

Unveiling TikTok Shop's Predatory Pricing Strategy: A Threat to MSMEs and a Regulatory Challenge

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Abstract: The growth of e-commerce in Indonesia has significantly transformed consumer behavior, particularly with the emergence of TikTokShop as a social-commerce platform that merges entertainment and transactions. However, this integration has also triggered unfair competition practices, notably predatory pricing that harms local MSMEs. This study aims to juridically analyze the predatory pricing practices by TikTokShop and their implications for market structure and consumer protection. The research uses a normative juridical method with a statutory and case study approach. The findings reveal that predatory pricing is conducted through the sale of imported goods below market prices to eliminate local competitors and dominate the market. This strategy creates entry barriers for new players and risks market monopolization in the long term. TikTokShop's dominance is further solidified by its majority acquisition of Tokopedia, enabling centralized control over distribution and consumer data systems. Although Trade Minister Regulation No. 31/2023 mandates the separation of social media and e-commerce functions, weak enforcement has left legal implementation gaps. Therefore, strengthening the role of the Business Competition Supervisory Commission and updating the legal framework are essential to ensuring a fair and competitive digital marketplace.

Keywords: Predatory Pricing; TikTokShop; MSMEs

1. Introduction

Electronic commerce, commonly referred to as *e-commerce*, constitutes a form of business activity involving interaction among business actors, consumers, and intermediaries through computer networks, particularly the internet. Over time, e-commerce has emerged as a primary medium for the online sale and purchase of goods and services.¹ In Indonesia, the utilization of e-commerce has experienced significant growth, driven by the increasing accessibility of the internet across various segments of society. This phenomenon became especially pronounced in 2019, notably due to the widespread impact of the Covid-19 pandemic on the social and economic sectors, including in Indonesia. The government's policy of imposing Large-Scale Social Restrictions to curb the spread of the virus indirectly encouraged the public to shift towards online transactions through various available e-commerce platforms.²

¹ Adis Nur Hayati, "Analisis Tantangan dan Penegakan Hukum Persaingan Usaha pada Sektor E-Commerce di Indonesia," *Jurnal Penelitian Hukum De Jure* 21, no. 1 (22 Februari 2021): 109–22, <https://doi.org/10.30641/dejure.2021.V21.109-122>.

² Vera Selvina Adoe et al., *Buku Ajar E-Commerce* (Palu: CV. Feniks Muda Sejahter, 2022).

From both an economic and legal standpoint, e-commerce plays a strategic role that cannot be overlooked. It benefits business actors as drivers of economic growth, consumers as recipients of convenient and secure services, and the government in its effort to stimulate economic development while maintaining social stability. In addition to reducing the potential spread of Covid-19 by limiting physical interactions, e-commerce also facilitates borderless transactions and contributes to the reduction of unemployment through expanded job opportunities and digital business innovations.³

However, the growing volume of e-commerce transactions has also brought adverse impacts, particularly to local merchants who operate offline retail stores. These merchants are at risk of incurring losses due to being unable to compete with the advantages offered by online trade, such as broader market reach and transactional ease. Moreover, e-commerce businesses continuously compete to offer highly competitive pricing in order to attract consumers.

One of the e-commerce platforms that has experienced rapid growth and gained immense popularity in Indonesia is TikTok Shop, developed by ByteDance Ltd.—a global technology company managing various digital platforms across languages, cultures, and geographic regions. Through its innovative features, TikTok introduced TikTok Shop, enabling users not only to enjoy entertainment content but also to engage in online commercial transactions within a single integrated application. This feature was launched in Indonesia on April 17, 2021, during the height of the COVID-19 pandemic, which compelled society to increasingly adopt digital-based activities.

