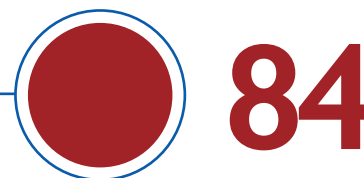


# Indonesia



## Summary of Findings

### 1. INDUSTRY PARTICIPATION IN POLICY DEVELOPMENT

The Coordinating Ministry for the Economy prepared a tobacco industry (TI) roadmap based on proposals from an industry funded think tank. These discussions included contributions from the Institute of Development Economics and Finance (INDEF) in 2019, and was used as reference in 2021 and 2022. Several ministries and legislative institutions in Indonesia support the proposal. The roadmap draft, called the 'tobacco products' roadmap, planned to be issued as a presidential regulation. The government was tasked to finalize the roadmap in early 2024, or before the dissemination of the 2025 Macroeconomic Framework and Principles of Fiscal Policy. However, the Ministry of Health's plan to revise Government Regulation 109/2012 on Safeguarding Materials Containing Addictive Substances in the Form of Tobacco Products for Health is facing challenges from various parties-including from within the government.

The Ministry of Investment, the Ministry of Industry, the Coordinating Ministry for the Economy, and the National Research and Innovation Agency (BRIN), supports the development of special regulation for new tobacco products. In June 2021, the Minister of Investment sent a letter to PT HM Sampoerna expressing support for their investment in building a Heated Tobacco Products (HTP) factory in Indonesia and supporting the implementation of National Standardize Product (SNI) for HTP, no pictorial health warnings for HTP, and lower excise tariffs.

Meetings between government officials and the TI in policymaking processes are considered normal. Several customs and excise offices have worked with business entities, including PT HM Sampoerna, to promote economic growth under the Customs Visit Customer (CVC) program.

### 2. INDUSTRY CSR ACTIVITIES

The involvement of tobacco firms in non-tobacco related activities, COVID-19 handling, vaccination programs, training activities for persons with disabilities, environmental activities, and charity events, was extensive. The involvement serves as a form of corporate social responsibility (CSR), which aims to improve their public image and strengthen their relationships with the government and local communities. Moreover, tobacco companies have made donations or provided assistance to government agencies or organizations during the COVID-19 pandemic. The donations are generally in the form of medical equipment, such as oxygen concentrators or rapid antigen tests, and the events are attended by government officials or representatives. The companies involved include KT&G from Korea, PT Djarum, and PT HM Sampoerna.

### 3. BENEFITS TO THE INDUSTRY

The TI has been receiving various forms of support and benefits in Indonesia. The government has decided to provide a non-fiscal stimulus in the form of a postponement of excise payments for a maximum period of 90 days to the TI in 2021 and 2022, which is seen as an effort to maintain the sustainability of the industry. The revision of Government Regulation No. 109/2012 regarding Safeguarding Materials Containing Addictive Substances in the Form of Tobacco Products for Health, which is aimed at safeguarding public health, has been delayed due to the strong pressure from TI interference. Representatives from the TI have also been invited to provide input on local regulations regarding smoke-free areas, and there have been rejections of tax increases on tobacco products from various state institutions, including members of the House of Representatives and the Regional Representative Council. Furthermore, regulations supporting the TI are being introduced at the provincial level, and there have been rejections of regional regulations that planned to ban cigarette advertising and promotion in several cities.

## 4. UNNECESSARY INTERACTION

There were numerous incidents of unnecessary interaction between high-level government officials and representatives from the TI. Despite being a public health official, and having the Health Minister Regulation No. 50/2016 on Guidelines for Managing Conflict of Interest with the Tobacco Industry within the Health Ministry, the Minister of Health attended and gave a speech at an event sponsored by the TI's affiliation program. Meanwhile the Ministry of Environment and Forestry gave PT. HM Sampoerna the Green Industry Performance Rating Program (PROPER) award for their effort in ensuring environmental sustainability. These implicit endorsements from public figures help to create a positive image for TI entities.

The government accepts, endorses, and enters into partnerships with the TI. In 2021, the Ministry of Investment (BKPM) collaborated with PT HM Sampoerna to promote the online single submission (OSS) program for small and medium-sized businesses in Indonesia by conducting a roadshow to various cities. This collaboration was supported by the Minister of Cooperatives and SMEs and the Minister of State-Owned Enterprises.

## 5. TRANSPARENCY

The government does not have a standard mechanism to disclose information on meetings and interactions with the TI or their outcomes, nor does it require the industry to

report on or register affiliated members. However, in formal interactions, the names of participants are recorded in the list of attendance and minutes of meetings.

## 6. CONFLICT OF INTEREST

There are no current government employees working in the TI because of a stringent rule that forbids active civil officers from doing so. However, in 2021, there were two former senior government officials from the Ministry of Industry who had moved into leadership positions in associations related to the TI.

## 7. PREVENTIVE MEASURES

The Indonesian government does not have a specific policy on record-keeping of interactions with the TI, and formal meetings are recorded as minutes of meetings. There is only a partial government request for TI reports on production volume for tax calculation purposes. Moreover, the government does not have a consistent program that builds public awareness on WHO FCTC implementation guidelines.

Currently, only the Ministry of Health has a code of conduct, the Minister of Health Regulation No. 50 (2016) on Guidelines for Managing Conflict of Interests with the Tobacco Industry in the Ministry of Health, to protect public health policies.

# Recommendations

1. The Indonesian government should take steps to reduce the TI's interference in public policies and regulations. This includes banning TI donations, prohibiting TI representatives from being stakeholders in policy development, and limiting industry access to policymakers. This will require a strong legal standing.
2. The government should also require transparency in the TI's lobbying activities and ensure that policymakers are not unduly influenced by industry representatives. Therefore, it is important for the government to adopt a code of conduct that regulates interactions with the TI and its front group.
3. Preferential treatments given to the TI has to be recalculated against the economic losses in human health and human resource development.