

CHAPTER I

INTRODUCTION

A. Background

The present study examines the origins of trade competition between the world's two largest economic and technological powers, the United States (US) and the People's Republic of China (PRC). The analysis begins with the United States' protectionist policies against Chinese products, which also impacted the technology sector and the digital industry. The repercussions of this competition on developing countries, such as Indonesia, are particularly pronounced in the domain of e-commerce (Fadhilla, M.H. 2024).

Concurrently, the advent of e-commerce can be traced back to the 1970s, a period marked by the emergence of pioneering innovations such as electronic fund transfer (EFT), which subsequently evolved into electronic data interchange (EDI). The early 1990s saw a significant escalation in the commercialisation of the internet, thereby precipitating a considerable augmentation in the realm of e-commerce. This development engendered a plethora of opportunities for diverse business enterprises, encompassing both the retail and manufacturing sectors. By 2002, revenues from the internet had surpassed one trillion dollars, a development attributable to advances in networking, software, and intensified business competition. The advent of e-commerce has been demonstrated to engender a greater degree of flexibility for small companies in the production process, to facilitate expedited delivery, and to underpin digital transactions (Nida, S. et al. 2024).

Indonesia, being one of the most significant e-commerce markets in Southeast Asia, is not impervious to the impact of trade competition between these two countries. Digital trade policies and technological innovations emanating from the United States and China exert a direct and indirect influence on the development of e-commerce in Indonesia. It is evident that major e-commerce players from both countries, such as Amazon (US) and Alibaba (China), are engaged in fierce competition to dominate the global market, including Indonesia. The repercussions of this competition extend to the domains of regulation, investment, and the development of digital infrastructure within Indonesia (Fadhilla, M.H., 2024).

Under the leadership of President Donald Trump, the United States implemented protectionist policies to protect its domestic industry from the dominance of Chinese products and technology. The protectionist policy of high import tariffs for Chinese products and restrictions for major Chinese technology companies, including Huawei, is based on the US desire to win the 5G market as an effort to protect US cooperation in 5G development and realise US commitment as a world technology leader (Setiawan, W. et al. 2019).

These protectionist measures are a response to the trade deficit between the US and China, which in 2018 reached US\$419.5 billion. The US president sees Chinese products and technology as a threat to his country's industry and economy, thus encouraging protection of domestic technology companies. The United States is also home to tech giants such as Amazon, Google and Facebook, which dominate the global digital market. In the context of e-commerce, Amazon plays an important

role in developing global digital trading standards through innovations in technologies such as artificial intelligence (AI) and Amazon Web Services (AWS). AWS, for example, has established a presence in Indonesia, helping local companies, including those in the e-commerce sector, improve their digital efficiency and technology infrastructure.

The emphasis on protectionist policies and the dominance of large US technology companies reflect global dynamics fuelled by competition between the US and China in the technology sector and digital industry, which also affects the development of e-commerce in Indonesia.

Meanwhile, the People's Republic of China (PRC) has been investing heavily in digital technology, primarily through major corporations such as Alibaba and Tencent. Alibaba, operating e-commerce platforms such as AliExpress, Taobao, and Lazada, plays a pivotal role in the expansion of China's influence in global markets, including those in Southeast Asia. In the context of technological and logistical innovation, Alibaba plays a pivotal role in facilitating cross-border transactions and enhancing consumer access across diverse regions worldwide. As part of its strategic growth initiative, the Alibaba group has successfully consolidated its position in the Indonesian e-commerce market through its subsidiaries Lazada and AliExpress. It is evident that both platforms offer efficient and affordable cross-border trade solutions, supported by robust logistics infrastructure. Alibaba's strategic initiatives in Indonesia include investments in prominent local companies such as Tokopedia, with the objective of consolidating its position in the domestic e-commerce market. The advent of Chinese innovations

in digital payment technologies, such as Alipay, and logistics has had a profound impact on the operational practices of Indonesian e-commerce businesses, resulting in expedited transactions and enhanced accessibility for local consumers. It is evident that China, through the medium of its substantial technology companies, is exerting its dominance over the Indonesian e-commerce market, whilst concomitantly engendering profound changes to the nation's digital ecosystem. These investments and innovations have a significant impact on the development of e-commerce infrastructure in Indonesia, enhancing its connectivity to global trade.

