



TOBACCO INDUSTRY INTERFERENCE INDEX

INDONESIA 2018
Based on 2017 Data

Jakarta, June 2018

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EXECUTIVE SUMMARY

1. **Participation in policy formulation:** The government continues to develop policies in favour of the tobacco industry. The Minister of Manpower was persuaded by the Tobacco, Food and Beverage Trade Union Forum (FSP RTMM) that tobacco tax increase will have a negative impact on the tobacco workforce. In October 2017, the government announced an increase in excise tax on tobacco products of 10.04 percent which was slightly smaller than the tariff hike in 2017, insufficient to reduce tobacco use significantly.

A Special Committee on the Tobacco Bill was established in May 2017 to provide support for the pro-tobacco industry Bill in the parliament. Amidst strong lobbying from parliament and the tobacco industry that was supported by several heads of local governments, the government finally agreed to replace the Tobacco Bill with a Ministerial Regulation which aimed to protect tobacco growers.

2. **Tobacco industry CSR activities:** Government agencies continue to accept or endorse CSR contributions from the cigarette companies. The CSR related activities occur most frequently in the provinces endorsed by Mayors. For example, Malang city government has been receiving considerable CSR contributions from the tobacco industry for developing several urban parks. Meanwhile the ratification of a local smoke-free regulation has been delayed.

Chairman of the Indonesia Badminton Association's Central Executive Board, who was also the Coordinating Minister for Political, Legal and Security Affairs, attended the press conference by Djarum Superliga Badminton 2017 where he endorsed the tobacco company's sponsorship of badminton tournament as an event that can enrich the experiences of the country's young badminton players.

3. **Benefit for cigarette industry:** Tobacco advertisements continue to be screened on TV. A draft Bill prepared by parliamentary Commission IX on 6 February 2017 had a clause to ban tobacco advertisements on broadcasting media for debate. However, at the harmonization phase in Baleg, the clause was omitted and in the latest draft, parliament reverted to the decision to allow cigarette advertising in broadcasting media.

Indonesia remains a non-Party to the FCTC, has not banned tobacco advertising and does not apply the full 10% VAT on tobacco products; VAT is now 9.1%.

4. **Unnecessary interaction:** There were many instances of interaction. Throughout 2017 several Ministers and senior officials attended functions organised by the tobacco industry. The Entrepreneurship Development Center Sampoerna 2017 Expo was officially opened by the Minister of Manpower and witnessed by Malang city government officials. In his speech, the Minister declared his support for the event.

The Directorate General of Customs and Excise supported an Education Program on Prevention of Illegal Cigarette Trading and the "Stop Illegal Cigarettes", a joint campaign launched by Gaprindo (Indonesia White Cigarette Producers Association),

Gapri (Cigarette Manufacturers Association) and Formasi (Indonesia Tobacco Industry Community Forum). According to the Director General of Customs and Excise, “The involvement of the tobacco industry is needed to provide solution.”

- 5. Transparency:** Law makers’ interactions with the tobacco industry are not disclosed. For example, the government’s decision on setting the VAT rates were only publicly known because of the tobacco industry’s protest in the media that the final tariffs set were not according to the agreement reached in their meeting with the government.

The government has no specific register of the tobacco industry representatives and their affiliated members. In formal interactions, the government only has a list of the names of attendees of the meeting.

- 6. Conflict of interest:** The Government does not have a policy to prohibit contributions from the tobacco industry to political parties, candidates or their campaigns. The former Director General of Customs and Excise MOF was appointed as Chairman of the Bentoel Company Audit Committee in March 2016 for 3 (three) years. He formerly held several senior positions in various government agencies and was the former Secretary to the Coordinating Minister for Economic Affairs in the office of Coordinating Ministry of Economic Affairs.

- 7. Preventive measures:** The MOH has put in place a policy to protect government officials within the National MOH administration from tobacco industry interference. Health Minister Regulation No. 50/2016 on Guidelines for Managing Conflict of Interest with the Tobacco Industry within the Health Ministry applies exclusively to the harmful tobacco industry. The regulation was duly implemented when the tobacco industry’s request to meet the Director General in charge of the pictorial health warning policy was denied. In 2017, GAPRINDO requested a meeting with the Director General for Public Health concerning plans on a new set of pictorial warnings on tobacco product packaging. While this Regulation protects the MOH, however the other agencies are open to interactions with the industry.

There is no specific policy on record keeping of interactions with the tobacco industry.

Government requests for information from industry is partial. Information on tobacco manufacture such as personnel, land size, tobacco leaf production, import, export, market share, etc. is collected by the Central Bureau of Statistics. There is no obligation to report on other activities such as advertising, promotion and sponsorship expenditures.

Recommendations

- The government must not endorse tobacco related CSR activities and reject tobacco sponsorship of sports events;
- The government must end benefits given to promote the tobacco business such as low tax increases, implement 10% VAT, ban tobacco advertising.
- The government must make transparent all interactions with the tobacco industry and put in place a procedure for dealing with the tobacco industry.
- The Regulation adopted by the MOH to protect it from industry interference must also be adopted by other ministries such as Finance, Trade and Industry, and Manpower.
- Indonesia must accede to the FCTC

1. INTRODUCTION

Fifteen years after FCTC was adopted in 2003, Indonesia has not acceded to the treaty despite its active involvement in the development. The Tobacco Industry in Indonesia was very powerful and persistent in influencing a country of over 250 million citizens to stay outside the 180 countries' being parties of the FCTC; this has put Indonesia in a minority of 7 countries that did not sign nor acceded to the treaty. Nonetheless, the fact that the country is not bound to FCTC provisions does not prevent Indonesia from implementing best practices to protect public health from the harmful effects of tobacco use. Article 5.3 of the FCTC aiming at protecting public health policies from commercial and other vested interest of the tobacco industry is indeed very relevant for Indonesia.

Tobacco Industry has been using the same strategies anywhere in the world; they would make every attempt to sustain their business by hampering effective regulations that may cut down their profit. The different outcome between countries lies in the government responses towards tobacco industry's conduct irrespective of the arguments that range from erroneous perception that tobacco industry is a normal business up to gaining mutual benefits.

Although article 2 of Law No 39 year 2007 on Excise Tax indicates that consumption of the three excisable goods i.e.: tobacco products, alcoholic beverages and aetyl alcohol have to be controlled and that the usage causes negative impacts on health and the environment, but implementation of the article is inconsistent.

The report that follows is the Indonesian Tobacco Industry Interference Index 2018 generated from an exhaustive media monitoring on the incidence of tobacco industry conducts during the period of Jan-December 2017 that directly or indirectly affect tobacco control policies.

The Index reflects the level of government responses indicating its capacity to resist tobacco industry interference.

2. RATIONALE

- To describe the current level of tobacco industry interference by type and severity, and the government responses towards it.
- To serve as an advocacy tool for tobacco control advocates to assist the government in taking side on public health than the tobacco industry by avoiding unnecessary interactions and conflict of interests that would influence tobacco control policies in Indonesia.

3. UNDERSTANDING THE TOBACCO INDUSTRY

The term “tobacco industry” is not limited to only the tobacco companies but includes individuals and organizations that represent the industry’s interests or work to further its interests.

This is an industry that markets consumables products that contain thousands of dangerous chemicals and is addictive. More than 70,000 scientific publications have documented that long-term consumption of this product carries the risk of illness and death that are preventable. There is a conflict of interest that is inherently irreconcilable between the tobacco industry that works to increase sales for the purpose of business, and tobacco control that strives to reduce tobacco consumption in order to protect the public from the adverse effect of tobacco consumption and exposure to second-hand and third-hand smoke.

For years the tobacco industry has been using its political and financial powers to block and ignore any effective tobacco control policies for the sake of business.

Conflict of interest with the tobacco industry carries different impacts from that of other industries. A policy developed with intervention from the tobacco industry will have a widespread follow-on impact in the form of social degradation, illness and death.

4. TOBACCO INDUSTRY INTERFERENCE INDEX

The Tobacco Industry Interference Index in ASEAN is an evaluation on the level of interference that the tobacco industry carries out. The monitoring is performed annually by organizations that are involved in tobacco control in 9 ASEAN countries: Brunei, Lao PDR, Thailand, Cambodia, Malaysia, Indonesia, Philippines, Vietnam and Myanmar under the coordination of the Southeast Tobacco Control Alliance (SEATCA).

