

TOBACCO INDUSTRY INTERFERENCE INDEX REPORT

Indonesia 2019
Based on 2018 Data

JAKARTA, APRIL 2019

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SUMMARY OF FINDINGS

Overall interference from the tobacco industry remains to be a grave issue particularly for Indonesia, a non-party to the FCTC to advance effective Tobacco Control Policy.

Participation in policy formulation: Perceived as a normal business, tobacco industry is treated as a stakeholder by the government. Benefiting from the existing laws that allow interest groups including the tobacco industry to sit in and give input in the policy development process, it will cause negative impacts on public health.

Discussions on the pro-industry Tobacco Bill continued in the parliament as one among the priority list in the National Legislation Agenda 2018. Promoted as a sensible law to protect tobacco farmers, the Vice Minister of Finance stated that the Bill serves as a legal basis benefiting all stakeholders, including the tobacco industry, which in turn would increase government revenues.

In 2018, Independent Research and Advisory Indonesia (IRAI), founded and headed by former CEO of Sampoerna Foundation, was engaged by the Coordinating Ministry of Economic Affairs *to develop a new Tobacco Roadmap* and was published in June 2018. The Roadmap was developed to ensure the growth of the tobacco industry until 2045 and set a list of arguments to undermine the 2017 tax tier simplification roadmap. Four months after the Tobacco Roadmap was released, the Government officially declared not to increase tax in 2019 and revoked the excise simplification roadmap. The decision to not go ahead with the tax increase and excise simplification plans shows the tobacco industry's might in influencing policy makers and at the same time illustrates the vulnerability of the Government to industry interference.

Tobacco industry CSR activities: Government agencies continue to accept or endorse tobacco industry CSR. Two big tobacco companies, Sampoerna and Djarum, continues to bombard Indonesia with their CSR activities.

In 2018, Sampoerna expanded their "*Sampoerna Retail Community*" program to cover more provinces in Indonesia; it is combined promotion and sponsorship for small and medium scale retailers in the form of retail incentive programs that could be perceived as being in line with government's interest in the economic development of micro, small and medium scale enterprises. The launching of SRC was mostly attended by Governors. Besides the Governor of South Sumatra, the Governor of West Lombok expressed appreciation of SRC as extending support to post disaster economic reconstruction. Djarum Foundation on the other hand, continues with its tree-planting program in East Java

Benefit for tobacco industry: The hot topic by the end of 2018 was the issuance of Finance Ministerial Regulation No. 156/2018 cancelling the annual tax increase in 2019 and annulling the tobacco excise simplification roadmap.

At the local level, another form of government response that benefited the industry was the postponement of SF Regulation by the District Head of Jombang, East Java Province. The Mayor of Bogor encountered strong protest against their Smoke Free Regulation that contains provisions on banning POS advertising. The objection did not come only from INDEF and TI front groups, but from government officials as well. Representatives of the Ministry of Home Affairs and Ministry of Law and Human Rights called for local governments to conform to provisions set forth in the national PP 109, while a Member of Parliamentary Commission VI specifically warned that local regulations must not hamper the growth of the tobacco industry.

An ironic turn of events was the cancellation of the Trade Ministerial Regulation on Import Restriction of Tobacco Leaves that should be in line with the draft Tobacco Bill. Strange as it may sound but the Coordinating Minister for Economic Affairs made the decision to withhold the Regulation for further coordination. This decision came in light of fierce protests not only from tobacco farmers and clove associations but also from the Parliamentary Special Committee on the Tobacco Bill that promotes the Bill as a means to protect tobacco farmers, among which by reducing tobacco leaves importation. Contrary to the provision that they have inserted in the draft Bill, the Special Committee contended that the regulation would reduce cigarette production and affect government revenues. It was clear that the change of mind was a political maneuver against farmers to gain their support in pushing for the Bill in the first place, and buy political voice.

Unnecessary interaction: Similar to the description of activities with “CSR”, the difference with “unnecessary interaction” is that the main players are top-level officials (President or Prime Minister or Ministers)

The 2018 monitoring activities recorded 4 (four) Ministers from different Ministries who met with/ fostered relations with the tobacco companies. They attended events sponsored and organized by the tobacco companies, even promoted the events.

The *Minister of Social Affairs* granted the “Padmamitra Award 2018” to Sampoerna Sustainable Program for their holistic CSR support through a disaster alert and rapid response approach. *Two Ministers (Industry and Labor)* attending the SRC National Retail Festival helped promote the program by wearing a SRC jacket with the words “Let’s Go SRC” printed on it as their picture was taken standing next to the President of HM Sampoerna. The *Minister of Labor* further said that the tobacco industry is an important source of finance. Aside from helping with employment, tobacco industry also bolsters economic resilience in today’s global competition. Attending an event organized by Sampoerna Entrepreneurship Training Center (SETC) in Bali, the *Minister of Cooperatives and Small and Medium Scale Enterprises* encouraged Sampoerna to keep evaluating its programs in order to help the government increase the number of entrepreneurs.

Transparency: there is no standard mechanism for the government to disclose information on meetings/interactions with the tobacco industry, or their outcomes. This loophole is frequently used by the tobacco industry to lobby the government. The results however, depend on where the government stands, based on the knowledge and willingness to take sides, whether to protect the tobacco industry or public health.

Conflict of interest: Hanafi Usman, a retired Director of Audit of the Directorate General of Customs and Excise was appointed as a member of Sampoerna's Audit Committee.

