
INDONESIA 2020

TOBACCO INDUSTRY INTERFERENCE INDEX

Based on 2019 Data



JAKARTA, APRIL 2020

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INTRODUCTION

As a non-party to the FCTC with weak tobacco control policy has made Indonesia more vulnerable to tobacco industry interference than its neighbouring countries in ASEAN. The tobacco industry has taken the advantage of being viewed as a normal business contributing to national development, to protect and grow its business; in many instances they are treated as stakeholder where advices in policy development are well taken into consideration.

Government responses over tobacco industry inference are measured and scored as Tobacco Industry Interference Index. The tobacco manufacturers do not have to voice their concerns themselves; they have vocal front groups composing of researchers, economic institutions, religious groups, farmer and tobacco community associations that would speak the industry's interests. Furthermore, the concept of a legal business contributing to the economy has been ingrained in the legislators and government's mind set.

Tobacco industry interference in policy development in 2019 were represented by front groups. INDEF recommendation to develop a comprehensive Tobacco Roadmap and E-cigarette policy proposed by E-cig front groups to ascertain and legalize selling the products, were well received with high appreciation and would be followed up by the Ministry of Industry; Another tobacco front groups stakeholders initiated a public discussion entitled "*The Future of Tobacco Industry Under Threats*" to reject the Government Regulation (PP) No 109/2012, a national TC Policy currently under revision was attended by two government officials, each from the Ministry of Agriculture and Industry.

Other interference worth the attention in 2019 were tobacco-related CSR, benefits given to the tobacco industry and unnecessary interactions.

The government, mostly at the sub national levels continued to support and endorsed tobacco-related CSR. At the national level, top level officials maintained Unneccary Interactions with the tobacco industry that ended up with transactional benefits for the industry. The peak was an MOU signed between Sampoerna and the Ministry of Research, Technology and Higher Education on R & D of value-added tobacco products. The signing was done in transparency indicating the country's unawareness about the tobacco industry business that was conflicting with public health interest and human capital development.

The TII Index serves an evidence-based feedback for the MOH and pro public health ministries as a reminder to take sides on public health than tobacco industry. It requires a fundamental change in the government's mindset. CSO advocacy alone would not work. It needs support and strong leadership from the MOH to extend the concept of denormalizing tobacco industry and consequently the need for a whole of government code of conduct when dealing with the tobacco industry.

SUMMARY FINDINGS

Indonesia has an overall score of 82 in 2019, an increase from 75 in 2018.

Level of industry participation in policy development:

- Tobacco industry's front groups played a big role in policy development in 2019. The Coordinating Ministry for Economic Affairs and its subordinate economic ministries endorsed INDEF's, *a tobacco industry front group's, proposal* to develop a comprehensive Tobacco Roadmap *and further re-emphasized the extremely important tobacco industry as a revenue source.*
- Representatives of the Ministries of Agriculture and Industry attended a Public Discussion Forum organized by TI Front Groups on "*The Future of Tobacco Industry Under Threats*", *to reject the revision of Government Regulation (PP) 109/2012, a national TC Policy currently underway.* They accused it as foreign agenda to kill tobacco industry and a means to adopt FCTC guidelines
- The Minister of Industry accepted recommendation made by three pro E-cig front groups, i.e.: Association of Personal Vaporizer Indonesia, Tar-Free Coalition (KABAR) and Board of NU, a Moslem Religious Group for urgent development of E-cig regulation that should be different than the tobacco control for less harmful products. The Minister of Industry appreciated the proposed regulation that mitigated tobacco risk and promised to prepare a new regulation for tobacco alternatives including heated tobacco products

Tobacco industry-related CSR activities:

- Government agencies mostly at the provincial level supported and participated in CSR activities organized by the Tobacco Industry. The Head of Tabanan District in Bali endorsed Sampoerna's environmental campaign to collect cigarette butts through forming a movement for *dual campaign to save the environment and to support shifting to E-cigarettes.*
- Sampoerna's CSR for SMEs was highly appreciated. *The Mayor of Surabaya City* acted as a *guest speaker* at a media discussion on "*Private Sector Responsibility in Accelerating SMEs*". *The West Kalimantan Governor* gave an *opening address* in the *Province's SRC Retail Festival 2019*; *the South Sumatra Governor* awarded Sampoerna as the *winner of 2019 CSR Competition* on the theme "Fostering Togetherness in Promoting the Handicraft and SME Industry to Build a Pro-People Economy and Support Local Tourism". *The South Sulawesi Governor* appreciated "*Retail Festival 2019's theme of 'Let's Shop at SRC'*" and the *DG for Agroindustry of the Ministry of Industry* visited the Sampoerna Retail Community booth at the 34th *Trade Expo Indonesia*
- *The Minister of Youth and Sport* supported Djarum Badminton and confirmed there was no child exploitation in the Djarum audition and hoped Djarum to continue the program, whereas *the Governor of Central Java* defended the promotional roadshow as legitimate because Djarum had long supported the development of badminton in Indonesia.

Benefits to the tobacco industry:

- The DG of Custom Ministry of Finance voluntarily defended the excise tax cancellation as way to sustain tobacco industry's survival, and not being disturbed by excise tax

simplification. Initial rejections on tax increase came from MPS even strengthened by an official of Coordinating Minister for Economics who blamed tax increase as being responsible for the growth of Tobacco Industry.

- The Head of the Indonesian FDA's proposal to ban E-cigarette was strongly opposed by MPs Commissions IX and VI; the Head of West Java Excise Tax Office agreed with the DG of Custom and Tax policy to impose excise tax on E-cig to legalize the sale of the products. The new Health Minister has not given his standpoint; he would consider all public aspirations and would not make any rash decisions on vaping as the issue still needs to be reviewed.
- The DG of the Ministry of Industry was against enforcing banning online tobacco ads arguing that as long as the ads comply with the law where the display of cigarettes and their packaging is prohibited, they are legal and permissible.

