
The Indonesian Government's Policy Towards Apple Which Caused The Delay In The Iphone 16's Entry In Indonesia

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Abstract: This study examines the delay in the official launch of the iPhone 16 in Indonesia due to Apple's failure to meet the Domestic Component Level (TKDN) requirement set by the Indonesian government. Using a qualitative approach based on secondary data such as official regulations, news articles, and previous studies, this research analyzes how public policy affects multinational companies and domestic market dynamics. Findings reveal that Apple's incomplete investment realization—only IDR 1.48 trillion of the IDR 1.71 trillion commitment—led to the suspension of TKDN certification and distribution permits. This delay has caused consumer dissatisfaction, encouraged the growth of the grey market, and reduced state tax revenues. From a theoretical standpoint, the study integrates Public Policy Theory, Economic Protectionism Theory, and Foreign Direct Investment (FDI) Theory to explain the interplay between government regulations, corporate adaptation, and market outcomes. The study concludes that while TKDN policies aim to strengthen domestic industry and attract investment, excessive rigidity can hinder technology access and business growth. Therefore, future policies should balance national interests with global innovation to create a more adaptive and collaborative regulatory environment.

INTRODUCTION



A country's public policy is a governmental authority designed to address problems faced by the public to achieve specific goals. According to James E. Anderson, public policy is a series of actions with specific goals and implemented by policy makers to solve public problems. The process of its creation is the result of dialogue between the public and the government. Policy can be said to be a government regulation that must be followed by everyone without exception. This policy is enforced to create regulations that can encourage public compliance.

The formation of public policy certainly has a goal: to regulate and direct government actions to meet public needs effectively and efficiently. Government-enforced policies have a significant impact, one of which is on foreign companies distributing their products in Indonesia, for example, Apple. Public policy for Apple this year, the regulations are stipulated in the Minister of Industry Regulation (Permenperin) Number 29 of 2017 concerning Provisions and Procedures for Calculating the Local Content (TKDN) Value for Cellular Phones, Computers, and Tablets. The calculation of TKDN can be done using three schemes: the manufacturing scheme, or domestic product creation, the application scheme, or domestic application development, or the domestic innovation development scheme. In this case, the scheme used by Apple is the innovation development scheme.

By early 2025, the company will no longer have a permit to distribute its products in Indonesia due to the unfulfilled TKDN permit, which is the 40% Domestic Component Level (TKDN) requirement required by the Indonesian Ministry of Industry. Since October 2024, sales of the iPhone 16 have been blocked because Apple has not completed its promised investment commitment of IDR 1.71 trillion, but only around IDR 1.48 trillion has been realized.

The delay in the iPhone 16's entry into the Indonesian market is a significant issue, especially for consumers and the domestic technology industry. The iPhone 16 was officially released and marketed globally in September 2024. This product has not yet entered the Indonesian market because it has not received official distribution permits due to not meeting the Indonesian government's mandatory Domestic Component Level (TKDN) policy. TKDN is a regulation that requires technology products marketed in Indonesia to contain 40% local components to be officially marketed in Indonesia. Apple, as the manufacturer, is considered to have failed to fulfill its promised investment commitments to achieve this percentage, resulting in the Ministry of Industry's failure to issue TKDN certification.

Furthermore, the delay in marketing the iPhone 16 in the Indonesian market is due to Apple's incomplete administration and investment. Apple submitted an investment proposal to the government, but it was rejected because the proposed investment value did not fully comply with regulations. This has delayed the certification and licensing process for the iPhone 16, delaying its official launch in the Indonesian market. This delay will not only impact iPhone 16 sales, but also potentially lead to further sanctions against other Apple products if investment and TKDN commitments are not met,

including distribution bans and revocation of operational permits.

From the above background, the following problem formulation was obtained.

1. What are the main factors that cause the delay in the iPhone 16 entering the Indonesian market?
2. What is the impact of the delay in the launch of the iPhone 16 on iPhone users in Indonesia?
3. What is the perception of the public, especially iPhone users, of the policies implemented by the government regarding the delay in the entry of the iPhone 16 in Indonesia?

The delay in the iPhone 16's entry into the Indonesian market due to government policies regarding the Domestic Component Level (TKDN) holds significant significance in the context of industrial development and national economic independence. The TKDN policy, stipulated in various regulations, such as Minister of Industry Regulation No. 29 of 2017 and Minister of Industry Regulation No. 22 of 2020, aims to increase the use of local products and components in the production of goods and services, while simultaneously encouraging foreign investment to make Indonesia not only a market but also a production base. This delay reflects the challenges of implementing the TKDN policy, particularly for high-tech products like smartphones and similar products, where local industrial capacity and investment commitment are crucial factors.