The Tobacco Industry Interference Index consists of 20 indicators in the form of questions based on conditions that are most commonly encountered in South East Asian countries. The questions are grouped into 7 categories as follows: I. Level of Participation in Policy Development; II. So-called Corporate Social Responsibility (CSR) Activities; III. Benefits to the Tobacco Industry; IV. Forms of Unnecessary Interactions; V. Transparency; VI. Conflict of Interest and VII. Preventive Measures. These 7 indicators do not include other negative behaviors such as legal violations and litigations toward the Law or Government Regulations.

The score from each indicator category demonstrates the degree of interaction and the government's response in that particular category. The cumulative score from the indicator's score represents the Tobacco Industry Interference Index.

5. METHODOLOGY

The scoring method used in this 2018 report is the same as the 2017.

All 9 (nine) ASEAN countries are meant to use a uniformed method to ensure consistencies for comparable purposes.

This 2018 report derived from monitoring of incidences of tobacco industry interference between January and December 2017; In addition, incidence(s) occurring in the years before 2017 *that had observable impacts in 2017 are still included*. The scoring method and data sources are outlined in the Annex of this report.

6. RESULTS

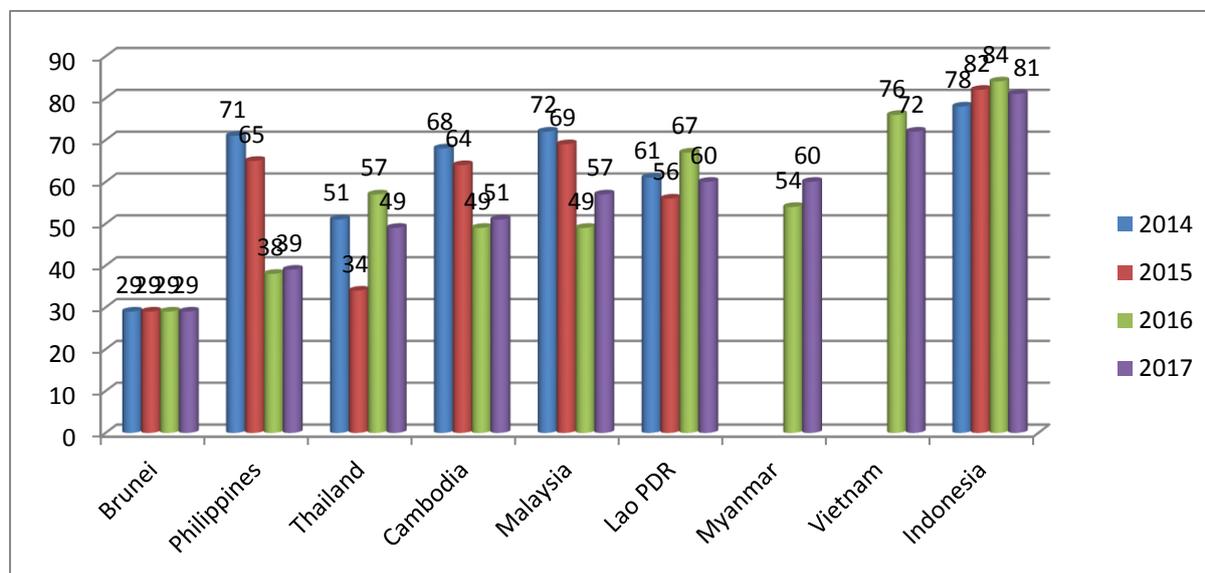
6.1 Indonesian Position among ASEAN Countries 2017

To illustrate the trend of Tobacco Industry Interference Index prior to 2018, the Graph below shows comparison among ASEAN Countries' cumulative score in 2017.

Indonesia continues to remain the highest in the Index score in the ASEAN region. The big problems for Indonesia rest in the components of “industry participation in policy development” and “unnecessary interactions between the industry and government officials”.

Countries having intense level of unnecessary interactions with tobacco industry will show bigger influences from the industry in the policy making process than those that restrict their interactions. Unnecessary interactions refer to meetings that take into consideration industry's interests and their perspectives or those that are potential for influencing tobacco control policies. Interactions with the regulators are warrant only if it were meant to regulate the tobacco industry.

TII Index in ASEAN Countries, 2014-2017



There was a slight decline of the Index from 84 in 2016 to 81 in 2017 that was due to marginal improvement in the component of ‘Preventive measure to curb interaction’. In 2016, Indonesia passed the Health Minister Regulation No.50/2016 on Guidelines for Managing Conflict of Interest with the Tobacco Industry in the Ministry of Health. This Regulation will assist the Health Ministry when it strengthens tobacco control measures.

6.2 Indonesia Tobacco Industry Interference Index 2018

Tobacco Industry Interference Index is presented in 2 sections:

- Section I: Template Summary and Total Score 2018
- Section II: Results by Category: Scoring, Supporting Evidences, Sources of Information

6.3 Template Summary and Total Score 2018

The monitoring results of TII incident over the period of Jan-Dec 2017 that came up with a **total score of 79** for the Indonesia TII Index 2018 are summarized below. The decline in total score from 81 in 2017 to 79 in 2018 is explained as follows:

- Indicator # 9: *the government accept assistance from TI such as conducting raids on smuggling.*
Incident in 2017: Ministry of Finance supported education and joint campaign program of “stop illegal cigarettes” initiated by the tobacco industry. This incident resulted in increased score from 4 in 2017 to 5 in 2018.
- Indicator # 10: *the government accepts, supports, endorses, or enter into agreement with tobacco industry.*
Incident in 2017: There was no new investment agreement between the government and tobacco industry in 2017, although Ministry of Industry’s official expressed high appreciation on JTI investment.

INDICATOR	0	1	2	3	4	5
Level of Industry Participation in Policy-Development						
1. The government accepts, supports or endorses any offer for assistance by or in collaboration with the tobacco industry in setting or implementing public health policies in relation to tobacco control.						X
2. The government accepts, supports or endorses <u>policies or legislation drafted</u> by or in collaboration with the tobacco industry.						X
3. The government allows/invites the tobacco industry to sit in government interagency/ multi-sectoral committee/ advisory group body that sets public health policy.						X
4. The government nominates or allows representatives from the tobacco industry (including State-owned) in the delegation to the COP or other subsidiary bodies or accepts their sponsorship for delegates.	X					
Subtotal Score on Level of Participation in Policy-Development						15
So-called CSR Activities						

INDICATOR	0	1	2	3	4	5
5. A. The government agencies or its officials endorses, supports, forms partnerships with or participates in so-called CSR activities organized by the tobacco industry. B. The government (its agencies and officials) receives contributions (monetary or otherwise) from the tobacco industry (including so-called CSR contributions).						X
Subtotal Score on So-Called CSR Activities						5
Benefits to the Tobacco Industry						
6. The government accommodates requests from the tobacco industry for a longer time frame for implementation or postponement of tobacco control law.						X
7. The government gives privileges, incentives, exemptions or benefits to the tobacco industry.						X
Subtotal Score on Benefits to the Tobacco Industry						10
Forms of Unnecessary Interaction						
8. Top level government officials (such as President/ Prime Minister or Minister) meet with/ foster relations with the tobacco companies such as attending social functions and other events sponsored or organized by the tobacco companies or those furthering its interests.						X
9. The government accepts assistance/ offers of assistance from the tobacco industry on enforcement such as conducting raids on tobacco smuggling or enforcing smoke free policies or no sales to minors. (including monetary contribution for these activities)						X
10. The government accepts, supports, endorses, or enters into partnerships or agreements with the tobacco industry.			X			
Subtotal Score on Forms of Unnecessary Interactions						12
Transparency						
11. The government does not publicly disclose meetings/ interactions with the tobacco industry in cases where such interactions are strictly necessary for regulation.						X
12. The government requires rules for the disclosure or registration of tobacco industry entities, affiliated organizations, and individuals acting on their behalf including lobbyists						X
Subtotal Score on Transparency						10
Conflict of Interest						

