

Globalization Vs State Policy: The United State Tariff Measures Under The General Agreement on Tariff and Trade 1994 and World Trade Organization

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Abstract

The United States imposed reciprocal tariffs to address what it perceives as unfair practices in the global trading system. However, this policy is considered inconsistent with WTO principles. This study examines the tariff-setting mechanism under GATT and evaluates the compatibility of U.S. tariff policies with GATT provisions. It uses qualitative methods based on secondary legal sources to analyze the conformity of U.S. tariff measures with WTO rules. WTO principles such as Most-Favoured Nation, National Treatment, transparency, tariff binding, and multilateral negotiation obligations guide tariff implementation. The U.S. tariffs violate these principles by being imposed unilaterally, without negotiation or WTO notification, favoring domestic products, exceeding bound tariffs, and applying different rates to trading partners. The U.S. also invoked national security, whose legality under WTO law remains unresolved. The United States' tariff measures against its trading partners are inconsistent with the rules of the GATT, which should be observed by all WTO members. Strengthening WTO rules is recommended to ensure more effective dispute settlement and oversight of unilateral tariff actions. Clearer limits on the use of GATT Article XXI are also needed to prevent misuse for domestic interests.

Keywords: International Trade; United States Tariffs; International Economic Law; Principles of the General Agreement on Tariffs and Trade.

1. Introduction

World Trade Organization as an organization focused on international trade, tariffs are often a source of tension between countries. The application of tariffs in the context of trade relations illustrates a more complex dynamic, due to the interaction between national economic interests and global geopolitical strategies. Trade tensions between two developed countries can impact the economic stability of developing countries and alter the pattern of international economic relations.¹ Tariffs are often used nationally to increase government revenue, protect domestic industries from foreign competitors, or address unfair trade practices such as dumping. Tariffs are used by both developing and developed countries to provide space for domestic industries

¹ Ayu Salsabila, *et al.* "Perang Dagang Dan Proteksionisme: Kajian Ekonomi Politik Atas Kebijakan Tarif Dalam Hubungan Dagang Bilateral", *Mahkamah: Jurnal Riset Ilmu Hukum*, accessed November 24, 2025, <https://ejournal.appihi.or.id/index.php/Mahkamah/article/view/860>.

that are less competitive than imported goods.² Tariff policies have historically served as a key tool in influencing the framework and functioning of national economies with the United States exemplifying this in recent times. The implementation of tariffs impacts trade dynamics by changing the relative prices of domestic versus foreign products, which in turn affects consumption trends, production choices, and the distribution of resources among sectors. These actions are frequently defended as a way to safeguard local businesses from international rivals, maintain jobs, and tackle perceived inequities in trade practices.³

Tariff increases have become a central issue of concern within international economic research because they influence supply chains and market access, creating uncertainty in global commerce. This phenomenon demonstrates that tariff-based protectionism has emerged as a systemic challenge for the multilateral trade system and global economic development. The United States's reciprocal tariff has led to a decline in demand for imports from the US. Many of Asian countries that depend on exports to the US market are experiencing economic pressure.⁴ For example, Indonesia, as one of the countries affected by the tariff, is facing a weakening of people's purchasing power. The Head of the Center for Macroeconomics and Finance of Indef, M. Rizal Taufikurahman, stated that the 19% tariff remains detrimental to Indonesia, especially since Indonesia has implemented a 0% tariff on US products. Using the Global Trade Analysis Project (GTAP) model approach, this policy could potentially cause a 0.091% decline in Indonesian household purchasing power. This decline not only reflects weakening purchasing power but also impacts a number of other macroeconomic indicators.⁵ Besides Indonesia, Vietnam faced the threat of a 46% tariff before successfully lowering it to 19% through negotiations. This agreement immediately impacted Vietnam's currency, the Vietnamese Dong. According to Refinitiv, on Thursday (July 3, 2025), the Vietnamese Dong was at 26,195/US\$, a 0.17% weakening compared to Wednesday (July 2, 2025). In early trading, the Vietnamese Dong even touched 26,229/US\$, the lowest level in the history of the Vietnamese Dong against the US dollar.⁶

The tariff-setting mechanism that WTO member countries must adhere to is stipulated in the 1994 GATT. Article I of the GATT emphasizes that if one WTO member country grants favorable treatment to a product from a particular member country, the same treatment must be granted immediately and unconditionally to other member countries. This principle is called the most favored nation (MFN) principle, which means that there must be no difference in import tariffs between countries. For example, if Indonesia imposes a 5% import tariff on

² Ibid.