This research is based on public policy theory that emphasizes the government's role as a regulator, regulating the interaction between national interests and foreign investment. The TKDN policy, as an instrument for protecting and developing domestic industry, serves to optimize the use of domestic resources while increasing the competitiveness of local industries in the global market. However, the implementation of this policy also poses a dilemma for multinational companies like Apple, which must adapt their business strategies to local regulations.

Government policies regarding the Domestic Component Level (TKDN) influence the technology market in Indonesia, particularly in the context of foreign investment and local industry development. The research findings can serve as evaluation material for policymakers to refine TKDN regulations to make them more adaptive and support industrial growth without hindering innovation and market access.

Literatur Review

Survey Approach

The literature on public policy and foreign investment is the main basis for understanding the dynamics between the Indonesian government and multinational companies such as Apple. The review methodology was carried out by assessing regulations related to the Domestic Component Level (TKDN), technology industry policy implementation practices, and global companies' responses to protection policies in developing countries. In public policy literature, the government is seen as the main

actor in managing the balance between national interests and openness to foreign investment. Therefore, it becomes very important to study economic protectionism.

Many developing countries implement policies such as TKDN to encourage the growth of local industries, reduce dependence on imports and create jobs. In Indonesia, the TKDN policy is not only aimed at achieving economic goals, but also as a means of technology transfer and improving the capabilities of the domestic industry. This approach shows that in the context of globalization, public policy is not only normative but also strategic.

Theoretical Framework

The theoretical framework of this research aims to provide a strong conceptual foundation to analyze the relationship between Indonesian government policies, especially domestic component level policies (TKDN), and the delay in the launch of Apple products (iPhone 16) in the Indonesian market. This framework is based on public policy theory, economic protectionism theory, and foreign investment (FDI) theory, which are interrelated to explain the phenomenon being studied.

Public policy theory, according to James E Anderson, states that policy is a series of actions taken by the government to solve community problems. In this context, TKDN serves as a tool to encourage the use of local components in technology products. The Indonesian government uses this policy to regulate the presence of foreign products and advance the domestic industry.

Economic Protectionism Theory, Through the perspective of protectionism, the state has the right to protect local industries from competition from foreign products. Non-terrific policies such as TKDN are a tool to encourage foreign producers to invest and build production facilities in the country, not just sell their products.

Foreign Direct Investment (FDI) Theory, especially the OLI paradigm from John Dunning (Ownership, Location, Internalization), explains that multinational companies will invest abroad if there are advantages in terms of ownership, location, and internal efficiency. However, regulations such as TKDN can affect the attractiveness of a location for investors.

These three theories show that State policies play a major role in influencing the investment decisions and distribution strategies of foreign companies. TKDN is a strategic policy to build a national industry, but it is also a challenge for companies like Apple that have to adapt to domestic demands

A critical review of the existing literature

Various studies have discussed the role of government policies in regulating multinational companies, especially in the context of trade regulation and the technology industry. However, studies that specifically examine the impact of TKDN policies on global technology companies such as Apple are still relatively limited. Therefore, this

research is here to make a new contribution by highlighting the actual phenomena that occur in Indonesia.

Research conducted by Sari, Ismira, and Khaldun (2023) on China's response to the United States' trade policy revealed that a country's protectionist policies can provoke reactions from foreign parties, including changes in business strategies. In another study, Alsy et al. (2023) examined non-tariff barriers affecting shrimp exports to the United States. They concluded that technical regulations in the destination country could be a major obstacle that slows down or even hinders the export process. This is in line with Apple's situation, where TKDN provisions and administrative processes such as import IMEI AND TPP registration are the main factors in the delay in the iPhone 16 commercialization. In addition, Purba & Wanto (2018) discuss the prediction of import value in North Sumatra with an algorithmic approach. Although it does not focus on technology regulation, this study confirms that government policy has a major influence on the inflow of imported goods. This strengthens the argument that intervention argues that state intervention in the form of regulations such as TKDN has strategic implications for the distribution of foreign products. However, most of the available literature places more emphasis on commodity goods or traditional manufactured products. In fact, technology products such as smartphones have different dynamics - in terms of the speed of innovation, dependence on the global supply chain to rapid market changes. Therefore, regulations such as TKDN must be viewed critically so that they remain relevant and do not hinder the development of the technology industry.

Overall, criticism of the existing literature shows that although the concepts of unum protectionism and public policy have been widely discussed, there is still a need for more in-depth study of the influence of local breeding on the distribution strategies and investment of bessar technology companies. This research is here to bridge this gap by directly examining the impact of TKDN policies on Apple and the technology market in Indonesia.

