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# RCEP & WGEC: Boosting Indonesia's E-Commerce and Attracting China's Investment

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**Abstract:** In the era of globalization and revolution 4.0, the economic and trade aspects of a country cannot be separated from progress. Currently, many countries are developing their economies with technology-based trading activities (e-commerce). China is a country with a fairly large development of the e-commerce industry and generates significant revenue in the e-commerce sector. Indonesia as a developing country is considered to have become a country in the Southeast Asia region that has progress in the development of the e-commerce industry. Seeing this opportunity, China initiated the formation of The Regional Comprehensive Economic Partnership (RCEP) and formed a Working Group on E-Commerce (WGEC) to enhance the development of the e-commerce industry in Indonesia. Meanwhile, Indonesia has an interest in developing the e-commerce industry and is determined to become a major player in the e-commerce industry in the Southeast Asian region as a country. This study will use the concept of economic nationalism to analyze the cooperation between Indonesia and China in e-commerce cooperation. carried out through the WEGC framework, the two countries certainly provide benefits and also each country can fulfill its national needs in this cooperation.

**Keyword:** E-Commerce, Economy Nationalism, RCEP, WGEC.

## INTRODUCTION

This article will examine regional economic cooperation among Southeast Asian nations and their partner, China, in fostering development and addressing barriers to economic progress, particularly in e-commerce. Indonesia, possessing one of the largest e-commerce businesses, faces numerous challenges in its development, particularly concerning the platform environment, logistics, and payment methods. The presence of these impediments' contrasts with the substantial volume of e-commerce transactions in Indonesia. Simultaneously, China, recognized for its substantial e-commerce sector, has launched the establishment of a Working Group on E-commerce to serve as a platform for RCEP member nations to advance their e-commerce industries.

The Regional Comprehensive Economic Partnership (RCEP) was established by the Association of Southeast Asian Nations (ASEAN) to enhance and propel the global regional economy in accordance with the ASEAN Blueprint, involving China, Korea, Japan, India, and New Zealand. The Association of Southeast Asian Nations (ASEAN) seeks to utilize e-

commerce to benefit governments, corporations, and citizens within its member states (Ayob, 2021). The establishment of RCEP is grounded in a philosophical and strategic framework through the Free Trade Agreement (FTA) collaboration undertaken by ASEAN and its partners, which are anticipated to enhance economic potential through market integration and create an economic region with a Gross Domestic Product (GDP) of USD 20 trillion.

ASEAN enhances its centrality via RCEP as a mechanism of integration, alongside several strategies that will impact the welfare of member states. ASEAN strongly prioritizes the equilibrium of power and establishes several bilateral cooperation frameworks focused on East Asia. The establishment of RCEP cooperation represents a manifestation of regional organizational competition aimed at creating trade or economic alliances that align with the specific demands of their particular regions. The unsuccessful attempt to establish the World Trade Organization (WTO) as a dedicated entity for managing international trade matters underpins the numerous collaborations formed in regions like RCEP and the Trans-Pacific Partnership (TPP) (Sun et al., 2023).

The concept of RCEP originated when Indonesia assumed the leadership of ASEAN in 2011. The concept arose following Indonesia's push from other FTA member nations, notably China and Japan. China and Japan sought ASEAN to establish a Free Trade Agreement encompassing all its partners, specifically China, Korea, Japan, Australia, India, and New Zealand. Under Indonesia's leadership, the nation effectively motivated ASEAN member states to collaboratively actualize the RCEP initiative and extend this proposal to all nations participating in the FTA. In 2012, following the consensus on the RCEP concept, ASEAN leaders and their partners announced the initiation of extensive RCEP negotiations in 2013 and collectively established the Guiding Principles and Objectives for Negotiating the Regional Comprehensive Economic Partnership, which serves as a framework for the RCEP negotiations (Gultom, 2020).