TikTok Shop has provided a new space for entrepreneurs to expand their business reach. Through short video content and live-streaming promotions, business actors are able to market their products directly to a wider audience. Strategic partnerships with digital content creators or influencers through endorsement mechanisms have also become effective marketing strategies to increase consumer trust and interest. On the user side, TikTok facilitates product purchases directly from the *For You Page (FYP)*, where users can view product promotions, proceed to checkout, and complete payments through various practical and accessible methods. This feature has significantly transformed digital consumption patterns while creating new opportunities for the platform-based creative economy.⁴

TikTok Shop stands out for allowing business actors to promote and sell their products directly to users with affordable prices, extensive promotional reach, and a user-friendly payment system. The pricing advantage—especially for imported products,

³ Anifah Widya Indartha et al., “Peranan E-Commerce di Berbagai Kalangan di Indonesia dalam Berbagai Bidang Perekonomian Akibat dari Dampak Pandemi Covid-19,” *Journal of Education and Technology* 1, no. 1 (2021): 6–11.

⁴ Universitas Bakrie, “Kenalan dengan TikTok Shop, Social Commerce yang Sedang Naik Daun,” Universitas Bakrie, 2022, <https://bakrie.ac.id/articles/591kenalandengantiktokshopsocialcommerceyangsedangnaikdaun.html#:~:text=TikTok%20Shop%20adalah%20contoh%20terbaru,lancar%20C%20menyenangkan%20C%20dan%20nyaman>.

which are often cheaper than those offered by other e-commerce platforms and local MSMEs—has led to a sharp increase in transactions on TikTok. The collaboration between social media and e-commerce benefits both consumers and business actors. This is evidenced by the fact that by early 2023, TikTok Shop had recorded approximately 10 million sellers, 100 million products, 50 million buyers, and generated around IDR 15 trillion in sales. Nonetheless, this rapid expansion has triggered controversy, particularly because MSMEs find it increasingly difficult to compete with the low prices of imported goods.⁵

The strategies employed by TikTok Shop present substantial challenges to local entrepreneurs, as many imported products—primarily from China—are reintroduced into Indonesia at significantly lower prices, leading consumers to favor those stores. These imports depress market prices, rendering local traders uncompetitive due to the price disparities caused by such practices. These market behaviors not only disrupt equilibrium but also gradually erode consumers' bargaining power. This is because extreme and irrational pricing strategies—aimed at undermining the existence of competing businesses—tend to result in market structures dominated by a single entity. Once competitors are driven out of the market, consumers are left with limited choices and eventually become dependent on a monopolizing entity. Within the framework of Indonesia's competition law, such practices are expressly prohibited. Law Number 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition, particularly Article 20, prohibits business actors from setting unreasonably low prices that have the potential to eliminate competitors from the market.

Kurnia Toha, a prominent expert in competition law, outlines three essential elements that must be fulfilled for a practice to qualify as predatory pricing:⁶

- (1) the business actor sells goods or services at a price below production cost or below a reasonable market price;
- (2) the strategy is specifically intended to weaken or eliminate competitors from the market; and
- (3) once the market is dominated and competitors are unable to compete, the business actor raises prices significantly to recover losses incurred during the predatory phase and to obtain excessive profits.

Such practices contradict the principles of fair competition, damage the integrity of healthy market mechanisms, and ultimately cause systemic harm to public interest and the overall economy. According to Ignatius Untung Surapati, a digital economy observer,

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⁶ Yohanna Ameilya Panjaitan, "INDIKASI PREDATORY PRICING PADA PRAKTIK PERANG HARGA ANTARA PELAKU USAHA FINANCIAL TECHNOLOGY (FINTECH) DITINJAU BERDASARKAN HUKUM PERSAINGAN USAHA DI INDONESIA," Vol. 1, Article 38., p. 1616," *"Dharmasiswa" Jurnal Program Magister Hukum FHUI* 1, no. 38 (2021): 1615–30.

the predatory pricing practices carried out through TikTok Shop are wrongful and prohibited.⁷

This situation occurs because the goods sold on TikTok Shop are mostly imported—particularly from China—and are sold at significantly lower prices in the Indonesian market. Consequently, local merchants struggle to compete, as they are unable to match such low pricing. Additionally, the marketing approach employed—utilizing an open social media platform—demonstrates that TikTok Shop may exert monopolistic power, thereby marginalizing other businesses from competing effectively in price and market reach. This stands in contrast with local MSMEs, whose operations are geographically limited and rely on conventional marketing strategies.

