

Indonesia

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Summary of Findings

1. Industry participation in policy development

Tobacco industry (TI) interference in public policy continues as Indonesia still has no legal mechanism nor effective framework to control the tobacco industry's participation in policy development. The INDEF's 2019 proposal to renew the tobacco industry roadmap is well accepted; under the leadership of the Coordinating Ministry for Economic Affairs, discussions continued in 2020 and received broader support from the Ministries of Trade, Labor and members of Commission XI in the Parliament.

The Indonesian Cigarette Manufacturers Association (GAPPRI) wrote a letter to the President stating its objection to the government's claim on "tobacco-industry related issues" mandated in the RPJMN 2020-2024 (National Medium-Term Development Plan):

1) excise tax simplification, 2) banning tobacco ads and promotion; enlargement of pictorial health warnings, and 3) the revisions of the Gov. Regulation (PP) No. 109/2012. The letter was cc'ed to, among others, Health Minister Terawan. Hence, it was not clear whether the letter has influenced the Health Minister's decision to discontinue the revision of the regulation that was underway.

The vaping industry has persistently pushed for a special regulation on e-cigarettes, with claims that these are "less harmful products" than conventional cigarettes. Front group support came from a religious group (Lakpesdam PBNU), scientists (pro-e-cigarette experts and Indonesian Institute of Sciences [LIPI]) and legislators.

On the other end, the Ministry of Industry encouraged the registration of both products under the Indonesian National Standard (SNI) to be applied to heated tobacco products (HTPs) in 2020, and for e-cigarettes in 2021. The plan was welcomed by Sampoerna and e-cigarette industry associations.

By law, the involvement of individuals or organizations related to a given regulation is allowed. The Office of Customs and Excise invited the tobacco industry to discuss the excise tax policy for and assessed the industry's expectations during the COVID-19 pandemic. The pandemic has driven more concerns on the Ministry of Finance side to the tobacco industry. For example, the Excise Office in Magelang city met with Indonesia Tobacco Farmers Association (APTI) to accommodate tobacco farmers' concerns, and the Regional Head of Customs and Excise in Central Java paid a visit to Djarum Office to ensure that government policies during the pandemic are effective in helping the industry run its business.

2. Industry CSR activities

Tobacco industry-sponsored corporate social responsibility (CSR) activities escalated in 2020 compared to previous years.

Sampoerna's Manager of Regional Relations & CSR sent a letter (dated June 2020) to the Head of Karangasem District asking to revoke the policy on banning outdoor advertisements, which only proves Sampoerna's CSR agenda is self-serving and intended to defeat public health policy in return.

Gudang Garam has gained access to the central government for investing a strategic program to construct an airport in Kediri District. Aside from sponsoring the local government of Kediri during the New Year's Eve 2020 celebrations, Gudang Garam has also partnered with the local government to create watersheds around the Kelud Mountain slopes in commemoration of the 1,216th anniversary of Kediri District.

Aside from the tobacco industry's donations during the pandemic which included in-kind donations of grocery packages, PPE and PCR machines, the involvement of local governments with the usual TI-sponsored CSR activities also increased. Djarum and Bentoel conducted tree-planting in various districts, while Gudang Garam and KT&G supported water-supply projects. Sampoerna's CSR activities included building a waste management facility as well as entrepreneurship training in Gunting Village in Kotawaringin District.

3. Benefits to the industry

The tobacco industry used all possible means to reject excise tax increases almost the entire year of 2020. In November 2020, the Indonesian Tobacco Farmers Association (APTI) met with the Head of the Presidential Staff Office and with the Special Staff of the Ministry of Finance. The meeting concluded with compromises: The government is set to increase the excise tax for tobacco products by an average of 12.5% in 2021 but no increase for hand-rolled cigarettes.