Preventive measures: Only the Ministry of Health has a Tobacco Industry Code of Conduct in place. The MOH Regulation No. 50/2016 on "Guidelines for Managing Conflict of Interest with the Tobacco Industry within the Health Ministry" was a tailor-made regulation focusing on the tobacco industry as follow-up to the Administrative and Bureaucratic Reform Ministerial Regulation No. 37/2012 on "Guidelines for Managing Conflict of Interest" that was broadened to cover relevant provisions exclusively applicable to the tobacco industry.

Recommendations

- A whole-of-government approach is vital to effectively counter tobacco industry interference
- Civil Society needs to be more persistent in opening the eyes of the government to de-normalize tobacco industry and to take sides with public health than the tobacco industry
- Given the three national laws that are permissive to tobacco industry involvement, the formulation, adoption and implementation of a Tobacco Industry Code of Conduct needs to be expanded to as many ministries as possible.

INTRODUCTION

One and a half decade after FCTC was signed by 168 WHO member countries in 2004, Indonesia, a participating country in the treaty development, has yet to accede to the FCTC. The tobacco industry is the main influencing factor hindering the country from protecting its people from the harmful effects of tobacco products.

The tobacco industry continues to interfere with tobacco control measures in Indonesia in a very systematic way by employing a multi-pronged strategy. They take advantage of being perceived as a stakeholder similar to other normal businesses. While benefiting from the permissive laws, they participate in the policy development process. The government's friendly responses toward tobacco industry's involvement in many areas has deepened their interference even more to protect their growing business in Indonesia.

The fact that Indonesia is not bound to FCTC provisions does not prevent it from implementing limited best practices, such as smoke-free regulations, pictorial health warnings, tax and price increases, and partial banning of tobacco advertising /promotion/sponsorship and CSR. The FCTC Article 5.3 is therefore very pivotal to safeguarding the government, preventing them from unnecessary interactions with the tobacco industry. There are 20 recommendations selected from the FCTC 5.3 guidelines that are grouped under 7 indicators.

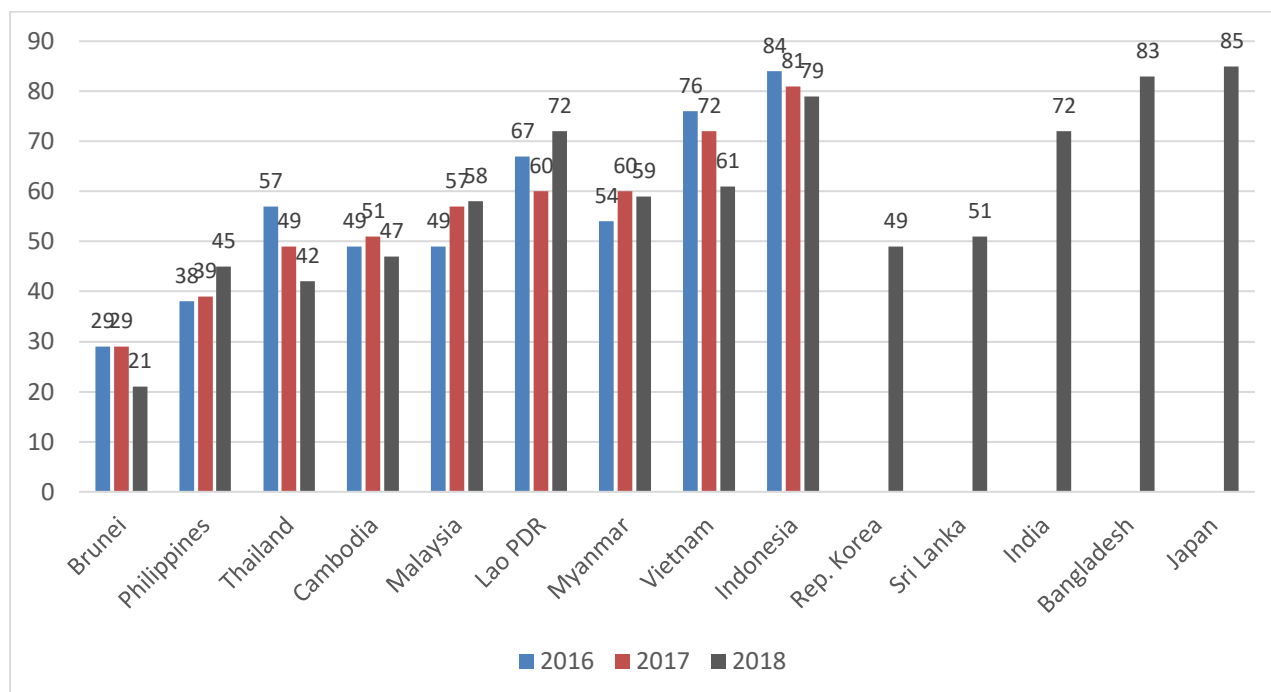
The following report is the result of annual media monitoring of incidents of tobacco industry interference between January and December 2018, grouped under the 7 (seven) indicators comprising of 20 sub-indicators in question forms. The government responses to each sub-indicator are scored and summed up as Tobacco Industry Interference Index 2019.

The TII Index is meant as an advocacy tool to remind the government to take sides on public health than on the tobacco industry, and to develop preventive measures to avoid unnecessary interactions and conflict of interest with the tobacco industry.