INDICATOR	0	1	2	3	4	5
13. The government does not prohibit contributions from the tobacco industry or any entity working to further its interests to political parties, candidates, or campaigns or to require full disclosure of such contributions.						X
14. Retired senior government officials form part of the tobacco industry (former Prime Minister, Minister, Attorney General)						X
15. <u>Current government officials</u> and relatives hold positions in the tobacco business including consultancy positions.		X				
Subtotal Score on Conflict of Interest						11
Preventive Measures						
16. The government has put in place a procedure for disclosing the records of the interaction (such as agenda, attendees, minutes and outcome) with the tobacco industry and its representatives.						X
17. The government has formulated, adopted or implemented a code of conduct for public officials, prescribing the standards with which they should comply in their dealings with the tobacco industry.			X			
18. The government requires the tobacco industry to periodically submit information on tobacco production, manufacture, market share, marketing expenditures, revenues and any other activity, including lobbying, philanthropy, political contributions and all other activities.			X			
19. The government has a program / system/ plan to consistently raise awareness within its departments on policies relating to FCTC Article 5.3 Guidelines.						X
20. The government has put in place a policy to disallow the acceptance of all forms of contributions/ gifts from the tobacco industry (monetary or otherwise) including offers of assistance, policy drafts, or study visit invitations given or offered to the government, its agencies, officials and their relatives.			X			
Subtotal Score on Preventive Measures						16
Total Score						79

6.4 Results by Category: Scoring, Supporting Evidences, Sources of Information

The score calculation is assigned for each question and is written in the respective number within the Table of *Score and Indicator*. This method was meant to increase accuracy and uniformity of judgement among SEATCA member countries about the level of severity of tobacco industry interference.

Concerning questions no. 1,5,9,10, where the numbers are not in ordering but having the scoring calculation in common and to avoid repetition of writing the same method, instruction of score calculation is stated once in the Methodology section of this report.

I. Level of Participation in Policy Development

INDICATOR	0	1	2	3	4	5
Level of Industry Participation in Policy-Development						
<p>1. The government accepts, supports or endorses any offer for assistance by or in collaboration with the tobacco industry in setting or implementing public health policies in relation to tobacco control.</p> <p><i>The score for this question:</i> see Scoring Method in the Section on Methodology</p>						X
<p>2. The government accepts, supports or endorses policies or legislation drafted by or in collaboration with the tobacco industry.</p> <p><i>The score for this question:</i> A score of 5 is given when the said draft policy or legislation is pro-tobacco industry and a score of 1 when the said draft policy or legislation is pro-tobacco control.</p>						X
<p>3. The government allows/invites the tobacco industry to sit in government interagency/ multi-sectoral committee/ advisory group body that sets public health policy.</p> <p>1. Never 5. Yes</p>						X
<p>4. The government nominates or allows representatives from the tobacco industry (including State-owned) in the delegation to the COP or other subsidiary bodies or accepts their sponsorship for delegates.</p> <p>1. Never 5. Yes 0. Not applicable</p>	X					
Subtotal Score						15

Initiatives don't always come from the tobacco industry. In many instances, government policies still favor the industry's interests rather than a thorough consideration of public health impacts. It is indicated through media monitoring that shows how such a policy would receive immediate support from the industry regardless of its damaging results for public health.

Indicator 1. The government accepts, supports or endorses any offer for assistance by or in collaboration with the tobacco industry in setting or implementing public health policies in relation to tobacco control.

Supporting evidence 1

- Hanif Dhakiri, Minister of Manpower met with *Tobacco, Food and Beverage Trade Union Forum (FSP RTMM)* at his office in Jakarta. FSP RTMM appealed to the Minister to reject excise tax increase in 2018. The Minister himself believed that tobacco tax increase will challenge tobacco workforce that involves millions of workers, directly or indirectly.¹
- A group of tobacco farmer representatives of Central Java expressed their problems to an MP, the Chairman of the National Awakening Party (PKB), Muhaimin Iskandar. In response to their complaints Muhaimin promised that he would immediately talk to the government, specifically to the Finance Minister Sri Mulyani. Muhaimin went on to say that PKB will advise the government not to raise tobacco excise before explaining to the farmers on how they will benefit from such increase². On November 9th, Muhaimin held a press conference, urging the government to cancel the excise tax increase³.
- Similar to the previous year, Gaprindo and economists from the Institute for Development of Economics & Finance (INDEF) stated in the media that the government should empathize with the situation facing the national *kretek* industry. They believed that the solution to excise tax increase is tax extensification. In their opinion, tobacco excise hikes will have the adverse effect of increasing illegal cigarettes⁴ ⁵. Instead of raising tobacco tax, it would be better for the government to seek alternatives to excisable goods. The recommendation to increase the tax rate of new taxable goods was well received by the government and parliament, with expectations for an immediate discussion of the matter⁶ ⁷.

¹ <https://www.liputan6.com/news/read/3154058/tantangan-industri-rokok-yang-dihadapi-pemerintah>

² <https://nasional.kompas.com/read/2017/11/09/18422951/petani-tembakau-harap-muhaimin-iskandar-bisa-lobi-pemerintah>

³ <http://nasional.republika.co.id/berita/nasional/umum/17/11/09/oz57wv283-cak-imin-minta-pemerintah-tidak-menaikkan-cukai-rokok>

⁴ <http://www.republika.co.id/berita/ekonomi/makro/17/08/16/ourfxm282-pemerintah-diharapkan-tak-naikkan-cukai-tembakau>

⁵ <http://ekonomi.metrotvnews.com/mikro/nbw19njK-produsen-rokok-berharap-kenaikan-cukai-rokok-maksimal-4-8>

⁶ <https://www.liputan6.com/bisnis/read/3062365/siap-siap-cukai-rokok-naik-lagi-tahun-depan>

⁷ <https://economy.okezone.com/read/2017/04/20/20/1672183/penerimaan-turun-pemerintah-diminta-cari-objek-cukai-baru>

- Misbakhun, a member of parliament, in a work meeting with the Finance Minister said that the government should for the time being avoid discussing tobacco control issues. He contended that the government should instead be protecting tobacco farmers⁸. In addition, the Director for the Beverage, Tobacco and Refreshment Industry under the Trade Ministry, Willem Petrus Riwu, also advised that the Finance Ministry postpone plans to raise tobacco excise tax because small- to medium-scale tobacco producers are experiencing a decline in revenue. Willem suggested that the government focus on eradicating illegal cigarettes instead of increasing excise tax⁹.
- Panggah Susanto, Director General of Agro-Industry of the Ministry of Trade and Industry, stated that a decrease in cigarette consumption in 2017 has led to corrections in state revenue for the said commodity. The Ministry believed that this declining trend was due to increases in the price of cigarettes in 2017 compared to the previous year¹⁰. In October 2017, the government eventually announced an increase in excise tax levied on tobacco products. The government issued a new tax policy through Finance Ministerial Regulation No. 146/PMK.010/2017 in which the highest tax increase was set at 13.46 percent for white machine-rolled cigarettes, and the lowest tariff of 0 percent for Category IIIB of hand-rolled *kretek* cigarettes, with a weighted average increase of 10.04 percent¹¹. *This tariff increase is slightly smaller than the tariff hike in 2017 that reached an average of 10.54%.*

Indicator 2. *The government accepts, supports or endorses **policies or legislation drafted by** or in collaboration with the tobacco industry.*

Supporting Evidence 2

- The new phase of the Tobacco Bill unfolded in 2017 - following parliament's approval of the Tobacco Bill as a parliament-initiated bill in 15 December 2016, and later sent to the President for approval. The President was given 60 days to respond to the parliament's letter. Over the three-month period, there were pressures from legislators demanding the government's approval of the Bill. Misbakhun, a member of parliament also an initiator of the Tobacco Bill, explained that the Bill focuses more on regulating the domestic tobacco industry and farmers' welfare. This shall imply the possibility of the Ministries of Trade, Industry and Agriculture to being appointed as the leading sectors for the Bill's deliberations, instead of the Health Ministry¹². Misbakhun himself is convinced that President Joko Widodo will approve continued discussion of the Tobacco Bill. Misbakhun argued that if tobacco farmers were not regulated, or if foreign agreements such as the FCTC were adopted, the interests of domestic tobacco

⁸ <http://www.republika.co.id/berita/ekonomi/makro/17/01/18/oizefe328-sri-mulyani-diminta-peduli-nasib-petani-tembakau>

⁹ <http://industri.bisnis.com/read/20170823/257/683678/cukai-rokok-diminta-ditunda>

¹⁰ <http://finansial.bisnis.com/read/20170922/10/692223/pendapatan-negara-dari-cukai-rokok-tahun-ini-akan-turun>

¹¹ <https://tirto.id/cukai-rokok-naik-jadi-1004-mulai-1-januari-2018-cyDg>

¹² <https://ekbis.sindonews.com/read/1173725/34/jokowi-diyakini-lanjutkan-pembahasan-ruu-pertembakauan-1485245037>

growers will be overlooked¹³.