³ Nima Taheri Hosseinkhani, "Comprehensive Analysis of Tariff Effects on the United States Economy," SSRN *Scholarly Paper* no. 5403540 (*Social Science Research Network*, August 10, 2025), <https://doi.org/10.2139/ssrn.5403540>.

⁴ Roy Sibuea and Peter Ng, International Tax and Transaction Services, PT Ekasurya Yasa, "Impact of Recent US Tariffs on ASEAN Businesses," accessed November 23, 2025, https://www.ey.com/en_id/technical/tax-alerts/impact-of-recent-us-tariffs-on-asean-businesses.

⁵ Grahana Mediatama, "Indef: Dampak Tarif AS 19%, Tekan Daya Beli dan Pertumbuhan Ekonomi Dalam Negeri," *kontan.co.id*, July 21, 2025, <https://nasional.kontan.co.id/news/indef-dampak-tarif-as-19-tekun-daya-beli-dan-pertumbuhan-ekonomi-dalam-negeri>.

⁶ Robert Armstrong, "Tariff inflation arrives", *Finance Times*, 16 Juli 2025, accessed November 23, 2025, <https://www.ft.com/content/eae345fb-28bd-4834-bebc-9ed4e23a20bf>

Japanese electronic goods, the same tariff must also be set on similar goods from all other WTO member countries. Similarly, there are exceptions to the MFN principle, such as in free trade areas (FTAs) or regional agreements such as ASEAN, as long as they do not violate Article XXIV of the GATT.⁷ Meanwhile, in 2025, international trade activities experienced instability due to the implementation of tariffs by the United States.

US's reciprocal tariff policy imposed a base tariff of 10% on almost all imported goods and a 50% tariff on imports from 57 countries with large trade surpluses. Subsequently, on April 9, 2025, President Trump announced that he would suspend the reciprocal tariffs for 90 days and reduce the tariff rate to 10% for almost all countries. China was an exception when Trump announced that the United States would increase import tariffs on China to 125%.⁸ The implementation of different tariffs for each country, even specifically targeting certain countries with significantly higher tariffs than others, forces these countries to experience losses in trade. This is evident in several countries attempting to negotiate with the US to reach a deal that is not detrimental to either party. Indonesia is one country attempting this negotiating approach.⁹

The previous studies, South Centre (2018) titled "US Section 301 Actions: Why They Are Illegitimate and Misguided" which concludes that unilateral tariff measures imposed by the United States are incompatible with WTO and GATT obligations because they violate tariff binding schedules and disregard multilateral consultation procedures.¹⁰ Although the study offers strong doctrinal interpretation of Article I and Article II, it does not address the legality of tariffs with other GATT principles which are the basis for the application of tariffs by WTO members. To fill the gap, this article will provide a normative legal analysis focused exclusively on assessing the conformity of the U.S. tariff policy with GATT principles, particularly Article I, Article II, Article III, Article X, and Article XXVIII. This article will analyze how the WTO's tariff setting mechanism is based on the GATT and analyzing the conformity of Trump's tariffs with the rules in GATT. The scientific value of this article lies in its contribution to strengthening doctrinal understanding of tariff legality within the framework of GATT 1994 by offering a focused normative legal analysis on the conformity of the United States reciprocal tariff policy with the core principles of the multilateral trade system.

While there are numerous allegations of violations of WTO rules in this US policy, a deeper look at how Trump set these tariffs, which has sparked debate between the affected countries and the US, is necessary. It is important to understand the provisions of the WTO's tariff-setting mechanism based on the GATT itself. Next, we will discuss whether the US tariff implementation complies with GATT provisions or whether the US has violated WTO principles or rules.

⁷ General Agreement on Tariff and Trade Article I

⁸ Ibrahim Kholilul Rohman, et. al., "Trump's "Reciprocal Tariffs": Global Trade Shock and Implications for Indonesia - IFG Progress, n.d., accessed November 23, 2025, <https://ifgprogress.id/pos-jurnal/trumps-reciprocal-tariffs-global-trade-shock-and-implications-for-indonesia/>.