B. Scope and Limitations

This research will focus on the impact of digital industry trade competition between the United States (US) and the People's Republic of China (PRC) on e-commerce policy in Indonesia. The impact will include a comparison of e-commerce policies implemented by the US and China, and how these differences affect the e-commerce sector in Indonesia. The research will also examine the changes in regulations and standards that Indonesia has adopted in response to the policies of the two countries, including their effects on innovation, competition and the development of digital infrastructure. In addition, the focus will be on the role of global technology companies in shaping Indonesia's e-commerce ecosystem and the steps taken by the Indonesian government to face challenges and capitalise on opportunities in the context of trade competition between the United States and China. Based on the problem boundaries above, the formulation of this research problem is as follows:

1. How is the trade competition between the US and China in the digital industry?
2. What is the impact of e-commerce and digital trade policies implemented by the US and PRC on e-commerce policies in Indonesia?

C. Research Objectives dan Significances

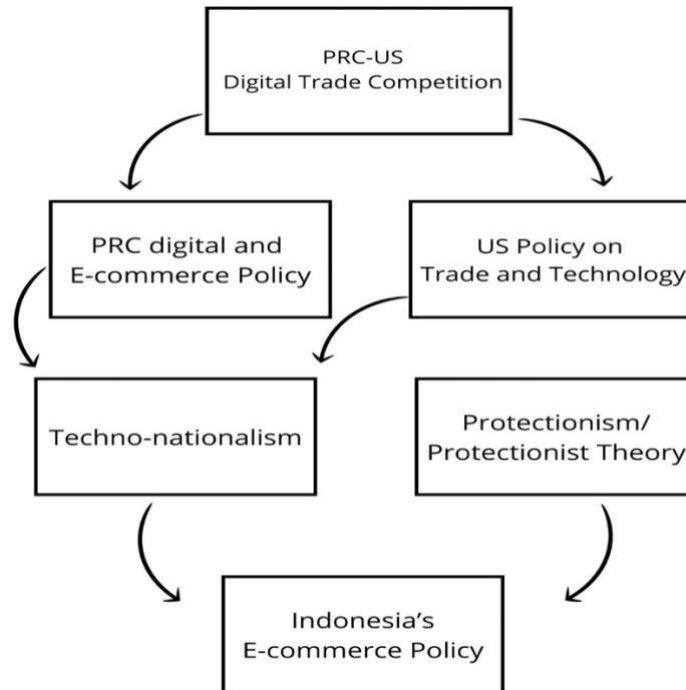
The objectives of this research are as follows:

1. Identify the digital trade competition implemented by the US and PRC.
2. Analyse the impact of digital trade competition implemented by the US and China on e-commerce policies in Indonesia.

Based on the above research objectives, it is hoped that this research will be useful in the following ways:

1. It is expected that this research will contribute to the development of academic knowledge in the field of international trade by providing new insights into the impact of US-PRC digital industry trade competition on developing countries such as Indonesia.
2. The findings of this study can provide a basis for further research by academics and other researchers in exploring more detailed aspects of digital industry trade.
3. The results of this study can be used as a reference point and data set for students, researchers, and academics interested in understanding the impact of US-PRC digital industry trade competition on Indonesia's e-commerce policy.

D. Conceptual Framework



Picture 1.1

Source: Author

Based on the conceptual framework scheme above, the author places the phenomenon of PRC-US digital competition as an independent variable. This is represented by the policies of each country: Specifically, the PRC with its e-commerce and digital policies, and the US with its trade and technology policies. Furthermore, the author uses techno-nationalism theory to analyse these policies. This theory focuses on the role of the PRC and US governments in the digital industry, both domestically and internationally.

The author also applies protectionism theory in order to analyse how the Indonesian government responds to global dynamics, in this case, those between the PRC and the US. This theory focuses on the attitudes and policies of the Indonesian government towards e-commerce sector.

