



ABSTRACT

In the contemporary world, technology plays a crucial role in people's day-to-day lives including in the way they shop and sell. E-commerce has become an increasingly favored way to purchase goods and conduct businesses mainly due to its practicality, time-efficiency and price-comparability. Thanks to e-commerce, geographical borders no longer become an obstacle in cross-border trade transactions. For this reason, Indonesia was faced with regulatory dilemma on whether to issue a protectionist or a liberal regulation since either stream carries detrimental effects to the growth of domestic e-commerce as well as to its relations with foreign parties. E-commerce market in Indonesia has grown significantly and still has a large potential growth, especially considering the new "from home" lifestyle as means to prevent the spread of Covid-19. If it is regulated accurately, it will unlock numerous benefits such as financial benefits, job creation, buyer benefits and social equality for Indonesia and the small and medium enterprises within. However, if the government takes the wrong steps, e-commerce will merely be yet another tool for other countries to maximize their interests at the expense of Indonesia's domestic business practitioners. This is where the concept of "digital colonization" steps in and becomes a challenge in regulating e-commerce. This paper examines Indonesia's latest legal product on e-commerce and analyze to what extent it seeks to prevent the occurrence of digital colonization using digital protectionism as a strategy, given the context of global liberalization of e-commerce market system. The study concludes that Indonesia has taken Neo-Mercantilist measures as seen through its protectionist provisions in Government Regulation no. 80/2019 on E-Commerce in order to secure the domestic market and support the expansion of domestic e-commerce practitioners. Nevertheless, any further extent of protectionism could risk Indonesia its stable relations with liberal global powers like the United States, which has been discussed in the regulatory dilemma section of the study. The overall regulation seeks to make e-commerce a safe and trusted ecosystem that supports the domestic-oriented growth of e-commerce while establishing an equal level of playing field for both conventional and online businesses. On the other hand, certain provisions in the regulation has been criticized for its contradiction to the main objective in that it burdens local sellers and marketplace providers with additional requirements and unprecedented tax obligations on e-commerce.