- After a considerable time spent by the government failed to reach common agreement on the bill¹⁴, on 22 March 2017 Vice President Jusuf Kalla announced that the government has finally come to the decision that it will not continue discussing the Tobacco Bill¹⁵. In response to the government's stance, Mindaugas Trumpaitis, Sampoerna President Director said that the power to establish a Bill lies with both the government and parliament. However, he hoped that emphasis be given to striking a balance in formulating the Tobacco Bill¹⁶. The initiator of the Bill in parliament is still hoping for a green light from the government¹⁷.
- Amidst of strong lobbying from parliament and the tobacco industry that was supported by several heads of local governments, the government finally agreed to replace the Tobacco Bill with a Ministerial Regulation. Firman Soebagyo, the Deputy Head of the Legislative Body said that this statement was conveyed when he met with Trade Minister Enggartiasto Lukita and a representative of the State Secretariat¹⁸. Meanwhile, parliament would not halt discussions on the Bill, and went on to establish a Special Committee on the Tobacco Bill in May 2017¹⁹.

Indicator 3. The government allows/invites the tobacco industry to sit in government interagency/ multi-sectoral committee/ advisory group body that sets public health policy.

Supporting evidence 3.

- The tobacco industry is still considered by the government as a normal industry like any other industries. As a consequence, the tobacco industry is always involved in decision-making during deliberative meetings, including on determining tariff hikes in 2018²⁰.

NOTE: Indonesia has a legislation that allows involvement of individuals or organizations related to the regulation being discussed.

1. Article 96 of Law No. 12/2011 on the Establishment of Laws and Regulations reads:
(1) The public is entitled to give inputs, orally and/or in writing into the establishment of laws and regulations.

¹³ <https://ekbis.sindonews.com/read/1173725/34/jokowi-diyakini-lanjutkan-pembahasan-ruu-pertembakauan-1485245037>

¹⁴ <http://nasional.kontan.co.id/news/pemerintah-belum-satu-suara-soal-ruu-tembakau>

¹⁵ <http://www.republika.co.id/berita/ekonomi/makro/17/03/22/on7p1x354-wapres-jk-pastikan-pemerintah-tidak-setuju-ruu-pertembakauan>

¹⁶ <https://finance.detik.com/industri/3485562/ruu-tembakau-sedang-disusun-ini-harapan-hm-sampoerna>

¹⁷ <https://nasional.kompas.com/read/2017/03/20/21370561/inisiator.ruu.pertembakauan.masih.berharap.lam.pu.hijau.pemerintah>

¹⁸ <https://nasional.kompas.com/read/2017/05/18/15005281/ruu.pertembakauan.direncanakan.diganti.peraturan.menteri>

¹⁹ <https://news.detik.com/berita/d-3516955/dpr-bentuk-pansus-ruu-tembakau>

²⁰ <https://www.liputan6.com/bisnis/read/3062365/siap-siap-cukai-rokok-naik-lagi-tahun-depan>

- (2) Oral input and/or in writing as set forth in clause (1) may be provided through: a. public hearing; b. official field visit; c. info dissemination and/or d. seminar, workshop, and/or discussion.
- (3) The public as set forth in clause (1) is an individual or group of individuals who have interests in the content of the draft law or regulation.
2. Article 5(4) of Law No 39/2007 on Excise Tax stipulates:
 “Determining the amount of state revenue targeted from excise tax in the Draft Annual National Budget and alternative policies issued by the Minister (Finance) in optimizing efforts aimed at achieving revenue targets shall take into consideration the condition of the industry and the ASPIRATIONS of businesses within the industry and presented to parliament for approval.”

The government of Indonesia will invite and accept input from the tobacco industry during public hearings or policy-making forums.

Indicator 4. The government nominates or allows representatives from the tobacco industry (including State-owned) in the delegation to the COP or other subsidiary bodies or accepts their sponsorship for delegates.

Supporting evidence 4

- This indicator is not applicable because Indonesia is not a party to the FCTC.

II. So-called CSR Activities

INDICATOR	0	1	2	3	4	5
So-called CSR activities						
5. A. The government agencies or its officials endorses, supports, forms partnerships with or participates in so-called CSR activities organized by the tobacco industry. B. The government (its agencies and officials) receives contributions (monetary or otherwise) from the tobacco industry (including so-called CSR contributions).						X
<i>The score for this question:</i> see Scoring Method in the Section on Methodology						
Subtotal Score						5

Indicator 5A. The government agencies or its officials endorses, supports, forms partnerships with or participates in so-called CSR activities organized by the tobacco industry. (Note: More passive in nature).

Supporting evidence 5A

• **SUPPORTING ONLY:**

- Sampoerna's After School Program (AFS) was well appreciated by the Deputy District Head of Jember, Muqit Arief, who mentioned the local government's full support for the program²¹.
- One of the winners of a talent scout and innovation event, Passion Ville 2017, held by PT. Wisnilak under the hashtag #ProjectPassion for creative murals, gained appreciation from the Mayor of Surabaya City for the positive impact on the city²².
- Deputy District Head of Bangkalan, Ir. H. Mondir A Rofi'i, said that the conservation efforts initiated by the Djarum Foundation's environmental program on Madura Island help educate the local people on the importance of protecting nearby surroundings in order to mitigate the effects of natural disasters²³.
- Musdhalifah Machmud, Deputy for Food and Agriculture Coordination under the Coordinating Ministry for Economic Affairs, appreciated Sampoerna's Integrated Production System (IPS) program, pointing out that industry players need to develop a partnership program with farmers with a view to improve the industry's own competitive edge²⁴. This was also concurred by the Director General of Agro-Industry of the Trade and Industry Ministry, Panggah Susanto²⁵.
- Regarding the production of animation films by vocational school SMK Raden Umar Said Kudus with the full support of Djarum Foundation, the Director of Vocational Education of the Education and Culture Ministry, Mustagfirin, emphasized on the importance of the industry working with the education sector, especially in revitalizing vocational schools²⁶.

• **ATTENDING:**

- The government encourages collaboration between micro, small- and medium-scale enterprises (MSMEs) with mall owners. The Director for Distribution and Logistics Facilities of the Directorate General of Domestic Affairs, Trade Ministry, Sihard Hadjopan Pohan, stated "MSMEs must be placed in malls, not only in Jakarta but across Indonesia," in a panel discussion at Sampoerna Expo 2017

²¹ Hindari Eksploitasi Pekerja Anak, Program ASP Disambut Baik, Suara Pembaruan 8 Maret 2017

²² Passion Ville 2017, Menjemput Kreasi dan Inovasi Baru, Warta Kota, 20 Juli 2017

²³ Djarum Foundation Tuntaskan Proram Penghijauan 296 KM Lingkar Pulau Madura, Rakyat Merdeka, 25 November 2017

²⁴ <https://ekonomi.kompas.com/read/2017/10/12/144218726/sampoerna-perkuat-jaringan-kemitraan-dengan-petani-tembakau>.

²⁵ Program Kemitraan Bantu Petani Tembakau, Media Indonesia, 9 September 2017

²⁶ Pasa, Animasi Karya Pelajar, Media Indonesia, 27 Januari 2017

Entrepreneurship Training Center (PPK), Malang, East Java²⁷.

- Zulkifli, Assistant II on the Economy and Development of Aceh Province, attended a competition event on young entrepreneur development at the office of the provincial education office. The event was organized jointly by Maulife Peduli Foundation and Putera Sampoerna Foundation-School Development Outreach.
- The Director General of Agro-Industry, Trade and Industry Ministry, and Director General of Plantations, Agriculture Ministry, attended the launching of HM Sampoerna partnership program in East Lombok, West Nusa Tenggara²⁸.