⁹ Setjen DPR RI, *Parlementaria Terkini - JDIH SETJEN DPR*, n.d., accessed November 23, 2025, <https://jdih.dpr.go.id/berita/detail/id/55339/t/Legislator+Yakin+Prabowo+Bisa+Negosiasi+Tarif+Impor+Trump%3A+Masa+Tunda+90+Hari+Bisa+Dimanfaatkan>.

¹⁰ Aileen Kwa and Peter Lunenborg, "US' Section 301 Actions: Why They Are Illegitimate and Misguided," *SSRN Electronic Journal*, ahead of print, 2018, <https://doi.org/10.2139/ssrn.3280853>.

2. Method

This research employs a normative legal research method, which views law as a system of norms consisting of principles, doctrines, statutory rules, international treaties, and judicial decisions. The study uses a statute approach and a case approach, in which relevant legislation, WTO agreements, and judicial precedents are examined to understand how legal norms are applied in practice. The data used in this research are entirely secondary, comprising legal sources such as international agreements including the General Agreement on Tariffs and Trade 1994 and the Marrakesh Agreement Establishing the WTO 1994, along with academic writings, legal theories, and scholarly commentary. Data were collected through literature study by reviewing legal documents, academic publications, and other references discussing the tariff-setting mechanism under GATT and the tariff policies of the United States. The collected data were then processed by categorizing, describing, and analyzing them based on principles of international economic law to evaluate the conformity of U.S. tariff measures with WTO rules.

3. Results and Discussion

3.1. Compliance of United States's Tariff with the Tariff Implementation Mechanism in the General Agreement on Tariff and Trade 1994

The WHITE HOUSE article explain that while all WTO members have agreed to bind tariffs based on the MFN principle, MFN does not regulate the tariff rate itself. This means that each country is only obliged to apply equivalent tariffs and treat every other country equally. This results in the US having one of the lowest average tariffs (bound rates), at only 3.3%. Meanwhile, many of the US's trading partners have much higher bound rates, such as India at 17%, China at 5%. This means that each country's tariffs are not the same low level or are not applied reciprocally. Trump stated that US does not receive compensation in the form of equal market access.¹¹ However, this reasoning is not entirely accurate when placed in the context of the multilateral trading system under GATT/WTO. The MFN principle was never intended to equalize tariff rates among members, but rather to ensure non discriminatory treatment of all trading partners regardless of product origin. Differences in tariff levels are a natural outcome of negotiated trade rounds, the economic position of each country, and the policy space still needed by developing states to protect domestic industries. Thus, the lack of reciprocal tariff levels does not necessarily indicate that the United States is being disadvantaged, but reflects an institutional compromise that enables countries at different stages of development to participate within a single rules-based trade system.

The US does apply a 10% base tariff to all its trading partners equally, but this tariff rate is also determined by the value of a good's components originating from the US. If a product contains 20% of its value of US-originated goods, it will only be subject to a 10% tariff on non-US

¹¹ Executive Orders, "Regulating Imports with a Reciprocal Tariff to Rectify Trade Practices That Contribute to Large and Persistent Annual United States Goods Trade Deficits," *The White House*, April 2, 2025, <https://www.whitehouse.gov/presidential-actions/2025/04/regulating-imports-with-a-reciprocal-tariff-to-rectify-trade-practices-that-contribute-to-large-and-persistent-annual-united-states-goods-trade-deficits/>.