The tobacco industry in Karangasem District of Bali, Bogor and Kulonprogo rejected the article on the banning of outdoor advertisements as mandated in the local smoke-free law as it is considered "a violation of higher law and disruptive to business investment." The lawsuit in Bogor received support from the Regional Autonomy Monitoring Committee (KPPOD) and a number of front groups; however the Supreme Court decision has ruled against the lawsuit. Unlike the outcome in Bogor, Karangasem District revoked its ban on outdoor advertisements.

Another benefit given to the tobacco industry is the postponement of the issuance of SF regulation in Bandung City and Purworejo District, whereby the tobacco industry in West Bandung and Bogor Districts enjoyed the permission to place cigarette billboards, each in front of schools and a nearby public hospital.

During the pandemic, the government gave privileges to the tobacco industry, e.g.: tax relaxation; an extended tax payment deadline from normally 60 to 90 days, from April to July; extension of the time limit

for withdrawing tobacco products with 2019 excise stamps in the market from June 1 to August 1; and the postponement of effective tax increase from January 1, 2021, to February 1, 2021. This postponement allows the industry to enjoy old market price upon decision of the increase that had taken effect in February 2021. To boost export, machine-made cigarettes received benefits of a delay in payment of excise stamps from 60 to 90 days.

4. Unnecessary interaction

Philip Morris met with the President and expressed interest in investing in HTPs, but no further information was provided. The Parliament invited a Djarum representative as a speaker at a public hearing for the National Sport System Bill.

Various statements of appreciation from the government went to the tobacco industry for various activities. The Minister of Villages and Transmigration expressed appreciation to Djarum for improving the management skills of village-owned enterprises in Kudus, Central Java; The Ministry of Industry commended the campaign of the Indonesian White Cigarette Producers Association (Gaprindo) to "curb the smoking prevalence among children" in support of the national target to reduce smoking prevalence by 8.7%. A similar campaign was launched by Sampoerna Retail Community. The Ministry of Education selected Putra Sampoerna as one among the bidders that won the "Mover Organization Program" (POP)'s grant for teachers' training program. The Ministry of Cooperation collaborated with "Bibli," a Djarum group, to assist cooperatives and small-and medium-scale-enterprises (SMSEs) to stimulate the economy using the digital platform of bibli.com. The program however, was criticized by the public.

Local governments of Kudus District, Malang and Blitar, each had brought cigarette factories to the media spotlight as examples of "ensuring workers' compliance to health protocols," a "COVID-19 resilient workplace" and "an exemplary model for other industries to follow."

5. Transparency

The 2020 score is built upon the incidents of no standard mechanism for the government to openly disclose information on meetings/interactions with the tobacco industry or their outcomes and no specific policy on requiring the tobacco industry to report on or register the affiliated members. Like other meetings, the names of participants were recorded in the minutes of the meetings.

6. Conflict of interest

There were no new incidents in 2020.

The 2020 score is calculated based upon the old incidents outside this report period that are worth noting as evidence, e.g., no policy that prohibits contributions from any sources including the tobacco industry for political campaigns, and no active government officials work in tobacco industry businesses because of a strict regulation that does not permit active civil servants to work outside the government.

7. Preventive measures

Currently, only the Ministry of Health has a tobacco industry code of conduct stated in the Minister of Health Regulation No. 50 (2016) on *Guidelines for Managing Conflict of Interests with the Tobacco Industry in the Ministry of Health*.

The 2020 score is calculated based on partial preventive measures, e.g., no specific policy on record-keeping of interactions with the tobacco industry, partial government request for the tobacco industry to submit a report and no consistent public awareness-building on Framework Convention on Tobacco Control (FCTC) implementation guidelines.

Recommendations

1. Learning to understand that the tobacco industry is not a legitimate stakeholder will uplift Indonesia to stand at the same level with other countries worldwide in protecting the next generation from its predatory marketing.
2. Given the permissive laws for the tobacco industry's involvement in policy development, and being considered as a stakeholder and as common citizens doing normal business, the government must adopt a code of conduct that regulates interactions with the tobacco industry and its front groups.
3. Preferential treatment given to the tobacco industry, even more massive during the pandemic, has to be re-calculated against the economic losses in human health and human resource development in a broader sense.