Forms of unnecessary interaction:

- The Head of the *Executive Office of the President (KSP)* wearing Djarum Badminton t-shirt visited Djarum's office in response to Djarum Foundation's Program Director for Sports report on the accusation of child exploitation in the Djarum badminton audition. He affirmed *that children were not being exploited in the program* and insisted that *Djarum's audition be continued* to maintain Indonesia's badminton achievement
- The Minister of Finance granted an award on "the most tax friendly corporate" to Sampoerna while the *Minister of Industry* extended appreciation to Sampoerna Retail Community (SRC) at the 11th SRC Anniversary for their concern on Small and Medium-Scale Enterprise to improve inclusive economic ecosystem self-reliance and stated that tobacco industry was part in the *country's national and cultural history, especially concerning the kretek cigarette industry*.
- The DG of Ministry of Industry accepted assistance from Sampoerna to enforce PP 109/2012 by campaigning of "*Preventing Children's Access to Purchase Cigarettes*" (PAPRA) implemented in partnership with SCR outlets.
- The Ministry of Research, Technology and Higher Education signed a Memo of Understanding with Sampoerna on R & D of value-added tobacco products. As an industry that play role in R & D, Sampoerna would be given incentives in the form of tax deduction. The Ministry's Director General for Strengthening Innovation stated that the Ministry would benefit from Sampoerna's big factory facilities in Malang City for training and internship. On the other end, the President Director of Sampoerna stated that the MOU would help smokers of legal age to obtain Modified Risk Tobacco Products at the local markets and would support the decision on regulating IQOS based on science and technology.
- Following the MOU with Sampoerna, the Ministry of Research, Technology and Higher Education held a joint workshop with the United States-ASEAN Business Council (US-ABC) on the "*1st US-ABC Indonesia Innovation Series SME Workshop*" in Bali sponsored by Sampoerna dan Juul. Another collaborative work between Sampoerna and the Center for Science and Technology of the Ministry of Research and Technology on "*Indonesia Innovation for SME Workshop and Innovation Talks*" was conducted two months later.

Transparency:

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

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

Conflict of interest:

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

Preventive measures:

- Only MOH had Tobacco Industry Code of Conduct as further elaboration of the Regulation of the Minister of Administrative and Bureaucratic Reforms No 37 / 2012 on the *“Guidelines for Managing Conflict of Interest”* to specifically apply to tobacco industry. One ministry only is not effective in preventing Tobacco Industry Interference national wide

Recommendations:

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

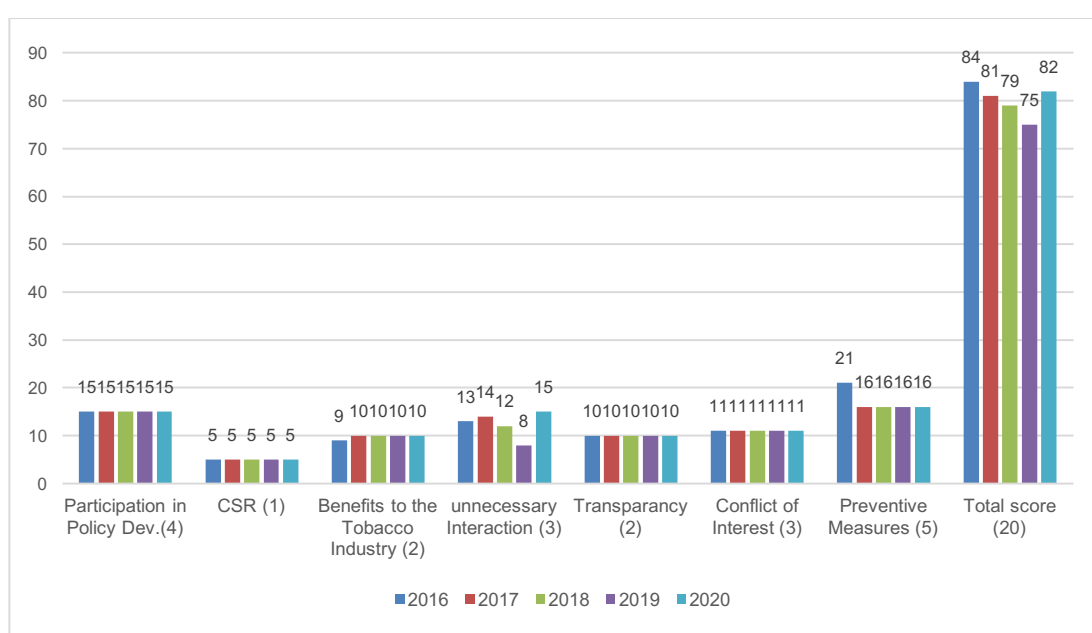
RESULTS

Tobacco Industry Interference Index Indonesia 2020 is presented in 2 sections:

- Section I: TII Index Summary 2020
- Section II: TII Index by Variable: Indicators and the Supporting Evidence

SECTION I: TII INDEX SUMMARY 2020

Trend of TII Index Indonesia by Interference Variable, 2016-2020



Indonesia showed a dramatic increase in the score of TII Index 2020 to 82 from the previous 75 in 2019 after enjoying seemingly continuing declines from 84 in 2016 to 75 in 2019. The lowering score beginning 2017 was due to the effected of the Health Minister Regulation No 50/2016 on the "*Guidelines for Managing Conflict of Interest with the Tobacco Industry*" when the DG of Public Health denied the request of GAPPRINDO (white cigarette companies) for a courtesy visit in 2017 with regard to PHW revisions.

Unfortunately, this was not a common case in Indonesia that one might conclude the country's improvement towards Tobacco Industry Interference has strong influence for many years on the government's taking side in its policy decisions over public health interests. Further decline in 2018 was occurring merely because of no incident of new agreement between the government and the tobacco industry in 2017 after the evidences of Chinese Tobacco Company agreement in 2016 and the USD 1.9B business deal between PMI and Indonesia in the US back in 2015. The increase in the 2020 score has proven the country's remaining vulnerability against tobacco industry interference. It was contributed by the evidents under the indicator of *Unnecessary Interaction*, among which was the MOU between Sampoerna and the Ministry of Research Technology and Higher Education.

The following Summary of TII Index Indonesia 2020 presents the findings of daily media monitoring between January and December 2019

Summary of TII Index Indonesia 2020

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</u> by or <u>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</u> 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						
5. A. The government agencies or its officials endorses, supports, 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 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 from</u> the tobacco industry <u>on enforcement</u> such as conducting raids on tobacco <u>smuggling</u> or <u>enforcing smoke free policies</u> or <u>no sales to minors</u> . (including monetary contribution for these activities)						X

INDICATOR	0	1	2	3	4	5
10. The government accepts, supports, endorses, or enters into partnerships or agreements with the tobacco industry.						X
Subtotal Score on Forms of Unnecessary Interactions	15					
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 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. Current government officials 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						82

SECTION II: TII INDEX BY VARIABLE:

I. TOBACCO INDUSTRY PARTICIPATION IN POLICY DEVELOPMENT

As a non-party country, participation of Tobacco Industry in policy development continues and takes more sophisticated face through academic and research institutions as the spoke's agencies. The evidence showed the government responses were in favor with the tobacco industry's recommendations.