The inaugural RCEP discussions commenced in Brunei Darussalam in 2013, unfolded across multiple phases, and concluded in November 2020 under Indonesia's leadership (Kementerian Perdagangan, 2020). During this summit, Indonesia was designated as the Chair of the RCEP Negotiating Committee and concurrently served as the ASEAN Coordinator. The RCEP negotiations face numerous hurdles because to the participation of several developing nations, especially Laos, Cambodia, and Myanmar. Conversely, FTA partners are classified as developed nations, specifically Korea, Australia, Japan, and New Zealand. The RCEP negotiation agreement was ultimately achieved following extensive deliberations among all participating nations. These deliberations seek to reach consensus on the provisions of the RCEP agreement and an outcome advantageous to all members. The RCEP agreement encompasses the following components pertaining to investment activities: Trade in Goods; Rules of Origin; Customs Procedures and Trade Facilitation; Investment; Electronic Commerce; Small and Medium Enterprises; and Economic and Technical Cooperation (Free Trade Agreement Center, 2023).

The trade liberalization framework implemented by ASEAN will facilitate the seamless movement of goods and raw materials, providing a significant advantage for Indonesia in the e-commerce sector. Indonesia encounters challenges in both local and international arenas due to liberalization. Currently, Indonesia's import activities do not adequately represent the nation as a leading producer of raw materials. Indonesia's standing remains inferior to that of Malaysia and Singapore. If this state does not improve, it will pose a threat to the Indonesian economy. This is apparent from the items produced, which are often identical and monotonous. Consequently, Indonesia must exercise greater caution in identifying possibilities and problems, given it possesses more natural resources than other ASEAN nations. This RCEP aims to enhance the negotiating position in the global economy and enable competition with blocs outside Asia (Kimura et al., 2022).

Established in November 2012, the RCEP cooperation forum will persist in emphasizing international trade operations alongside the evolving dynamics of the global economy. In light of the impacts of trade liberalization and technology advancements that facilitate trade operations, the RCEP forum convened from August 23-25, 2019, to deliberate on the substance of e-commerce. E-commerce is an activity poised for continued growth in the next years. This technology-driven initiative is regarded as beneficial for enhancing trade activities on a broader scale (RCEP, 2019). Gea (2018) asserts that the establishment of RCEP significantly impacts the supply chain and the economic interdependence of the region. Enhancing the preparedness of the national industry is Indonesia's foremost objective to ensure the successful utilization of RCEP benefits for the Indonesian economy. To bolster the Indonesian economy within RCEP, Indonesia must enhance investment from both foreign and domestic sources. In the realm of investment, RCEP seeks to establish an area that is conducive to and unrestricted in investment. This investment can enhance collaboration among RCEP member countries in the service sector and infrastructure development (Basu Das, 2016). The RCEP does not reduce taxes but facilitates visa access and promotes equitable treatment among member countries, encouraging mutual assistance, unrestricted negotiations, and the initiation of free trade in exports and imports (Drysdale & Armstrong, 2021).

Negotiations regarding e-commerce laws under RCEP collaboration saw a contentious back-and-forth during each meeting conducted. From August 23 to 35, 2019, at the ASEAN Secretariat, several member nations convened a Working Group on E-Commerce (WGEC) to address remaining impediments before ratification at a conference in Vietnam in September 2019. This meeting addressed numerous significant concerns with the definitions of "Article 1 (Definitions) covered person," "Article 5 (Relation to other chapters)," "Article 20 (Promotion of skills relevant for Electronic Commerce)," and "Article 13 (Transparency)" (RCEP, 2019). The summit did not reach a conclusive conclusion on e-commerce, necessitating further deliberation to be finalized at the subsequent WGEC in September 2019 in Vietnam (RCEP, 2019).