RESULTS

TOBACCO INDUSTRY INTERFERENCE INDEX: INDONESIA POSITION AMONG ASEAN COUNTRIES

TII Index in ASEAN Countries, 2015-2018



Among 9 ASEAN Countries that have had monitored TII over the years of 2016-2018, Indonesia remained at the highest scores for three consecutive years. The slight decline in 2018 was due to no incident of new agreement between government and the tobacco industry in 2017 after the incident of Chinese Tobacco Company agreement with the Head of Sidoarjo District of East Java Province in 2016 following a USD 20B business deal between Indonesian and 19 American companies signed in 2015 that was witnessed by President Jokowi during his official visit in the US, one of which was PMI investment worth USD 1.9B

Five additional countries: Korea, Sri Lanka, India, Bangladesh dan Japan joined the TII Monitoring and reported their scores in 2018.

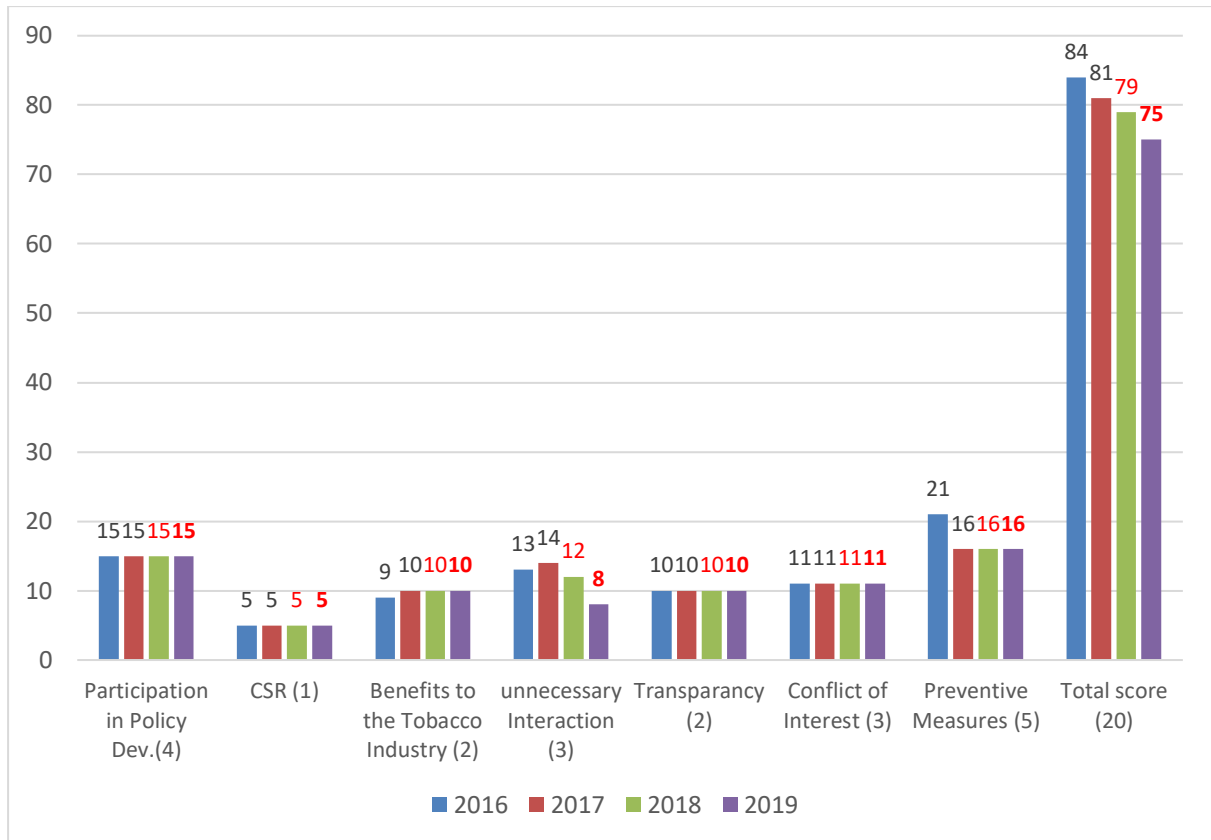
TOBACCO INDUSTRY INTERFERENCE INDEX: INDONESIA, 2019

Tobacco Industry Interference Index Indonesia 2019 is presented in 2 sections:

- Section I: TII Index Summary 2019
- Section II: TII Index by Category: Scoring and Supporting Evidence

SECTION I: TII INDEX SUMMARY 2019

Trend of TII Index Indonesia by Indicator, 2016-2019



At the highest score levels, Indonesia is relatively stable in its response to Tobacco Industry Interference for three consecutive years 2017-2019. The decline was observed only in the indicator of unnecessary interactions from 12 in 2018 to 8 in 2019. It was attributable to Q-9 of the 3 Questions (sub-indicators), i.e.:

- Q-8: meet with/foster relation with TI such as attending social functions or events sponsored or organized by TI.
Incidents relevant with the description of this question are similar with those reported under CSR (Q-5A). The only difference lies in the player. Q-8 applied to high level officials (President, Prime Minister, Ministers)
- Q-9: accepts assistance *on policy enforcement*: not always exist within the observed year
- Q-10: enters into partnership or agreement: a specific incident that does not happen regularly

Over the year 2018, there was no evident reported in the media concerning tobacco industry offering assistance on policy enforcement. Further information gathered from the field level confirmed the finding of the media monitoring.

The non existence of TI assistance on policy enforcement (Q-9) in year 2018 has contributed to 4 points decline in the total score of TII Index from 79 in 2018 to 75 in 2019.