Key Findings

- The Coordinating Ministry for Economic Affairs and the subordinate economic ministries endorsed INDEF's, a tobacco industry front group's proposal presented in the 2019 economic forum to develop a comprehensive Tobacco Roadmap and re-emphasized the extremely important tobacco industry as a revenue source.
- Representatives of the Ministries of Agriculture and Industry were sitting in a Public Discussion Forum held by TI front groups on "The Future of Tobacco Industry Under Threats" to reject the revision of Government Regulation (PP) 109/2012, a national TC Policy currently underway. The revision was accused as foreign agenda to kill tobacco industry that has supported 6 M workers and a means to adopt the FCTC guidelines
- The Minister of Industry accepted recommendation made by three pro E-cig front groups, i.e.: Association of Personal Vaporizer Indonesia, Tar-Free Coalition (KABAR) and Board of NU, a Moslem Religious Group for urgent development of E-cig regulation that should be different than the tobacco control because of less harmful products. The Minister of Industry appreciated the proposed regulation that mitigated tobacco risk and promised to prepare a new regulation for tobacco alternatives including heated tobacco products

Indicators and Supporting Evidence

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.

- INDEF economist, Enny Sri Hartati, at the "Akurat Economic Forum" on the 'Urgency of a Tobacco Industry Roadmap for Investment Certainty' proposed that a comprehensive Tobacco Industry Roadmap be formulated for all stakeholders, including the government, farmers and the industry. The proposal was well received by the Assistant Deputy for Industry Development of the Coordinating Ministry of Economic Affairs, Atong Soekirman; Technical and Excise Tax Facility Director of the Directorate General of Excise, Nirwala Dwi Heryanto; and the Head of the Subdirector for the Development of the Beverage, Tobacco Product and Refreshment Industries of the Ministry of Industry, Mogadishu Djati Ertanto who all spoke on how the tobacco industry is important for state revenue and

hoped that a tobacco industry roadmap would help build smooth and intense communication with all stakeholders.¹

- The Tobacco Bill is still a political *commodity*, especially in the *run-up to the 2019 elections*. In early 2019, the Vice Chair of the parliamentary Tobacco Bill Special Committee, Hendrawan Supratikno, stated that the *tobacco industry is highly strategic to support the national economy, and therefore must be protected by law within the regulatory hierarchy*.² A similar sentiment was also expressed by the Chair of the Tobacco Special Committee, Firman Soebagyo, and several Committee members such as Misbakhun, Ibnu Multazam, Didi Irawadi Syamsuddin and Cucun Ahmad Syamsul Rizal. They voiced their disappointment at the government's failure to show up at the Committee's working meeting, and to present a list of issues on the Bill that need to be discussed (DIM) within the specified time limit.^{3,4,5,6,7,8,9} To give the government more time, on 19 March 2019, the *National House of Representatives convened its 14th Plenary Session* to discuss several agendas, including approval for an extension to deliberations on the Tobacco Bill and the Anti-Alcohol Bill.¹⁰

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

- E-cigarette producers under the Indonesia Personal Vaporizer Association (APVI), and the Indonesia Vapers Association (AVI) have urged the *government to issue a regulation on vaping products* in order to provide the industry a sense of certainty. The Chairman of the Indonesia Tar-Free Coalition (KABAR), Ariyo Bimmo, proposed that alternative tobacco products are regulated *differently than conventional cigarettes as they have lower risks*.^{11,12,13,14}
- Apart from business associations and pro-e-cigarette coalitions, PBNU has also spoken out on the need for a special regulation for e-cigarettes. In response to these demands, the *Minister of Industry and Director General for Agroindustry under the Ministry of Industry expressed their appreciation, mentioning that the development of such new products will positively impact on the industry growth*. The Ministry of Industry also *welcomed the industry's risk mitigation efforts, and will develop a new regulation on alternative tobacco products, including heated tobacco products*.^{15,16,17}

¹ <https://www.tribunnews.com/bisnis/2019/12/10/dorong-roadmap-industri-hasil-tembakau-untuk-amankan-investasi?page=3>

² <https://www.gesuri.id/pemerintahan/hendrawan-industri-tembakau-nasional-perlu-dibuatkan-uu-b1VYxZha4>

³ <https://www.hukumonline.com/berita/baca/lt5c35bccf9a81f/pembahasan-ruu-pertembakauan-terkendala-dim>

⁴ <https://www.timesindonesia.co.id/read/news/195952/pemerintah-lambat-kirim-dim-ruu-pertembakauan-mangkarak>

⁵ <https://www.medcom.id/ekonomi/mikro/DkqVAGeK-pengelolaan-cukai-akan-diatur-dalam-ruu-pertembakauan>

⁶ <https://nasional.okezone.com/read/2019/01/16/337/2005019/misbakhun-perjuangkan-ruu-pertembakauan-demi-petani>

⁷ <https://nasional.kontan.co.id/news/pembahasan-ruu-pertembakauan-dilanjutkan-kembali-seusai-pemilu>

⁸ <http://news.klikpositif.com/baca/44547/banyak-manfaat--dpr--tembakau-perlu-dilindungi-uu>

⁹ <https://www.antaraneews.com/berita/930888/ruu-pertembakauan-perjuangkan-kesejahteraan-petani-tembakau>

¹⁰ <https://www.liputan6.com/bisnis/read/3920580/dpr-sahkan-perpanjangan-pembahasan-ruu-pertembakauan-dan-minuman-alkohol>

¹¹ <https://www.viva.co.id/berita/nasional/1189463-regulasi-rokok-elektrik-asosiasi-vape-perlu-kajian-secara-holistik>

¹² <https://nasional.republika.co.id/berita/q45hsd414/pemerintah-diminta-siapkan-regulasi-khusus-rokok-elektronik>

¹³ <https://www.cnnindonesia.com/gaya-hidup/20191014065021-255-439171/asosiasi-vape-minta-regulasi-atr-rokok-elektrik>

¹⁴ <https://money.kompas.com/read/2020/02/17/123326326/asosiasi-minta-regulasi-produk-tembakau-alternatif-beda-dengan-rokok>

¹⁵ <https://www.liputan6.com/bisnis/read/4021368/kemenperin-dukung-pengembangan-produk-tembakau-alternatif>

¹⁶ <https://nasional.kontan.co.id/news/kemenperin-apresiasi-rekomendasi-pbnu-terkait-produk-tembakau-alternatif>

¹⁷ <https://regional.kontan.co.id/news/menperin-apresiasi-inovasi-untuk-memitigasi-bahaya-rokok>

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



Dok. FWI

(Dari kiri) Direktur Tanaman Semusim dan Rempah Kementerian Pertanian Agus Wahyudi, Kasubdit Program Pengembangan Industri Minuman, Hasil Tembakau dan Bahan Penyegar Kementerian Perindustrian Mogadishu D Ertanto, Ketua Aliansi Masyarakat Tembakau Indonesia Budidoyo Siswoyo berbincang pada diskusi publik Forum Wartawan Industri dengan tema "Masa Depan Industri Hasil Tembakau Indonesia Dibawah Ancaman FCTC di Jakarta, Rabu (20/11).