1. Techno-nationalism Theory

New techno-nationalism was popularised by Yadong Luo. According to him, new techno-nationalism refers to strategy and actions that consider technological aspects, geopolitics, including legal and regulatory actions in order to counter the development of a particular nation or Multi-National Corporation (MNCs) (Luo). This theory assumes that in a global business climate there is a phenomenon of state participation with certain interests, whether it is security, geopolitics, or capital. Besides, another basic assumption of the theory is the anarchic nature of the international system in which the states are compete for control over the world (Godley and Buckley).

In fact, other scholars have also attempted to define techno-nationalism. For instance, Sandro Montresor proposes the conception that techno-nationalism is more appropriately referred to with the term techno-state because the word 'nation' refers to a socio-cultural aspect rather than a political unit (Montresor). Another idea of techno-nationalism was proposed by Alex Capri who stated that, techno-nationalism is a mindset that equates the technological prowess of a state's chosen actors with the strength of its national security, its economic prosperity and its social stability in order to gain competitive advantage in any means (Capri). Hence, the author tends to use techno-nationalism as the theory

also contains political realism assumption which seems fit to explain the phenomena. In addition, the implementation of techno-nationalism also targets countries or companies that have specific identities.

New Techno-nationalism also suggest that actors also use its instruments of sovereignty such as territory, domestic laws, and policies in order to intervene the production process and global-scale supply chains of particular commodities (Montresor). From a theoretical perspective, techno-nationalism has very specific features such as, there is deglobalisation and de-coupling (termination of relationship, mainly trade relation), and technological capabilities by certain actors in some cases considered a threat by other actors (Godley and Bukcley). It is also noteworthy to mention some of strategic technologies that have shaped the relationship between the two countries as follows, artificial intellegence, connectivity and communications, semiconductors, robots and drones, advanced manufacturing, aerospace, and biotechnology (Capri). Those technologies are the key components for several sectors, including e-commerce.

2. Protectionism Theory

Protectionist policies utilise a variety of mechanisms to safeguard domestic industries from competition from abroad. A number of instruments are employed with a high degree of frequency, including tariffs, import quota restrictions, and subsidies for the domestic sector. It is evident that the primary objective of these policies is to safeguard domestic employment opportunities, stimulate economic growth, and mitigate the trade deficit (Universitas Medan Area, 2024). Nevertheless, the long-term impact of this phenomenon remains a

subject of considerable debate and controversy. In the context of digital trade, this policy is operationalised through various measures, including the imposition of high tariffs on imported technology products, restrictions on foreign investment, stringent supervision of foreign companies, and the implementation of data protection regulations and national digital sovereignty. The application of protectionist measures by countries is often a means of maintaining economic stability, protecting strategic sectors, and reducing dependence on foreign technology. As a case in point, consider the policy of the United States government, which has prohibited the operations of several Chinese technology companies, including Huawei and TikTok, on the grounds of national security. This policy is indicative of concerns surrounding potential threats to user data privacy and digital security, whilst concomitantly strengthening the position of domestic technology (Ichwan, R.P. and Nursita, R.D. 2020).

In the context of developing countries, protectionism has been shown to engender long-term benefits, primarily by enabling domestic industries to flourish and compete on a global scale. However, it should be noted that protectionist policies can also carry risks. Indeed, excessive protectionism has the potential to stifle innovation, reduce engagement with global technologies, and limit access to the latest developments in the digital sector.

It is imperative to comprehend the dynamics of global digital trade competition, particularly in the context of the United States (US) and the People's Republic of China (PRC). This economic theory plays a pivotal role in

the analysis of the strategies and policies employed by these nations, with a particular focus on the utilisation of protectionism as a policy instrument. Protectionism is defined as an economic policy adopted by a nation to safeguard its domestic industry against competition from abroad. In the digital trade sector, the implementation of protectionist strategies is realised through a range of measures. These include the imposition of high import tariffs, restrictions on the importation of technology, stringent oversight of foreign companies, and the introduction of specific regulations to ensure national control over the digital industry. The United States (US), a global leader in technological innovation, has adopted protectionist policies to safeguard the security of its domestic digital economy, particularly in the context of its competition with the People's Republic of China (PRC), another major global player in the technology sector. (Erawan, N.M.W.P. et al., 2020).

