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U.S. Court Ruling on Trump's Reciprocal Tariffs, the Role of the WTO, and Its Implications for the 19% Indonesia–U.S. Tariff Agreement

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ABSTRACT

The United States' reciprocal tariff policy under President Donald Trump, implemented through the International Emergency Economic Powers Act (IEEPA), aimed to balance trade terms via unilateral tariff adjustments. However, the policy was declared illegal by several U.S. courts, including the Court of International Trade (CIT) and the Federal Circuit. At the same time, the World Trade Organization (WTO) has been effectively paralyzed due to the dysfunction of its Appellate Body, leaving no effective multilateral mechanism to address violations of the General Agreement on Tariffs and Trade (GATT). Amid this legal uncertainty, a 19 percent tariff agreement between Indonesia and the United States emerged in 2025 as a bilateral arrangement to stabilize trade relations. This study applies a legal-normative approach, focusing on the interpretation and analysis of legal norms derived from regulations, court decisions, and international agreements. By examining these elements through a doctrinal and positivist lens, the study evaluates the coherence and hierarchy of legal authority among U.S. domestic rulings, WTO obligations, and bilateral agreements. It argues that the intersection of U.S. rulings, WTO dysfunction, and bilateral agreements highlights fragmentation within the international trade law system. The traditional rules-based order championed by the GATT–WTO system has increasingly been supplanted by overlapping domestic laws and political compromises. The Indonesia–U.S. tariff agreement illustrates a shift from multilateral legal certainty to bilateral pragmatism, signaling the erosion of legal coherence and the growing dominance of executive discretion in modern trade governance.

Keywords:

Reciprocal tariff policy; World Trade Organization (WTO); Indonesia–U.S. tariff agreement.

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INTRODUCTION

On April 2025, the President of the United States issued Proclamation 10595, invoking the International Emergency Economic Powers Act (IEEPA) to enforce tariff rates in response to trade partners deemed to apply unfair or unbalanced rates against U.S. exports. This policy marked a strengthening of nationalist economic rhetoric, with the executive branch supporting it as a corrective instrument historically embedded in international trade. However, it can also be interpreted as coercion through unilateral action. The use of IEEPA as a trade tool blurs the line between national-security emergency authority and economic regulation, giving rise to legal controversy both domestically and internationally (Budner 2025; Luo 2025; Rong 2025; Whiteside 2025).

Domestically, importers and industry groups filed lawsuits in the Court of International Trade (CIT), arguing that the President had exceeded his authority under IEEPA (Budner 2025; Liu 2021; Ma et al. 2025). In National Association of Manufacturers v. United States, the court ruled that the reciprocal tariff rates were beyond the scope of IEEPA, stating that it does not permit the imposition of tariffs for purely economic purposes without the existence of a national emergency based on a threat to national security. The Federal Circuit, sitting en banc, affirmed this decision, emphasizing that the delegation of

economic authority under IEEPA must be interpreted strictly to maintain the constitutional balance between Congress and the Executive (Chance 2025; Reiskin 2021; Selin et al. 2024). Although the government appealed to the Supreme Court, the prevailing judicial consensus underscored the importance of legal oversight in the use of emergency powers for trade retaliation.

On the international stage, the World Trade Organization (WTO) is facing its own crisis (Witts 2025). The Appellate Body has not functioned since December 2019 due to the U.S. blockade on the appointment of judges, rendering the dispute-settlement system paralyzed—a situation often described as an "appeal to the void." This institutional paralysis coincides with the United States' unilateral and bilateral enforcement actions, which erode the normative architecture of the multilateral trade system (Chaisse et al. 2025; Gustafsson 2025; Hervé 2022; Quibria 2025; Sacerdoti et al. 2023). In the absence of an effective appellate review mechanism, countries face a legal vacuum: WTO law formally remains in force, but its operational strength has been severely weakened.

Within this dual crisis—U.S. domestic legality and WTO institutional dysfunction—the 19 percent tariff agreement between Indonesia and the United States emerged in mid-2025. This arrangement, framed as a "reciprocal tariff adjustment," allows Indonesian exports in certain industries to enter the U.S. market with an ad valorem tariff of 19 percent, mirroring the treatment applied to U.S. goods under Indonesia's tariff schedule. The agreement is not treated as a treaty requiring Senate approval, but rather as an executive agreement or memorandum of understanding (MoU), giving it a predominantly political rather than judicial character (Gantz 2024; Klabbers 2020; Kleinlein 2024; Masilo 2020; Messing 2017).

