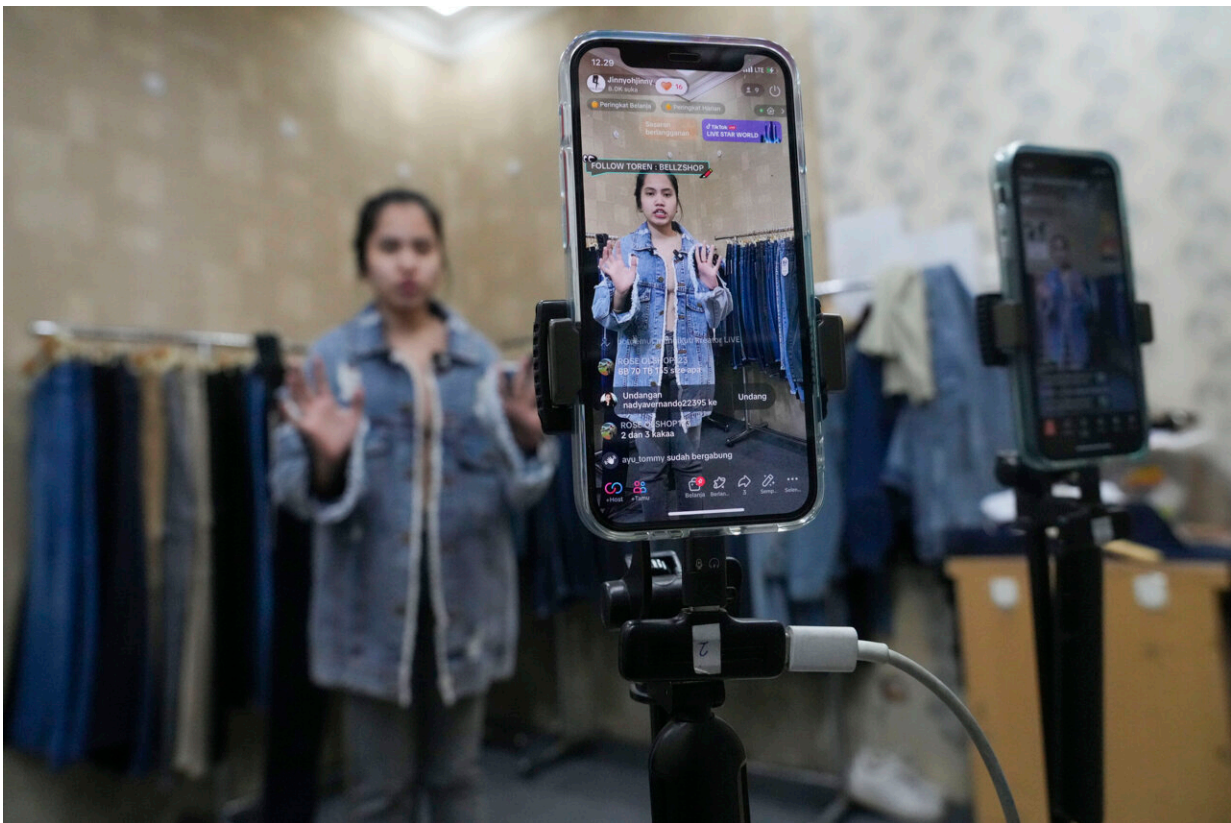


TikTok ends retail business in Indonesia after ban on social media shopping

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A seller offers merchandise using live streaming at a store in the Tanah Abang textile market in Jakarta, Indonesia, Wednesday, Oct. 4, 2023. TikTok said it will halt its online-retail operation in Indonesia on Wednesday to comply with the country's decision to ban e-commerce transactions on social media platforms, a big blow to the video platform's fastest-growing market. Credit: AP Photo/Tatan Syuflana

TikTok said it will halt its online retail operation in Indonesia on Wednesday to comply with the country's decision to ban e-commerce transactions on social media platforms—a big blow to the video platform's fastest-growing market.

The Indonesian government announced the new regulation, which prohibits social media companies from facilitating sales of products on their platforms, on Sept. 28 in a bid to protect small businesses from e-commerce competition, accusing the popular apps and websites of predatory pricing.

The Chinese-owned video sharing app said in a statement it will stop facilitating e-commerce sales in TikTok Shop Indonesia by 5 p.m. Wednesday.

"Our priority is to remain compliant with local laws and regulations," said the statement released Tuesday on its website.

Indonesia's Trade Minister Zulkifli Hasan said the ban aims to "prevent the domination of the algorithm and prevent the use of personal data in business interests" and "create a fair, healthy and beneficial electronic commerce ecosystem," according to a statement released by the Trade Ministry when the ban was announced. It said marketplaces and sellers can only offer or promote goods and services.

A week before the ban was announced, Southeast Asia's largest wholesale market, Tanah Abang, came under inspection. Sellers at the market in the capital, Jakarta, were experiencing a more than 50% loss of profits because they could not compete with imported products sold online at much lower prices, according to Minister of Cooperatives and Small and Medium Enterprises Teten Masduki.



A seller wraps merchandise to send to his customers who he's dealing, using live streaming at a store in the Tanah Abang textile market in Jakarta, Indonesia, Wednesday, Oct. 4, 2023. TikTok said it will halt its online-retail operation in Indonesia on Wednesday to comply with the country's decision to ban e-commerce transactions on social media platforms a big blow to the video platform's. Credit: AP Photo/Tatan Syuflana



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He said TikTok was involved in predatory pricing that caused damages to local small- and medium-sized businesses, and that the new regulation "will justly regulate fair trade online and offline."

Days after the ban was announced, TikTok Indonesia said it regretted the government's decision—particularly the impact it would have on the millions of sellers who use TikTok Shop. But the company said it will

respect the regulations and "will take a constructive path forward."

Southeast Asia, a region home to more than 675 million people, is one of TikTok's biggest markets in terms of user numbers, generating more than 325 million visitors to the app every month.

TikTok, owned by China's ByteDance, is also facing scrutiny from some governments and regulators because of concerns that Beijing could use the app to harvest user data or advance its interests. Countries including the United States, Britain and New Zealand have banned the app on government phones, despite TikTok repeatedly denying that it has ever shared data with the Chinese government and would not do so if asked.

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