The advancement of e-commerce is now a highly significant expanding sector. The majority of ASEAN member countries, which are predominantly developing nations, can be considered to lead the global advancement of e-commerce. Since 2010, Indonesia has maintained the highest level of e-commerce development in Southeast Asia, with ongoing growth to the present day. The rise of e-commerce warrants careful observation. The facilitation of online trading must be accompanied with advancements in strengthening local Micro, Small, and Medium Enterprises (MSMEs) to enable them to compete with foreign items (Achmad, 2023; Wirdiyanti et al., 2023)

The inclusion of Indonesia and China in the RCEP collaboration facilitates bilateral cooperation, particularly in the advancement of the digital commerce sector. The RCEP's initiatives to dismantle obstacles in regional trade will significantly benefit Indonesia if analyzed meticulously. China, as a manufacturer of diverse items, can serve as a strategic ally for Indonesia to enhance digital commerce. The Indonesian government is presently engaged in multiple cooperation with China to advance the e-commerce sector. The Indonesian government perceives an opportunity for domestic products to access the Chinese market through e-commerce, as articulated in the RCEP agreement (Ragimun et al., 2022; Wang et al., 2024).

China, being the largest economy, is anticipated to dominate the RCEP market. As the principal participant in the trade route, China will play a significant role in RCEP, enhancing the integration and strength of Asia-Pacific nations (Panova et al., 2019). ASEAN member nations have demonstrated the capacity to optimize the investigation of the factors influencing cross-border e-commerce trade from 1998 to 2016, while also advancing cross-border e-commerce trade from both export and import perspectives, alongside other pertinent variables such as GDP, population, terms of trade, and real exchange rates (He & Wang, 2019).

Prior articles have elucidated the benefits of RCEP cooperation as a concept that can advantage member nations, particularly in investment and economic sectors, as it is deemed capable of enhancing the value of regional and global supply through five SWGs. Prior study has not addressed the investments and consequences arising from the collaboration between Chinese firms (Alibaba) and Indonesian e-commerce platforms (Tokopedia and Bukalapak). Thus, this article aims to examine the Implementation of RCEP in advancing the Indonesian E-Commerce sector and fulfilling Indonesia's national objectives.

In his book, Gilpin (2001) defines mercantilism or economic nationalism as a political economic strategy wherein the government or state plays a central role, capable of directly intervening in economic activity to safeguard domestic enterprises. The notion of mercantilism positions political elites as the principal agents in the establishment of a modern state. Moreover, on the international stage, the idea of mercantilism perceives it as a battleground rife with conflict stemming from the national interests of individual countries, rather than a neutral space for reciprocal collaboration. In this context, Gilpin's interpretation of mercantilism underscores the significance of the state as the principal entity in managing and regulating the nation's economy within the international arena.

Generally, the comprehension of mercantilism in relation to international political economics posits that the economy should be regulated by political entities, particularly the government. The government is regarded as an agency primarily responsible for safeguarding and promoting national interests, with wealth and power serving as complementary objectives. Furthermore, certain tenets of mercantilism underscore international trade while avoiding economic dependency, aspiring for prosperity, seeking to enhance power through market expansion, and highlighting the intrinsic link between the pursuit of power and international trade, which is perceived as a zero-sum game (Gilpin, 2001).

The basic purpose of mercantilism is to enhance the prosperity of its populace to uphold and safeguard national sovereignty within the context of international political economy. Mercantilism perceives welfare as the possession of a nation's precious metals, which remains a metric of total wealth (Gilpin, 2001). Consequently, to attain this welfare and prosperity, the nation would broaden its market and enhance worldwide trade by promoting export activities relative to imports. This also explains the cautious perspective of mercantilism on free trade. The state and the market are connected variables. Political variables are factors that significantly influence both the state and the market, rendering the three increasingly interdependent. These three variables are essential for comprehending international political economics at the global level. The growing comprehension and examination of international political economy are inherently linked to the creation of diverse perspectives and ideas that influence the dynamics of its contestation. The mechanics of understanding international political economy commenced with the advent of mercantilism, which correlates with the concept of infant industry.

Therefore, comprehension of both will be invalid unless it incorporates a discourse on the infant industry. In his 2001 book, Gilpin does not explicitly address a straightforward explanation of the infant industry; however, the author comprehends Gilpin's interpretation of the infant industry as a domestic sector that remains in its developmental phase and lacks the capacity to compete with established large industries.

