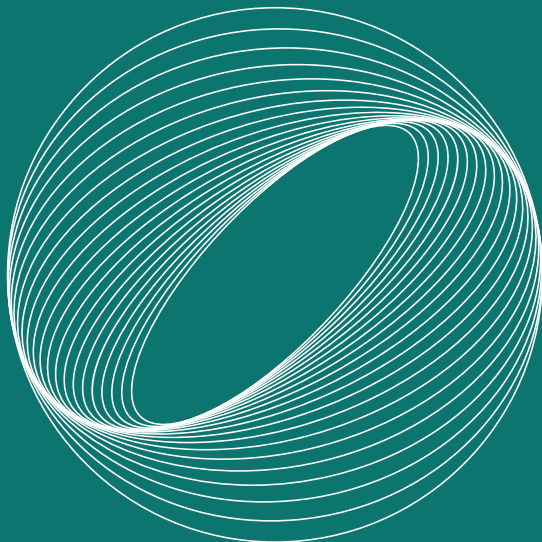




Institute of  
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DEPT. OF INTERNATIONAL RELATIONS  
UNIVERSITY OF CALicut



# ***FORTNIGHTLY REVIEW #90***

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## **INDONESIA'S STRATEGY FOR NAVIGATING GLOBAL UNCERTAINTY IN THE WAKE OF A NEW ECONOMIC ORDER UNDER TRUMP 2.0**

The United States trade war policies under Trump 2.0 have triggered a major shift in the global economic order, now referred to as the New Economic Order. This shift is marked by the erosion of multilateral trade frameworks and the rise of a more aggressive and protectionist unilateral approach. Reinstated the “America First” policy, Trump has implemented higher tariffs, disrupted global supply chains, and targeted countries with trade surpluses against the U.S. (Rachman, 2025). As a result, global economic uncertainty has intensified as countries and businesses face increasing difficulty in predicting trade rules, market access, and policy directions. For Indonesia, this policy poses significant risks, as the country ranks 15th among nations with a trade surplus against the U.S. (Arini, 2025).

The protectionist policies of Trump 2.0 could have serious and targeted repercussions for Indonesia, primarily due to its export dependence on the U.S. and the vulnerability of several key sectors to tariff escalation. In 2025, the U.S. imposed a reciprocal tariff of up to 32% on selected Indonesian exports before later reducing it temporarily to 10% until July 2025 (Miftahudin, 2025). These tariffs make Indonesian goods less competitive in the U.S. market, reducing demand and threatening labour-intensive industries like textiles, footwear, and furniture that depend heavily on U.S. exports (Kamalina, 2025). A sustained decline in demand may lead to production cuts, layoffs, and financial market volatility, as seen in the Indonesian stock exchange following the tariff announcement (Kompas, 2025).

To navigate global uncertainties, Indonesia must boost economic competitiveness, protect national sovereignty, and seize emerging opportunities. Priorities include industrial downstreaming, digital transformation to raise productivity and value-added output, and export diversification to lessen U.S. dependence. Maintaining macroeconomic stability and strengthening ties with ASEAN and BRICS will enhance Indonesia's bargaining power and global market access. With the right strategy, challenges can become drivers of sustainable growth. (Ernani Dewi Kusumawati, Master of International Relations, Universitas Gadjah Mada)

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## AI AND ASEAN: ASCENDING THE INNOVATION LADDER

The AI Ready ASEAN initiative, launched at the First Regional Policy Convening in Jakarta on February 12, 2025, marks a strategic declaration for ASEAN and the broader Global South. Backed by Google.org's US\$5 million grant, it aims to democratise access to artificial intelligence (AI), positioning ASEAN as a leader in technological innovation (Lawler & Rushby, 2013; Zhai et al., 2021). For the resource-constrained Global South, where digital infrastructure and educational resources are often limited, this initiative presents a transformative opportunity: fostering inclusive technological advancement and unlocking latent growth potential.

However, realising this potential hinges not merely on technological access but also on establishing a robust legal and ethical framework that aligns with the specific socio-economic needs of the region. Ethical AI governance, such as the *ASEAN Guide on AI Governance and Ethics*, remains crucial (Chetthamrongchai & Chaimankong, 2022) to define AI parameters, where concerns about bias and displacement are paramount (Fong, 2024). Without a workforce equipped to understand, interpret, and operationalise these guidelines, the guide risks becoming a theoretical document, failing to address the very issues it seeks to mitigate.

By building a skilled workforce, ASEAN can transition from a manufacturing hub to an 'innovation powerhouse,' signalling the rise of 'ASEAN 2.0' (Lallana, 2011) and potentially 'Global South 2.0' (Kumar, 2025). Thus, equipping individuals with AI skills enhances social mobility and sustainable growth (Economic Research Institute for ASEAN and East Asia, 2019; Isono & Prilliadi, 2023). Such initiatives improve social mobility and foster sustainable growth (Economic Research Institute for ASEAN and East Asia, 2019; Isono & Prilliadi, 2023) and serve as a strategic investment in human capital. (Christopher Paller Gerale, Universitas Negeri Malang)

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## **EARTHQUAKE AND AIRSTRIKE: ANOTHER DREADFUL CHAPTER IN THE MYANMAR CRISIS**

The Myanmar crisis has remained a perennial element of Southeast Asia's regional landscape for the last four years. Since then, the country has been embroiled in a civil war involving the junta government and many rebel groups. Things again came to a head following a 7.7 magnitude earthquake on March 28, 2025 in Mandalay, Myanmar. Recent estimates have put the number of dead to more than 3,000 (Rising, 2025). Unfortunately, the initial response from the government demonstrated its fixation on its goal to crush the rebel groups as opposed to the well-being of its people.

Said focus was exemplified by the Junta government's move to continue airstrikes in some areas that brought with it more loss of lives. The military also opened fire on a Chinese Red Cross convoy that was carrying aid to the survivors (Wee, 2025). Against that backdrop, the government has received criticism, including from the UN which deems it outrageous (Henschke, 2025).

Recently, the government announced a truce that would last until April 22, 2025. This truce, however, does not spell the suspension of military operations across the country. Nonetheless, the international community has made it its goal to assist and alleviate the plight of the people of Myanmar despite the existing landscape. The present state begs the question, how much more bloodshed will the country need to go through before it reaches the light at the end of the tunnel? (Abel Josafat Manullang, Research Development House)

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