Previous research by Manak (2025), in "Tariffs, the Executive Branch and Recent Developments in U.S. Trade Policy", argues that the expansion of presidential tariff authority through emergency instruments such as IEEPA raises problems of constitutional delegation and instability of legal legitimacy in the domestic system. Meanwhile, Hopewell (2025), in "Unravelling of the Trade Legal Order: Enforcement, Defection and the WTO Dispute Settlement Crisis", contends that the paralysis of the WTO Appellate Body has weakened the effectiveness of dispute-resolution mechanisms and fostered the practice of "appeal into the void," accelerating the erosion of multilateral trade law. Unlike these two studies, which analyze domestic and multilateral issues separately, this study offers novelty by synthesizing three levels of analysis: domestic judicial control over executive tariff policy, dysfunction in WTO norm enforcement, and the operationalization of the 19 percent Indonesia–United States bilateral tariff agreement. Together, these elements reveal normative fragmentation, whereby a single tariff policy can be simultaneously constitutionally contested, questionable under the WTO regime, yet still politically effective through pragmatic bilateral mechanisms.

Based on description background back above , study This lift formulation problem as following :

1. How decision institution justice in country United States of America evaluate legality policy rates reciprocal by President Donald J. T rump?
2. How role World Trade Organization in face unilateral policy by the United States ?
3. How implications decision institution justice country American Union and weakness system settlement dispute on World Trade Organization to agreement 19% tariff between Indonesia and the United States ?

This study aims to comprehensively analyze the legal implications of the application of tariffs based on the emergency executive authority of the United States from the perspective of domestic constitutional law and international trade law, evaluate the impact

of the paralysis of the WTO Appellate Body on the effectiveness of multilateral obligation enforcement, and examine the dynamics of the Indonesia–United States bilateral tariff agreement in the context of the fragmentation of global trade law. This research provides theoretical benefits by enriching the study of international trade law through a normative-fragmentation analytical framework that simultaneously integrates domestic, multilateral, and bilateral dimensions, and offers practical benefits as an academic and policy reference for regulators, trade-strategy designers, and stakeholders in formulating more adaptive responses to uncertainty in international trade governance amid the WTO's institutional crisis and the expansion of executive discretion in tariff policy.

METHOD

This study uses a juridical-normative method, referring to the interpretation of laws, court decisions, WTO texts, and bilateral instruments. This study is based on international legal positivism, which emphasizes the hierarchy and formal sources of law set by authorized institutions. At the same time, this paper acknowledges the phenomenon of fragmentation, where various legal systems operate without clear superiority or coordination. In this framework, U.S. court decisions represent an affirmation of domestic legality on executive discretion, while WTO dysfunction represents the collapse of international legality as a cohesive system. The Indonesia-U.S. tariff arrangement occupies a middle ground, describing the pragmatic friction moving toward bilateralism as a replacement for multilateral certainty. This tripartite interaction—domestic, international, and bilateral—becomes the empirical basis for analyzing the fragmentation of the legal trading system at this moment.

RESULTS AND DISCUSSION

Local Recipe Rates President Donald J. Trump

The IEEPA, enacted in 1977, grants the President authority to respond to external threats through economic measures. Specifically, 50 U.S.C. § 1701(a) authorizes the President to "deal with any unusual and extraordinary threat, which has its source in whole or substantial part outside the United States," by regulating or prohibiting economic transactions upon declaration of a national emergency. The legislative history reflects a deliberate intent to limit, rather than expand, executive discretion in economic policy during peacetime, in response to abuses under the Trading with the Enemy Act (TWEA) during the Cold War.

Proclamation 10595 by President Trump (April 2025) invoked the IEEPA to justify reciprocal tariffs on imports from countries imposing higher tariffs on U.S. exports. The proclamation asserted that "persistent unfair tariff treatment" constitutes an "unusual and extraordinary threat to the national economy and the integrity of U.S. trade relations." Critics contend that this characterization overstates the existence of a "national emergency," transforming emergency economic powers into instruments of ordinary trade policy.