In October 2023, TikTok Shop was officially shut down by the Indonesian government due to the absence of a valid business license. TikTok had only registered under the Ministry of Communication and Information Technology for electronic systems, but lacked registration with the Ministry of Trade. The shutdown was enforced pursuant to Minister of Trade Regulation Number 50 of 2020, which was later amended by Minister of Trade Regulation Number 31 of 2023. This regulatory amendment imposed stricter controls on e-commerce platforms like TikTok, requiring the separation of e-commerce features from social media functionalities. The regulation was prompted by the discovery that many products being sold on the platform failed to meet regulatory requirements and the Indonesian National Standards (SNI). As a result, TikTok Shop was forced to cease operations in Indonesia. However, it resumed operations in December 2023 after acquiring PT. GoTo Gojek Tokopedia Tbk, also known as Tokopedia.

Based on the background elaborated above, the Author finds it important to raise legal issues concerning the dynamics of business competition in the digital realm, particularly in relation to unfair pricing strategies or predatory pricing by e-commerce operators. This research focuses primarily on the impact of predatory pricing practices on consumers and the integrity of fair competition in Indonesia. The imposition of extremely low prices by large-scale businesses often causes not only economic losses for small and medium enterprises but also misleads consumers in the long run and creates structural imbalances in the digital marketplace.

Furthermore, this study will explore how market dominance strategies employed by platforms such as TikTok Shop affect market structures and whether such dominance exceeds the limits defined by the principles of fair competition as stipulated in Indonesia's positive law, specifically Law Number 5 of 1999. This includes an analysis of whether vertical integration strategies and business models adopted by TikTok Shop may be classified as efforts to dominate the market in a manner inconsistent with the principle of equitable competition and detrimental to smaller-scale business actors.

⁷ Naben Mareta Nabila, "Analisis Predatory Pricing TikTok Shop di Tengah Pemanfaatan Media Sosial Bagi UMKM Indonesia," *Prosiding Seminar Nasional Ilmu Ilmu Sosial (SNIIS) 2* (2023).

By addressing these two core issues, the Author seeks to critically examine the legal implications and consequences of aggressive commercial practices in the digital sector and assess the extent to which legal protections for both consumers and competing business actors can be upheld in the face of e-commerce platform dominance.

2. Method

In an effort to address the legal issues examined in this study, a normative juridical approach is employed. This method of legal research relies primarily on library research, focusing on the analysis of secondary legal materials.⁸ Rather than involving empirical data from the field, the study concentrates on legal norms embodied in statutory regulations, legal doctrines, and relevant court decisions. Methodologically, the analysis is conducted through three main approaches: first, the statute approach, which examines the applicable positive laws and regulations relevant to the legal issue under discussion; second, the conceptual approach, which explores legal definitions and principles formulated by scholars and legal theories to construct a logical framework; and third, the case approach, which analyzes how legal provisions are applied in practice through the study of judicial decisions.⁹ Once the legal materials are collected and categorized, the author applies a deductive reasoning method, a logical process that proceeds from general propositions to specific conclusions, to formulate answers to the legal issues raised in this research.¹⁰ This approach is chosen because it provides a systematic and measurable legal construction in analyzing normatively oriented legal problems.