- **SUPPORTING and ATTENDING:**

- In October 2017, Sampoerna organized the Entrepreneurship Training Center (PPK) Sampoerna Expo 2017 in Malang. The event received the full support of the Malang Mayor who attended the event. Mayor Moch. Anton expressed his appreciation to PT HM Sampoerna Tbk for initiating the PPK Sampoerna 2017 exhibition²⁹.
- The Entrepreneurship Development Center Sampoerna 2017 Expo was officially opened by Manpower Minister Hanif Dhakiri and Head of Sampoerna Stakeholder, Regional Relations & CSR Ervin L. Pakpahan, and witnessed by Malang city government officials. In his speech, the Minister declared his support for the event³⁰.
- Chairman of the Indonesia Badminton Association's Central Executive Board, General Wiranto who at the time was also the Coordinating Minister for Political, Legal and Security Affairs, was present at the press conference held by Djarum Superliga Badminton 2017. At the press conference, Wiranto described the Djarum Superliga badminton tournament as an event that can enrich the experiences of the country's young badminton players. *"I appreciate Djarum Foundation's consistency in supporting the development of badminton in Indonesia. Hopefully, our shared ambition to regain Indonesia's glory in badminton can become a reality"*³¹.

*Indicator 5B. The government (its agencies and officials) **receives contributions** (monetary or otherwise) from the tobacco industry (including so-called CSR contributions). (Note: More active in nature).*

²⁷ <http://industri.bisnis.com/read/20171014/87/699225/umkm-terus-didorong-pajang-barang-di-mall>

²⁸ Program Kemitraan, Investor Daily, 7 September 2017

²⁹ <http://www.tribunnews.com/regional/2017/10/15/sampoerna-gelar-ppk-sampoerna-expo-2017-ini-kata-wali-kota-malang>.

³⁰ <http://www.tribunnews.com/regional/2017/10/15/sampoerna-gelar-ppk-sampoerna-expo-2017-ini-kata-wali-kota-malang>.

³¹ <https://www.djarumbadminton.com/superliga/berita/read/wiranto-djarum-superliga-ajang-pengalaman-untuk-pemain-pemain-muda/>

Supporting evidence 5B

- RECEIVING / ENGAGING IN:

- Djarum Foundation's Bakti Budaya cultural program partnered with the Semarang city government to start construction of the "Taman Indonesia Kaya" park at Taman Menteri Supeno Mugasari. The official opening of the 5,000 m² park is scheduled to coincide with the anniversary of Semarang City. Mayor Hendrar Prihadi said that Taman Indonesia Kaya adds color to Semarang³².
- PT HM Sampoerna's Rescue Team partnered with Bima city government and local health office to help victims of floods and earthquakes in Bima, NTB³³.
- Sampoerna launched its smart house program in East Lombok, NTB. The program is a collaborative effort of various parties including Transform Institute, Local Education Office, Local Community and Rural Empowerment Office, Sub-District Education Office, school principals and village government bodies³⁴.
- Malang city government has been receiving considerable CSR contributions from the tobacco industry for developing several urban parks³⁵. By accepting significant contributions from the tobacco industry, the process of ratifying a local regulation on smoke-free areas in Malang has been long and drawn out³⁶.

III. Benefits to the Tobacco Industry

INDICATOR	0	1	2	3	4	5
Benefits to the Tobacco Industry						
<p>6. The government accommodates requests from the tobacco industry for a longer time frame for implementation or postponement of tobacco control law.</p> <p>Please provide a list of tobacco control laws (national level) and the number of days given for implementation or if a postponement was allowed, for how long. Please provide a separate list for local legislation or policies. Evidence to support your choice can include news articles or meetings where decision was made</p> <p>SCORING: For each incident, provide a base score of 3 if there is a policy that remains pending due to tobacco industry efforts. Do not place a score if</p>						X

³² Djarum Bangun Taman di Semarang, Media Indonesia, 2 November 2017

³³ Sampoerna Tanggap Bencana di Indonesia, Media Indonesia, 7 Januari 2017

³⁴ Sampoerna Luncurkan Program Rumah Pintar, Ekonomi Neraca, 26 Agustus 2017

³⁵ <http://www.malangtimes.com/baca/19914/20170805/140430/pemkot-gagas-perda-kawasan-tanpa-rokok-tapi-getol-promosikan-produknya-lewat-csr/>

³⁶ <https://www.liputan6.com/regional/read/3047351/tarik-ulur-penetapan-kawasan-tanpa-rokok-di-kota-malang>

<p>there is no proposed or pending policy at all (Place N/A: Instead of a 0 score, this question will be disregarded when comparing with other countries)</p> <p>SPECIFIC RECOMMENDED ADJUSTMENTS: <i>(Use this recommended adjustment instead of the "Standard" one listed in the instruction page)</i></p> <p><i>Time Frame</i> +1 Longer time frame was granted, +1 extremely long time is granted (see Annex C for a guide), -1 if there is a justifiable reason (elections, calamity, etc)</p> <p><i>Type of Health Policy / Type of Government Agency Involved</i> -1 if related to local government, -2 if related to agriculture, -2 if related to trade, +1 if referring to a policy of the health department, women, children, or education</p> <p>FINAL SCORE: After computing the average of the scores for each incident, follow the rules on final scoring as indicated on the instruction page</p>						
<p>7. The government gives privileges, incentives, exemptions or benefits to the tobacco industry</p> <p>SCORING: For each incident/incentive/benefit, provide a base score of 3.</p> <p>SPECIFIC RECOMMENDED ADJUSTMENTS: <i>(Use this recommended adjustment instead of the "Standard" one listed in the instruction page)</i></p> <p><i>Subject</i> +1 if the incentive is specific to the tobacco company/ industry (not to all investors or general group of business)</p> <p><i>Term/Period</i> +1 if the term of the benefit extends beyond the usual term of elected officials/term of office or if the term of the benefit is permanent or an indefinite period</p> <p><i>Granting Authority</i> -1 if the grant is granted by local government</p> <p><i>Type</i> +1 if exemption refers to excise tax or duty free + if a subsidy is involved</p> <p>FINAL SCORE: After computing the average of the scores for each incident, follow the rules on final scoring as indicated on the instruction page</p>						X
Subtotal Score						10

*Indicator 6 The government **accommodates requests** from the tobacco industry for a **longer** time frame for implementation or **postponement** of tobacco control law.*

Supporting evidence 6

- The Indonesia Tobacco Community Alliance (AMTI) and Indonesia Tobacco Farmers Association (APTI) rejected parliamentary Commission I plans to revise Law No. 32/2002 on Broadcasting. The revised law will include clauses prohibiting cigarette advertising on television³⁷. Such objections were also expressed by TV stations, such as MNC Group's Corporate Secretary, Syafril Nasution, who asserted that the inclusion of clauses banning tobacco advertising will adversely affect the television industry. They also contended that a cigarette advertising ban will not reduce the number of smokers in Indonesia³⁸.

Bobby Adhityo Rizaldi, parliamentary Commission I member, informed that the issue on a cigarette advertising ban on television is still in deliberations by parliament and will go through several stages. "It is still at the discussion stage to avoid repeating a situation where a ban was already concluded but the Legal Body (Baleg) still imposed restriction," he added³⁹. Meanwhile, Baleg's Deputy Chairman, Firman Soebagyo, cited that tobacco ad-ban in the television is not a relevant argument for reducing the number of smokers.

In October, the Parliament Broadcasting Working Group agreed to table the draft Broadcasting Bill for debate in a plenary meeting to be subsequently approved as a parliament initiative. Surprisingly, they found a controversy where the clause on cigarette advertising ban on broadcasting media originally governed in the Broadcasting Bill was removed. In the original draft Bill prepared by parliamentary Commission IX on 6 February 2017, the parliament established a clause prohibiting cigarette advertising in broadcasting media. However, at the harmonization phase in Baleg, the clause was omitted by Baleg. In the latest draft, parliament reverted to the decision to allow cigarette advertising in broadcasting media⁴⁰.

- In a press conference following the meeting of "PKB" party's Chairman Muhaimin Iskandar with the delegation from the Tobacco, Food and Beverage Trade Union, he urged President Jokowi not to sign the FCTC. According to Muhaimin, this UN WHO's control can lead to the demise of domestic cigarette producers and increases unemployment⁴¹.

Indicator 7. The government gives privileges, incentives, exemptions or benefits to the tobacco industry.