Photo 1.
Kontan newspaper clipping, 21 Nov 2019
(Doc. FWI)

The Director of Seasonal and Spice Crops of the Ministry of Agriculture, Agus Wahyudi, and the Subdirector Program Head on the Development of the Beverage, Tobacco Product and Refreshment Industries of the Ministry of Industry, Mogadishu D Ertanto, attended a public discussion on "The Future of Indonesia's Tobacco Industry under the Threat of FCTC" in Jakarta with the Head of the Indonesia Tobacco Farmers Association (APTI), Soeseno, and the Chairman of the Indonesia Tobacco Community Alliance, Budidoyo Siswoyo. The event was held in response against the Health Ministry-initiated Government Regulation No.109.¹⁸

Stakeholders in the tobacco industry in Indonesia have united to voice their concerns over growing pressures from anti-tobacco NGOs and their efforts to ensure the adoption of the Framework Convention on

Tobacco Control (FCTC), including through the revised Government Regulation No. 109/2012 on Safeguards against Addictive Substances in the Form of Tobacco Products in the Interests of Health. The revised regulation is alleged to be a foreign agenda aimed at taking down the tobacco industry that has become the source of livelihood for over 6 million Indonesians and has contributed over IDR 200 trillion to state revenue, including in the form of tobacco taxes.

- The tobacco industry's involvement in policymaking is supported by the law.
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.
- Law No. 39/2007 on Excise Tax stipulates the necessity to take into consideration the industry's condition and their aspirations in excise tax policymaking.
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. (Article 5(4) of Law No 39/2007 on Excise Tax)
- In determining the excise rate in 2020, the Director General for Customs and Excise stated that the tobacco industry's grievances are always taken into account before deciding to raise the excise rate.¹⁹ The Subdirector Head for Excise Tariff even described in detail

¹⁸ <https://finance.detik.com/foto-bisnis/d-4792420/masa-depan-industri-tembakau-dibawah-ancaman>

¹⁹ <https://www.antaranews.com/berita/1097246/dirjen-bea-cukai-kami-dengarkan-keluhan-industri-rokok>

in an article that he wrote on how the Ministry of Finance takes into consideration every incoming missive, including from the tobacco industry.²⁰

- Similar to the mechanism for setting tobacco excise rates, in formulating legislation on alternative tobacco products, the Directorate General for Customs and Excise (DJBC) of the Ministry of Finance also considers input from stakeholders such as Lakpesdam PBNU who insisted that such input would broaden the government's perspective and therefore facilitate the legislative drafting process.²¹

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.

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

II. TOBACCO-RELATED CSR ACTIVITIES

In Indonesia, CSR by Corporations is encouraged by Law. In a country where tobacco industry remains acceptable, tobacco related CSR is highly appreciated. The banning of tobacco CSR's brand image in the PP 109/2012 is weak and is not complied. Sampoerna has focused its CSR strategically towards the country's most concerns on small and medium scale enterprise through SRC (Sampoerna Retail Community) and on human resource development through fostering relation with top level government officials (see Forms of Unnecessary Interactions).

Key Findings

- Government agencies mostly at the provincial levels supported and participated in CSR activities organized by the Tobacco Industry. The Head of Tabanan District in Bali endorsed Sampoerna's environmental campaign to collect cigarette litters through forming a movement on "*Cigarette butts are Wastes*" that was to carry on *dual campaign, to save the environment and to support shifting to E-cigarretes*.
- A number of CSR activities for Environment that gained appreciations from the respective local government officials were the mass trees plantation sponsored by Djarum for Prambanan Temple in Yogyakarta Special Province, Clean water supply by Bentoel in Malang District East Java and Djarum "Trees for Life" Talk Show attended by local gov official in Sidoarjo District.
- Sampoerna's CSR for SMEs was highly appreciated. *The Mayor of Surabaya City* acted as a *guest speaker* at a media discussion on "*Private Sector Responsibility in Accelerating SMEs*", organized by Sampoerna. *The West Kalimantan Governor* gave an *opening address* in the *West Kalimantan's SRC Retail Festival 2019*, while the *South Sumatra Governor* awarded Sampoerna as the *winner of 2019 CSR Competition* on the theme "Fostering Togetherness in Promoting the Handicraft and SME Industry to Build a Pro-

²⁰ <https://analisis.kontan.co.id/news/yang-tercecer-dari-cukai-rokok-di-2019?page=all>

²¹ <https://www.liputan6.com/bisnis/read/4014036/susun-regulasi-rokok-elektrik-kemenkeu-himpun-aspirasi-masyarakat>

People Economy and Support Local Tourism” The *South Sulawesi Governor* attended the “Retail Festival” themed “Let’s Shop at SRC” and expressed his appreciation. Meanwhile, the *DG for Agroindustry of the Ministry of Industry* visited the Sampoerna Retail Community booth at the 34th *Trade Expo Indonesia*.

- Djarum Badminton posed a threat to discontinue child audition in 2020 following the accusations from the Indonesia Child Protection Commission (KPAI) for exploiting the child during badminton’s audition for new recruits by imposing to wear Djarum’s T-shirt and exposing to a massive brand image. *The Minister of Youth Affairs and Sports confirmed that there was no child exploitation in the Djarum auditions and hoped that Djarum continued the program.* Furthermore, the Governor of Central Java also defended Djarum Foundation, which he said had long supported the development of badminton in Indonesia.

Indicators and Supporting Evidence

5A. The government agencies or its officials endorses, supports, forms partnerships with or participates in so-called CSR activities organized by the tobacco industry.