3. The Main Impacts of Predatory Pricing Practices on Consumers and Digital Markets in Indonesia

In the realm of competition law, there exists a commercial strategy that often provokes legal and ethical debate—namely, the practice of predatory pricing. This term refers to the conduct of a business entity that deliberately sets prices at an extremely low level—often below production cost or average variable cost—with the primary intent of displacing, excluding, or at least weakening its competitors in the market. At the initial stage, the perpetrator of predatory pricing typically accepts financial losses to exert asymmetric competitive pressure, with the expectation that rivals incapable of sustaining such pricing will be forced out of the market.

The underlying motive extends beyond short-term price competition; it is designed to create substantial barriers to entry for potential new entrants. In other words,

⁸ Juan Matheus, “E-Arbitration: Digitization Of Business Dispute Resolution Pada Sektor E-Commerce Dalam Menyongsong Era Industri 4.0 Di Tengah Pandemi Covid-19,” *Lex Renaissance* 6, no. 4 (2021): 692–704.

⁹ Peter Mahmud Marzuki, *Penelitian Hukum: Edisi Revisi*, 19 ed. (Jakarta: Prenada Media Group, 2019).

¹⁰ Muhaimin, *Metode Penelitian Hukum* (Mataram: Mataram University Press, 2020).

predatory pricing serves as a strategic tool by which dominant firms leverage their financial strength to deter competition and consolidate market dominance. Once competitors are eliminated or marginalized, the predator firm gains the ability to drastically raise prices—often to supracompetitive levels—in order to recoup prior losses and extract greater profits, without fear of losing customers due to the lack of viable alternatives.

Upon thorough observation, it is evident that predatory pricing poses significant threats to competitive market dynamics and the broader economic structure. By setting prices below production costs or prevailing market rates over a certain period, this practice not only disrupts the functioning of a healthy market but also undermines the principle of fair competition enshrined in competition law regimes.

Substantively, predatory pricing distorts the competitive order, which should ideally be grounded in efficiency, quality, and innovation. Firms engaging in this strategy do not compete based on superior products or services but rely instead on capital dominance to suppress smaller competitors. Consequently, small and medium-sized enterprises (SMEs), which typically lack the financial resilience to endure such price suppression, are often compelled to cease operations. This in turn reduces consumer choice and stifles innovation, which is frequently driven by agile and creative smaller businesses.

Moreover, predatory pricing creates substantial entry barriers for new firms seeking to enter the market. When prospective entrants face the threat of aggressive price wars with entrenched and well-resourced incumbents, the incentive to innovate and take entrepreneurial risks diminishes significantly. In the long term, the cumulative effect of competitor elimination and the deterrence of new market participants results in increased market concentration. A market that was once competitive may gradually shift towards an oligopolistic or even monopolistic structure, with a few dominant firms controlling the majority of market share. While consumers may enjoy superficially low prices in the short term, these benefits are transient. Once market dominance is achieved, the predatory firm is likely to raise prices without effective market constraints, ultimately leaving consumers with fewer choices and higher costs.

The systemic effects of predatory pricing also extend beyond the immediate market structure. The displacement of small firms disrupts the supply chains that support their operations, such as local suppliers and distributors, creating a damaging domino effect across related sectors. Furthermore, economic resources are misallocated—not toward productivity and innovation, but toward sustaining a manipulative and economically unsustainable strategy. Social impacts are also inevitable: the closure of SMEs due to predatory pricing can trigger mass layoffs, contributing to rising unemployment and deepening socioeconomic inequality at both local and national levels.

From a regulatory standpoint, proving the existence of predatory pricing is far from straightforward. Its concealed nature, often disguised as legitimate pricing

strategies, makes detection difficult without in-depth economic analysis. In the context of competition law, predatory pricing cannot be viewed merely as a strategy of offering lower prices to attract consumers. Rather, it represents a multidimensional structural issue encompassing legal, economic, and public policy aspects. It is typically perpetrated by a firm with significant market power, which sets prices below cost for a temporary period not to engage in fair competition, but to force competitors out of the market through unfair price pressure—ultimately leading to monopoly or exclusive market control.