Conceptual Framework

The conceptual framework in this study aims to elucidate the relationship between government policies, the response of foreign companies, and their impact on consumers as well as domestic markets. The main focus is on the case of delays in the distribution of iPhone 16 in Indonesia which are influenced by local regulations, especially related to the Domestic Kmponen Level (TKDN). In this conceptual model, there are three main elements that interact with each other, namely

1. Government Regulation (as an Independent Variable)

The policy imposed by the Indonesian government in the form of a minimum TKDN requirement of 40% for the production of technology such as smartphones is the starting point of the problem. This provision is based on the regulation of the Minister of Industry and is the main instrument to encourage the use of local components as well as foreign investment in the country. In addition

to TKDN, other licensing aspects such as IMEI registration and product registration signs (TPP) are also included in the import product control mechanism.

2. Response from the Company (As an Intermediate Variable)

As a global manufacturer, Apple must adjust its investment policy to comply with the rules that apply in Indonesia. This form of response includes submitting investment value and establishing local innovation centers as part of TKDN fulfillment. The delay in fulfilling this commitment caused a delay in the process of legalizing iPhone 16 products in Indonesia. The reaction from the company became a bridge between government policies and their impact on the field.

3. Impact on Consumers and Domestic Markets (As a Bound Variable)

The delay in the official launch of the iPhone 16 has had an impact on consumer satisfaction and market dynamics. Users who look forward to the product experience disappointment, which can trigger a shift in interest to other brands or an increase in sales of unofficial products. In addition, this policy also affects public perception of the government's concerns in regulating the technology market.

[Government Policy: TKDN, IMEI, TPP]



[Apple Response: Investment Realization and Business Adjustments]



[Consequences to Consumers and Market Direction]

Figure 1. Conceptual Framework Model

With this framework, the analysis in the research can be carried out systematically to assess how much influence the country's policies have on foreign companies and domestic market conditions. In addition, this model also allows researchers to evaluate the extent of the effectiveness of regulations in encouraging the growth of local industries without hindering public access to global products.

METHOD

This study is grounded in the philosophical view that international trade represents a cooperative relationship between two or more countries aimed at fulfilling the needs of their respective populations. Huala Adolf defines international trade as an exchange or commercial activity between nations undertaken to obtain benefits and profits from such transactions. Within this context, the Indonesian government is perceived to adhere to a policy philosophy that prioritizes and protects the domestic technology industry. Delays in the importation of foreign products, particularly from

major global companies such as Apple, can be seen as an effort to provide space for local manufacturers to develop and enhance their competitiveness. Moreover, the government holds responsibility in maintaining the stability of the national trade balance. The importation of high-value technological products, such as iPhones, has the potential to contribute substantially to the trade deficit, thus influencing policy decisions implemented by the state.

The research employs a qualitative analytical design by gathering information from various available documentary and published sources, including articles, research reports, and books related to international integration policies and their implications for Indonesian government policies on international business. This research design is intended to facilitate a comprehensive understanding of how policy dynamics shape trade and investment interactions involving multinational corporations.

Secondary data are utilized in this study. Such data include previously published information or materials originating from earlier studies obtained through a literature review process. The sources of data consist of prior research and various forms of information derived from printed and online documents relevant to the development of this article. Secondary data are gathered through the review of books, academic journals, online publications, and other sources pertinent to the topic (Bungin, 2009). Additional supporting information regarding import and export mechanisms is collected from news reports, scientific publications, and archival records. National journals and various scholarly outlets are employed to strengthen the scientific foundation of this research.

The analytical approach applied in this study is a literature-based analysis that relies on the examination of articles, books, and academic journals relevant to the research topic. Sugiyono (2008:224) states that data collection techniques are the most strategic stage in research because the ultimate purpose of conducting research is to obtain valid information. This literature-based analytical approach allows the researcher to develop deeper insights into the conceptual framework, related theories, previous findings, and recent developments in the field (Suhairi et al., 2024).

FINDINGS AND DISCUSSION

Findings

This study found that the delay in the launch of the iPhone 16 in Indonesia was not solely caused by internal company factors, but was a direct consequence of non-compliance with national policies related to the Domestic Component Level (TKDN). Based on the provisions in the Regulation of the Minister of Industry (Permenperin) No. 29 of 2017, all technology products marketed in Indonesia are required to meet a minimum TKDN of 40%. Apple as an iPhone manufacturer chooses an approach to

fulfilling TKDN through innovation development schemes, rather than direct production or local application development.

