

'Regulate them': hard-up Indonesia traders urge TikTok sales ban

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At Southeast Asia's largest textile market, sellers complain about the impact of TikTok's booming e-commerce arm on their business.

As clothing seller Hendri Tanjung struggles to hawk his tunics to Indonesian buyers outside his market shop, he says customers are turning

to cheaper versions on TikTok, pummeled his income.

The 35-year-old sells his wares at Tanah Abang, Southeast Asia's largest textile market, where sellers are desperately calling out to passersby.

The market in the capital Jakarta is less crowded than usual, with some outlets shuttered, as many of its thousands of merchants selling products made in factories or by tailors and weavers complain about the impact of TikTok's booming e-commerce arm on their business.

"We want the government to close TikTok Shop, or at least regulate them. I feel bad for my employees," said Tanjung.

Indonesians spent more money on the Chinese-owned app than anywhere else in the region over the past year, as TikTok Shop rapidly gained a substantial regional market share and millions of sellers since its 2021 launch.

But government ministers in Southeast Asia's biggest economy have threatened to ban the app outright because of its impact on local sellers, including those at Tanah Abang who rely on offline buyers.

Tanjung said a tunic he sells at 60,000 rupiah (\$3.90), can be found for 40,000 rupiah on TikTok Shop, undercutting his business.

"I don't know where they source their products to sell at such low prices. Ours are our own products and we cannot sell them at that price," he said.



Sellers at Southeast Asia's largest textile market are demanding the Indonesian government impose a ban on Tiktok's e-commerce arm as sales fall.

After a daily revenue drop of more than 80 percent from 30 million rupiah (\$1,948) to five million (\$324) in recent months, he was forced to lay off five of his 30 employees.

Laws in the archipelago nation do not cover transactions through [social media platforms](#) such as Tik Tok, Facebook or Instagram.

But President Joko Widodo said new regulation on social media transactions could come as early as Tuesday.

The draft regulation, expected to be presented soon after Widodo said

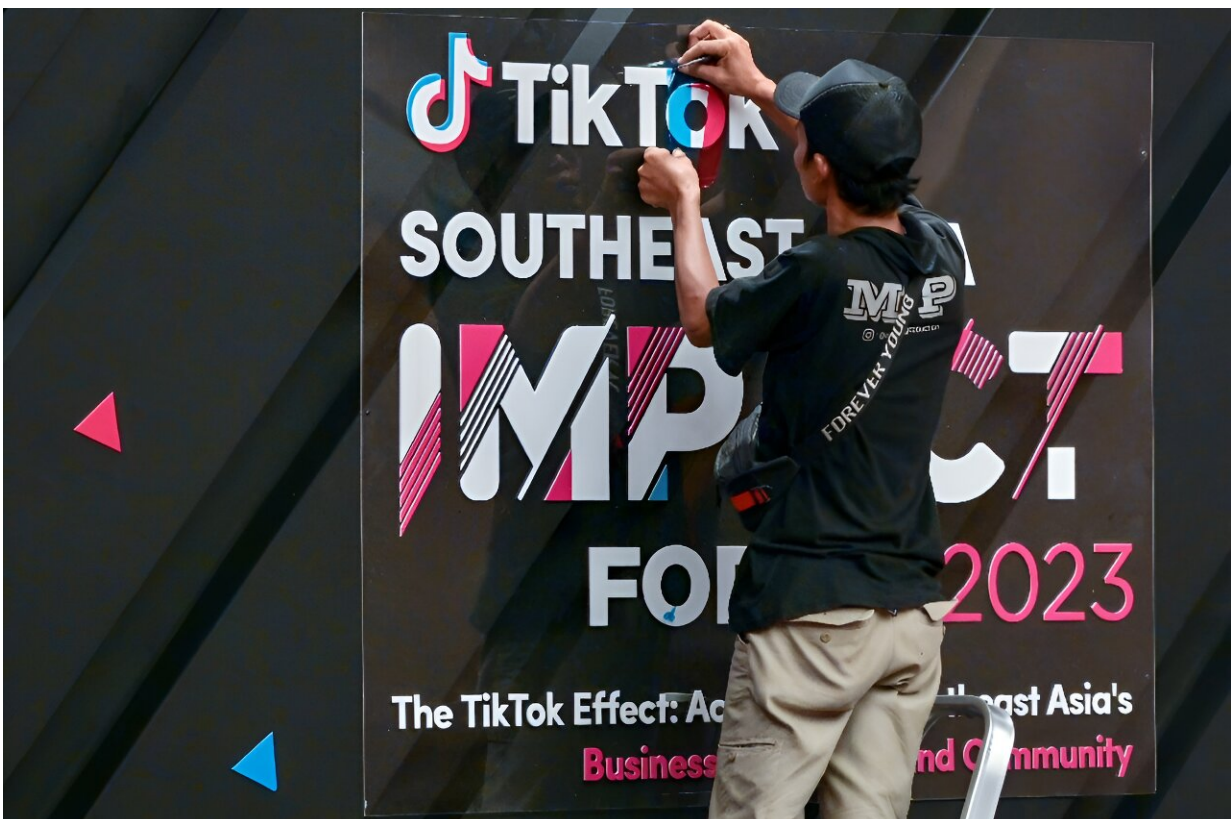
Monday it was "being finalized in the trade ministry", will aim to curb what Jakarta says are monopolistic practices.

Level playing field

Experts say such regulation would create a level playing field for [local businesses](#).

"The key is to regulate social commerce to be on par with e-commerce and traditional offline retailers," said Nailul Huda, a researcher at the Institute for Development of Economics and Finance.

"The government should enhance protection for local products by tightening regulations on imported goods and offering disincentives for imports."



A worker finishes signage before the TikTok Southeast Asia Impact Forum 2023 in Jakarta on June 15, 2023.

TikTok has criticized calls for a ban, saying it would harm Indonesian merchants and consumers.

"Close to two million local businesses in Indonesia use TikTok to grow and thrive through social commerce," Anggini Setiawan, TikTok Indonesia's head of communications, told AFP earlier this month.

Indonesia is TikTok's second-largest market, with 125 million users, according to company figures. It is owned by Chinese tech giant ByteDance.

The country represented 42 percent of TikTok's \$4.4 billion regional gross merchandise value (GMV) last year, according to Singapore-based consultancy Momentum Works.

TikTok's chief executive Shou Zi Chew visited Jakarta in June, pledging to pour billions of dollars into Southeast Asia in the coming years.

But the market sellers want TikTok's rise restricted.

Atinah, a 21-year-old who sells clothing, said she could no longer hope for high weekend sales at her shop at Tanah Abang, which used to bring in around 10 million rupiah per day.

"We are happy if the government can regulate TikTok Shop since now we can only make around three million rupiah on weekends," said

Atinah, who like many Indonesians goes by one name.

"Buyers always compare the prices here with what they see on TikTok Shop."

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