The Court of International Trade (CIT), which has exclusive jurisdiction over civil actions arising out of customs and trade laws, became the principal forum for challenging the tariffs. In National Association of Manufacturers v. United States, importers argued that (1) the proclamation exceeded presidential authority under the IEEPA, (2) violated the nondelegation doctrine, and (3) circumvented Congress's constitutional authority "to lay and collect duties." Judge Jane Restani concluded that the President's actions exceeded statutory authority. The court held that the IEEPA does not authorize tariffs imposed "for purposes of reciprocity" absent a bona fide national security emergency, as contemplated by Congress in 1977. The decision emphasized the constitutional requirement of a formal emergency declaration and a clear nexus between the external threat and the economic measure adopted.

Tariff imbalances alone, the court reasoned, did not satisfy the statutory threshold of a qualifying threat. The CIT's analysis reflects classical juridical-normative reasoning, employing systematic and teleological interpretation to preserve coherence within the constitutional hierarchy. Grounded in legislative intent and constitutional structure, the court reaffirmed the positivist principle that executive action must derive from valid legal authority, not merely policy objectives.

On appeal, the Federal Circuit Court of Appeals, sitting en banc, affirmed the CIT's decision. The court focused on two questions: (1) whether the IEEPA encompasses trade retaliation authority, and (2) whether the proclamation violated separation-of-powers principles. First, the Federal Circuit held that the IEEPA and its legislative history confine presidential action to emergencies involving hostile or coercive foreign conduct threatening national security—conditions not met in the present case. Invoking the canon expressio unius est exclusio alterius, the court reasoned that because Congress expressly granted tariff authority elsewhere (e.g., § 301 of the Trade Act of 1974), the absence of such authority in the IEEPA was intentional. Second, the court determined that unilateral tariff imposition under the IEEPA would erode Congress's constitutional power over trade and taxation. Citing Youngstown Sheet & Tube Co. v. Sawyer, the court noted that when the President acts without express constitutional or statutory authorization in an area constitutionally entrusted to Congress, executive power "is at its lowest ebb." Accordingly, the reciprocal tariffs not only exceeded statutory authority but also raised serious constitutional concerns.

In July 2025, the U.S. Department of Justice petitioned the Supreme Court for review, arguing that the lower courts construed the IEEPA too narrowly and that the President's determination of what constitutes an "unusual and extraordinary threat" presents a political question beyond judicial review. Although the Supreme Court has not yet ruled, the case raises fundamental questions about the allocation of constitutional power in trade policy. The government's argument—that presidential determinations of national security threats should be insulated from judicial scrutiny—revives enduring debates over executive primacy in foreign affairs. The Court's eventual decision will determine whether the IEEPA remains a constitutionally constrained emergency instrument or evolves into a general mechanism of economic nationalism.

From a juridical-normative and positivist perspective, it is essential to distinguish between statutory illegality and constitutional violation. A statutory violation occurs when executive action exceeds authority granted by law; a constitutional violation arises when action directly contravenes constitutional provisions. In National Association of Manufacturers, the courts primarily characterized the tariffs as ultra vires—exceeding the limits of the IEEPA—rather than as facially unconstitutional. However, the Federal Circuit's reasoning implies broader structural concerns about the separation of powers. This layered analysis reflects what H.L.A. Hart described as "secondary rules"—rules governing the creation, identification, and limitation of primary legal rules. From the standpoint of international legal positivism, the distinction parallels the relationship between domestic legality and international validity: just as a domestic executive cannot exceed statutory authority, a state cannot unilaterally alter its international obligations without lawful justification. The judicial restraint demonstrated by U.S. courts thus reinforces domestic positivist order, even as the multilateral trade system—represented by the WTO—faces systemic instability.

Role of the World Trade Organization in Facing the United States' Unilateral Trade Policy

The reciprocal tariffs adopted by President Trump's Administration, based on an interpretation of the IEEPA, violate core obligations under the GATT 1994. The Most-

Favored-Nation (MFN) principle, enshrined in Article I:1, prohibits discrimination between trade partners and requires that "any advantage, favor, privilege or immunity" granted to one country must be immediately and unconditionally extended to all others. The implementation of reciprocal tariffs by the United States, which are based on the tariff schedules of each trade partner for U.S. products, creates a system of conditional and individualized treatment, which contradicts the MFN standard. Furthermore, according to Chapter II:1(b) of the GATT, members are bound by the tariff bindings listed in their national schedules. These bindings serve as the upper limit for customs duties, ensuring certainty and preventing unilateral escalation. The reciprocal tariffs imposed by the U.S., which in some cases raise customs duties far beyond the binding level, effectively eliminate its commitments under Chapter II. Revision of tariff bindings unilaterally also violates the procedural conditions of Article XXVIII, which only allows renegotiation of bindings through consultation and compensation.