The concept of infant industry was initially proposed by Alexander Hamilton and Friedrich List in the early 19th century. It posits that infant industry serves as a protectionist policy designed to shield nascent industries in developing nations from substantial international industrial competition until these industries achieve independence and stability. The state's protectionist policy for nascent industries involves the imposition of import duties, tariffs, quotas, and foreign exchange controls to prevent international competitors from undercutting the prices of emerging industries, thereby allowing these new industries time to develop and stabilize (Gilpin, 2001).

## **METHOD**

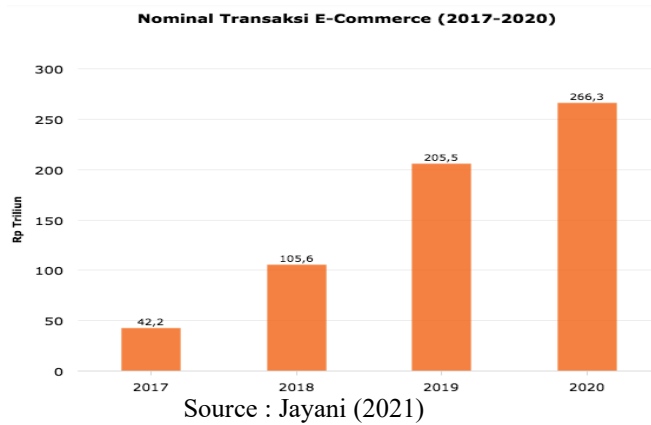
This study employs a qualitative research method. Kumar (2011) asserts that qualitative approaches afford researchers autonomy and adaptability in data exploration. Data collection in qualitative methods is not conducted through a predetermined set of questions, but rather by addressing topics central to the research emphasis. Kumar identifies three qualitative data collection methods: participant observation, unstructured interviews, and secondary data analysis. In qualitative research, data collection methods utilize secondary data derived from descriptive and narrative material. Secondary sources are classified into various categories, including government documents, prior research, personal notes, and mass media. Data gathering methods derived from journals, books, government websites, and mass media will concentrate on information pertaining to e-commerce industry collaboration within RCEP and WGEC partnerships.

## **RESULTS AND DISCUSSION**

Indonesia's e-commerce business is an in their infancy industry seeking to enhance its competitiveness in the global market. Gilpin's approach in "Global Political Economy" posits that emerging businesses frequently necessitate strategic assistance to surmount initial obstacles and secure a position against entrenched international rivals. In this sense, Indonesia's involvement in the RCEP functions as a strategic endeavour to draw foreign direct investment (FDI) into its e-commerce sector. The RCEP pact improves market access and encourages foreign direct investment, ultimately strengthening Indonesia's inclusion into regional value chains and advancing its e-commerce sector. This integration is expected to furnish the requisite cash, technology, and knowledge to cultivate Indonesia's e-commerce sector, facilitating its maturation and enhancing its competitiveness on a worldwide scale (Gultom, 2020).

### **Infant Industry and the Development of the Indonesian E-Commerce Industry**

WGEC was effectively established owing to the substantial growth of the e-commerce sector in ASEAN countries, particularly Indonesia. The expansion of this sector encompasses all online commercial activity. The burgeoning e-commerce sector in Indonesia is undoubtedly bolstered by the Indonesian Government's initiatives to enhance this business through the establishment of legislation and policies. Under Joko Widodo's leadership, the Indonesian government has prioritized the advancement of the e-commerce business by including it into the national economic growth program. The ex-minister of Technology and Information, Rudiantara, said that the government aims for Indonesia to emerge as a significant player in the digital economy, particularly in Southeast Asia, by 2020, targeting a transaction volume of US\$ 130 billion (Gareta, 2018). Indonesia represents the greatest market for the e-commerce sector, evidenced by a substantial increase in transaction value from 2017 to 2020 (Pahlevi, 2022). This is a primary reason for major Chinese corporations, such as Alibaba, to invest in various e-commerce enterprises in Indonesia (Jayani, 2021).