Given these consequences, the practice poses serious risks to market structure and the viability of SMEs, and in the long run, it harms consumers by eliminating choice and fostering monopolistic pricing. Consequently, many jurisdictions—including Indonesia—have adopted anti-monopoly and competition laws that explicitly prohibit predatory pricing as a form of abuse of dominant position. However, the challenge lies not merely in the existence of legal norms but in their enforcement. One of the greatest hurdles in tackling predatory pricing is the evidentiary burden. Determining whether prices are indeed below cost and assessing the intent and market impact of the strategy require comprehensive and rigorous analysis. Effective enforcement demands collaboration between competition authorities, economic experts, and legal practitioners to objectively assess all elements of the violation. Accordingly, competition watchdogs must be equipped with high technical competence and effective legal instruments to identify and firmly address such practices.

4. Analysis of Market Domination Practices by TikTokShop E-Commerce Based on Indonesian Positive Law

Law No. 5 of 1999 on the Prohibition of Monopolistic Practices and Unfair Business Competition, particularly Article 20, stipulates that: “*Business actors are prohibited from engaging in loss-selling or setting excessively high prices or conducting loss-selling.*” Thus, the operation of TikTok Shop in Indonesia demonstrates that the prices offered were below the average total cost. This provision generally prohibits the practice of *loss-selling* (predatory pricing) or setting unreasonably low prices, as it may lead to monopolistic practices or unfair business competition.

The presence of TikTok Shop in Indonesia ultimately became a source of public controversy, sparking a debate between consumers and small-to-medium enterprises (SMEs). While consumers felt they benefited, SMEs suffered losses and faced significant business competition threats. Zulkifli Hasan emphasized that e-commerce platforms are only permitted to promote goods or services and are prohibited from conducting direct transactions with users, due to the emerging issues within society.¹¹ In compliance with government regulations on electronic commerce, TikTok Shop officially ceased its

¹¹ Ferry Sandi, “TikTok Shop ditutup, Mendag Tegaskan Nasib E-Commerce Lain,” CNBC Indonesia, 2023, <https://www.cnbcindonesia.com/tech/20231010162529-37-479461/tiktok-shop-ditutup-mendag-tegaskan-nasib-ecommerce-lain>.

operations in Indonesia on 4 October 2023 at 17:00 WIB. The Ministry of Trade expressed concern over TikTok's algorithm, which potentially enables the company to monopolize the market. This concern arose from the fact that electronic commerce enables direct transactions between buyers and sellers via social media without regulatory boundaries. Consequently, TikTok Shop's operations were suspended.

TikTok only holds a license as an electronic system provider from the Ministry of Communication and Informatics, but does not possess an electronic commerce license from the Ministry of Trade. According to Article 1 paragraph (2) of Minister of Trade Regulation Number 31 of 2023, electronic commerce is trade whose transactions are carried out through a series of electronic devices and procedures." Further, Article 1 paragraph (17) defines electronic commerce providers as business actors providing communication platforms used for trade transactions, including specific features, menus, and/or facilities that enable merchants to list offers of goods and/or services.

TikTok Shop resumed operations in Indonesia on 12 December 2023, following its partnership agreement with PT GoTo Gojek Tokopedia Tbk, signed on 11 December 2023. TikTok, owned by ByteDance Ltd., committed to a long-term investment in Tokopedia—one of Indonesia's largest e-commerce platforms—of over USD 1.5 billion or approximately IDR 23.4 trillion.¹² According to the agreement, TikTok would merge its business with Tokopedia's e-commerce operations and acquire more than 75% of Tokopedia's shares. TikTok Shop's reactivation coincided with Indonesia's National Online Shopping Day on 12 December 2023. However, upon resuming its operations, the platform continued to conduct transactions directly on TikTok, despite Minister of Trade Regulation Number 31 of 2023 clearly prohibiting social commerce platforms—such as TikTok Shop—from facilitating direct transactions. The Director General of Domestic Trade at the Ministry of Trade granted TikTok Shop a transition period of three to four months until April 2024 to fully migrate all transactions to Tokopedia. This grace period was provided to accommodate the necessary adjustments between TikTok and Tokopedia, but TikTok remains obligated to comply with Minister of Trade Regulation Number 31 of 2023.¹³