In recent years, the US has pursued protectionist policies against a number of major Chinese technology companies, namely Huawei. This policy is fuelled by US concerns that the Chinese company could jeopardise the privacy of user data in the US and could be misused in geopolitical conflicts. For example, Huawei, a leader in 5G network technology, is banned from operating in the US because it is considered a potential threat to national security. (Setiawan, E. et al. 2019).

The protectionist policies of the US illustrate a lack of confidence in the dominance of Chinese technology in the US domestic market, as well as the country's efforts to protect its digital economy from foreign interference. This

protectionism not only illustrates the US' desire to protect its own industry, but also observes the risks of reliance on foreign technology for data security. Through these protectionist policies, the US seeks to safeguard its domestic technological innovation and strengthen its position in global digital trade.

E. Research Methods

1. Type of Research

In this study, the authors used a qualitative approach that was explanatory in nature. The qualitative approach was chosen to understand phenomena related to behaviour and actions, which are described in detail using non-numerical data. Furthermore, qualitative research is a research strategy that emphasises words over numbers in the data collection process (Bryman in Hammersley, 2013). With this approach, the author will analyse the impact of the United States - People's Republic of China (PRC) Digital Industry Trade Competition on E-Commerce Policy in Indonesia.

2. Data Collection Technique

This research uses literature study data collection techniques as a secondary data source. Through desk research, the author will collect data from various literatures relevant to the topic of this research. For primary data, the author will use official government reports, official statements, as well as other documents available on the official websites of the governments of the United States and the People's Republic of China. Meanwhile, secondary data will be taken from books, journals, articles, documents, as well as credible news sites and international non-governmental organisations related to digital industry trade

and e-commerce policies.

3. Data Analysis Technique

The data analysis technique used in this research is an explanatory data analysis technique. The explanatory approach aims to explain and analyse the relationship between variables in the study. This data analysis technique allows the author to understand the cause-and-effect relationships among the variables involved in the digital industry trade competition between the United States and the People's Republic of China (PRC). In the context of this research, the explanatory technique is used to explain how the digital trade competition between the two countries impacts e-commerce policy in Indonesia. In addition, this research will also show how factors in the competition, such as protectionist policies, technology investment, and infrastructure development, affect the development and regulation of the e-commerce sector in Indonesia.

4. Research Process

The stages in this research are as follows:

- a. Understand the essence of the research undertaken.
- b. Collect information from accurate sources and reading materials relevant to the research topic.
- c. Organise the research specifically and categorise the materials to be used in the research.
- d. Analysing the data and facts that have been collected.
- e. Draw up research conclusions based on the data and information that has been analysed.

CHAPTER II

LITERATURE REVIEW

A. Techno-Nationalism Theory

Techno-nationalism was popularized by several scholars with various backgrounds. Initially, it was used in *The Atlantic* in 1987 by Robert Reich. The term was used to portray the technological development of Fujitsu which perceived as a threat for United States technological dominance (Capri, 2019). Meanwhile, according to Alex Capri, techno-nationalism is a mindset that equates technological prowess of a state's chosen actors with its national security, economic prosperity, and social stability. Techno-nationalism aims to give its stakeholders a competitive advantage, both locally and globally, and to use this to gain geopolitical advantage (Capri, 2019).

However, for other scholar, Techno-nationalism refers to strategy and actions of an International actors (mainly state, government, and MNC) that consider technological aspects, geopolitics, including legal and regulatory actions in order to counter the development of a particular nation or Multi-National Corporation (MNCs) (Luo, 2021). The concept also understood as nations endeavour to demonstrate their autonomy and pre-eminence by virtue of their technological mastery (Douglas, 2024).