• The Government EXPRESSED their SUPPORT

- One of *PT. HM Sampoerna’s* pro-e-cigarette campaigns in Bali is the *#PuntungituSampah* or the “cigarette butts are waste” movement. The movement was an entry point to garner the support of the Bali provincial government through the *environmental issue*. Based on a media report, the movement was appreciated by the Tabanan District Head.²²
- *The Head of the DI Yogyakarta Cultural Heritage Preservation Agency* expressed appreciation for the Djarum Foundation-initiated *Candi Darling* program in Prambanan Temple. The *Candi Darling* or *Candi Sadar Lingkungan* (Environmentally-Conscious Temple) campaign mobilized hundreds of students from various universities for planting trees within the Prambanan Temple compound.²³

• The Government ATTENDED the Event with or without delivering speech

- Surabaya Mayor, Tri Rismaharini, was a *guest speaker* at a media discussion on “*Private Sector Responsibility in Accelerating SMEs*”, which was organized by PT HM Sampoerna in Surabaya.²⁴ The Mayor also attended a launching event for the Sampoerna Academy in Surabaya together with the Head of the Surabaya City Education Office and Sri Sultan



Photo 2. Surabaya Mayor with other guest speakers (Doc. Sampoerna)

²² <https://kabar24.bisnis.com/read/20190506/79/919148/gerakan-puntungitusampah-dapat-apresiasi-bupati-tabanan>

²³ https://www.djarumfoundation.org/aktivitas/detail_kegiatan/1221/3/bersama-mahasiswa-program-candi-darling-hijaukan-kawasan-candi-prambanan-dengan-ratusan-pohon-dan-ribuan-semak-berbunga

²⁴ <https://news.detik.com/adv-nhl-detikcom/d-4479777/sampoerna-turut-lahirkan-bibit-startup-dari-kalangan-ukm>

Hamengkubuwono X.²⁵

- The Head of the East Java Natural Resource Conservation Agency was present at a talkshow on *"The Impact of Waste on Climate Change and the Earth"* organized by *Djarum Trees For Life* at the Sidoarjo public square, East Java.²⁶
- The Head of the Local Women's Empowerment, Child Protection, Population Control and Family Planning of Central Lombok District attended the Smart Home Competition and Festival held by PT HM Sampoerna in Central Lombok.²⁷
- The *West Kalimantan Governor* gave the opening address for the *SRC Kalbar Retail Festival 2019*. In his speech, the Governor expressed his support to the *Sampoerna Retail Community (SRC)* for assisting SME owners. Sutarmidji also praised the newly launched AYO SRC application as an efficient way to sell goods.²⁸
- The *South Sumatra Governor* awarded companies that have helped the development of SMEs in South Sumatra. One of recipients is *PT HM Sampoerna Tbk*. The award was presented during a talkshow, where the winners of the 2019 CSR Competition on the theme "Fostering Togetherness in Promoting the Handicraft and SME Industry to Build a Pro-People Economy and Support Local Tourism to Bring South Sumatra Forward" were also announced.²⁹
- The *South Sulawesi Governor* attended the "Retail Festival" themed *"Yuk Belanja ke SRC"* (Let's Shop at SRC) held at the Celebes Convention Centre, Makassar by PT HM Sampoerna. The Governor expressed his appreciation of SRC with support from Sampoerna, and hoped that SRC can continue to compete in today's era of modern globalization while making the most of the local economy.³⁰ Meanwhile, the *Director General for Agroindustry of the Ministry of Industry*



Photo 3. West Kalimantan Governor Sutarmidji at the SRC Kalbar Retail Festival (Doc. Sampoerna)



Photo 4. South Sumatra Governor and Head of Sampoerna's South Sumatra Region at the Sampoerna Retail Community (SRC) Expo in Palembang (Doc. Sampoerna)

HMSP Dukung Pengembangan UKM



Kepala Urusan Fiskal PT HM Sampoerna Tbk (HMSP) Ishak Danuningrat (kiri) berbincang dengan Direktur Jenderal Industri Agro Rochim (tengah) di Trade Expo Indonesia ke-34 di ICE BSD City, Tangerang, Banten, Rabu (16/10). HMSP menyatakan komitmennya untuk terus mendukung visi pemerintah dalam pengembangan UKM melalui Sampoerna Retail Community (SRC) dan Sampoerna Entrepreneurship Training Center (SETC).

Photo 5. Kontan newspaper clipping, 17 October 2019, Doc. Sampoerna

²⁵ <https://www.sampoernaacademy.sch.id/id/sampoerna-academy-resmikan-kampus-ke-6-di-surabaya/>

²⁶ <https://www.tribunnews.com/nasional/2018/12/20/djarum-foundation-ajak-generasi-muda-peduli-sampah>

²⁷ Koran Sindo 28 Desember 2018, Gelar Kompetisi dan Festival Rumah Pintar

²⁸ <https://news.detik.com/adv-nhl-detikcom/d-4615173/sampoerna-dorong-ukm-tingkatkan-daya-saing-di-era-digital>

²⁹ <https://ekbis.sindonews.com/read/1395988/34/dukungan-swasta-dalam-majukan-ukm-di-sumsel-1555317135>

³⁰ <https://finance.detik.com/berita-ekonomi-bisnis/d-4469831/dorong-ukm-lokal-sampoerna-gelar-pesta-ritel-di-sulsel>

visited the Sampoerna Retail Community booth at the 34th *Trade Expo Indonesia* at ICE Serpong (Photo 5).

- *The ad interim Malang District Head Sanusi attended the official launching of a clean water facility with the Independent President Commissioner of Bentoel Group Hendro Martowardojo, and thanked Bentoel for providing the facility for the residents of Jabung Village.*³¹
- *The Technical and Excise Facility Director of the Directorate General of Custom and Excise, Director for the Beverage, Tobacco Product and Refreshment Industries of the Ministry of Industry, Head of the West Java Regional Office of the Directorate General of Customs and Excise attended the launching ceremony of PT. Philip Morris Indonesia's (PMID) maiden export shipment to Japan's duty-free market, held at PMID's manufacturing plant in Karawang. The government, represented by the Ministry of Industry and the Directorate General for Customs and Excise, supported PMID's effort to boost the export of tobacco products to other countries.*^{32,33}

5B. The government (its agencies and officials) receives contributions (monetary or otherwise) from the tobacco industry

- *Djarum Foundation succeeded in winning public sympathy when it decided to terminate its badminton scholarship audition as of 2020.*^{34,35} *The decision was made by Djarum Foundation following accusations from the Indonesia Child Protection Commission (KPAI) that the Djarum auditions contain elements of child exploitation.*³⁶ *The Minister of Youth Affairs and Sports in a press release believed that there was no child exploitation in the Djarum auditions, and hoped that the program will continue.*³⁷ *Furthermore, the Governor of Central Java also defended Djarum Foundation, which he said has long supported the development of badminton in Indonesia.*³⁸

III. BENEFITS TO THE TOBACCO INDUSTRY

Tobacco industry does not have to bother about policy support. The 2019 monitoring data revealed the government ministries voluntarily defended policies that give benefits to the tobacco industry without considering public health concern. It could be misleadingly interpreted as no evidence of Tobacco Industry Interference under this variable this monitoring period.