Following the collaboration agreement between TikTok and PT GoTo Gojek Tokopedia Tbk, signed on 12 December 2023, TikTok Shop officially merged with Tokopedia in March 2024, in accordance with regulations issued by the Ministry of Trade. This migration was executed based on directives from the Ministry, which allowed a three-to-four-month adjustment period following Tokopedia's acquisition. As a result of the integration, all payment activities, transactions, user management, and merchant operations were transferred to PT GoTo Gojek Tokopedia via the Tokopedia e-commerce

¹² BBC News Indonesia, "TikTok Shop buka lagi setelah akuisisi Tokopedia, pedagang dan afiliasi berharap 'jangan sampai ditutup lagi,'" BBC News Indonesia, 2023, <https://www.bbc.com/indonesia/articles/cgrp5yeyvzno>.

¹³ Elsa Catriana, "Kemendag 'Buka-bukaan' Alasan Kasih Izin TikTok Shop Kembali Dibuka," Kompas.com, 2023, <https://money.kompas.com/read/2023/12/20/140000526/kemendag-buka-bukaan-alasan-kasih-izin-tiktok-shop-kembali-dibuka>.

application. The system integration commenced on 27 March 2024, after Tokopedia and TikTok Shop fulfilled all business licensing requirements stipulated by the Ministry of Trade. Tokopedia has since assumed full responsibility for all e-commerce operations, including order processing, payment, and electronic transaction systems. Consequently, TikTok Shop has met the requirements of Minister of Trade Regulation Number 31 of 2023, which prohibits social commerce entities from directly promoting or selling goods and services.¹⁴

Despite this merger, the public perceives that the distinction between social media and e-commerce remains unclear. Thus, the migration of TikTok Shop to Tokopedia is still seen as paradoxical. This suggests that TikTok has not yet fully complied with Minister of Trade Regulation Number 31 of 2023. According to Tesar Sandikapura, Chairman of the Indonesia Digital Empowering Community (IDIEC), TikTok must establish a standalone e-commerce platform separate from existing competitors like Tokopedia. He argued that merely shifting backend payment systems to Tokopedia does not indicate genuine compliance with government regulations requiring the separation of social media from e-commerce functions. Furthermore, due to TikTok's 75% ownership of Tokopedia, there is a concern that this structure could inhibit TikTok from collaborating with other e-commerce platforms, thereby raising the potential for monopolistic practices within the app.

Teten Masduki, stated that during the transition period, TikTok and Tokopedia continued to violate regulations by enabling transactional features within the social media platform, despite their partnership with Tokopedia. He rejected TikTok's backend payment rerouting as a form of compliance with Minister of Trade Regulation Number 31 of 2023, as the regulation prohibits any processing of payments within social commerce platforms.¹⁵ Although TikTok and Tokopedia claimed that transactions were processed via Tokopedia, Article 13 paragraph (3)(a) of Minister of Trade Regulation Number 31 of 2023 mandates that "*Electronic Commerce Providers must ensure no interconnection between their electronic systems and external systems*", while paragraph (3)(b) prohibits the use of user data by any affiliated company linked to the electronic system.

Considering the widespread public and governmental controversy triggered by the operation of TikTok Shop in Indonesia, significant debate emerged over the legality and existence of TikTok Shop. The core of the issue was the price of goods on the platform, which was substantially below market average—qualifying as *predatory pricing* or loss-selling in violation of Law No. 5 of 1999 on the Prohibition of Monopolistic Practices and Unfair Business Competition. Furthermore, the platform's transaction features

¹⁴ Iwan Supriyatna, "Resmi! Migrasi TikTok Shop-Tokopedia Rampung Sesuai Permendag No. 31 Tahun 2023," Suara.com, 2023, <https://www.suara.com/bisnis/2024/04/03/140448/resmi-migrasi-tiktok-shop-tokopedia-rampung-sesuai-permendag-31?page=all>.

