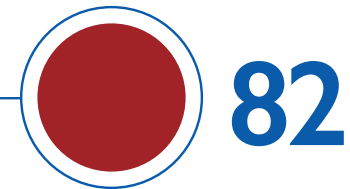


Indonesia



SUMMARY OF FINDINGS

1. Industry Participation in Policy Development

Implementation of Indonesia's Health Law No. 17 of 2023 was significantly influenced by tobacco industry (TI) interests. National and regional parliament members and several ministries opposed draft Government and Health Ministry regulations, citing risks to farmers, small vendors, and fears of illicit trade. Some ministries, including the Coordinating Ministry for Economic Affairs and the Ministry of Industry, pushed for more lenient rules for e-cigarettes and heated tobacco products.

Foreign interference was also evident through the Permanent Mission of Indonesia in Geneva. At the local level, draft Smoke-Free Area regulations were rejected over perceived economic impacts. TI influence was further legitimized by frequent participation in public hearings under the guise of legislative consultation.

2. Industry CSR Activities

Several local governments expressed appreciation for tobacco companies for contributions in environmental initiatives, education, housing, and the management of tobacco excise revenue-sharing funds. The Central Java Provincial Government awarded third place in the 2025 corporate social responsibility (CSR) award to PT Nojorono Kudus. In Kudus, collaborations between the local government and tobacco companies such as PT Djarum and PT Nojorono resulted in programs on housing, cultural preservation, and digital-based environmental movements.

During the election campaign period, presidential candidates and their teams actively engaged with tobacco farmers and TI workers, reflecting political outreach to the tobacco community and ecosystem. While some companies publicly claimed neutrality, there were signs of support for specific candidates, indicating alignment between political actors and the TI in pursuit of economic and electoral support.

3. Benefits to the Industry

The planned 2025 tobacco excise increase was canceled following pressure from legislative and executive bodies at national and regional levels. Instead, the government extended multiple privileges to the TI. These included deferred excise stamp payments, lower rates for hand-rolled kretek cigarettes, streamlined licensing through factory agglomeration, and continued export facilitation through bonded zone permits and excise exemptions.

The Ministry of Industry, the Prabowo-Gibran National Campaign Team, and local governments supported these measures. Local governments widely used tobacco excise revenue-sharing funds (DBHCHT) for cash transfers, farmer support, insurance premiums, and tobacco promotional events such as the "Aroma Sendja Festival."

4. Unnecessary Interaction

Various public officials, from ministers to regional agency heads, engaged in interactions that benefited the TI, including visits to cigarette factories, inaugurations of production facilities, and support for export and business development efforts. The Deputy Minister of Trade welcomed a visit from

the Director of External Affairs at PT HM Sampoerna at the Ministry of Trade and expressed support for the “SMEs Go Global” initiative.

The Governor of East Java attended the inauguration of PT HM Sampoerna’s hand-rolled kretek facility and conveyed appreciation for the company’s contributions to the regional economy. The government also partnered directly with tobacco companies or their subsidiaries in initiatives such as infrastructure development (e.g., Dhoho Airport and the Kediri–Tulungagung toll road) and micro, small, and medium enterprise (MSME) empowerment programs. Media statements have also indicated government support for the tobacco harm reduction approach.

5. Transparency

The government does not have a standardized mechanism requiring disclosure of interactions with the TI. There is no obligation for TI representatives or affiliates to register. Although attendance lists and meeting minutes are recorded during formal interactions, these documents are not publicly accessible.

6. Conflict of Interest

Although no new cases have been identified in the past two years, several former government officials hold key positions in organizations affiliated with the TI. There is no policy prohibiting political donations from the TI, and officials involved in political campaigns are only required to resign from their posts.

7. Preventive Measures

The government has not established comprehensive policies to require documentation of TI interactions or periodic reporting on TI activities. Codes of ethics for public officials remain general. Only the Ministry of Health has a specific guideline to prevent conflicts of interest with the TI, under Minister of Health Regulation No. 50/2016.

Only a limited amount of industry information, such as production volumes, is reported to certain agencies, and there is no mandatory reporting on marketing or lobbying activities. Awareness of Article 5.3 of the WHO FCTC has not been systematically developed or consistently applied across government institutions.

RECOMMENDATIONS

1. Limit TI involvement in policymaking to situations where it is strictly necessary.
2. Prohibit the acceptance and promotion of TI assistance or CSR activities, and strictly review the use of tobacco excise revenue-sharing funds (DBHCHT) to prevent them from enhancing the TI’s image.
3. Halt policies that benefit the TI by reevaluating fiscal measures, including low excise tariffs and incentives such as Tobacco Products Industrial Zone (KIHT) and Tobacco Products Industry Center (SIHT) schemes, and ensure public funds are not used to promote tobacco products.
4. Limit public officials’ interactions with the TI strictly to technical regulatory matters, and mandate full disclosure of all meetings on official government portals with details of participants, agenda, and outcomes.
5. Prohibit officials and institutions from accepting support, gifts, or contributions from the TI, and conduct regular capacity-building across government sectors on preventing conflicts of interest and upholding integrity in policymaking.