components, while if the product has less than 20% US components, it can be subject to a tariff of up to 26% of the total product value. This action is not merely reciprocal but also aims to shift the global supply chain to the US. Therefore, the US has essentially differentiated tariff treatment depending on the value of a product's components originating from the US. This policy is certainly not in line with the MFN principle as stated in Article 2 GATT 1994 which requires member countries to provide equal treatment regardless of the origin of a product's components. This tariff is referred to as an asymmetric tariff, which treats imported products based on their origin, regardless of the importer's nationality. Essentially, asymmetric tariffs do not discriminate based on the importer's nationality, but asymmetric tariffs constitute de facto discrimination that violates the MFN clause.¹² This is in line with the previous dispute, namely the Indonesia and Autos dispute (1998), in which the WTO asserted that Indonesia could not provide special tax benefits to Korean cars regardless of the product's content. If such treatment was granted to Korea, then the same treatment must be granted to other countries without conditions.¹³ Similarly, the President's Document (Federal Register/Vol. 90, No. 32), in section 2, states that the United States considers reciprocal tariffs in accordance with the treatment of trading partners towards the United States. This requires that the United States apply differential tariffs to different countries instead of applying the same tariff, thus violating the MFN principle.¹⁴ Indonesian Deputy Foreign Minister Arrmantha Nasir also emphasized that the US's reciprocal tariff policy violates WTO principles, including tariff binding and the principle of equal treatment. He urged affected countries to jointly sue the US at the WTO to uphold a fair and transparent multilateral trading system.¹⁵

One example of tariff discrimination can be seen in the non-tariff obligations that Indonesia must fulfill to obtain a 19% tariff from the US, while neighboring countries like Vietnam do not face similar obligations, causing losses for Indonesia. According to Muhammad Faisal, Executive Director of the Center of Reform on Economics (Core) Indonesia, this has contributed to job cuts due to import pressures in Indonesia.¹⁶ US's policy implicitly gives greater advantages to domestic products or imported products containing US content. This is inconsistent with the principle of national treatment stipulated in Article III of the GATT because it creates de facto discriminatory treatment against imported products, encouraging the

¹² Roberto Castro de Figueiredo, "Trump's Reciprocal Tariff Policy, Multinationals, and Investment Treaties | *Kluwer Arbitration Blog*," September 19, 2025, accessed November 23, 2025, <https://legalblogs.wolterskluwer.com/arbitration-blog/trumps-reciprocal-tariff-policy-multinationals-and-investment-treaties/>.

¹³ "54R00.DOC," n.d., accessed November 23, 2025, https://www.wto.org/english/tratop_e/dispu_e/54r00.pdf.

¹⁴ Poorva Sharma and Vasujit Dubey, "Trump's Tariff Plan: Reciprocity or the End of Multilateralism?," *Völkerrechtsblog*, ahead of print, May 21, 2025, <https://doi.org/10.17176/20250627-083144-0>.

¹⁵ "Wamenlu RI Sebut Tarif Trump Langgar Prinsip WTO, Harus Digugat Bersama - Suara Surabaya," accessed November 23, 2025, <https://www.suarasurabaya.net/ekonomibisnis/2025/wamenlu-ri-sebut-tarif-trump-langgar-prinsip-wto-harus-digugat-bersama/>.

¹⁶ Metro TV, "Dibatalkan Pengadilan Banding AS, RI Bisa Negosiasi Ulang Tarif Trump," <https://www.metrotvnews.com>, accessed November 23, 2025, <https://www.metrotvnews.com/read/bJEC4Qd2-dibatalkan-pengadilan-banding-as-ri-bisa-negosiasi-ulang-tarif-trump>.

use of US originated materials and limiting the competitiveness of foreign products in the local market by imposing higher tariffs.¹⁷

In addition to the two articles above, the primary obligation of WTO members is to comply with the agreed-upon tariff binding as stipulated in the concessions schedule. Tariff binding are applied equally to all member countries, in accordance with Article I:1 of the GATT, with the principle that concessions are binding and may not be changed beyond the established limits without negotiation with the member country.¹⁸ The US has imposed base tariffs of 10% and even up to 26% on products that do not contain at least 20% of US-origin components. This policy is considered a violation of the bound tariff commitments the US has agreed to in its concession schedule, which stipulates that the average bound rate for industrial (non-agricultural) products is only around 3.3% according to the Schedule of Concessions of the United States. The US reciprocal tariff is a unilateral tariff without prior negotiation. Article XXVII of the GATT 1994 stipulates that negotiations and consultations must be conducted within the WTO. However, the reciprocal tariff policy implemented unilaterally by the United States is inconsistent with this Article and is considered contrary to the principle of *pacta sunt servanda*, a principle of international law that states that every legally concluded agreement binds the parties like law. This principle is affirmed in Article 26 of the 1969 Vienna Convention on the Law of Treaties, which states that international agreements must be implemented in good faith by the parties bound by them.¹⁹