Key Findings

³¹ <https://ekbis.sindonews.com/read/1417686/34/bentoel-group-fasilitas-air-bersih-untuk-masyarakat-malang-1562322600>

³² <https://m.tribunnews.com/bisnis/2019/06/24/philip-morris-international-siapkan-strategi-bisnis-rokok-bebas-asap>

³³ <https://www.pikiran-rakyat.com/jawa-barat/pr-01308639/cukai-tembakau-dan-rokok-masih-jadi-andalan-negara>

³⁴ <https://www.suara.com/news/2019/09/09/090733/pb-djarum-pamit-hentikan-audisi-akun-kpai-diserang-warganet>

³⁵ <https://www.wartaekonomi.co.id/read245643/pb-djarum-pamit-pebulutangkis-ini-buka-suara>

³⁶ <https://sport.detik.com/raket/d-4697540/audisi-umum-bulutangkis-pb-djarum-dihentikan-mulai-2020>

³⁷ <https://www.cnnindonesia.com/olahraga/20190908164548-170-428557/menpora-tak-ada-unsur-eksploitasi-di-audisi-pb-djarum>

³⁸ <https://www.cnnindonesia.com/olahraga/20190909153045-170-428802/gubernur-jateng-bela-pb-djarum-gelar-audisi>

- The DG of Custom Ministry of Finance defended the excise tax cancellation as way to sustain tobacco industry's survival, and not being disturbed by excise tax simplification. Initial rejections came from MPs who accused the excise tax increase as foreign driven influence on the Finance Minister. The Governor of Central Java and Head of Temanggung District planned to negotiate with central government, while the reps of the Coord Minister for Economics blamed tax increase as being responsible for the growth of tobacco industry.
- The Head of the Indonesian FDA's proposal to ban E-cigarette was strongly opposed by MPs Commissions IX and VI; the Head of West Java Excise Tax Office agreed with the DG of Custom and Tax policy to impose excise tax on E-cig to legalize the sale of the products. In a situation of pros and cons, the new Health Minister has not given his standpoint; he would consider all public aspirations and would not make any rash decisions on vaping as the issue still needs to be reviewed.
- would waiting for more evidence before making rash decision.
- The DG of the Ministry of Industry was against enforcing banning online tobacco ads arguing that as long as the ads comply with the law where the display of cigarettes and their packaging is prohibited, they are legal and permissible.
- Referring to the TC Roadmap of MOH for developing plain packaging in 2020-2024, if it were complied in the current PP 109/2012 revision, a Ministry of Industry Official commented it would have given rise to illicit cigarettes in the market.
- The SF Regulation of Surabaya District launched in 2012 has gone a 3-year delay due to rejection from the local MPs

Indicators and Supporting Evidence

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

It wil

- The Ministry of Finance canceled plans to simplify the tobacco excise tax structure following the revocation of the Finance Ministerial Regulation on simplification in concurrence with the cancellation of plans to raise tobacco taxes 2019. The Directorate General for Customs and Excise explained that the decision to not simplify the tobacco excise tax structure was in consideration of the need to ensure the continued survival of the tobacco industry. The simplification policy should not disrupt the domestic tobacco industry.³⁹ Many public officials have objected to the simplification of the tobacco excise tax structure, including members of national parliament from the Golkar party faction, Firman Soebagyo,⁴⁰ member of parliamentary Commission XI, Andreas Eddy Susetyo,⁴¹ and Commissioner of the Business Competition Supervisory Commission (KPPU) Kodrat Wibowo.⁴² Agatha Widianawati, Division Head for the Indonesian Labor Ministry's Legal and International Cooperation Office informed on plans to revive the Finance Ministerial

³⁹ <https://money.kompas.com/read/2019/10/31/181600226/simplifikasi-cukai-rokok-dibatalkan-ini-penjelasan-bea-cukai>

⁴⁰ <https://www.medcom.id/ekonomi/mikro/aNrqB8PK-penggabungan-golongan-rokok-bisa-kebiri-produksi-tembakau>

⁴¹ <https://www.liputan6.com/bisnis/read/4042935/penyederhanaan-cukai-rokok-tak-berpihak-ke-petani-tembakau>

⁴² <https://ekonomi.bisnis.com/read/20190911/9/1146969/kppu-simplifikasi-cukai-rokok-ciptakan-oligopoli->

Regulation No. 146/2017, which will impact on the tobacco industry's ability to survive and thereby on worker layoffs.⁴³

- The e-cigarette distribution ban proposed by the Head of BPOM (National Drug and Food Agency) was rejected by many public officials, including the Deputy Chair of parliamentary Commission IX, Melki Laka Lena,⁴⁴ and member of parliamentary Commission VI Adisatrya Suryo Sulisto.⁴⁵ Meanwhile, the West Java Regional Office Head of the DJBC (Directorate General for Customs and Excise) *agreed with the need to regulate, for legalizing e-cigarettes*. According to him, DJBC's imposition of excise tax on e-liquid producers was intended to legalize the sale of the product.⁴⁶ Health Minister Terawan Agus Putranto stated that he will take into consideration public aspirations concerning the use of e-cigarettes, and will not make any rash decisions on vaping as the issue still needs to be reviewed.⁴⁷
- The Director General for Agroindustry of the Ministry of Industry, Abdul Rochim, regretted how the Health Ministry pressured the Ministry of Communication and Informatics to block tobacco advertising on the internet. Abdul Rochim disagreed with a total ban on internet-based cigarette advertising, arguing that as long as the ads comply with the law where the display of cigarettes and their packaging is prohibited, they are therefore legal and permissible.⁴⁸
- In response to the Health Ministry's tobacco control roadmap that plans for plain tobacco packaging by 2020-2024 and if it were complied in the current revision of Government Regulation No. 109/2012, the Subdirector Head for the Development of Beverage and Tobacco Product and Refreshment Industries of the Ministry of Industry, Mogadishu Ertanto, said that plain tobacco packaging would give rise to illicit cigarette in the market. Ertanto went on to say that plain packaging has proven to not be effective in reducing cigarette consumption, and therefore no need to impose.⁴⁹
- Further discussion on the Draft Local Smoke-Free Area Regulation for Surabaya City in early 2019 was rejected by members of a special committee from the PDIP party faction.⁵⁰ The draft local regulation however was eventually passed on April 2019, but only after a prolonged process that took 3 years before it was finally enacted.⁵¹