The conceptual development of techno-nationalism is gaining traction after the rise of the new technological superpower, PRC. The rise of PRC's capabilities in the technological realm is considered a threat by the US government for two reasons, which are the prevention of leakage of important data and documents, and

the potential strengthening of China's control over strategic technology commodities (Capri, 2019). The second reason is impactful to the conceptual development of techno-nationalism theory as US recent action towards China's tech companies is demonstrating the techno-nationalism implementation accurately. Therefore, it is critical to explore the conceptual development of techno-nationalism theory in order to check its relevancy to the US-China digital industry rivalry.

Techno-nationalism have been used since the world war II era to help people understand the role of government in technological development (Evenett, 2019). The government role in tech development have been crucial and underlies the private firms' work gradually. Such phenomena are demonstrated in several Europe countries such as Britain, Germany, United States, and other countries that actively participate in world war (Edgerton, 2018). However, techno-nationalism was first used by the United States government when they are competing with Japan's technological innovation (Reich, 1987). Nonetheless, there are several developments that distinct the traditional techno-nationalism and new techno-nationalism conceptually (Luo, 2021). This distinction is critical in order to see the relevancy of the theory itself.

The traditional techno-nationalism relies on basic principle which reflected in most of nation-states policies in the world. Technological development is meant to be a vital part of a nation-state as such development will useful for defense, political bargain, and domestic industry (Luo, 2021). So, each powerful and resourceful countries utilized their own technology for national advantages. According to Luo, the government are in full control (policies, resources, and funds) so, this principle

is closely related to a nationalistic view rather than a global one. Furthermore, the principle of techno-realism has become more complex because the global society was experiencing globalization which led to interconnectedness, especially in economy and communication realm, resulting the inter-dependency in Global Value Chain (GVC).

The new techno-nationalism is a linear development of traditional techno-nationalism. It also relies on nationalistic view and struggle for ‘national advantage’ but, it contains (or consider) geopolitical, business and legal aspects on its overall concept. Thus, with multiple considerations and interests in geopolitical, trade, and legal aspects, a country's government designs policies to disturb ‘rival’ countries' access to research capabilities, and forms alliances with rival challenger countries (or blocs) as well as, implements policies that disturb certain parties trade (Godley & Buckley, 2025). It is also noteworthy that, in international trade sense, techno-nationalism can be understood as strategic approach of government for maintaining position in supply chain for their fellow tech companies and protecting domestic market share (Park, 2021).

Furthermore, Yadong Luo explains the characteristics of new techno-nationalism such as, (1) Denouncing globalization, imposing restrictions against technology inflows and outflows, especially involving rival nations, (2) For national security logic, (3) Weaken national competitiveness of foreign industries of a rival country, (4) Zero-sum competition, assuming systematic competition with target countries and ignoring potential co-opetition synergies associated with economic interdependence, (5) A focus is not to promote the nation’s own R&D

efforts and competitiveness but to weaken the target country's innovation and competitiveness, (6) Extraterritorial—Some sanctions restrict third country firms from doing business in the targeted countries (Luo, 2021).

This difference then implies an understanding that the role of the states (mainly refers to government and MNCs) as international actors who interact through policy plays a very crucial role in digital industry. Therefore, their role should be explored further to provide a point of analysis of the China-USA rivalry.

B. Strategic Industry Approach

Strategic Industry Approach (SIA) is an assumption of techno-nationalism. SIA assumes that the state is a political platform that plays certain strategic roles in the digital industry. The roles include combining economic resources, high-tech capabilities, military power, and influence in the digital industry (Evans, 2019). In this sense, the state is seen as a political unit that is capable to facilitate the interests of various parties and groups. This definition is relevant in the context of digital industry interests. The state can also be used as an instrument to intervene in digital industry, with economic, geopolitical, and legal approaches (Park, 2023).

In the context of the US-China rivalry, the role of each states can be very different because the interests of each actors are also different. US-PRC rivalry demonstrates various government intervention to the digital and advance technology industry, both domestically and internationally. Many scholars argue that China's government approach is focused on helping the tech firms to grow with state-backed global influence, whereas US government approach is focused on controlling digital industry (including, advanced technology) while helping the tech

firms to dominate market share simultaneously .