Several US trading partners responded to the tariffs through negotiations, ultimately reaching agreements with countries such as Indonesia and Vietnam. However, these negotiations sparked debate, as bilateral negotiations regarding US tariffs were deemed illegitimate. China expressed its disappointment with the responses of countries negotiating bilaterally with the US. China urged these countries not to undermine the multilateral trading system within the WTO. In practice, WTO member countries often use bilateral agreements to reach agreements. However, this must be balanced with the principles of non-discrimination and transparency to

¹⁷ Roberto Castro de Figueiredo, "Trump's Reciprocal Tariff Policy, Multinationals, and Investment Treaties | *Kluwer Arbitration Blog*," September 19, 2025, accessed November 23, 2025, <https://legalblogs.wolterskluwer.com/arbitration-blog/trumps-reciprocal-tariff-policy-multinationals-and-investment-treaties/>.

¹⁸ Kompas Cyber Media, "Tarif Trump Vs WTO," KOMPAS.com, May 9, 2025, <https://money.kompas.com/read/2025/05/09/132353526/tarif-trump-vs-wto>.

¹⁹ Dewi Lusy Nurcahyani and Andi Aina Ilmih, "Mengkaji Tarif Resiprokal USA Dalam Perspektif Hukum Perdagangan Internasional Dan Penyelesaian Melalui Jalur Diplomasi | *J-CEKI: Jurnal Cendekia Ilmiah*," accessed November 23, 2025, <https://ulilalbabinateid.id/index.php/J-CEKI/article/view/100> Pihak-pihak yang terlibat dalam sengketa ini adalah Republik Ekuador sebagai penggugat dan Amerika Serikat sebagai pihak tergugat. Republik Ekuador, sebagai negara penandatanganan BIT tahun 1993, merasa bahwa penafsiran Amerika Serikat terhadap ketentuan perjanjian telah menimbulkan ketidakselarasan dengan prinsip hukum perjanjian internasional dan membatasi ruang gerak negara untuk menerapkan kebijakan domestik dalam bidang investasi. Sementara itu, Amerika Serikat mempertahankan posisinya bahwa penafsiran yang digunakan telah sesuai dengan isi perjanjian serta praktik hukum internasional yang berlaku bagi perlindungan investor asing. Perbedaan posisi tersebut kemudian dibawa ke forum arbitrase internasional untuk memperoleh keputusan otoritatif dari Tribunal mengenai bagaimana ketentuan BIT seharusnya dipahami dan diterapkan oleh kedua negara dalam hubungan hukum mereka.

avoid unfair practices. For example, if Indonesia imposes low or nearly zero tariffs on the US, the agreement must be notified to the WTO because this agreement resembles a free trade area (FTA) where only both parties benefit. Failure to notify that the agreement is an FTA could potentially violate the principle of non-discrimination because it treats other member countries differently than the agreement between Indonesia and the US.²⁰

A policy without prior notification will become an unpredictable rule.²¹ The conditions above are evidence that closed negotiations without notification to the WTO can potentially create legal uncertainty. Every agreement must be notified openly so that the rules made are more transparent in accordance with the principle of transparency, so that affected countries can easily access and predict changes to a policy. As discussed previously, Article X paragraph (2) of GATT 1994 states that a policy must be officially announced before the policy is implemented. Countries fulfill their obligation to comply with the principle of transparency through notifications distributed throughout the WTO agreement. The United States in this case only made the announcement through a direct statement by President Trump without providing official notification to the WTO.²² In a similar case, India imposed quantitative restrictions on imports of goods, particularly in the agricultural, textile, and industrial sectors, to protect India's Balance of Payments (BOP). These import restrictions were imposed without notification, making the measures unpredictable. The US then consulted with India under the DSU, and Japan and several other countries also became third parties to the dispute. India argued that these measures were justified given its status as a developing country and denied that they violated Article XI(1) of the GATT 1994. However, the panel stated that such measures cannot be justified on any grounds in the absence of an explicit provision in the GATT, thus finding India in violation of Article XI(1) of the GATT 1994. Furthermore, India also failed to prove that the restrictions were justified under Article XVIII:B of the GATT, which permits developing countries to take measures to protect their balance of payments.²³

The US stated that there are three assumptions regarding US liberalization policy that are inconsistent with reality:

1. The US leads the world in liberalizing tariff and non-tariff barriers, and other countries will follow suit.
2. This policy will encourage more balanced economic growth and increase purchasing power in US trading partners, resulting in greater consumption of US products.
3. The US can reduce its large and persistent trade deficit.²⁴

²⁰ "Trade: WTO Members Assert Bilateral Trade Deals with US Are Non-Binding," accessed November 23, 2025, <https://twn.my/title2/wto.info/2025/ti251005.htm>.