The government also attempted to justify its tariff structure based on Article XXI, which deals with the formation of customs unions and free trade areas. However, the framework of reciprocal tariffs does not constitute a free trade area or a customs union, thus falling outside permissible deviations. On the contrary, the structure introduces selective reciprocal measures, which conflict with the multilateral principles of the GATT. As a result, the tariffs are inconsistent with both the letter and the spirit of the non-discrimination system of the WTO.

From the perspective of international legal positivism, these violations reflect the erosion of secondary rules at the international level. Although the United States is formally bound by the GATT, the absence of enforcement mechanisms means that obligations become nominal in nature. The difference between formal validity and effective validity reflects what Kelsen described as a "degradation of norms without sanctions."

Dispute Settlement Understanding (DSU) and WTO Dysfunction

The Dispute Settlement Understanding (DSU) was designed to transform trade disputes from diplomacy based on power into a settlement based on rules. The two-level structure, consisting of the Panel and the Appellate Body, ensures that the interpretation of WTO law remains consistent and binding. However, since December 2019, the Appellate Body has not functioned due to the U.S. veto on the appointment of new members. This phenomenon, known as "appeal to the void," has paralyzed the system: parties that lose now submit appeals to an Appellate Body that does not exist, preventing the ratification of panel reports and thus suspending the enforcement of law permanently.

In theoretical legal terms, this paralysis is a systemic failure of secondary rules that define how primary obligations are identified, changed, and enforced. Without an appeal mechanism, the WTO cannot function in its adjudicative or interpretative capacity, turning it into a normative forum rather than an institution with binding authority. The organization continues to articulate norms through committees and ministerial declarations, but the outputs lack the authority to be enforced as law.

From the perspective of positivist law, law derives its authority not from morality or consensus, but from rules institutionalized through recognition and enforcement. The current dysfunction reflects that the WTO law has lost its coercive validity, even though its normative validity remains intact. This aligns with Koskenniemi's concept of "normativity without effect," where rules still exist formally but are not implemented materially.

As a result, the WTO now functions as a place for symbolic legality, maintaining the appearance of order while substantive enforcement moves elsewhere. This condition exacerbates fragmentation in the international trading system. "Appeal to the void" has created a double reality: on one level, WTO norms still exist as formal obligations; on

another level, states increasingly ignore them in practice. The weakening of the DSU marks a regression from legal determinism to political voluntarism, eroding the vision of positivist law as an independent normative system.

Impact on Domestic and Bilateral Dispute Resolution

In the absence of a functioning Appellate Body, member countries have started diverting dispute resolution to domestic courts and bilateral mechanisms. For the United States, this means relying more heavily on the domestic justice system, specifically the CIT and the Federal Circuit Court of Appeals, to determine the legality of trade actions by the President. Domestic trade law judgments reflect a renationalization of international obligations, where compliance with WTO rules depends more on domestic constitutional interpretation than on international court rulings.

Parallel to this domestic friction, countries are increasingly relying on executive bilateral agreements to manage trade conflicts. The 19% tariff agreement between the U.S. and Indonesia serves as an example of this friction: a policy solution agreed upon outside of WTO procedures, operating as an executive memorandum rather than a treaty requiring Senate ratification. Such instruments hinge on political goodwill and reciprocity, rather than legal validity, signifying a pragmatic adaptation to the vacuum in WTO law enforcement.

From a normative perspective, this trend describes a three-layer fragmentation in the trade system:

1. At the international level, WTO rules remain valid but lack enforcement.
2. At the domestic level, national courts interpret and enforce international obligations through domestic legality.
3. At the bilateral level, ad hoc agreements replace multilateral dispute settlements.