¹⁵ Novina Putri Bestari, "TikTok Shop Masih Langgar Aturan, Teten Duga Ada Kepentingan Politik," CNBC Indonesia, 2024, <https://www.cnbcindonesia.com/tech/20240308145527-37-520780/tiktok-shop-masih-langgar-aturan-teten-duga-ada-kepentingan-politik>.

disadvantaged local micro, small, and medium enterprises (MSMEs) by reducing their sales performance.

These developments drew the attention of the government, prompting a renewed investigation into the legality of TikTok Shop's operations. The findings revealed violations of Minister of Trade Regulation Number 31 of 2023, which requires full adherence to Indonesian positive law, resulting in TikTok Shop's temporary closure. Although the platform soon resumed operations, public scrutiny remains. After the enactment of Minister of Trade Regulation Number 31 of 2023, controversy persisted due to TikTok Shop's continued transaction processing via the TikTok app itself—even after partnering with PT GoTo Gojek Tokopedia Tbk through the Tokopedia platform.

5. Conclusion

Under Indonesia's competition law system, Law Number 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition serves as the fundamental legal framework for establishing a fair and competitive market structure. One of the core focuses of this regulation lies in controlling business actors' conduct that deliberately seeks to dominate the market through means that harm competitive dynamics. In particular, Articles 19, 20, and 21 prohibit conduct that may result in undue market dominance, including strategies that distort pricing structures and eliminate competitors. For instance, Article 20 explicitly prohibits business actors from selling goods or services below production cost or market price—a practice known as predatory pricing—which is primarily intended to drive out competitors in order to unilaterally control the market.

As time progresses and digital transformation reshapes the trade ecosystem, the government has responded by updating its regulatory policies. One such response is the issuance of Minister of Trade Regulation Number 31 of 2023 by the Ministry of Trade. This regulation serves as a legal instrument aimed at ensuring fair governance in electronic-based trade systems, particularly in safeguarding product safety, promoting information transparency, and preventing trade practices that deviate from principles of fairness and ethical competition.

In practice, predatory pricing strategies often become destructive tools employed by capital-strong businesses to weaken or even expel competitors from the market. By selling products below production cost for a certain period, such businesses leverage their financial power to exert economic pressure on financially weaker competitors. Once competitors are forced to exit the market, the business actor may significantly raise prices to maximize profit, exploiting its dominant market position. In the long run, this scenario can lead to market distortion, harming consumers due to limited choices, loss of innovation, and increased prices caused by reduced competitive pressure.

Moreover, market dominance achieved through predatory pricing may also diminish incentives to produce efficiently and at scale. Without adequate regulatory control and supervision, such dominance could reduce the supply of goods in the market and drive up prices, ultimately burdening consumers. In this condition, the business actor would have the power to unilaterally determine prices and product availability, in the absence of market mechanisms that could balance competing interests.

Within this context, the Indonesia Business Competition Supervisory Commission plays a strategic role in ensuring the preservation of sound competition principles. As the enforcement authority, the Indonesia Business Competition Supervisory Commission not only acts reactively through investigations and sanctions when violations occur but also proactively monitors and evaluates market conditions to detect potential anti-competitive behavior at an early stage. Accordingly, the role of the Indonesia Business Competition Supervisory Commission is vital in maintaining balanced market structures, protecting small enterprises, and ensuring that consumers continue to have access to products at fair prices and acceptable quality. This effort aligns with the broader objective of creating a fair, inclusive, and competitive business ecosystem amidst an ever-evolving digital economy landscape.

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