In domestic realm, the state's role can take the form of research and development facilitator, policymaker and funder. Moreover, in an era that relies heavily on technological innovation and market and communication interconnectivity, the digital industry has become very strategic because it involves many aspects such as employment, foreign investment, geopolitical benefits, public data security, and even national defense. Given the interconnectedness of the digital industry with those fields, it makes sense that the various roles of the government would be heavily taken into account in this study.

C. Protectionism Theory

This theory will be used to analyse the behaviour and response of Indonesia (government and other actors) in the e-commerce sector following the US-PRC dynamics over the past few years.

State protectionist policy (protectionism) is a government's policies and practices of intervening in the economic sphere to help domestic industries and companies from foreign competition (international trade) (Belhamiti, 2024). There are several common practices of a state that can be categorized as a protectionist policy such as, tariffs (a tax for import and export activity), quota (the allowed volume of goods in trade activity), subsidies (a payment for certain parties or sectors), and regulations (Investopedia, 2016). Basically, protectionism relies on a principle which is favouring domestic realm from foreign dynamics. Protectionism includes policies that raise the price and limit the quantity of imports, thereby shifting the terms of trade in favor of domestic producer (Lampe) Moreover, such

an approach also experiencing re-conceptualization over the time in order to adapt to the global dynamics.

Belhamiti, on her research which is entitled *The Persistent Legacy of Protectionism in trade policies of globalized era: A Critical Analysis*, have displayed some historical development of protectionism. She pointed out four different centuries that featured the development of protectionism namely, the 16th-18th century, 19th century, 20th century, and 21st century.

The 16th to 18th centuries are characterised as the beginning of protectionism, during which time protectionism was introduced as an attempt to promote domestic industry in order to increase national income (Belhamiti, 2024). In the 19th century, each country practices protectionism in its own way (Belhamiti, 2024). At that time, protectionism was generally used to respond to the great depression. Most countries in Europe applied high tariffs to gain additional revenue, while there were also countries that tended to be liberal towards trade (Belhamiti, 2024).

Subsequently, in the 20th century, a number of new forms of protectionist practices emerged (Belhamiti, 2024). This dynamic occurred due to a number of events such as World Wars 1 and 2 that led to a number of countries practising protectionism. However, the most significant event was the success of GATT which encouraged tariff reduction in international trade activities. After the GATT agreement, each country implemented several new provisions such as anti-dumping policies, health and technical standards, prevention of currency manipulation, and compensation (Belhamiti, 2024,). This period signifies a more complex application of protectionism than the previous few centuries.

Meanwhile, in the 21st century, the implementation of protectionism by countries is influenced by the increasingly interconnected world and the COVID 19 pandemic, as well as the increasing tension in US-PRC relations (Belhamiti, 2024). These phenomena have influenced new forms of protectionism such as subsidies, trade regulations, and procurement mechanisms. These trends show a change in the attitude and approach of international actors to trade, which previously focused on the application of tariffs (Belhamiti, 2024). Therefore, protectionism can be understood as the implementation of policies towards trade as well as state intervention in certain sectors because international trade has become very complex and uncertain nowadays.

In this study, protectionism is considered a state action that goes beyond trade policy. As stated by Evenett, protectionism refers to any government action that favours local commercial interests over one or more foreign rivals whatever the form of international commerce and the form of policies used (Evenett, 2019). Therefore, a country's trade policy in a particular sector is not the only point of analysis for their protectionism, as there are also measures such as building industrial infrastructure, purchasing local products, import bans (ECB), subsidies (Evenett, 2019), and even industrial weaponisations that are often used to protect domestic industries (Capri, 2019). Those measures are taken in order to protect domestic industry interest which also used by Indonesian government partially.

Protectionism theory matches with Indonesia's experience because of two main reasons, namely import prevention (bans) and industrial ecosystem building. Those reasons will be explored further in the next paragraph.