³⁷ <https://www.liputan6.com/bisnis/read/2830894/rencana-larangan-iklan-rokok-di-televisi-dapat-penolakan>

³⁸ <https://ekonomi.kompas.com/read/2017/01/23/200007426/perusahaan.penyiaran.keberatan.dengan.larangan.iklan.rokok.di.televisi>

³⁹ <http://koran-sindo.com/page/news/2017-01-19/2/4>

⁴⁰ <http://www.beritasatu.com/kesra/458364-larangan-iklan-rokok-hilang-dari-ruu-penyiaran.html>

⁴¹ Jokowi Jangan Tandatangani Konvensi Tembakau, Poskota, 17 Desember 2017

Supporting evidence 7

- Tobacco industry players object to government policy on raising value-added tax (VAT) on cigarettes to 9.1 percent as of January 2017. The government has decided to increase VAT on tobacco products from 8.7 percent to 9.1 percent. This decision, which was laid out in Finance Ministerial Regulation (PMK) No. 207/PMK.010/2016 on the Procedure for the Calculation and Collection of VAT on Tobacco Products, came into effect in January 2017. The Head of Fiscal Policy of the Finance Ministry, Suahasil Nazara, stressed that the decision to increase VAT on cigarettes has gone through rigorous in-depth discussions, including with national cigarette producers⁴².

The Chairman of Gappri (Indonesia Association of *Kretek* Cigarette Manufacturers), felt that the government has played trick on them with its decision to increase VAT on cigarettes because they had initially agreed on 8.9% before raising it to 9.1% in 2018⁴³. *The tobacco industry's involvement in setting up the VAT rates shows the government's special treatment on the industry, when other industries are never engaged in negotiations on VAT rates for their products, in addition to the fact that their VAT rates are higher (10%) than those levied on cigarettes.*

- Through the Trade Ministry, the government will file an appeal to WTO if it lost in the legal challenge against Australia's plain packaging laws⁴⁴. The suit was fully supported by AMTI (The Indonesian Tobacco Community Alliance) that considered plain packaging regulation as weakening Indonesia's cigarette exports⁴⁵.

IV. Forms of Unnecessary Interactions

INDICATOR	0	1	2	3	4	5
Forms of Unnecessary Interaction						
8. Top level government officials (such as President/ Prime Minister or Minister) meet with/ foster relations with the tobacco companies such as attending social functions and other events sponsored or organized by the tobacco companies or those furthering its interests.						X
<u>SCORING:</u>						

⁴² <http://www.republika.co.id/berita/ekonomi/makro/17/01/09/ojii40415-ppn-rokok-naik-pelaku-industri-keberatan>

⁴³ <https://economy.okezone.com/read/2017/01/11/20/1588834/pengusaha-merasa-diakali-soal-kenaikan-ppn-rokok>

⁴⁴ <https://www.cnnindonesia.com/ekonomi/20171003202650-92-245916/ri-siap-banding-jika-dikalahkan-wto-soal-rokok-australia>

⁴⁵ <http://industri.bisnis.com/read/20170514/257/653481/amti-dukung-pemerintah-perjuangkan-kemasan-polos-rokok-di-wto>

<ul style="list-style-type: none"> - A baseline score of 2 if the President/Prime Minister/Minister attends an event held by the Chamber of Commerce and Industry in which one of its members is the tobacco industry; or accepts a check from the tobacco industry for disaster relief; - A baseline score of 3 if the President/Prime Minister attends the wedding of a family member of a tobacco executive as the main sponsor or if the Prime Minister or Minister presides over tobacco industry exhibitions such as WTA, Inter Tabac, etc.; - A baseline score of 4 if the President or Minister visits a tobacco company, or officiates at the opening of a new factory or a tobacco CSR event; - A baseline score of 5 if the Minister accepts an award of appreciation from tobacco CSR program; the Minister shows appreciation to the tobacco industry for their 'contribution' to society <p>SPECIAL ADJUSTMENTS:</p> <ul style="list-style-type: none"> -1 if the tobacco industry's market share is less than 10% +1 if the wedding ceremony has nothing to do with a tobacco executive, but the owner himself +1 if the President/Prime Minister attends the event with funds from the tobacco industry who is also the organizer <p>A score of 5 is automatically assigned if the high-level official delivers a speech supporting the tobacco industry at the said event:</p> <ul style="list-style-type: none"> -1 if the speech is delivered only by a representative or assistant of the high-ranking official <p>A score of 5 is automatically given if there are more than 2 incidents involving the CEO</p> <ul style="list-style-type: none"> -2 if attended only by local public officials -1 if the tobacco company is less known by the public or government 						
<p>9. The government accepts assistance/ offers of assistance from the tobacco industry on enforcement such as conducting raids on tobacco smuggling or enforcing smoke free policies or no sales to minors. (including monetary contribution for these activities)</p> <p><i>The score for this question:</i> see Scoring Method in the Section on Methodology</p>						X
<p>10. The government accepts, supports, endorses, or enters into partnerships or agreements with the tobacco industry.</p> <p><i>The score for this question:</i> see Scoring Method in the Section on Methodology</p>			X			
Subtotal Score						12

Indicator 8 Top level government officials (such as President/ Prime Minister or Minister) meet with/ foster relations with the tobacco companies such as **attending social functions and other events sponsored or organized by the tobacco companies or those furthering its interests.**

Supporting evidence 8

- Trade Minister Enggartiasto Lukita suggested for e-cigarette smokers to become regular cigarette smokers⁴⁶.
- Energy and Mineral Resource Minister Ignatius Jonan described the tobacco industry as a law-abiding, no-fuss industry. Jonan was comparing the tobacco industry with PT Freeport that he considered to be fussy and difficult, when it only contributes IDR 8 trillion in taxes, compared to tobacco excise tax at IDR 135 trillion⁴⁷.

Indicator 9 The government **accepts assistance/ offers of assistance from the tobacco industry on enforcement** such as conducting raids on tobacco smuggling or enforcing smoke free policies or no sales to minors. (including monetary contribution for these activities)

Supporting evidence 9

- Through the Directorate General of Customs and Excise, the government supported the Education Program on Prevention of Illegal Cigarette Trading and the “Stop Illegal Cigarettes” Joint Campaign. The program is an initiative launched by Gaprindo (Indonesia White Cigarette Producers Association), and Gapri (Cigarette Manufacturers Association), Formasi (Indonesia Tobacco Industry Community Forum). The Directorate General supported the program kick-off event held on Thursday, 9 November 2017. According to Heru Pambudi, Director General of Customs and Excise, “The involvement of the tobacco industry is needed to provide solution. One of which is through this joint education and campaign program.”⁴⁸

Indicator 10. The government accepts, supports, endorses, or enters into partnerships or agreements with the tobacco industry.

Supporting evidence 10

⁴⁶ <https://ekonomi.kompas.com/read/2017/11/20/100100726/mendag--para-perokok-elektrik-berubahlah-jadi-perokok-biasa>.

⁴⁷ <https://ekonomi.kompas.com/read/2017/02/22/133000726/ykki.minta.jonan.tak.bandingkan.setoran.freeport.dengan.industri.rokok>.

⁴⁸ <https://nasional.tempo.co/read/1032290/bea-cukai-dan-asosiasi-rokok-serukan-stop-rokok-ilegal>

- Regarding Japan Tobacco Group’s acquisition of Karyadibya Mahardika and Surya Mustika Nusantara, *the Trade Ministry sees the arrival of new investors acquiring domestic cigarette companies as having a positive impact on economic growth. Willem Petrus Riwu, Director of the Beverage, Tobacco and Refreshment Industry under the Trade and Industry Ministry, stated that the acquisition will help at least 6,000 workers. Apart from preventing workers from losing their jobs, Willem pointed out that the tobacco industry is a legal industry that is not included in the Negative Investment List*⁴⁹.

V. Transparency

INDICATOR	0	1	2	3	4	5
Transparency						
<p>11. The government does not publicly disclose meetings/ interactions with the tobacco industry in cases where such interactions are strictly necessary for regulation.</p> <p>SCORING: For each incident (meeting or interaction that was not disclosed), a base score of 3 should be given</p> <p>SPECIFIC RECOMMENDED ADJUSTMENTS: +2 if the meeting is not strictly necessary -1 if minutes were taken during the meeting -1 if champions/advocates were asked to be present during the meeting -1 if the meeting takes place in a public office, +1 if photos were taken, +1 if high level officials were involved -1 if a mechanism or rule is available for disclosure of tobacco meetings</p> <p>FINAL SCORE: After computing the average of the scores for each incident, follow the rules on final scoring as indicated on the instruction page</p>						X
<p>12. The government requires rules for the disclosure or registration of tobacco industry entities, affiliated organizations, and individuals acting on their behalf including lobbyists</p> <p>SCORING: If rules exist for tobacco companies, provide a base score of 3.</p>						X

⁴⁹ <http://industri.bisnis.com/read/20170906/257/687476/aksi-akuisisi-perusahaan-rokok-kemenperin-positif-untuk-pertumbuhan-ekonomi>

-1 if affiliated organizations are included, -1 if individuals such as lobbyists are also included, If no rules currently exist, the score would be 5. -1 If a policy is being considered							
Subtotal Score							10

Indicator 11. The government does not publicly disclose meetings/ interactions with the tobacco industry in cases where such interactions are strictly necessary for regulation.