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

- Several members of parliament who supported the tobacco industry and rejected a more than 10% excise tax hike included a member of the Budget Council from the Gerindra party faction, Bambang Haryo⁵². Mukhamad Misbakhun on the other hand brought attention to the current market saturation facing the national tobacco industry. The

⁴³ <https://ekbis.sindonews.com/read/1440464/34/simplifikasi-cukai-dikhawatirkan-berujung-phk-1568706085>

⁴⁴ <https://www.liputan6.com/bisnis/read/4113755/dpr-minta-bpom-lakukan-kajian-terkait-rokok-elektrik>

⁴⁵ <https://www.pikiran-rakyat.com/ekonomi/pr-01324250/industri-vape-sumbang-rp-2-triliun-untuk-negara>

⁴⁶ <https://republika.co.id/berita/q030ta368/potensi-cukai-rokok-elektrik-di-jabar-capai-rp-100-miliar>

⁴⁷ <https://www.cnnindonesia.com/nasional/20190804181642-20-418270/menkes-tampung-aspirasi-masyarakat-soal-penggunaan-vape>

⁴⁸ <https://mediaindonesia.com/read/detail/243724-larangan-iklan-rokok-di-internet-dipandang-inkonstitusional>

⁴⁹ <https://manado.tribunnews.com/2019/07/25/penerapan-kemasan-rokok-polos-dikhawatirkan-picu-produk-illegal>

⁵⁰ <https://www.jpnn.com/news/pdip-tolak-pansus-raperda-kawasan-tanpa-rokok>

⁵¹ <https://news.detik.com/berita-jawa-timur/d-4497284/perda-kawasan-tanpa-rokok-di-kota-surabaya-akhirnya-disahkan>

⁵² <https://www.cnbcindonesia.com/news/20190903120039-4-96744/dpr-tolak-kenaikan-tarif-cukai-rokok-sampai-10-lebih>

government must ease tax burden by not imposing excessive tobacco excise rates.⁵³ Apart from their objection to an average 23% tax increase, members of parliament Misbakhun and Abdul Kadir Karding also maintained that the *policy was influenced by international pressure* because Finance Minister Sri Mulyani is a member of the *Task Force on Fiscal Policy for Health* initiated by Bloomberg, a financial, software and media multinational corporation founded by Michael Bloomberg.^{54,55}

- Member of the Central Java parliament, M. Hendri Wicaksono, said that 2.5 million tobacco farmers and 200 thousand workers in the tobacco industry will be affected by the cigarette excise tax and retail price increase, which will lead to social problems.⁵⁶
- Other than lawmakers, rejection against the excise tax increase also came from several local leaders such as Governor Ganjar Pranowo who said that he will communicate with the central government to make sure that the policy will not be to the detriment of tobacco farmers.⁵⁷ The Central Java Governor even brought the matter over to the Regional Representative Council's Committee IV who was paying an official visit to Central Java.⁵⁸ The District Head of Temanggung, HM Al Khadziq, and the Tobacco Task Force also rejected the excise tax hike, arguing that it will directly impact on the final stages of tobacco buying.⁵⁹
- In late 2019, Assistant Deputy for Industry Development of the Coordinating Ministry of Economic Affairs, Atong Soekirman, contended that a decline in the tobacco industry is attributable to the government's excise tax increase.⁶⁰

IV. FORMS OF UNNECESSARY INTERACTIONS

The unnecessary interactions between top level government officials with the tobacco industry were substantial in 2019. Not less than 7 evidence were reported in the media, among which the MOU between Minister of Research, Technology and Higher Education got the most coverage, while the controversial case of child exploitation related to audition of Djarum Badminton gained mix reactions from the public mostly in social media.

Key Findings

- Wearing Djarum Badminton t-shirt, Moeldoko, *the Head of the Executive Office of the President (KSP)* paid investigative visit to Djarum's office in Central Java in response to a report filed by Djarum Foundation's Program Director for Sports against alleged exploitation of children in the Djarum badminton audition for new recruits and showed his support. He *asserted that children were not being exploited in the program* and insisted that *Djarum's audition be continued* to maintain Indonesia's badminton achievement.

⁵³ <https://ekbis.sindonews.com/read/1450612/34/pemerintah-disarankan-beri-relaksasi-untuk-industri-rokok-1571585746>

⁵⁴ <https://www.jpnn.com/news/misbakhun-curiga-kenaikan-cukai-rokok-sarat-kepentingan-asing>

⁵⁵ <https://indonesiainside.id/ekonomi/2019/11/29/kenaikan-cukai-rokok-dinilai-buah-tekanan-luar-negeri-dan-salah-kaprah>

⁵⁶ <https://www.gatra.com/detail/news/456243/politik/kenaikancukai-tembakau-harus-moderat-agar-petani-tak-sekarat>

⁵⁷ <https://www.gatra.com/detail/news/444876/kesehatan/-apti-jateng-keberatan-kenaikan-cukai-tembakau-23>

⁵⁸ <https://www.antaranews.com/berita/1192455/ganjar-sampaikan-masukan-terkait-kenaikan-cukai-rokok-kepada-dpd>

⁵⁹ <https://www.ayosemarang.com/read/2019/10/15/45711/bupati-temanggung-sampaikan-tiga-catatan-kritis-terkait-kenaikan-cukai>

⁶⁰ <https://www.validnews.id/Industri-Hasil-Tembakau-Minus-13--Dampak-Kenaikan-Cukai--hsG>

- *The Minister of Finance* granted “the most tax friendly corporate” in 2019 Country Contributor Award as an appreciation for being the most contributor in taxation sector
- *The Minister of Industry* extended appreciation to SRC at the 11th SRC Anniversary for their concern on Small and Medium-Scale Enterprise to improve inclusive economic ecosystem towards self-reliance and said that tobacco industry was part in the *country’s national and cultural history, especially concerning the kretek cigarette industry*.
- *The DG of Ministry of Industry* accepted assistance from Sampoerna to enforce PP 109/2012 by campaigning of “*Preventing Children’s Access to Purchase Cigarettes*” (PAPRA) implemented in partnership with SCR outlets
- *The Ministry of Research, Technology and Higher Education* signed a Memo of Understanding with Sampoerna on research and development of value-added tobacco products. The Director General of Innovation Strengthening of the Ministry, referring to the government’s provision on incentives given to industries that play a role in R & D explained that Sampoerna would receive incentives in the form of tax deductions. He stated that aside from enhancing industry and innovation-based national education, the Ministry would benefit from Sampoerna’s big factory facilities in Malang City for training and internship. The President Director of Sampoerna said that the industry would follow through Philip Morris’s heading towards the development of hi-tech tobacco alternative, IQOS, to reduce the dangers of burnt tobacco. He confirmed that beside helping smokers of legal age to obtain Modified Risk Tobacco Products (MRTPs) at the local markets, *the MOU would serve a scientific-based IQOS Regulation*
- Following the MOU with Sampoerna, the Ministry of Research, Technology and Higher Education held a joint workshop with the United States-ASEAN Business Council (US-ABC) on the “*1st US-ABC Indonesia Innovation Series SME Workshop*” in Bali sponsored by Sampoerna dan Juul. Another collaborative work between Sampoerna and the Center for Science and Technology of the Ministry of Research and Technology on “*Indonesia Innovation for SME Workshop and Innovation Talks*” was conducted two months later.

