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## COVID-19 PANDEMIC TRIGGERS DIGITAL AND E-COMMERCE GROWTH IN INDONESIA

The COVID-19 pandemic propels e-commerce growth in Indonesia as customers have to turn to online platforms to shop amid movement restrictions and health safety. This is thus pushing more and more businesses to sell their products online. Indonesia has seen online shoppers grow to 85 million people during the pandemic, from 75 million pre-COVID-19. The country's 2021 e-commerce gross merchandise value is projected to reach US\$40 billion, which is the third highest in the world.

To optimize Indonesia's digital economy and to improve the governance of internet-based and electronic trading activities, the Indonesian government and Ministry of Trade introduced Government Regulation No. 80/2019 ("GR 80/2019") on E-Commerce in November 2019.

The regulation applies to domestic and foreign e-commerce companies alike. It lays out several rules related to licensing, data, consumer protection, taxation, and local products. It will serve as an umbrella regulation to promote ease of doing business, for industry development and protection of consumers. Indonesian E-Commerce Association (idEA) feel that the regulation will create a level playing field between e-commerce companies and brick-and-mortar marketplaces.<sup>1</sup>

This new e-commerce regulation has many notable elements which all e-commerce players must comply with, and they have until November 2021 to make sure that they are adhering to the new provisions.

### **Licensing**

Article 15 of GR 80/2019 requires e-commerce companies and merchants to obtain a business license by registering their businesses via the online single submission (OSS) platform. Micro, small and medium enterprises can use their business permits (SIUP) to register. Individual sellers can use their identity cards (KTP).

### **Data**

Article 21 of GR 80/2019 stipulates that all e-commerce retailers must regularly submit their data to government agency and also store data information regarding customers and subscribers, payments, complaints, contracts, deliveries and types of products sold. Article 25 stipulates that e-commerce players must retain financial transaction data for 10 years and non-financial data for 5 years.

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<sup>1</sup> 'Seven things you need to know about the new e-commerce regulation', *The Jakarta Post* (12 December 2019) <<https://www.thejakartapost.com/news/2019/12/12/seven-things-you-need-to-know-about-the-new-e-commerce-regulation.html>>

## **Consumer protection**

Articles 18 and 19 of GR 80/2019 states that e-commerce business must respect consumer protection and rights. GR 80/2019 has specific protection framework for personal data protection and consumer complaints. In order to carry out online purchase, consumers provide very sensitive and confidential personal data namely financial details, address and contact details which must be carefully obtained and stored in a proper legal manner and must not be misused in any way.

## **Local products**

Article 12 of GR 80/2019 requires both domestic and foreign e-commerce players to prioritize trade of local products and help improve their competitiveness. Article 77 asks online and social media platforms to facilitate special sections or areas on their platforms to promote made-in-Indonesia products.

## **Sanctions**

As per Article 8 of GR 80/2019, e-commerce companies and merchants that fail to comply with GR 80/2019 will be subjected to administrative sanctions. The sanctions may be in the form of written warnings, being added to the priority monitoring list or a blacklist, being blocked and the revocation of business permits.

The COVID-19 pandemic has changed our world and has become our new reality. It is paving a way for a more home-centric lifestyle and is turning out to be a boon for the e-commerce industry worldwide. Unicorn e-commerce startups are launching and changing the digital economy. Indonesia's e-commerce gross market value is predicted to quadruple by 2025 to reach US\$133 billion.

E-commerce is here to stay and must be dealt by the legal community accordingly.

**Note:** The content of this article does not constitute legal advice and should not be relied as such. Judge's opinion may also be different, due to the facts relevant to the case. If you need specific advice related to this topic, please contact us by email through [info@yangandco.com](mailto:info@yangandco.com).