²¹ "Article X GATT AGREEMENT," n.d.

²² William Alan Reinsch et al., *Transparency at the WTO: Why Does Transparency Matter, and Are Members Meeting Their Obligations?*, April 22, 2020, <https://www.csis.org/analysis/transparency-wto-why-does-transparency-matter-and-are-members-meeting-their-obligations>.

²³ "WTO | Dispute Settlement - the Disputes - DS90," accessed November 24, 2025, https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds90_e.htm.

²⁴ "Executive Order 14257 – Regulating Imports With a Reciprocal Tariff To Rectify Trade Practices That Contribute to Large and Persistent Annual United States Goods Trade Deficits | *The American Presidency*

The US stated that these three expectations do not align with the reality of international trade. The above statement means that US partner countries have not followed market opening proportionally, their domestic consumption has not increased significantly, and there is a trade deficit with the US. Therefore, US leadership in trade liberalization has not resulted in a balanced reciprocal relationship, requiring the US to use reciprocal tariffs to rebalance trade.²⁵ This reasoning prompted the US to protect its national security. However, reflecting on the 2018 case, the WTO stated that the use of GATT Article XXI concerning the Security Exception was unjustifiable in the US case because Article XXI of GATT 1994 was not a self-judgmental article as previously discussed in the 2018 US-China dispute, and it was not permissible to use the article to discriminate against other member states.²⁶ However, the legality of this article in the case of the 2025 US tariffs remains uncertain, as there has been no official statement from the WTO regarding the validity of the US's use of this article. However, one highlight is the US's blocking of the WTO's Dispute Settlement Body (DSB), which has hampered the resolution of this dispute. In 2018, the US refused to comply with a panel ruling in a tariff dispute with China, which stated that the US could not set tariffs unilaterally. Therefore, the effectiveness of this ruling remains questionable, as the United States continues its tariff policy without complying with the WTO ruling. This demonstrates the weakness of the WTO's enforcement system against major countries. The WTO has attempted to uphold the principle of non-discrimination, but the United States has ignored the ruling. Instead, the United States has blocked the appeal process by refusing to appoint new members to the Appellate Body.²⁷

Overall, the author concludes that US tariff policy is inconsistent with GATT provisions. This is demonstrated by the discussion above, which demonstrates the inconsistency between the 2025 US tariffs and GATT provisions, which regulate tariff application through the principles of transparency, non-discrimination, and other obligations such as negotiation and binding tariffs agreed upon in the concession schedule. This action could pose a threat to member countries and create legal uncertainty regarding WTO member countries' commitment to a fair multilateral trading system.

3.2. Discussion

The findings of this study demonstrate that the reciprocal tariff policy applied by the United States reflects a significant departure from the principles established under the GATT 1994 and the WTO framework. The United States introduced a tariff regime that imposes different rates on trading partners based on the extent to which a product contains domestic value components, resulting in tariff variations that affect each country differently. Such tariff differentiation contradicts the Most-Favoured Nation (MFN) principle under Article I of GATT,

Project," accessed November 24, 2025, <https://www.presidency.ucsb.edu/documents/executive-order-14257-regulating-imports-with-reciprocal-tariff-rectify-trade-practices>.

²⁵ Ibid.

²⁶ Nithya Nagarajan Greer Camron, "WTO Rules That U.S. Section 301 Tariffs on Chinese Imports Violate International Trade Rules," *International Trade Insights*, September 16, 2020, <https://www.internationaltradeinsights.com/2020/09/wto-rules-that-u-s-section-301-tariffs-on-chinese-imports-violate-international-trade-rules/>.