Supporting evidence 11

- There is no standard mechanism for the government to openly disclose information n meetings/interactions with the tobacco industry or their outcomes. For example, the media coverage on agreements reached by the government and tobacco industry in setting VAT rates, which were only publicly known recently due to the tobacco industry’s protest over the tariffs that were set not in accordance with the agreement reached in the meeting⁵⁰.

Indicator 12. The government requires rules for the disclosure or registration of tobacco industry entities, affiliated organizations, and individuals acting on their behalf including lobbyists

Supporting evidence 12

- The government has no specific policy on requiring the tobacco industry to report on or register the affiliated members.
- In formal interactions, the names of participants in any meetings are recorded in the list of attendance and minutes of meetings.

VI. Conflict of Interest

INDICATOR	0	1	2	3	4	5
Conflict of Interest						
13. The government does not prohibit contributions from the tobacco industry or any entity working to further its interests to political parties, candidates, or campaigns or to require full disclosure of such contributions.						X

⁵⁰ <https://www.cnnindonesia.com/ekonomi/20170107105742-92-184720/produsen-rokok-kecewa-keputusan-sri-mulyani-soal-ppn>

<p><u>A special score for this question:</u> 1 Never 5 Yes</p> <p>SCORING ADJUSTMENT: If such a prohibition/requirement does not exist for tobacco companies, provide a base score of 5: -1 If a policy is being considered, -1 if there is a policy but it is partial, -1 if there is a policy but it is not enforceable/ not followed</p>						
<p>14. Retired senior government officials form part of the tobacco industry (former Prime Minister, Minister, Attorney General)</p> <p>SCORING: A baseline score of 3 if a retired high-ranking official does work for the tobacco industry</p> <p>SPECIAL ADJUSTMENT: Previous position in government +2 if the high-ranking official is the same level as a Deputy Minister /Director General or Director but his previous main task and duty is related to tobacco control +1 if more than one high-ranking official</p> <p>Position in the tobacco industry +1 if holds a top-level position 0 other position and as a consultant</p> <p>Connection 0 if the law firm is owned by the consultant -1 if the law firm is owned by the consultant but not directly involved</p>						X
<p>15. <u>Current government officials</u> and relatives hold positions in the tobacco business including consultancy positions.</p> <p>SCORING: A baseline score of 3 if a currently active public official or his relative holds a position in the tobacco industry, including in a consultancy position</p> <p>SPECIAL ADJUSTMENT: -2 if the said public official works for a state-owned tobacco company -1 if the said public official is a middle-to-low ranked officer 0 if the officer is of high rank but his main duty and function is not related to tobacco control +1 if the officer's main duty and function is related to tobacco control (customs and excise) +1 if the government official deals with tobacco control at the Health Ministry</p>		X				
Subtotal Score						11

Indicator 13. The government does not prohibit contributions from the tobacco industry or any entity working to further its interests to political parties, candidates, or campaigns or to require full disclosure of such contributions.

Supporting evidence 13

- Government officials involved in the campaign of political party are obligated to leave the service; on the other hand, there is no policy that prohibits tobacco contributions for political campaigns.

Indicator 14. Retired senior government officials form part of the tobacco industry (former Prime Minister, Minister, Attorney General)

Supporting evidence 14

- Kemal A. Stamboel previously assisted the government of Indonesia as a member of the Supervisory Board for the Rehabilitation and Reconstruction of Aceh and Nias. He was also appointed by the President to serve as the Deputy Executive Chairman of the National Board for Technology, Information and Telecommunications (Wantiknas) during President Susilo Bambang Yudhoyono's administration. He is currently a member of the Supervisory Board of Putera Sampoerna Foundation⁵¹.
- Eddy Abdurrachman, formerly held important positions in government (Director General for Customs and Excise, Finance Ministry; Advisor to the Finance Minister on International Economic Relations, Finance Ministry; and Secretary to the Coordinating Minister for Economic Affairs under the Coordinating Ministry for Economic Affairs. He was also elected Chairman of the Audit Committee of PT. Bentoel in 2016 for the next 3 (three) years in accordance with a Board of Commissioners' Directive on 17 March 2016⁵².
- RB Permana Agung Dradjatun, formerly held key positions at the Finance Ministry, including as Director General for Customs and Excise, and Expert Staff to the Finance Minister on International Relations and Economic Cooperation. Through the Extraordinary Meeting of Shareholders on 18 November 2013, PT HM Sampoerna elected Dr. R.B. Permana Agung as Sampoerna's Independent Commissioner until present⁵³.

Indicator 15. Current government officials and relatives hold positions in the tobacco business including consultancy positions.

⁵¹ <http://www.sampoernafoundation.org/id/board-of-member/supervisor>

⁵² http://www.bentoelgroup.com/group/sites/BAT_A5EEYP.nsf/vwPagesWebLive/DO9T5KHH?opendocument

⁵³ <https://www.sampoerna.com/sampoerna/id/about-us/our-people>

Supporting evidence 15

- None of active government officials work in tobacco industry businesses. In accordance with Minister of Administrative and Bureaucratic Reforms Regulation No. 37/2012 on Guidelines for Managing Conflict of Interest, they are not allowed to.

VII. Preventive Measures

INDICATOR	0	1	2	3	4	5
<p>Preventive Measures</p> <p><i>SCORING for this section: 1. Yes, 2. Yes but partial only, 3. Policy/ Program being developed 4. Committed to develop such a policy/ program 5. None</i></p>						
16. The government has put in place a procedure for disclosing the records of the interaction (such as agenda, attendees, minutes and outcome) with the tobacco industry and its representatives.						X
17. The government has formulated, adopted or implemented a code of conduct for public officials, prescribing the standards with which they should comply in their dealings with the tobacco industry.			X			
18. The government requires the tobacco industry to periodically submit information on tobacco production, manufacture, market share, marketing expenditures, revenues and any other activity, including lobbying, philanthropy, political contributions and all other activities.			X			
19. The government has a program / system/ plan to consistently raise awareness within its departments on policies relating to FCTC Article 5.3 Guidelines.						X
20. The government has put in place a policy to disallow the acceptance of all forms of contributions/ gifts from the tobacco industry (monetary or otherwise) including offers of assistance, policy drafts, or study visit invitations given or offered to the government, its agencies, officials and their relatives.			X			
Subtotal Score						16
Total Score						79

Indicator 16. The government has put in place a procedure for disclosing the records of the interaction (such as agenda, attendees, minutes and outcome) with the tobacco industry and its representatives.

Supporting evidence 16

- There is no specific policy on record keeping of interactions with the tobacco industry. Normally, formal meetings like in all cases are recorded in the form of minutes of meeting, no difference among establishments, particularly since tobacco industry is perceived as normal business and treated the same as other normal businesses.

Indicator 17. The government has formulated, adopted or implemented a code of conduct for public officials, prescribing the standards with which they should comply in their dealings with the tobacco industry.

Supporting evidence 17

- The Minister of Administrative and Bureaucratic Reforms had issued a Regulation No. 37/2012 on Guidelines for Managing Conflict of Interest, *that applied to all establishments outside the government sector.* Nonetheless, the regulation served the reference and umbrella policy for MOH to develop similar regulation targeted at tobacco industry. Health Minister Regulation No. 50/2016 on Guidelines for Managing Conflict of Interest with the Tobacco Industry within the Health Ministry applies exclusively to the harmful tobacco industry.
- The regulation was duly implemented when the tobacco industry's request to meet the Director General in charge of the pictorial health warning policy was denied. In 2017, GAPRINDO submitted a written request for an audience with the Director General for Public Health concerning plans to release a new set of pictorial warnings to be rotated on tobacco product packaging. The tobacco industry's request was denied due to the potential of violating Health Ministerial Regulation No. 50/2016 on Managing Conflict of Interest with the Tobacco Industry.