**Figure 1. E-Commerce Transaction Amount ( 2017-2020 )**

The expansion of the e-commerce sector in Indonesia is intrinsically linked to the advancements of the Fourth Industrial Revolution, which emphasizes internet-driven technology progress. Indonesia presently ranks as the fourth largest country in terms of internet users (Yonatan, 2023). This represents significant budget for Indonesia to enhance the development of the e-commerce sector and to attract foreign investors in establishing a competitive e-commerce industry. Multiple media outlets forecast that by 2025, Indonesia would emerge as the nation with the most significant e-commerce business growth (Widowati, 2019).

The substantial volume of transactions in the e-commerce sector has directly demonstrated the shift in the purchasing and selling behaviours of the Indonesian populace. E-commerce is presently the primary option for Indonesians to fulfill their shopping demands. This is evidenced by the visiting statistics of various markets in Indonesia from 2020 to 2021. The influx of visitors to Tokopedia, Shopee, Bukalapak, Lazada, and Blibli persists in its upward trajectory (Lestarini, 2021).

The RCEP collaboration poses hurdles for domestic products, particularly for MSME enterprises who have not garnered sufficient support from the Indonesian government. The Indonesian government is complacent in facilitating the influx of foreign items into the domestic market while neglecting the empowerment of local products and MSMEs to compete effectively. The establishment of RCEP, which is beginning to emphasize digital trade, will undoubtedly pose issues for local MSMEs. This agreement will facilitate the influx of imported products into the country for sale on e-commerce platforms in Indonesia. Secondly, the presence of a predatory pricing plan. Predatory pricing is a tactic employed to establish prices that are beneath prevailing market rates. The protection of client data during transactions on international e-commerce platforms.

The digitization of the economy has assumed a significant role in the global economy due to the impacts of technological advancements and globalization. The establishment of e-commerce can be facilitated effortlessly and internationally using a platform. As a developing nation, Indonesia has established numerous digital trading enterprises to enhance customer convenience and expand market reach. The growth of e-commerce in a nation is undoubtedly propelled by internet users. The quantity of internet users in Indonesia is consistently rising. The Chairman of Asosiasi Penyelenggara Jasa Internet Indonesia (APJII) said that from 2023 to 2024 Indonesia's internet penetration reached 79,5% which indicates that there are already 221.563.479 internet users from Indonesia's total population of 278.696.200 (APJII, 2024).

The surge in online shopping and the proliferation of e-commerce enterprises in Indonesia necessitate governmental support through regulations aimed at fostering and safeguarding national businesses. Under Joko Widodo's leadership, Presidential Regulation No. 44 of 2016 was enacted, delineating the sectors accessible to foreign investment and specifying the allowable share ownership percentages for them. The regulation stipulates that foreign

investors may acquire a maximum of 49% of shares. This sum does not deter Chinese investors from investing in various Indonesian e-commerce firms like Tokopedia and Bukalapak, as they recognize the substantial market potential of Indonesia and the Southeast Asia region (Iqbal & Sallatu, 2022).

### **Politics in China's Investment Policy**

Cooperative relations encompass both official and informal contacts involving state and non-state actors, including multinational corporations. This understanding indicates that the participation of multinational corporations in the interactions between Indonesia and the establishment of RCEP and WGEC will afford non-state actors the opportunity to contribute to the advancement of economic and trade activities in the Southeast Asia region. China has a significant influence in the advancement of the e-commerce sector, particularly in Indonesia. The involvement of non-state entities in both nations, particularly Alibaba Group as a significant investor in many Indonesian e-commerce enterprises like Tokopedia and Bukalapak, recognizes the prospects arising from their expansion efforts. Simultaneously, the Chinese Government plays a pivotal role in formulating policies to ensure the successful implementation of cooperation through RCEP among state actors. At present, China possesses the most significant digital economic expansion globally. In 2018, the valuation of China's digital economy attained USD 4.6 trillion. This figure was produced by China's three major digital economy enterprises: Alibaba, Baidu, and Tencent. Recognizing the substantial e-commerce market in Indonesia, some major corporations, like Alibaba and Tencent, have opted to offer financial support through investments to foster the growth of the national e-commerce sector (Widowati, 2019).