This fragmentation weakens legal certainty and shifts trade governance from a system based on rules to one based on power, where outcomes depend more on economic leverage than on law. As argued by Benvenisti and Downs, the collapse of multilateral enforcement introduces an imbalance in the international order, benefiting countries with strong domestic institutions and large economic power. For emerging economies like Indonesia, this structural asymmetry poses significant risks. The absence of a reliable multilateral forum forces these countries to accept conditions determined politically in bilateral agreements, eroding the certainty and protection once offered by the MFN discipline of the GATT. As a result, the decline in the authority of WTO adjudication reflects the broader dysfunction of the multilateral trade system.

Implications of the Dysfunction of the World Trade Organization and Domestic Legality in the United States for the 19% Indonesia–United States Tariff Agreement

The 19% tariff agreement between Indonesia and the United States, announced in April 2025 in response to the Trump administration’s reciprocal tariff policy, is not a formal treaty under Article II, Section 2 of the U.S. Constitution, which requires Senate approval. Instead, the arrangement takes the form of an executive agreement or a memorandum of understanding (MoU), concluded by the executive branch without congressional ratification. This type of instrument is frequently used by the United States to manage foreign trade relations in a flexible and politically efficient manner.

Under U.S. law, an executive agreement may derive its authority from (a) prior congressional authorization, (b) an existing treaty, or (c) the President’s constitutional authority in matters of foreign relations. In the case of the 19% agreement, the executive branch relies on the IEEPA as the legal basis for reciprocal tariff adjustments. Accordingly, the agreement’s validity is derivative; it depends upon the continuing legality and validity of Proclamation 10595, which originally established the reciprocal tariff framework.

Because the agreement was not ratified as a treaty, it does not carry the binding force of domestic law under the U.S. Constitution and remains politically rather than legally enforceable. This distinction is fundamental. A treaty creates enforceable rights and obligations under both domestic and international law, whereas an executive agreement—particularly one grounded in executive discretion—primarily reflects policy commitments subject to the prevailing political agenda. In practice, the 19% agreement functions as a "soft law" instrument operating through political consensus rather than binding legal obligation.

The validity of the 19% agreement cannot be separated from the continuing validity of Proclamation 10595, which has already been challenged before U.S. courts for exceeding presidential authority under the IEEPA. Both the CIT and the Federal Circuit Court of Appeals concluded that the reciprocal tariff policy exceeded the scope of delegated authority, emphasizing that the IEEPA authorizes economic measures only in the context of a genuine national emergency, not as a permanent mechanism for trade rebalancing.

Should the U.S. Supreme Court ultimately affirm these decisions and invalidate the proclamation, the legal foundation of the 19% tariff agreement would collapse. From a positivist legal perspective, the primary norm (the tariff rates) would lose its validity once the secondary norm (the authorizing legal instrument) is annulled. As Hans Kelsen's hierarchical theory of norms suggests, when a superior norm is invalidated, subordinate norms dependent upon it also lose their legal force.

In such circumstances, the 19% agreement would not merely be suspended but would lose its regulatory object, as the tariff rates it governs would no longer have domestic legal effect. The agreement would revert to being a purely political instrument, rendered practically irrelevant in the absence of a valid legal framework. This outcome would expose Indonesia to substantial commercial uncertainty, particularly if preferential or stable tariff treatment were withdrawn without a firm legal basis.

From the U.S. perspective, termination of the proclamation would not necessarily constitute a breach of enforceable legal obligations, because the executive agreement lacks treaty status. This illustrates the asymmetry inherent in non-treaty arrangements: the weaker party relies on continuity expectations, while the stronger party retains broad unilateral discretion to revise or terminate policy.

For Indonesia, the 19% tariff agreement provides short-term market stability but generates long-term vulnerability, as its continuation depends on executive goodwill rather than legally entrenched commitments. The absence of formal treaty status precludes reliance on the Vienna Convention on the Law of Treaties (VCLT) or on formal treaty-based dispute settlement mechanisms. Moreover, with the WTO dispute settlement system effectively paralyzed, Indonesia lacks an effective multilateral forum in which to challenge unilateral tariff measures. This situation exemplifies what Robert Kolb characterizes as a form of "political-normative suspension," wherein smaller states depend upon the discretionary legality of more powerful actors. In trade relations, such dependence manifests as legal uncertainty, as commitments are driven more by executive policy than by binding legal rules.

