexities is critical for both policymakers and stakeholders as they negotiate the changing environment of global economic cooperation.

2. RESEARCH METHOD

This study's writing employs qualitative and descriptive-analytical research approaches. With a legal approach or library research technique, the strategy employed in this work is to examine sources from numerous journals and publications that are relevant to the issue at hand. The present data is based on diverse materials and notions found in textbooks and reading books relevant to the investigation. This seeks to enhance the data that has been written down and to perfect the issue chosen, which is the European Union-Indonesia Trade Dispute Over Indonesian Steel Products.

The gathered data will eventually be updated to reflect the kind of data. After the data has been acquired, it will be evaluated qualitatively, specifically data that is related to the case or problem being researched. The decision will then be made rationally to avoid mistakes that may arise during data analysis. The collected results will be presented descriptively, that is, describing, explaining, and characterizing by the instance or topic being researched.

3. RESULT AND DISCUSSION

When considered realistically, the difficulty between Indonesia and the European Union on Indonesian Steel Products is to meet the demands of the European Union itself (Cantyani et al., 2023). However, it is also well known that, according to realism, the interests of the country or area come first, regardless of how. According to this viewpoint, there will be both those who profit and others who are disadvantaged. Of these two countries, Indonesia is handicapped, whereas the European Union gains. Because items are frequently cheaper to export than to buy domestically in the country. However, due to the implementation of anti-dumping, Indonesia must bear greater expenses for steel goods sold overseas, particularly to the European Union.

In this case, the World Trade Organisation (WTO) intervened in the trade dispute between Indonesia and the European Union (Cantyani et al., 2023). The WTO formally created a panel to hear Indonesia's trade dispute with the European Union over the policy of imposing import taxes and anti-dumping on Indonesian steel goods. Indonesia had previously asked that this matter be discussed with the EU. According to Indonesia, the EU's actions are inconsistent with its commitments under the Subsidies and Countervailing Measures Agreement, the Anti-Dumping Agreement, and the GATT 1994 (Kementrian Luar Negeri Republik Indonesia, 2023) however, the meeting did not yield the expected outcomes.

The EU will implement this policy by establishing this panel, as stated by the WTO. The EU is upset with Indonesia's decision, but it cannot prohibit or criticize Indonesia because everything is within Indonesia's rights. This case demonstrates the concern expressed by Indonesia and Europe by nations who are members of the World Trade Organisation (Meirizal et al., n.d.). In addition, he helped to resolve problems between Indonesia and the European Union.

In discussing and analyzing the disagreement between Indonesia and the EU over steel goods, it is critical to include economic realism in international relations. According to realist theory, governments prioritize their interests above all else, resulting in a zero-sum game in which one side benefits at the expense of the other (Griffin, 2002). In this example, the EU's policy of imposing import levies and anti-dumping measures on Indonesian steel goods is intended to preserve the domestic sector while increasing global competitiveness. On the other side, Indonesia, as an exporting country, suffers increased restrictions and prices, which harms the indigenous steel sector.

The World Trade Organisation (WTO) has played an essential role in resolving the trade policy conflict between Indonesia and the European Union. By formally forming a panel to hear Indonesia's case against the EU's trade policies, the WTO showed its position as a neutral arbiter defending free trade and fair competition. This intervention allowed Indonesia to state its case and seek remedies for what it saw to be unfair trade practices by the European Union (Utomo, 2023).

Indonesia's objections against the EU's measures are based on international trade accords such as the Agreement on Subsidies and Countervailing Measures, the Anti-Dumping Agreement, and the General Agreement on Tariffs and Trade (GATT) of 1994 (Aggarwal, 2006). These legal frameworks serve as the foundation for dispute resolution while also ensuring that global trade laws and standards are followed. By disputing these accords, Indonesia is exercising its rights and attempting to punish the EU for any infringement.

The disagreement between Indonesia and the EU impacts not just the steel industry, but also other industries and markets. Furthermore, the failure to resolve this disagreement peacefully may undermine trust and confidence in future trade discussions between the two parties, leading to further trade barriers and economic consequences.

Beyond the legal and economic components, the disagreement between Indonesia and the EU has political and strategic implications. Both parties must balance the short-term benefits of preserving domestic industry against the long-term consequences of strained relations and weaker economic cooperation. Effective diplomacy and negotiation are critical to reaching a mutually acceptable solution that addresses the underlying concerns while remaining within the larger international trade framework.

The WTO's role in mediating the dispute between Indonesia and the EU demonstrates the value of multilateral cooperation in resolving complicated economic problems. Multilateral organizations, such as the WTO, enable peaceful resolutions by offering a platform for dialogue and dispute resolution, preventing unilateral measures that might inflame tensions and disrupt global economic flows. The participation of other WTO member nations demonstrates the common interest in preserving a rules-based international trade system.

The result of the dispute between Indonesia and the EU will define the future course of their trade relationship, as well as their overall economic involvement. Finding a mutually acceptable solution, whether through WTO panel adjudication or diplomatic discussions, is crucial to sustaining confidence and stability in bilateral and multilateral trade agreements. Finally, both parties must strike a balance between their economic interests and the need to preserve a long-term mutually beneficial cooperative partnership.

4. CONCLUSION

The disagreement between Indonesia and the European Union has resulted in an issue with the application of anti-dumping measures to steel goods held by Indonesia.

Whereas the sale and export of commodities often yield a lower price than the domestic price, the European Union imposes extra expenses on Indonesian steel products. When seen realistically, the European Union is acting in the best interests of its territory. Because adopting customs tariffs and anti-dumping measures would improve its economic income while also affecting the continuity of nations in the European Union region. Because, according to realism, obtaining and fulfilling domestic interests will result in one loss and a winner and profit. This is also known as the zero-sum game, regardless of how it is acquired or obtained.

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