Illegal import prevention refers to a set of strategies used by the government to prevent the entry of imported goods, both illegal and legal. The word legal means that a product is marketed through a specific distributor on the e-commerce platform. Both legal and illegal marketing have the potential to undermine prices in the domestic market. This makes it difficult for domestic e-commerce merchants to compete (Kontan, 2023). Subsequently, industrial ecosystem building refers to a roadmap of Indonesian government which launched in 2016 (IDEA, 2020). Although the roadmap has been launched in 2016, such development plan is intended to guide e-commerce industry in global situation, including recent US-PRC trade situation.

D. Previous Literatures

In this thesis, the author presents several studies on US-PRC competition in the digital industry and its impact on the Indonesian e-commerce sector. Moreover, this will give the author a broader and deeper understanding of the topic and, enable him to demonstrate the differences between this research and previous studies.

The first research was conducted by Lili Yan Ing and Yessi Vadila, which is entitled US-China Trade Tension on Indonesia's Trade and Investment. The research focuses on the impact of trade on several Indonesian industrial sectors. The basic argument of this study is that the US-PRC trade war will benefit Indonesia in the short term, but will be very disadvantaging in the long term (Lili & Yessi, 2022). Moreover, they pointed out some potential disadvantages for Indonesian trade such as, lowering export rate of coal, paper, and steel as PRC is the main trade partners for those commodities (Lili & Yessi, 2022). In addition, The US-PRC trade war

also resulted in what they called ‘trade uncertainty’ as tariffs measure will disrupt the flow of trade gradually (Lili & Yessi, 2022). As a result, such a trend will affect both PRC and US demands on Indonesia’s goods.

Although the research topic is similar to the author’s topic, it is clear that the e-commerce sector is discussed in only a small proportion. However, it cannot be denied that this research contributes to the potential impacts that the PRC-US relationship will have.

The second research was conducted by Vincentius Laksamana in 2018 with the title *The Impact of the Trade War Between China and the U.S. on the Economy of Indonesia*. The main argument of this study is that Indonesian trade will be slightly affected by the US-PRC tensions, especially regarding tariffs (Vincentius, 2018). This is due to the fact that Indonesia is an exporter to one of the countries that previously had a trade agreement. For example, the US imported steel from Indonesia after it and the PRC imposed high tariffs on each other's trade (Vincentius, 2018). Additionally, investors from both countries may also turn to Indonesia. However, according to the author, this is unlikely to happen given that Indonesia is one of the countries that does not have a favourable investment ecosystem.

Although this study focuses on macro aspects such as FDI and exports in general, so it is less focused on discussing the e-commerce industry specifically. This research also discusses indirect impacts such as the Fed's raising interest rates on the dollar. This could affect Indonesia's trade as international trade relies on the dollar and the rupiah could weaken gradually.

The third research was titled Indonesia's macroeconomic conditions during United States-China trade war. It is conducted by Liliek and Sandhika in 2023. The focus of this research is to study the effect of the PRC-US trade war on Indonesia's macroeconomy. The main conclusion of this research is that the state of Indonesia's macroeconomy such as exports and imports is affected by the US-PRC trade war (Liliek & Sandhika, 2023). This conclusion was reached after analysing two points, the partial effect and the simultaneous effect of the trade war.

As a result, partially, the US-PRC trade war caused a decline in exports of agricultural commodities and raw materials (coal, steel, iron, and rubber). Meanwhile, the decline in imports due to price increases also occurred in oil and gas commodities (Liliek & Sandhika, 2023). Simultaneously, Indonesia's exports weakened due to the decline in a number of industries in Indonesia that have not been able to diversify products (highly dependent on raw materials) and Indonesia's dependence on the main importer, PRC (Liliek & Sandhika, 2023). This condition makes Indonesia's trade flow less smooth and has the potential for domestic overproduction.

Having reviewed the findings and main arguments of all the literature in the previous section, I conclude that the analysis of the impact of the rivalry between the PRC and the US on the digital industry has not been significant. This conclusion is based on two factors. Firstly, previous studies have focused on macro aspects rather than a specific sector. Nonetheless, previous studies have focused on aspects of trade. Secondly, previous literature did not mention the government response. Therefore, the topic of the impact of the PRC-US rivalry on the e-commerce sector

has yet to be meaningfully explored. This is an area that this research will address.