

Indonesia

Overall score:

82

Summary of Findings

1. Industry participation in policy development

Tobacco industry front groups played a big role in policy development in 2019. The Coordinating Ministry for Economic Affairs and its subordinate economic ministries endorsed the Institute for Development of Economics and Finance (INDEF), a tobacco industry front group's proposal to develop a comprehensive Tobacco Roadmap and further re-emphasized the extremely important tobacco industry as a revenue source.

Representatives of the Ministries of Agriculture and Industry attended a Public Discussion Forum organized by tobacco industry front groups on "The Future of Tobacco Industry Under Threat," to reject the revision of Government Regulation (PP) 109/2012, a national tobacco control policy currently underway. They accused the policy of being a foreign agenda to kill the tobacco industry and a means by which to adopt WHO Framework Convention on Tobacco Control (FCTC) guidelines.

The Minister of Industry accepted recommendations made by three pro-e-cigarette front groups (the Association of Personal Vaporizer Indonesia, Tar-Free Coalition (KABAR) and the Board of NU, a Moslem Religious Group) for the urgent development of an e-cigarette regulation that differs from previous tobacco control regulations. The Minister of Industry appreciated the proposed regulation that mitigated tobacco risk and promised to prepare a new regulation for tobacco alternatives including heated tobacco products.

2. Industry CSR activities

Government agencies mostly at the provincial level supported and participated in CSR activities organized by the tobacco industry. The Head of Tabanan District in Bali endorsed Sampoerna's environmental campaign to collect cigarette butts through forming a movement for a dual campaign to save the environment and to support shifting to e-cigarettes.

Sampoerna's CSR for small- and medium-scale enterprises (SMEs) was highly appreciated. The Mayor of Surabaya City acted as a guest speaker at a media discussion on "Private Sector Responsibility in Accelerating SMEs". The West Kalimantan Governor gave an opening address in the Province's SRC Retail Festival 2019. The South Sumatra Governor awarded Sampoerna as the winner of a 2019 CSR competition on the theme "Fostering Togetherness in Promoting the Handicraft and SME Industry to Build a Pro-People Economy and Support Local Tourism." The South Sulawesi Governor appreciated "Retail Festival 2019's theme of "Let's Shop at SRC" and the DG for Agroindustry of the Ministry of Industry visited the Sampoerna Retail Community booth at the 34th Trade Expo Indonesia.

The Minister of Youth and Sport supported Djarum Badminton and confirmed there was no child exploitation in the Djarum audition and hoped Djarum would continue the program, whereas the Governor of Central Java defended the promotional roadshow as legitimate because Djarum had long supported the development of badminton in Indonesia.

3. Benefits to the industry

The DG of Custom Ministry of Finance voluntarily defended the excise tax cancellation as a way to sustain the tobacco industry's survival.

The Head of the Indonesian FDA's proposal to ban e-cigarette was strongly opposed by MPs Commissions IX and VI; the Head of West Java Excise Tax Office agreed with the DG of Custom and Tax Policy to impose excise tax on e-cigarettes to legalize the sale of the products. The new Health Minister has not given his standpoint; he would consider all public aspirations and would not make any rash decisions on vaping as the issue still needs to be reviewed.

The DG of the Ministry of Industry was against banning online tobacco ads, arguing that as long as the ads comply with the law where the display of cigarettes and their packaging is prohibited, they are legal and permissible.

4. Unnecessary interaction

The Head of the Executive Office of the President (KSP), wearing a Djarum Badminton t-shirt, visited Djarum's office in response to the Djarum Foundation's Program Director for Sports' report on the accusation of child exploitation in the Djarum badminton audition. He affirmed that children were not being exploited in the program and insisted that Djarum's audition be continued to maintain Indonesia's badminton achievement

The Minister of Finance granted an award for "the most tax-friendly corporation" to Sampoerna while the Minister of Industry extended appreciation to the Sampoerna Retail Community (SRC) at the 11th SRC Anniversary for their focus on SMEs improving inclusive economic ecosystem self-reliance and stated that the tobacco industry was part of the country's national and cultural history, especially concerning the kretek cigarette industry.

The DG of Ministry of Industry accepted assistance from Sampoerna to enforce (PP) 109/2012 by campaigning for "Preventing Children's Access to Purchase Cigarettes" (PAPRA), implemented in partnership with SCR outlets.

The Ministry of Research, Technology and Higher Education signed a Memorandum of Understanding with Sampoerna on research and development (R & D) of value-added tobacco products. As an industry that plays a role in R & D, Sampoerna would be given incentives in the form of tax deductions. The Ministry's Director General for Strengthening Innovation stated that the Ministry would benefit from Sampoerna's big factory facilities in Malang City for training and internships. On the other end, the President Director of Sampoerna stated that

the MOU would help smokers of legal age obtain modified risk tobacco products at the local markets and would support the decision on regulating IQOS based on science and technology.

Following the MOU with Sampoerna, the Ministry of Research, Technology and Higher Education held a joint workshop with the United States-ASEAN Business Council (US-ABC) on the "1st US-ABC Indonesia Innovation Series SME Workshop" in Bali sponsored by Sampoerna dan Juul. Another collaborative work between Sampoerna and the Center for Science and Technology of the Ministry of Research and Technology on "Indonesia Innovation for SME Workshop and Innovation Talks" was conducted two months later.

5. Transparency

The tobacco industry is viewed as a normal business. Meeting with the industry is treated as other common meetings, both in preparing the agenda as well as the minutes of the meeting. There is no specific treatment for the tobacco industry nor any specific rules to follow.

More and more government interactions with the tobacco industry are made public for the media to cover. It has become a social norm. Transparency is no longer a significant issue, except for illegal transactions, as is the case with other businesses.

6. Conflict of interest

There are no rules that prohibit contributions from any sources including the tobacco industry during the electoral campaign, nor for retired government officials to work for the industry after their government services. With regards to this, a retired Director at the Ministry of Industry was appointed as the Secretary General of GAPPRI (Indonesian Cigarette Factory Association).

7. Preventive measures

Only the Ministry of Health (MOH) had a Tobacco Industry Code of Conduct as further elaboration of the Regulation of the Minister of Administrative and Bureaucratic Reforms No. 37/2012 on the "Guidelines for Managing Conflict of Interest" to specifically apply to the tobacco industry. Having only one ministry follow a code of conduct is not effective in preventing tobacco industry interference nation-wide.



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Recommendations

1. The Government of Indonesia, a non-party to the FCTC, has a lack of basic understanding about tobacco industry de-normalization. Civil Society Organization advocacy alone is not enough and won't work effectively unless supported by pro-public health ministries.
2. The MOH needs to have the courage and leadership to de-normalize the tobacco industry, building awareness among government ministries about the irreconcilable conflicts of interest between the tobacco industry and public health that is counterproductive with the country's commitment to human resources development.
3. The TII Index Report is evidence-based feedback for the MOH and pro-health ministries to open their eyes and develop preventive measures. The MOH Regulation No. 50/2016 on "Managing Conflict of Interest with the Tobacco Industry within MOH," a further elaboration of the existing Ministry of Administrative and Bureaucratic Reforms' Regulation No. 37/2012 on the "Guidelines for Managing Conflict of Interests" that specifically targeted the tobacco industry, could serve as a model for developing a national code of conduct when dealing with the tobacco industry.