At the same time, the Chinese government has established a policy known as the anti-monopoly and anti-unfair competition policy. This strategy seeks to foster a robust e-commerce sector while safeguarding the rights and responsibilities of customers (CNN Indonesia, 2021). This policy's execution is to foster healthy competition within the realm of international cooperation. Yu Xiaohui, Head of the China Academy of Information and Communication Technology, asserts that the nature of monopoly in the worldwide market has gotten increasingly complex. This strategy also enhances China's engagement in international collaboration aimed at the advancement of e-commerce governance (Xinhua, 2022). Consequently, it is evident that the Chinese Government plays a role in establishing anti-unfair competition legislation, alongside non-state entities like Alibaba and Tencent, which engage in various Indonesian e-commerce ventures. This image depicts the collaboration of actors in the pursuit of China's national interests.

### **Politics in Indonesia's Investment Policy**

The establishment of the Regional Comprehensive Economic Partnership (RCEP) framework demonstrates the commitment of ASEAN member countries to execute the Free Trade Area. The RCEP encompasses 15 nations in East Asia, specifically 10 ASEAN countries, together with China, Japan, South Korea, Australia, and New Zealand. The RCEP framework demonstrates that ASEAN and five more nations are committed to enhancing trade and investment opportunities in the region. Most countries committed to RCEP are classed as emerging nations with substantial markets. The advent of globalization has transformed conventional economic operations into digital trade (Free Trade Agreement Center, 2023).

The Regional Comprehensive Economic Partnership (RCEP) is an effort launched by ASEAN to consolidate its ten partners into a free trade agreement. The RCEP discussions encompass nine Working Groups focused on trade in services, trade in goods, economic cooperation, investment, intellectual property, dispute resolution, competition, procurement of goods, e-commerce, and small and medium enterprises. In 2015, the RCEP Trade Negotiation Committee sanctioned a proposal to establish a working group on e-commerce with the

objective of formalizing e-commerce practices. Indonesia is presently undergoing significant digital economic expansion, as seen by the substantial increase in electronic commerce, also referred to as e-commerce. E-commerce is regarded as more efficient due to its capacity to yield economic advantages for its participants, resulting in the proliferation of numerous e-commerce platforms in Indonesia in recent years (Anggraeni et al., 2024; Fashola & Kusuma, 2024).

Since 2016, Indonesia and China have engaged in economic and commercial collaboration, notably in the realm of e-commerce. In 2019, the volume of international trade between Indonesia and China rose by US\$ 79.7 billion. This figure originates from China's exports to Indonesia amounting to US\$ 45.64 billion and imports from Indonesia totaling US\$ 34.06 billion. The rise in profits generated by both nations through bilateral and international collaboration has established Indonesia and China as significant players in the digital trade sector (Zhu et al., 2021).

The initiatives undertaken by the Indonesian Government, together the proactive involvement of e-commerce enterprises in attracting investors, exemplify the regional economic integration advocated by Silvestore. Regional economic integration arises from issues that obstruct a nation's commercial activity, prompting the government to initiate cooperation within or across areas (Abidin, 2019).

The e-commerce sector in Indonesia continues to encounter various challenges, including logistics, payment systems, and platform infrastructure. The Indonesian Government serves as a regulator, formulating policies to ensure the viability of the e-commerce sector in Indonesia. The administration recognizes Indonesia's ability to advance President Joko Widodo's vision. The Indonesian Government, via the Ministry of Communication and Information, has established a policy for international investors seeking to invest in Indonesian e-commerce. The Presidential Regulation No. 44 of 2016 dictates that foreign investors may possess a maximum of 49% of shares; however, full ownership of 100% is permissible if the investment exceeds IDR 100 billion and at least 1,000 Indonesian workers are employed. Given these circumstances, China becomes one of the countries that is keen on investing in various e-commerce enterprises in Indonesia (Sutrisno & Poerana, 2020).

