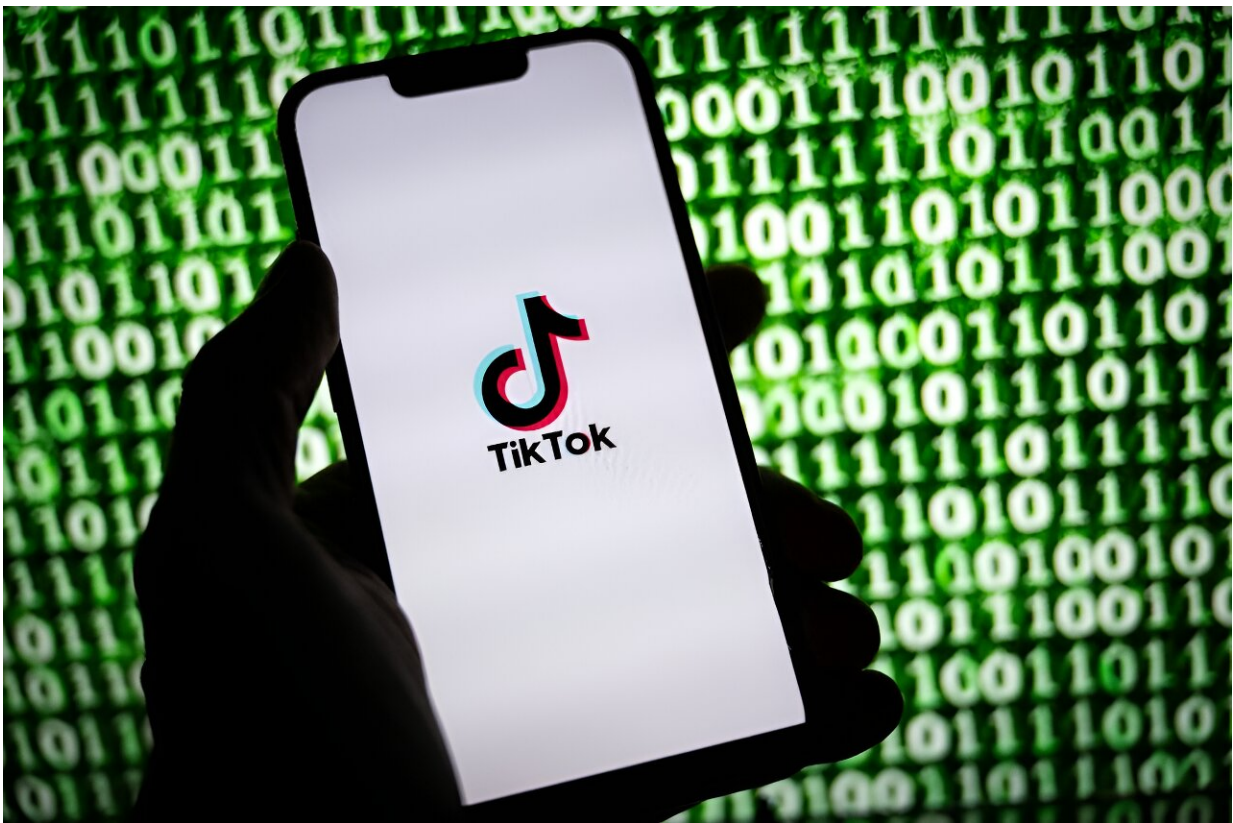# TikTok announces $1.5 bn deal to restart Indonesia online shop

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Indonesia is one of the biggest e-commerce markets in the world for TikTok.

TikTok on Monday announced a $1.5 billion investment in GoTo in a deal that would allow the Chinese-owned short video app to restart its online shop in Indonesia.

Indonesia in September banned sales on social media to protect [small businesses](#) that were losing out to [e-commerce](#) giants, forcing TikTok to close its online shopping business in October.

It is now set to resume that business in Indonesia—one of TikTok's largest e-commerce markets—under a deal with GoTo, which owns the popular local online shopping [platform](#) Tokopedia.

"As part of the agreement, Tokopedia and TikTok Shop Indonesia's businesses will be combined under the existing PT Tokopedia entity," the firms said in a statement.

Under the deal, TikTok will purchase 75.01 percent of Tokopedia's shares for $840 million to have a controlling stake in the e-commerce platform, which will operate the shopping features in its app, and provide further investment in the firm.

"TikTok has committed to invest over $1.5 billion in the enlarged entity over time, to provide future funding required by the business, without additional dilution to GoTo," the statement added.

"TikTok, Tokopedia and GoTo will transform Indonesia's e-commerce sector, creating millions of new job opportunities over the next five years."

GoTo said the partnership will roll out with a pilot under the supervision of regulators, and that it expects the deal to close in 2024.

Tokopedia will receive a $1 billion promissory note from TikTok upon the completion of the deal that can be used for future working capital needs, GoTo said.

They will launch the first campaign under this partnership on both

TikTok and Tokopedia on Tuesday, coinciding with Indonesia's national online shopping day.

Indonesia's e-commerce market has been dominated for years by platforms such as Tokopedia, Shopee and Lazada but TikTok Shop has gained a significant market share since launching in 2021.

With 125 million users, Indonesia is TikTok's second-largest global market after the United States, according to company figures.

Experts said the investment plan would bring greater competition to Indonesia's e-commerce market, which in turn would benefit consumers in the country.

"The entry of TikTok will make the competition among e-commerce players even stronger," said Tauhid Ahmad, executive director of the Jakarta-based Institute for Development of Economics and Finance.

"In the end, consumers will have better choices."

He also said it was easier for TikTok to invest in one of the biggest e-commerce platforms in Indonesia rather than creating its own platform.

The Indonesian ban on social media sales came after calls grew for regulating e-commerce platforms. Offline sellers complained that their livelihoods were threatened by the cheaper products sold online.

Under the new rules, social media firms cannot conduct direct transactions but only promote products on their platforms in Indonesia, the first country in the region to act against TikTok's growing popularity as an e-commerce site.

The ban was yet another setback for TikTok, which has faced intense

scrutiny in the United States and other nations in recent months over users' data security and the company's alleged ties to the Chinese government.

Owned by Beijing-based ByteDance, TikTok is one of the most popular social media platforms on the planet with more than one billion users.

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