Template Summary of TII Index Indonesia 2019

INDICATOR	0	1	2	3	4	5
Level of Industry Participation in Policy-Development						
1. The government accepts, supports or endorses <u>any offer for assistance by or in collaboration</u> 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 <u>allows/invites the tobacco industry to sit in</u> 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						
5. A. The government agencies or its officials endorses, <u>supports,</u> forms partnerships with or <u>participates in</u> so-called CSR activities organized by the tobacco industry. B. The government (its agencies and officials) <u>receives contributions</u> (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 <u>requests</u> from the tobacco industry <u>for a longer time frame</u> for implementation or postponement of tobacco control law.						X
7. The government <u>gives privileges,</u> 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) <u>meet with/ foster relations with</u> the tobacco companies						

INDICATOR	0	1	2	3	4	5
such as <u>attending social functions</u> and other events sponsored or organized by the tobacco companies or those furthering its interests.						X
9. The government <u>accepts assistance/ offers of assistance</u> from the tobacco industry <u>on enforcement</u> such as conducting raids on tobacco smuggling or <u>enforcing smoke free policies</u> or <u>no sales to minors</u> . (including monetary contribution for these activities)		X				
10. The government accepts, supports, endorses, or <u>enters into partnerships or agreements</u> with the tobacco industry.			X			
Subtotal Score on Forms of Unnecessary Interactions						8
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						
13. The government <u>does not prohibit contributions</u> from the tobacco industry or any entity working to further its <u>interests to political parties, candidates, or campaigns</u> or to require full disclosure of such contributions.						X
14. <u>Retired senior government</u> officials form part of the tobacco industry (former Prime Minister, Minister, Attorney General)						X
15. <u>Current government officials</u> and relatives <u>hold positions in the tobacco business</u> including consultancy positions.		X				
Subtotal Score on Conflict of Interest						11
Preventive Measures						
16. The government has put in place a <u>procedure for disclosing the records of the interaction</u> (such as agenda, attendees, minutes and outcome) with the tobacco industry and its representatives.						X
17. The government has <u>formulated, adopted or implemented a code of conduct</u> for public officials, prescribing the standards with which they should comply in their dealings with the tobacco industry.			X			
18. The government <u>requires the tobacco industry to periodically submit information on tobacco production, manufacture, market</u>						

INDICATOR	0	1	2	3	4	5
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						75

SECTION II: TII INDEX BY CATEGORY: Scoring and Supporting Evidence

I. LEVEL OF INDUSTRY 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

The initiatives to reach the industry and accommodate its interest do not always come from the industry's side despite the persistence of Tobacco Industry Interference. In many instances, government statements and policies favor the tobacco industry than public health interests. The media monitoring indicated how such policies would receive immediate recognition and 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

- In the run-up to the simultaneous elections in 2019, pressures from politicians and the industry for the passage of the Tobacco Bill once again intensified.^{1,2,3} The *Deputy Finance Minister* in a public hearing with parliament *declared his support for the Tobacco Bill*. The Bill will provide a legal basis that will benefit all stakeholders. Stakeholders comprise of the public at large, including farmers, workers, and businesses who will help boost state revenue.⁴

Meanwhile, the national parliament prior to the end of their term of office, in a plenary meeting in late 2018 *decided to extend the timeline for discussing the Tobacco Bill for the fourth time in 2018*. Discussion is scheduled to conclude before the end of the 2014-2019 tenure.⁵ A member of parliamentary Commission XI, Mukhamad Misbakhun, reasserted that he will monitor the Tobacco Bill, which prioritizes the interest of tobacco farmers, speaking before hundreds of tobacco growers in Wonomerto, Probolinggo.⁶

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

Supporting Evidence 2

- In 2018, a research institution previously not involved in tobacco control came to the forefront. Independent Research and Advisory Indonesia (IRAI) was engaged by the Coordinating Ministry of Economic Affairs *to develop a new Tobacco Roadmap*. IRAI lists Sampoerna Strategic as one of its clients.⁷ *The founder and Head of IRAI, Lin Che Wei, was the former CEO of Sampoerna Foundation, from 2007 to 2008.*⁸ *He is now the Policy Advisor of the Coordinating Ministry of Economic Affairs.*

The Tobacco Roadmap was published by the Coordinating Minister of Economic Affairs in June 2018. The content of the roadmap is pro tobacco industry and rehashes past arguments used by the industry to oppose tobacco control. The roadmap was developed mainly to rationalize the importance of the tobacco industry to Indonesia and to ensure the growth of the tobacco industry until 2045.

¹ <http://ekonomi.metrotvnews.com/mikro/ob3M0rJK-pemerintah-dan-dpr-diminta-percepat-pengesahan-ruu-tembakau>

² Rapat di DPR: Kadin minta RUU Tembakau Pro Industri, Pikiran Rakyat, 25 Januari 2018

³ <https://akurat.co/id-192079-read-dpr-pemerintah-kurang-fokus-urusi-tembakau>

⁴ <https://www.suaramerdeka.com/news/baca/128657/ruu-pertembakauan-untuk-keadilan-dbhct>

⁵ DPR Teruskan Pembahasan RUU Pertembakauan, Koran Tempo 4 December 2018

⁶ <https://www.merdeka.com/uang/misbakhun-jangan-seret-pertembakauan-dari-aspek-kesehatan-saja.html>

⁷ Independent Research and Advisory Indonesia. Client. http://irai.co.id/?page_id=54 (Accessed on 2 March 2019).

⁸ Lin Che Wei. LinkedIn <https://www.linkedin.com/in/lin-che-wei-1098299>

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 for 2019.⁹

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.

(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.