²⁷ Ayu Salsabila et al., "Dampak Hukum Perang Dagang Amerika Serikat-China Terhadap Prinsip Non-Diskriminasi Dalam World Trade Organization," *SYARIAH: Jurnal Ilmu Hukum* 2, no. 4 (2025): 59-64, <https://doi.org/10.62017/syariah.v2i4.4756>.

which requires equal tariff treatment for all WTO members regardless of product origin. The policy also benefits domestic products or imports with higher American content, resulting in de facto discriminatory treatment that violates the National Treatment obligation. Moreover, the United States applied these tariffs unilaterally without prior consultation, negotiation, or notification to the WTO, thereby breaching transparency obligations and exceeding previously agreed tariff bindings as listed in its Schedule of Concessions.

The U.S. government defended its tariff policy by invoking national security grounds under Article XXI of GATT; however, WTO jurisprudence has confirmed that this article is not self-judging and remains subject to legal review. Panels have previously ruled that security exceptions cannot be used to justify discriminatory tariffs that exceed bound rates unless applied in genuine conditions of international emergency or armed conflict. Despite this, the United States continued to maintain its tariffs even after adverse WTO rulings, highlighting a structural weakness in WTO enforcement mechanisms. This development is further exacerbated by the paralysis of the WTO Appellate Body, caused by the United States blocking new appointments, which undermines the ability of the dispute settlement system to enforce decisions.

The results of this study are consistent with the findings of other researchers. Previous studies conclude that the United States' reciprocal tariff measures tend to conflict with core principles of the GATT/WTO system, particularly the Most-Favoured Nation and bound tariff obligations. Other researchers have also found that the invocation of Article XXI on national security grounds is frequently viewed as an attempt to justify unilateral trade actions that extend beyond the permissible limits of WTO rules, and that WTO panels have repeatedly emphasized that Article XXI is not fully self-judging and remains subject to legal examination. Furthermore, similar studies report that the U.S. tariff measures have generated measurable economic consequences for several trading partners, including declines in purchasing power, trade performance, and macroeconomic stability, which aligns with the outcomes identified in this research. Therefore, the present study supports and reinforces the broader scholarly view that the U.S. tariff policy represents both a legal and systemic challenge to the multilateral trading order established under GATT/WTO.

In addition to legal inconsistencies, the tariff policy has generated economic impacts for multiple trading partners. Indonesia, for example, experienced reduced purchasing power, weaker investment performance, lower trade performance, and potential declines in economic growth, demonstrating the tangible cost of tariff escalation on developing economies. Vietnam similarly faced currency depreciation following the implementation of differential tariff negotiations. However, the tariff negotiations also opened limited economic opportunities for some markets by temporarily improving short-term investor sentiment, especially in regional stock markets. Overall, the results confirm that the U.S. tariff measures undermine the objectives of GATT 1994, which was established to promote a predictable, transparent, and nondiscriminatory multilateral trading system. The continued imposition of reciprocal tariffs represents not only a legal departure from GATT commitments but also a systemic challenge to the rule-based international trade order by allowing unilateral tariff actions outside multilateral control. The findings reinforce the urgent need for structural reform within the WTO to restore the authority of the dispute settlement mechanism and limit the potential misuse of Article XXI as a basis for unilateral protectionist policies.

4. Conclusion

Through the research conducted to answer the problem formulation, the following conclusions were reached based on the discussion above. The WTO framework was established to ensure fair and equal trade through the principles of non-discrimination, namely the Most Favored Nation and National Treatment principles, transparency, and adherence to other WTO mechanisms such as conducting open negotiations and following agreed concession schedules. To maintain economic balance among least developed, developing, and developed countries, the GATT regulates the behavior of member countries through specific obligations based on these principles. Every WTO member is required to comply with GATT provisions to achieve the goal of a fair multilateral trading system. The US's arbitrary and discriminatory imposition of reciprocal tariffs defeats the purpose of the WTO framework. This is evidenced by tariffs that violate the MFN principle, are not transparent, and do not even conform to the bound rates stipulated in the concession schedule. Imposing reciprocal tariffs in violation of GATT provisions should not be legal, even when facing a trade deficit. This is because such violations threaten the WTO's goal of achieving a fair multilateral trading system and are inconsistent with the principle of good faith.

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