However, until the end of 2024, the realization of Apple's investment in Indonesia will only reach IDR 1.48 trillion from a commitment of IDR 1.71 trillion. This realization gap caused the government through the Ministry of Industry to postpone the issuance of TKDN certificates which is a condition for the legality of the official circulation of products. This triggered a temporary distribution ban policy for the iPhone 16, even though globally this product has been released since September 2024.

The impact of this delay is quite significant at the consumer and market levels. The high enthusiasm of the Indonesian people for the latest generation of iPhones cannot be met through official distribution channels, so there is a shift in consumption to the unofficial market (grey market). This phenomenon not only has implications for the potential loss of the state in terms of tax revenue, but also increases the risk of the circulation of illegal products without quality and safety guarantees. In addition, local distributors and tech retail stores that usually rely on the official launch of iPhones as business momentum experienced a decline in revenue.

In terms of public perception, the public's response to government policies is quite diverse. Some parties support the TKDN policy as a form of the state's commitment to strengthening industrial independence and attracting long-term foreign investment. However, others consider that this policy is too protectionist and not in line with the principle of market openness, especially in the fast-changing technology industry that relies on global innovation.

Apple as a multinational corporation responded to this delay by evaluating its business strategy in Indonesia. One of the concrete responses is the acceleration of the construction process of the Apple Developer Academy and innovation centers in several cities, in an effort to adapt to the demands of national regulations. This step is also a long-term strategy to strengthen Apple's presence in the Indonesian market, not only as a distributor, but also as a local human resource development partner.

Discussion

The findings in this study reinforce the theory that public policy, especially industrial and investment policy, has a direct influence on international business dynamics. In this context, the TKDN policy enforced by the Indonesian government can be understood as an effort to implement a selective economic protectionism strategy. This approach is in line with the theory of public policy according to James E. Anderson, who emphasizes that state policy is the result of a series of strategic decisions to solve public problems and promote national development.

The TKDN policy, in substance, is designed to encourage the growth of the domestic industry through increased use of local components and the creation of added value in the technology sector. This is also in line with the theory of economic protectionism which states that the state has the right to protect strategic industries from foreign domination, one of which is by establishing non-tariff regulations such as TKDN. Through this policy, the government encourages foreign companies not only to make Indonesia a consumer market, but also as a production and innovation partner.

However, when viewed from the perspective of *Foreign Direct Investment* (FDI) theory, especially through the OLI (*Ownership, Location, Internalization*) paradigm from John Dunning, policies that are too strict without flexibility can reduce the attractiveness of a country as an investment location. Apple, as a global technology company, relies on efficiency and smooth logistics in every product launch. When local regulations are deemed to be a barrier, companies may delay or divert their investments to other countries that are more business-friendly. In this context, Indonesia needs to evaluate the implementation of the TKDN policy so that it remains relevant to global developments and does not create administrative obstacles that are actually counterproductive.

Furthermore, the case of the delay in the distribution of the iPhone 16 is a clear example that collaboration between the public and private sectors is very important in designing and implementing policies. The government needs to involve industry players from the beginning of policy formulation so that there is alignment between national goals and global corporate strategies. On the other hand, foreign companies like Apple also need to understand that operating in emerging markets demands not only financial gains, but also contributions to the development of local industries.

TKDN policies should not only be seen as a protection instrument, but also as a collaborative opportunity to strengthen the domestic technology ecosystem. Through fiscal incentives, bureaucratic ease, and joint research support, the government can create a conducive business climate without sacrificing the public's interest in technology access. In the long run, this will strengthen Indonesia's position not only as a market, but also as a regional production and innovation center.

Thus, the discourse on TKDN regulation in the context of Apple's case demonstrates the importance of alignment between national policies and global business strategies. Flexibility, transparency, and accountability in policy implementation are key so that local industrial development goals can be achieved without hindering technological developments and domestic consumer satisfaction.

Conclusion

The delay in the entry of the iPhone 16 into the Indonesian market is due to the unfulfilled requirements of the Domestic Component Level (TKDN) set by the government. TKDN regulations require every mobile phone circulating in Indonesia to have a minimum of 35-40 percent local content, in accordance with Permenkominfo Number 27 of 2015 and Permenperin Number 29 of 2017. Apple has not fulfilled its investment commitment of IDR 1.71 trillion, with the current realization of only around IDR 1.48 trillion, so the TKDN certification for iPhone 16 cannot be extended.

As a result, the official distribution permit for the iPhone 16 was withheld, even though the product has been released globally and is available in neighboring countries such as Singapore and Malaysia. The Indonesian government emphasized that a new sales license will be granted after Apple completes the investment shortfall of around IDR 230-240 billion and meets the TKDN requirements. Negotiations between Apple and the Ministry of Industry are ongoing, with a focus on the benefits of investment for domestic industry, job creation, and national economic contribution.

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