The benefits gained by Indonesian e-commerce in accepting Chinese investment will be related to synergy and structured governance. The progress of Chinese companies in building e-commerce needs to be emulated by e-commerce companies in Indonesia. The establishment of platforms, digital payment formatting, or investment in logistics systems are benefits that Indonesia can gain. These advantages lie in the realization of rapid market entry in the short term and the opportunity to develop. On the one hand, it can accumulate relevant knowledge and experience for brands and market qualifications needed for long-term development. On the other hand, companies receiving investment can achieve coordination of the entire industrial chain in the short term by focusing on development, especially electronic payment with applications. Since the business scope of the investment company has been covered by many countries, the geographical coordination effect can accelerate and promote business cooperation. The e-commerce symbiosis system should be determined with three main sectors: international trading platforms, technology payment forms, and logistics systems, all three of which are still major problems for e-commerce companies in Indonesia. In addition, with the RCEP and WGEC framework that focuses on the development of the e-commerce industry, it will be easier to move goods and/or services or Free Trade Area activities both in the ASEAN region and also in several other RCEP member countries.

The investment patterns exhibited by several Chinese firms in Indonesian e-commerce indicate a collaborative endeavor among multiple stakeholders aimed at fulfilling national goals. China acknowledges that Indonesia is a critical ally in advancing collaboration in the e-commerce industry development. The utilization of technology advancements by Chinese enterprises serves as their leverage for expansion. Moreover, Indonesia's substantial market capital and its 27 million internet users present an appealing opportunity for foreign investment.

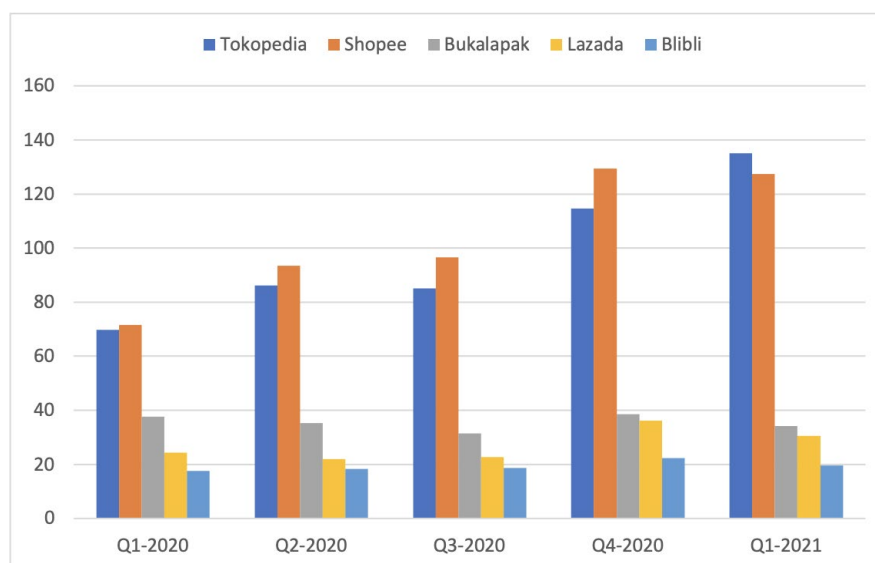


Indonesia will receive advantages in the form of money and technological implementation for the advancement of its e-commerce business. The establishment of RCEP serves as a platform for China and ASEAN member states to collaborate in promoting regional economic development. The establishment of WGEC will facilitate the advancement of the e-commerce sector in Southeast Asia. To advance the e-commerce sector in Indonesia, there are factors that elucidate the rationale among the participating countries.