Because the agreement's validity rests upon a domestic U.S. legal instrument subject to revocation or judicial invalidation, its stability remains contingent. If the proclamation is rescinded or invalidated, the 19% tariff would lose its legal foundation. The absence of binding guarantees tied to fixed legal conditions permits abrupt changes driven by political shifts in Washington. This unpredictability poses risks for Indonesian exporters in sectors such as steel, textiles, and palm oil derivatives. The MoU's continuity depends on executive policy preferences rather than enforceable legal obligations, and changes in administration could result in termination or renegotiation without compensation. In the continued absence of an operative WTO dispute settlement system, Indonesia's capacity to respond through collective multilateral procedures remains constrained.

From the standpoint of international legal positivism, this situation reflects increasing fragmentation in global trade law. Domestic legality—interpreted and defined by U.S. courts—now effectively conditions the operation of bilateral economic arrangements, while political instruments fill the vacuum left by weakened multilateral enforcement. Such fragmentation substitutes rule-based certainty with executive discretion, undermining the predictability and formal equality that historically characterized the GATT–WTO framework. Consequently, the 19% agreement, though politically pragmatic, exemplifies a post-legal trade environment in which domestic sovereignty and political pragmatism blur the coherence of international legal order. For Indonesia, the lesson is both economic and structural: in a fragmented trading system, the effectiveness of law ultimately depends on the institutional strength that sustains it.

Analysis Normative on Fragmentation of Legality in the Dysfunctional World Trade Organization, Domestic Decisions in the United States, and the 19% Indonesia–United States Tariff Agreement

The deadlock in multilateral trade, the rise of bilateral pragmatism, and the reciprocal tariff rates between the United States and Indonesia reflect fragmentation within the international trading system. From a positivist-normative perspective, this fragmentation arises not from a lack of rules but from the coexistence of normative systems that claim authority over the same subject matter while deriving legitimacy from different legal sources. This analysis examines the phenomenon at three interrelated levels: domestic (U.S. court decisions), international (WTO rules), and bilateral (the 19% tariff agreement), before evaluating its implications for legal certainty and the growing dominance of political-economic considerations.

At the domestic level, the decisions of the CIT and the United States Court of Appeals for the Federal Circuit concerning the reciprocal tariffs reaffirm the central principle of positivist law: the validity of executive action must rest strictly on statutory authority. The courts' finding that the reciprocal tariff policy exceeded presidential authority under the IEEPA reflects a commitment to textual interpretation and institutional boundaries rather than policy outcomes. This judicial stance reinforces the positivist hierarchy, under which constitutional and statutory law prevails over executive proclamations, and judicial interpretation delineates the scope of legality. At the same time, this approach contributes to fragmentation by confining legality to the domestic constitutional order without directly addressing U.S. international commitments under the GATT and the WTO framework. The rejection of the reciprocal tariffs as ultra vires does not re-establish compliance with WTO norms but instead underscores the autonomy of the U.S. constitutional system. Consequently, domestic legality and international legality operate as parallel but disconnected normative orders.

At the international level, the WTO continues to embody the normative aspiration of universal trade governance through codified obligations of non-discrimination, transparency, and reciprocity. However, with the continued paralysis of the Appellate Body, the WTO has increasingly become a normative forum lacking effective enforcement capacity—a system in which legality exists in principle but not in fully operational judicial form. The phenomenon commonly described as "appeal into the void" illustrates this condition: while dispute panels may issue reports under the DSU, the legal effect of those decisions remains suspended indefinitely when appeals cannot be adjudicated. This has generated a crisis of confidence among WTO members, who increasingly perceive WTO norms as aspirational rather than binding. The erosion of enforcement capacity undermines the positivist ideal of rule-based international trade governance. Absent a functioning appellate mechanism, the normative hierarchy collapses into voluntarism, where compliance

becomes contingent upon political advantage rather than legal obligation. The WTO remains a repository of rules but no longer operates as a fully effective binding legal system, thereby reinforcing fragmentation between international legality and state practice.

At the bilateral level, the 19% tariff agreement between Indonesia and the United States represents a pragmatic adaptation to this fragmented legal order. Structured as an executive agreement or MoU, it operates primarily within the political sphere and is binding only to the extent that executive policy sustains it. Its validity remains contingent upon the continuing force of Presidential Proclamation 10595, which provides the domestic legal basis for reciprocal tariff adjustments. Should the proclamation be revoked or invalidated by judicial review, the bilateral agreement would lose its legal foundation.