⁹ <https://nasional.kontan.co.id/news/pmk-cukai-rokok-bisa-jadi-dipercepat>

II. SO-CALLED CSR ACTIVITIES

INDICATOR	0	1	2	3	4	5
So-called CSR activities						
<p>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.</p> <p>B. The government (its agencies and officials) receives contributions (monetary or otherwise) from the tobacco industry (including so-called CSR contributions).</p> <p><i>The score for this question:</i> see Scoring Method in the Section on Methodology</p>						X
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:
 - The Governor of NTB (West Nusa Tenggara) expressed his appreciation for the organizing of the SRC (Sampoerna Retail Community) Festival in Lombok. According to the Governor, the event helps accelerate the recovery of the local economy.¹⁰ The Governor also welcomed APTI's contribution in helping to rehabilitate the production centers of tobacco farmers in East Lombok.¹¹
- ATTENDING:
 - South Sumatra Governor attended the Sampoerna Retail Community Expo in Palembang, South Sumatra accompanied by cigarette maker HM Sampoerna's regional relations manager, Arief Triastika.¹²
 - The Head of East Java Natural Resource Conservation Agency under the Ministry of Environment and Forestry was present as guest speaker at a discussion on the Djarum Trees for Life Program.¹³
 - The Head of the NTB Women's Empowerment, Child Protection, Population Control and Family Planning attended the *Festival Rumah Pintar* (Smart House

¹⁰ HM Sampoerna Dorong Ekonomi Lombok, Koran Sindo 23 Oktober 2018

¹¹ <http://kanalindonesia.com/54438/2018/11/15/peduli-petani-tembakau-di-lombok-apti-salurkan-bantuan-rehabilitasi-rumah-produksi/>

¹² Corporate Empowerment, The Jakarta Post 13 November 2018

¹³ Djarum Foundation Ajak Generasi Muda Peduli Sampah, Rakyat Merdeka 22 December 2018

Festival) organized by PT HM Sampoerna in Lombok.¹⁴

- **SUPPORTING and ATTENDING:**

- The *trembesi* tree planting ceremony held by Djarum Foundation at the Kali Kuto Bridge was attended by the Central Java Governor. The Governor who also participated in the planting process expressed his support for the initiative. According to the Governor, tree planting helps improve the well-being of toll road users by reducing CO2 gas emissions.¹⁵
- Sidoarjo District Head attended the tree planting activity organized by Djarum Foundation and expressed appreciation for the program's implementation in the region.¹⁶
- When attending the tree planting ceremony in Joglosemar 261 km, the Deputy District Head of Semarang spoke of his appreciation for the Djarum Foundation's green initiative. He believed that the program will have a positive impact towards a healthier environment.¹⁷
- PT HM Sampoerna provided free medical treatment in Nguling Subdistrict, Pasuruan, East Java. The event was attended by members of parliament and the Nguling Subdistrict Head who expressed appreciation for Sampoerna's initiative to improve public health.¹⁸

*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).*

Supporting evidence 5B

- **RECEIVING / ENGAGING IN:**

- Djarum Foundation collaborated with the DKI Jakarta Provincial Fire Response and Rescue Agency to hold a sensitization event on fire prevention in Tambora. Head of the Agency saw Djarum Foundation's involvement as proof of their concern over the environment.^{19,20}

¹⁴ Gelar Kompetisi dan Festival Rumah Pintar, Koran Sindo 28 December 2018

¹⁵ Djarum Foundation Tekan Pemanasan Global, Jawa Pos 6 November 2018

¹⁶ Djarum Foundation Peduli Lingkungan, Jawa Pos 6 December 2018

¹⁷ Djarum Foundation Tuntaskan Penanaman Trembesi 261 KM, Koran Sindo 18 Mei 2018

¹⁸ Upaya Sampoerna Meningkatkan Kesehatan Masyarakat, Republika 6 Maret 2018

¹⁹ <http://mediaindonesia.com/read/detail/178318-djarum-foundation-latih-6500-warga-peduli-kebakaran>

²⁰ <http://jakrev.com/korporat/csr/djarum-foundation-gandeng-damkar-dki-gelar-sosialisasi-pencegahan-kebakaran-di-tambora/>

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 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> <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) <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>						x
<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> <i>Subject</i> +1 if the incentive is specific to the tobacco company/ industry (not to all investors or general group of business) <i>Term/Period</i></p>						x

+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 <i>Granting Authority</i> -1 if the grant is granted by local government <i>Type</i> +1 if exemption refers to excise tax or duty free + if a subsidy is involved FINAL SCORE: After computing the average of the scores for each incident, follow the rules on final scoring as indicated on the instruction page							
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

- A regulation that restricts tobacco importation issued by the Trade Ministry in order to protect local tobacco farmers was in fact rejected by APTI (Indonesia Tobacco Farmers Association) and APCI (Indonesia Clove Farmers Association)²¹. APTI has consistently cited local farmer protection as reason for resisting tobacco control measures such as the simplification of the tobacco tax structure.²²

Calls to postpone the Trade Ministry Regulation on tobacco import restrictions also came from legislators and members of the Tobacco Bill's Special Committee.²³ Ironically, one of the reasons why the Committee members pushed for the Tobacco Bill was because import restrictions would protect local farmers,²⁴ but when the Trade Ministry seriously took follow-up action, the Special Committee instead resisted by arguing that it will negatively affect state revenue and may potentially lead to a decline in the domestic production of tobacco products²⁵. The Coordinating Ministry for Economic Affairs eventually bowed to these pressures and withdrew the regulation.²⁶ This confirms how the issue of farmer protection by curbing imports in the Tobacco Bill is merely a **political excuse** to draw sympathy from farmers, the public and policy