### Development of Chinese Investment in Indonesia in the Trade Sector

In 2020, China surpassed Europe to become the leading investor in the Southeast Asia region (Saragih, 2023). This occurred due to China's substantial economic growth, positioning it as a major investor in other countries. The investment by China is an initiative of the One Belt One Road (OBOR) project, which is presently being vigorously executed. This policy aims to establish trade lines and enhance chances for more Chinese investment in various Asian countries. China regards the Southeast Asian region as its primary investment priority due to the predominance of developing nations within it. Singapore, Malaysia, and Indonesia are three nations characterized by substantial Chinese investment levels. In 2020, the value of Chinese investment in Indonesia amounted to US\$1.865 billion, surpassing that of Chinese investment in Singapore (Putri, 2020). China's endeavour to join RCEP aims to protect its national interests, specifically to actualize the strategic One Belt One Road (OBOR) policy (Kurniawan, 2016).

Since 2013, collaboration between China and ASEAN member states has been ongoing in the regional economy, coinciding with the initial RCEP negotiations in Brunei Darussalam. The collaboration between RCEP and WGEC will promote foreign investment in the e-commerce sector throughout Southeast Asia, especially Indonesia. Furthermore, WGEC is dedicated to addressing issues that may impede the advancement of the e-commerce sector in Indonesia, which presently faces hurdles in distribution and payment methods (Free Trade Agreement Center, 2023). Alibaba Group has approached the Indonesian market with earnestness. The substantial volume of transactions in the e-commerce industry has compelled Alibaba Group to invest in three prominent companies in Indonesia: Lazada, Tokopedia, and Bukalapak. The five e-commerce organizations are the most commonly used by the Indonesian populace (Lestari, 2021).



Source: Lestari (2021).

Figure 2. Diagram of Chinese Investment in E-commerce Industry in Indonesia

Alibaba Group's investment initiative in various Indonesian e-commerce firms commenced in 2016. In that year, Alibaba Group purchased Lazada shares in Indonesia for US\$

1 billion and proceeded in 2017 with an investment of equivalent amount (Fernando, 2021). In addition to Lazada, Alibaba Group invested US\$ 1.1 billion, approximately IDR 15.73 trillion, in Tokopedia, an Indonesian e-commerce startup. In 2018, Alibaba Group once more invested in Tokopedia with a same amount, although this investment was distinct as it involved collaboration with the Japanese investor, Softbank Vision Fund. Additionally, Alibaba Group has invested in Bukalapak via its subsidiary, ANT Group. It is acknowledged that they currently possess 17.40% of the shares in Bukalapak. In 2021, with the merger of Tokopedia and Gojek, Alibaba Group invested, acquiring a total shareholding of 12.6% (Fernando, 2021)

## CONCLUSION

The advancement of e-commerce has substantially increased. China exhibits one of the most significant growth in the e-commerce sector relative to other nations. This is evident from the prevalence of corporations like Alibaba that dominate the technology sector. Indonesia exhibits substantial growth in its e-commerce industry within the Southeast Asia area. The substantial population of internet users and the expansive market in Indonesia are key elements contributing to the quick growth and development of this industry over the past decade. The advancement of the e-commerce sector in Indonesia continues to face various challenges, including logistics, payment systems, and platform infrastructure. Considering these facts, China is keen to engage in various e-commerce enterprises in Indonesia.

Chinese enterprises like Alibaba facilitate the expansion of the e-commerce sector in Indonesia. The RCEP cooperation mechanism, via WGEC, demonstrates China's investment assistance for Indonesia. Investment by Chinese firms, including Alibaba, in Indonesian e-commerce enterprises such as Tokopedia and Bukalapak, is consistently rising year. The investment by several Chinese enterprises in Indonesian e-commerce reflects a collaborative effort among multiple stakeholders to fulfill national goals. Economic integration emerged from the aspiration of countries within a region to collaborate in addressing challenges or barriers in the trade sector. In light of the challenges facing e-commerce development in Indonesia, the Government will diligently formulate policies and establish agreements with many countries, both regionally and internationally, including China. This collaboration will facilitate China's attainment of its foreign policy objectives. Indonesia will obtain funding and experience to address several issues that impede the advancement of the e-commerce sector.

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