For Indonesia, this structural dependence on U.S. domestic legality creates systemic risks: export market volatility, uncertainty in tariff rates, and reliance on executive discretion in Washington. The agreement does not embody a fully reciprocal arrangement grounded in equal legal status; rather, it reflects an asymmetrical legal instrument through which a weaker trading partner adjusts to unilateral legal instruments imposed by a stronger state. This dynamic further erodes the coherence of the international legal order and privileges political pragmatism over rule-based certainty.

The interaction among these three levels—domestic adjudication, international institutional paralysis, and bilateral political adaptation—reveals a transition from a coherent hierarchical legal framework to a condition of normative pluralism. Legal fragmentation generates several normative consequences, including weakened system unity, diminished predictability, and reduced consistency. Norms lose their stabilizing function when their application depends upon fluctuating political contexts. This shift leads to the re-politicization of trade governance, the relative decline of WTO authority, and the strengthening of bilateral mechanisms that enhance executive discretion and strategic bargaining. In this environment, trade law increasingly functions as an instrument of political leverage rather than as a framework of mutual and enforceable obligations.

The distinction between what constitutes valid law and what does not becomes blurred when the same conduct—such as reciprocal tariff adjustments—is deemed unlawful domestically, procedurally stalled internationally, and politically acceptable bilaterally. States exercise sovereignty within separate normative arenas—courts, trade institutions, and diplomatic channels—without a unified legal hierarchy to reconcile them. From the perspective of international legal positivism, this fragmentation signals not merely procedural dysfunction but a structural reconfiguration of the sources and hierarchy of legality in global trade. The classical positivist hierarchy at the international level is increasingly replaced by overlapping and sometimes conflicting normative claims. As a result, a post-positivist pragmatism emerges, in which legality becomes conditional, context-dependent, and ultimately shaped by shifting political and economic interests.

CONCLUSION

Provide a statement that what is expected, as stated in the "INTRODUCTION" section can ultimately result in "RESULTS AND DISCUSSION" section, so there is compatibility. Moreover, it can also be added the prospect of the development of research results and application prospects of further studies into the next (based on result and discussion).

As a normative and policy implication, this study recommends the need to strengthen the judicial oversight mechanism for the use of emergency authority in tariff setting in order to remain within the corridor of constitutional principles and balanced power-sharing, while encouraging concrete reforms of the WTO dispute settlement system to restore the effectiveness and legitimacy of multilateral trade law enforcement. In addition, for developing countries such as Indonesia, a more adaptive trade diplomacy strategy based on

legal risk mitigation is needed, including the design of safeguard clauses, review mechanisms, and strengthening inter-agency coordination in every bilateral agreement so as not to be trapped in the uncertainty of global legal fragmentation. At the academic level, further research that empirically examines the impact of legal fragmentation on the stability of trade flows and the certainty of cross-border investment is recommended in order to expand the theoretical and practical contribution of this study.

The decisions made by the U.S. courts, both the CIT and the Federal Circuit, confirm that the reciprocal tariff policy enforced through Presidential Proclamation 10595 does not have a valid juridical basis. The courts evaluated that the use of the IEEPA for the purpose of balancing tariffs does not align with the delegation limits set by Congress, categorizing the action as ultra vires and potentially causing constitutional issues related to the distribution of authority in national trade policy.

The role of the WTO in responding to the United States' unilateral policy has been ineffective due to the malfunction of the Appellate Body, resulting in a situation of "appeal to the void." Although U.S. tariff actions violate normative provisions in the GATT, such as the Most-Favored Nation principle and tariff commitments, the WTO is unable to provide a binding dispute settlement mechanism. As a result, the WTO is limited to a normative forum without the capacity for effective adjudication to address unilateral actions by member countries.

The implications of this situation are tangible in the 19% tariff agreement between Indonesia and the U.S. This agreement depends on the validity of Proclamation 10595 and does not carry the binding strength of a treaty. Therefore, any cancellation or change to the domestic legal basis in the United States would automatically invalidate the tariff rates. This creates significant uncertainty for Indonesia and highlights the fragmentation of the international trading legal order, where U.S. domestic legality, the dysfunctional WTO adjudication system, and bilateral political instruments interact without a clear juridical basis, leaving the system uncertain and subject to political discretion.

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