²¹ <https://fokus.kontan.co.id/news/pembatasan-impor-tembakau-justru-jadi-kompor-2>

²² <https://finance.detik.com/berita-ekonomi-bisnis/d-4275154/petani-minta-sri-mulyani-kaji-ulang-penyederhanaan-cukai-rokok>

²³ <https://economy.okezone.com/read/2018/01/30/20/1852099/pengetatan-impor-tembakau-ancam-penerimaan-negara>

²⁴ <https://www.cnbcindonesia.com/news/20180124131304-4-2380/selalu-mentok-pembahasan-ruu-pertembakauan-bergulir-lagi>

²⁵ <https://nasional.kontan.co.id/news/dpr-tak-mau-gegabah-batasi-impor-tembakau>

²⁶ <https://www.liputan6.com/bisnis/read/3234513/permendag-84-ditunda-dpr-pikir-pikir-batasi-impor-tembakau>

makers. The issue of protecting local tobacco farmers was also raised by an Indonesian parliamentary delegation at a global parliamentary forum.²⁷

- In an attempt to support tobacco farmers, *upon the advice of the District Head, the local parliament of Jombang eventually decided to shelve discussion on a smoke-free regulation*. In a plenary meeting, the Jombang District Head, representing the executives, stated that if the designation of smoke-free areas were to be imposed in the form of a local regulation, it would need to be well prepared and the readiness of all concerned is assured, which in this case refers to readiness of the Jombang District Government, the public and community groups, as well as local tobacco farmers. Postponing the discussion and enactment of the smoke-free regulation was also intended to support the local government's ongoing efforts at improving the welfare of tobacco growers.²⁸
- Since the *enforcement of the ban on point-of-sale tobacco product displays, the local smoke-free regulation for Bogor City faced fierce resistance*.²⁹ Among others, from INDEF and *Forum Silaturahmi Pedagang Pasar* (Market Traders Forum) who believed that the regulation would lead to the demise of the retail business. Meanwhile, the *Director of Local Legal Instruments under the Home Affairs Ministry* asserted on the need to synchronize between higher-level legislation and local government's wish to regulate as they see fit. This will help align central-local relations.³⁰

According to the Home Affairs Ministry, Bogor's Local Smoke-Free Regulation is in contradiction with Government Regulation No. 109/2012 on Safeguards against Addictive Substances in the Form of Tobacco Products in the Interest of Health. A representative from the Directorate General of Regional Autonomy under the Home Affairs Ministry, Agus Rahmanto, said that there are problems that have led to a debate on the implementation of the smoke-free regulation.³¹

A member of parliamentary Commission VI, Aria Bima, called upon local governments to exercise more caution when enacting regulations, one of which concerns smoke-free areas. Local regulations should not be detrimental to the growth of the national tobacco industry.³²

²⁷ <https://internasional.kompas.com/read/2018/03/29/13582191/perlindungan-tembakau-lokal-pada-sidang-badan-parlemen-dunia>

²⁸ <https://regional.kompas.com/read/2018/10/29/18571711/dukung-petani-tembakau-dprd-jombang-tunda-pembahasan-regulasi-kawasan-tanpa>

²⁹ <https://ekbis.sindonews.com/read/1363749/34/andalan-penerimaan-negara-industri-tembakau-terganggu-perda-ktr-1545115060>

³⁰ <https://www.merdeka.com/uang/berimbang-pada-perekonomian-aturan-kawasan-tanpa-rokok-harus-diterapkan-hati-hati.html>

³¹ <https://regional.kontan.co.id/news/kemdagri-perda-kawasan-tanpa-rokok-ktr-bogor-tak-sesuai-aturan-nasional>

³² <https://www.merdeka.com/uang/pemda-diingatkan-tak-buat-aturan-hambat-industri-rokok.html>

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

Supporting evidence 7

- A shocking turn of events in 2018 was the issuance of Finance Ministerial Regulation No. 156/PMK.010/2018 on excise tariffs in 2019 that disappointingly remained the same as the tariffs imposed in 2018 (no tariff increase for 2019), and the decision to abandon plans to simplify the tax structure as set forth in Finance Ministerial Regulation No. 146/PMK.010/2017. The tobacco industry is reported to have used whatever means necessary to make sure that tax increase and simplification plans are aborted, from mobilizing front groups and faith-based organizations^{33,34} to sponsoring research discrediting tax structure simplification³⁵ and amplifying the opinions of politicians to influence the public.³⁶

Following government's announcement to cancel tax hike plans in November 2018, *words of approval for the decision* came from all sides, the most obvious proponent from the government was the Trade Minister who welcomed the cancellation decision that will positively impact on the industry, and went even further to say that it would *help strengthen the rupiah exchange rate*.^{37,38} The Trade Minister had earlier contended that the *decline in the hand-rolled clove cigarette industry was primarily due to high tobacco excise tariffs*.³⁹

- The Trade Minister had earlier proposed that the tobacco industry be removed from the List of Negative Investments,⁴⁰ but was not taken up.⁴¹

³³ <https://republika.co.id/berita/ekonomi/korporasi/18/11/06/phryph382-jk-ungkap-alasan-cukai-rokok-batal-naik-terkait-pemilu>

³⁴ <https://www.antaraneews.com/berita/757851/nu-minta-cabut-aturan-penyederhanaan-cukai-tembakau>

³⁵ <https://www.republika.co.id/berita/nasional/umum/18/10/10/pgd0sh318-simplifikasi-cukai-berdampak-pada-petani-tembakau-dan-iht>

³⁶ Mouhamad Bigwanto. Tobacco industry interference undermined tobacco tax policy in Indonesia. 2019. Southeast Asia Tobacco Control Alliance (SEATCA), Bangkok. Thailand.