Indicator 18. The government requires the tobacco industry to periodically submit information on tobacco production, manufacture, market share, marketing expenditures, revenues and any other activity, including lobbying, philanthropy, political contributions and all other activities.

Supporting evidence 18

- The government request for tobacco industry to submit reports is partial. The only information that the tobacco industry is required to disclose concerns production volume, which is needed by the Customs and Excise Directorate General for excise calculations.

- Other information on tobacco manufacture such as personnel, land size, tobacco leaf production, import, export, market share, etc. is collected by the Central Bureau of Statistics. There is no obligation to report on other activities such as advertising, promotion and sponsorship expenditures.

Indicator 19. The government has a program / system/ plan to consistently raise awareness within its departments on policies relating to FCTC Article 5.3 Guidelines.

Supporting evidence 19

- Although FCTC accession is an advocacy topic that has been continuously promoted, there is no program in the government that consistently build public awareness on FCTC implementation guidelines.

*Indicator 20. The government has put in place a policy to disallow the acceptance of all forms of contributions/ gifts **from the tobacco industry** (monetary or otherwise) including offers of assistance, policy drafts, or study visit invitations given or offered to the government, its agencies, officials and their relatives.*

Supporting evidence 20

- Partial Regulation available. Among all government sectors, only MOH has a policy in place to prevent government officials within the National MOH administration from tobacco industry interference. The Minister of Health Regulation No 50 year 2016 on Guidelines for Managing Conflict of Interests with the Tobacco Industry in the Ministry of Health (State Gazette of the Republic of Indonesia Year 2014 No.1599) applies specifically to tobacco industry that is harmful and has distinctive characteristics. The abovementioned regulation promulgated on 26 October 2016 was a further elaboration of the Minister of Administrative and Bureaucratic Reforms Regulation No 37 year 2012 that applies to all establishments outside the government sectors.

7. CONCLUSIONS

- Until then, Indonesian government has not trully convinced that tobacco industry is not a normal business and therefore should be treated differently. Consequently, *unnecessary interactions* continue at all levels: national and sub-national's, mostly benefit the industry. There is *no specific policy on record keeping of interactions with the tobacco industry* that are accessible to the public.
- Over the year 2017, *the government continued to develop policies in favor of the tobacco industry.* Among others, the Excise Tax Law No 39/2007 that allows participation of tobacco industry in setting up national revenue target and excise tax rate remained effective. The cig tax increase of 10.04% in 2018 would maintain affordability and therefore

was insufficient to reduce tobacco use. Moreover, VAT on tobacco products is exempted to only 9.1% compared to 10% VAT applied to all other commodities,

- *Tobacco industry CSR was well accepted and endorsed in many areas.* One example was Djarum Superliga Badminton 2017 tournament. The Chairman of the Indonesia Badminton Association's Central Executive Board, who was also the Coordinating Minister for Political, Legal and Security Affairs attended the press conference endorsed the tobacco company's sponsorship of badminton tournament as an event that can enrich the experiences of the country's young badminton players.
- The fact that *the government bought tobacco industry's recommendation to not ratify the FCTC* was evidently showed by a prominent MP who repeated tobacco industry statement to reject FCTC because it would cause negative impacts to the country.
- The decrease in total score of Indonesia TII Index from 81 in 2007 to 79 in 2018 simply because of no evident on one of the 20 indicators observed in 2017 does not convincingly mean improvements in government stance against tobacco industry. *But one sector, the Ministry of Health deserves recognition* for putting in place Health Minister Regulation No. 50/2016 on Guidelines for "Managing Conflict of Interest with the Tobacco Industry within the Health Ministry". The regulation was duly implemented when the tobacco industry's request to meet for Director General for Public Health concerning plans on a new set of pictorial warnings on tobacco product packaging in 2017 was denied.

8. RECOMMENDATIONS

- The government must not endorse tobacco related CSR activities and reject tobacco sponsorship of sports events;
- The government must end benefits given to promote the tobacco business such as low tax increases, implement 10% VAT, ban tobacco advertising.
- The government must make transparent all interactions with the tobacco industry and put in place a procedure for dealing with the tobacco industry.
- The Regulation adopted by the MOH to protect it from industry interference must also be adopted by other ministries such as Finance, Trade and Industry, and Manpower.
- Indonesia must accede to the FCTC

Reporting Period

12 months: January-December 2017.

Sources of Data

1. Daily monitoring of print and online media
2. Government websites
 - Indonesian Presidential Website: <http://presidenri.go.id/kabar-presiden/koleksi-foto.html>
 - Indonesian Parliament Website: <http://www.dpr.go.id/cari>
 - Trade and Industry Ministry Website: <http://www.kemenperin.go.id/>
 - Finance Ministry Website: <http://www.kemenkeu.go.id/search/node/kretek>
 - Human Development and Culture Ministry Website: <http://www.kemenkopmk.go.id/search/node/tembakau>
 - Health Ministry Website: <http://www.depkes.go.id/>
 - Manpower Ministry Website: <http://naker.go.id/>
 - Agricultural Affairs Ministry Website: <http://www.pertanian.go.id/search>
 - Environmental Affairs Ministry Website: <http://www.menlh.go.id/?s=rokok>
3. Tobacco Industry Websites
 - <https://www.djarum.com/>
 - <http://www.gudanggaramtbk.com/>
 - <http://www.bentoelgroup.com/>
 - http://www.sampoerna.com/id_id/pages/homepage.aspx
 - <http://www.wismilak.com/>
 - <http://www.djarumfoundation.org/>
 - <http://www.sampoernafoundation.org/>
4. Front Group Websites:
 - <http://amti.id/>
 - <http://petanitembakau.blogspot.co.id/>
 - <http://komunitaskretek.or.id/>
5. Reports on documented events related to tobacco control (publication, presentation, meeting, public hearing, correspondence, etc.)

Operational Definitions

1. The term “Government” refers to any public official who is involved in an interaction, whether or not the official is acting within the scope of his/her authority.
2. The tobacco industry is an organization, association and individuals who work for or represents the tobacco industry, such as, but is not limited to, tobacco processing industry, main distributor, importer, retailer, and individual or organization that supports the interest of the tobacco industry, including its legal

team, scientists and front-liners (Indonesia: AMTI, APTI, KNPk, Komtek, FORMASI and similar organizations).

3. The final score (the Index) is the government's response toward the Tobacco Industry Interference.

Scoring Method

An assigned score in principle depends on the number of incidents and/or level of strength. Each incident is scored, and for the same category an average score is calculated. The maximum score for each question is 5, and a score of 0 applies when the question is not applicable in Indonesia.

Scoring adjustment:

A baseline score of “3” is assigned for every incident of industry interference. This score is then adjusted according to the level of strength of the interference.

A specific scoring system applies for each question. This is intended to enhance accuracy and maintain uniformity of assessment and establish the level of strength of industry interference by all SEATCA member countries.

The computation method and scoring for each question is stated in the respective section of the Table. See Section 6.2 of this Report: *Results by Category: Scoring, Supporting Evidences, Source of Information*.

Specific to questions 1, 5, 9, 10 under different categories but having the same scoring method, the adjustments are provided as follows:

- Level of Rank of Public Official
+1 if it involves a high-ranking official (same level as Director General or higher).
-1 if it involves a public official ranked lower than the Director General, or a local government official.
- Level of Support
-1 if only attending, +1 if delivers an opening address/awards appreciation/declares support, +1 if it involves money or gratuities, -3 if rejects offer, +1 if a contract is entered into, there is commitment relating to responsibility, government resources or anticipating further cooperation.
-1 if only receives the draft/letter/policy paper, without giving approval or following up.
- Type of Health Policy and Government Sector Involved
-1 if relating to the local government, -2 if relating to agriculture, -2 if relating to trade, +1 if relating to policies in the health, women and children's, and education sectors.

- Tobacco Industry
-1 if the public and government are unfamiliar with the tobacco industry's identity (less-known front groups)
- Other circumstances
+1 if it involves several government sectors. A cumulative score, but for a maximum score of 5. If there are several incidents, the average score is calculated.

Final Score

The Final Score is the sum up of the score of all indicators after adjustment and weighting.