³⁷ <https://ekonomi.kompas.com/read/2018/11/05/174620426/cukai-rokok-tak-naik-menperin-klaim-berefek-positif-ke-industri>

³⁸ <https://economy.okezone.com/read/2018/11/05/320/1973674/menperin-cukai-rokok-batal-naik-bikin-rupee-menguat>

³⁹ <https://kumparan.com/@kumparanbisnis/saran-menperin-agar-industri-rokok-kretek-tangan-tetap-bertahan-27431110790555637>

⁴⁰ <https://www.cnbcindonesia.com/news/20181113174409-4-41976/majukan-industri-rokok-menperin-minta-revisi-dni>

⁴¹ <https://bisnis.tempo.co/read/1147945/dni-direlaksasi-ini-daftar-25-industri-yang-bisa-dikuasai-asing>

IV. FORMS OF UNNECESSARY INTERACTIONS

INDICATOR	0	1	2	3	4	5
Forms of Unnecessary Interaction						
<p>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.</p> <p><u>SCORING:</u></p> <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><u>SPECIAL ADJUSTMENTS:</u></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 						X
<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>		X				

<i>The score for this question:</i> see Scoring Method in the Section on Methodology							
10. The government accepts, supports, endorses, or enters into partnerships or agreements with the tobacco industry.			X				
<i>The score for this question:</i> see Scoring Method in the Section on Methodology							
Subtotal Score							8

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

- PT HM Sampoerna’s sustainability program received the *Padmamitra Awards 2018* for the Disaster category from the *Social Affairs Minister*. Sampoerna is seen as a dutiful corporate citizen who implements *social responsibility initiatives in a holistic manner* as part of supporting government programs for promoting social welfare through disaster response and preparedness.^{42,43}
- The Labor Minister and Trade Minister attended the national-level *Sampoerna Retail Community (SRC)* event, during which *both Ministers* participated in promoting SRC by having their picture taken together with the President Director of PT HM Sampoerna while wearing jackets emblazoned with the words “*Ayo SRC Bersama*” (Let’s Go SRC).⁴⁴
- *The Minister of Cooperatives and SMEs* attended Sampoerna’s Entrepreneurship Training Center (SETC) event in Bali, and showed support for the activity. In his speech, the Minister *told Sampoerna* to continually evaluate its programs in order to *help the government increase the number of businesses*.⁴⁵
- *The Labor Minister* referred to the tobacco industry as an important source of state finance.⁴⁶ Apart from *substantial labor force absorption*, from upstream to downstream, the tobacco industry also *supports economic resilience* amid today’s global competition.⁴⁷

⁴² <https://photo.sindonews.com/view/29918/sampoerna-raih-penghargaan-padmamitra-awards-2018>

⁴³ <https://www.wartaekonomi.co.id/read200889/sampoerna-raih-penghargaan-padmamitra-awards-2018.html>

⁴⁴ [Pesta Ritel Nasional, Bisnis Indonesia 26 November 2018](#)

⁴⁵ Sampoerna Siapkan Pelaku UKM Hadapi Era Digital, Koran Sindo 17 December 2018

⁴⁶ <https://www.rmol.co/read/2018/05/23/341152/Menaker:-Industri-Tembakau-Sumber-Penting-Kuangan-Negara->

⁴⁷ <https://www.jpnn.com/news/pastikan-perlindungan-pekerja-industri-rokok-dan-tembakau>

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

- Over the year 2018, there was no evident reported in the media on the involvement of tobacco industry on policy enforcement. Further information gathered from the field level confirmed the media monitoring result.

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

Supporting evidence 10

- The Mayor of Pekalongan revoked Mayoral Regulation No. 36/2011 on a tobacco billboard ban, leaving the city without a legal instrument prohibiting tobacco advertising.⁴⁸ According to the media, this was done to boost Pekalongan’s locally-generated revenue as the Mayor believed that the city has not optimized its income generated from tobacco advertising.⁴⁹ Following the withdrawal of the Mayoral Regulation, the Pekalongan Municipal Government also plans to revise its smoke-free regulation that prohibits tobacco advertising in smoke-free areas.⁵⁰

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</p>						X

⁴⁸ <https://infosekitarpekalongan.com/larangan-iklan-rokok-dicabut-kado-pahit-hari-pendidikan-nasional/>

⁴⁹ <http://jateng.tribunnews.com/2018/02/28/pemkot-pekalongan-akan-revisi-aturan-larangan-iklan-rokok>

⁵⁰ Ibid

<p>-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>						
<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. -1 if affiliated organizations are included, -1 if individuals such as lobbyists are also included,</p> <p>If no rules currently exist, the score would be 5. -1 If a policy is being considered</p>						X
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 on meetings/interactions with the tobacco industry or their outcomes.

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						
<p>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.</p> <p><i>A special score for this question:</i> 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>						x
<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>		x				

<p>SPECIAL ADJUSTMENT:</p> <ul style="list-style-type: none"> -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 						
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 obliged to leave the service; on the other hand, there is no policy that prohibits contributions from any sources including the tobacco industry for political campaigns.

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

Supporting evidence 14

- A member of PT. HM Sampoerna's Audit Committee, Drs. Hanafi Usman, before joining Sampoerna, has long held key positions in the Directorate General of Customs and Excise, where he was last stationed as the Directorate General's Director of Audit.⁵¹

Note:

Following are old incidents outside this report period worth noted as evidence.

- *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.⁵² He is currently a member of the Supervisory Board of Putera Sampoerna Foundation.⁵³*

⁵¹ <https://www.sampoerna.com/sampoerna/id/about-us/our-people>

⁵² https://id.wikipedia.org/wiki/Kemal_Azis_Stamboel

⁵³ <http://www.sampoernafoundation.org/id/board-of-member/supervisor>

- *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 2016.*⁵⁴
- *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 present.*⁵⁵

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

Supporting evidence 15

- None of active government officials work in tobacco industry businesses. There is a strict regulation that does not permit active civil servant to work with other than the government. It is stated in the Minister of Administrative and Bureaucratic Reforms Regulation No. 37/2012 on *Guidelines for Managing Conflict of Interest*.

VII. PREVENTIVE MEASURES

INDICATOR	0	1	2	3	4	5
Preventive Measures <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>						
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,			X			

⁵⁴http://www.bentoelgroup.com/group/sites/BAT_A5EEYP.nsf/vwPagesWebLive/DO9T5KHH?opendocument

⁵⁵<https://www.sampoerna.com/sampoerna/id/about-us/our-people>

marketing expenditures, revenues and any other activity, including lobbying, philanthropy, political contributions and all other activities.							
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							75

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 are recorded in the form of minutes of meetings; no difference among establishments including the tobacco industry that 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

- Indonesia has one but not specifically targeted at tobacco industry. The Minister of Administrative and Bureaucratic Reforms Regulation No. 37/2012 on “Guidelines for Managing Conflict of Interest” is applied to all establishments outside the government sector. This regulation however, served the reference for MOH to develop and implement a regulation on tobacco industry code of conduct. The Health Minister Regulation No. 50/2016 on “Guidelines for Managing Conflict of Interest with the Tobacco Industry within the Health Ministry” was broaden to cover relevant provisions exclusively applied to the harmful tobacco industry.
- **NOTE:**
Question on availability of a regulation on TI Code of Conduct is not timely bound (the score is not exclusively applied to a specific year). It is a “yes” or “no” answer with

score level ranges from: 5. None; 4. At commitment stage; 3. At development stage; 2. Yes, but Partial only up to 1. Yes (whole government). One Ministry will have the same score as 90% of Ministries, as this is categorized as “Yes, but Partial only”.

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

- There is only partial government request for tobacco industry to submit report, i.e.: disclosing production volume to the DG for Customs and Excise for annual tax calculation purpose.
- 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 frequently referred to, 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.

CONCLUSIONS

- The core problem in Indonesia is the government believe that tobacco industry is a normal business contributing significantly to economic growth. The government's positive responses towards tobacco industry interference are logical consequences of this premise.
- Perceived as stakeholder, tobacco industry is allowed, and in many instances required to give input and *participate in the policy development* like the case of IRAI, a Sampoerna related Consultancy Agency to develop Tobacco Roadmap that defeat tobacco tax simplification and cancel excise tax increase.
- Government agencies at all levels continue to *accept and endorse tobacco industry CSR*. A number of Ministers as top-level officials fostered *unnecessary interaction with the tobacco industry*; Minister of Industry and Minister of Labor participated in "Sampoerna Retail Community National Festival", *even promoted the event by wearing SRC jackets with "let's go SRC" logo*. Minister for Social Affairs granted "*Padmamitra Award 2018*" to Sampoerna for their holistic approach on disaster relief
- The 2018 monitoring recorded two major *policies that benefited the tobacco industry*: The Finance Minister Regulation No 156/2018 comprising of no tax increase in 2019 and to revoke excise tax simplification. Another policy was the cancellation of Trade Minister Regulation on the Provision of Tobacco Leave Importation due to fierce protests, not only from the front group but ironically from MP's Special Committee on Tobacco Bill who had put a provision to reduce tobacco leave importation in the draft. Their change of mind by saying import restriction of tobacco leaves would reduce cigarette production has proven a political manouver on farmers to gain their support and buy political voice.
- Transparency is a big problem; there is no rule to disclose meetings/interactions with the tobacco industry that open the potential for conflict of interest with public health.
- Being non party to the FCTC, there is no preventive measures to avoid Tobacco Industry Interference, but MOH that has Regulation on Tobacco Industry Code of Conduct.

RECOMMENDATIONS

- A whole-of-government approach is vital to effectively counter tobacco industry interference
- Civil Society needs to be more persistent in opening the eyes of the government to de-normalize tobacco industry and to take side to public health than the tobacco industry
- Given the three national laws that are permissive to involvement of the tobacco industry, formulation, adoption and implementation of Tobacco Industry Code of Conduct needs to be expanded to as many ministries as possible.

Reporting Period

12 months: January-December 2018.

Sources of Data

Daily monitoring of print and online media from PT. Integrasi Media Digital between January 1st, and December 31st, 2018. All quotes were recorded and grouped into 20 sub indicators (20 questions) under 7 indicators. Each quoted sub indicator had come with reference(s) in the footnote. Multiple news articles (from different media) that contained same statement from the same person at the same event whether from the press release or press conference were counted as only once.

Additional Sources for Clarification when needed:

1. 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>

2. 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/>

3. Front Group Websites:

- <http://amti.id/>
- <http://petanitembakau.blogspot.co.id/>
- <http://komunitaskretek.or.id/>

4. 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.



**Tobacco Control Unit, Indonesia Public Health Association
In Collaboration with Southeast Asia Tobacco Control Alliance
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