Indicators and Supporting Evidence

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

- The Head of the Executive Office of the President (KSP), Moeldoko, visited PB Djarum in response to a report lodged by Yoppy Rosimin, Djarum Foundation’s Program Director for Sports against alleged exploitation of children in the Djarum badminton scholarship audition, and showed his support.⁶¹ *Wearing a Djarum Badminton t-shirt, the former military commander asserted that children were not being exploited in the program, and insisted that PB Djarum’s Audition Program must continue in order to maintain Indonesia’s badminton prowess.*



Photo 6. KSP Head seen wearing a Djarum Badminton t-shirt
Source: lintaspapua.com

⁶¹ <https://www.liputan6.com/bola/read/4061423/polemik-eksploitasi-anak-berakhir-moeldoko-sambang-markas-pb-djarum>

- PT HM Sampoerna TBK's (Sampoerna) Head of Tax, Eulis Eliyani, received "The Most Tax Friendly Corporate" award at the TEMPO Country Contributor Award 2019. The award was presented personally by the Indonesian Minister of Finance, Sri Mulyani Indrawati. It was a form of *appreciation to companies with the highest tax contribution*.⁶²



Photo 7. Finance Minister Presenting The Most Tax Friendly Corporate Award
Source: www.nasional.tempo.co

- The Minister of Industry** at the 11th SRC Anniversary event expressed his *appreciation of the Sampoerna Retail Community program*. Airlangga said that the program demonstrated Sampoerna's concern over SMEs, making sure that they can grow and develop together through *capacity building and creating an inclusive commercial ecosystem*, which in turn will lead to *economic independence* at the national and subnational level.⁶³ At a different occasion, Airlangga acknowledged that the tobacco industry is as one of the country's manufacturing sectors that has made *significant contributions to Indonesia*.



Photo 8. The Minister of Industry delivering his opening address at the 11th SRC Anniversary in Jakarta
Source: www.medcom.id

According to him, the tobacco industry is *part of the country's national and cultural history, especially concerning the kretek cigarette industry*.^{64,65,66}

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)

- The Director General for Agroindustry of the Ministry of Industry**, Abdul Rochim, attended an event for Sampoerna's program on *Preventing Children's Access to Purchase Cigarettes (PAPRA)*. The company claimed that the program, which was implemented in partnership with the Sampoerna Retail Community (SRC), can *help the government enforce Government Regulation No.109/2012*, specifically on making sure that cigarettes are inaccessible to children.⁶⁷



SOSIALISASI PAPRA: Dirjen Industri Agro Kemenperin Abdul Rochim (kiri), Director External Affairs Sampoerna Elvira Lianita (tengah), dan dua perwakilan pemilik toko kelontong menyosialisasikan program Pencegahan Akses Pembelian Rokok oleh Anak-anak (PAPRA), di Jakarta, Senin (18/11). Program PAPRA

Photo 9. Media Indonesia news clipping, 20 Nov 2019
Doc. Antara (Audy Alwi)

⁶² <https://nasional.tempo.co/read/1273035/sampoerna-raih-penghargaan-pajak>

⁶³ <https://www.medcom.id/ekonomi/mikro/0k8Do5Pk-menperin-apresiasi-pemberdayaan-ukm-oleh-sampoerna>

⁶⁴ <https://www.jpnn.com/news/menperin-ih-t-jadi-bagian-sejarah-bangsa-khususnya-rokok-kretek>

⁶⁵ <https://www.liputan6.com/bisnis/read/3929434/menperin-sebut-pekerja-linting-kretek-jadi-pahlawan-industri>

⁶⁶ <https://money.kompas.com/read/2019/03/25/224320726/kemenperin-industri-hasil-tembakau-serap-59-juta-tenaga-kerja>

⁶⁷ <https://www.beritasatu.com/nasional/585984-pencegahan-akses-rokok-bagi-anak-ditingkatkan>

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

- The Ministry of Research, Technology, and Higher Education signed a MoU with PT HM Sampoerna Tbk (HMSP) for developing education, research and data exchange. The MoU is expected to help improve the national education sector by becoming more industry-based and innovation-driven. The Ministry's Director General for Strengthening Innovation, Jumain Appe, explained that the program partnership is in line with government efforts to push businesses into contributing more towards research and education. Companies involved in research and development will be incentivized through tax deductions.
 - *"Sampoerna has a large cigarette manufacturing plant in Malang where the facilities are meant for production and research. In addition to working with research and development institutes, especially in chemical engineering, the company also encourages human resource development through internships."*^{68,69}
- The MoU with the Ministry of Research, Technology and Higher Education is the initial stage for the development of IQOS in Indonesia. HMSP President Director, Mindaugas Trumpaitis, said that HMSP will continue with what its parent company Phillip Morris International (PMI) has done in developing IQOS, a high-tech alternative tobacco product, to reduce the dangers of combustible tobacco. Through the MoU, Mindaugas stated that HMSP will help smokers of legal age to access Modified Risk Tobacco Products (MRTD) at local markets. Furthermore, the MoU can support the government in making decisions on regulating IQOS based on research and science.^{70,71,72}
- The Director General for Strengthening Innovation of the Ministry of Research, Technology, and Higher Education, Jumain Appe, mentioned his office's intention to secure the IQOS technology to add value to tobacco products, whereby IQOS' production process in Indonesia can utilize the country's available resources.



Photo 10. PT HM Sampoerna Tbk President Director, Mindaugas Trumpaitis (left), shakes the hand of the Director General of Strengthening Innovation of the Ministry of Research, Technology and Higher Education, Jumain Appe (middle), at the Ministry's office in Jakarta (Source: ANTARA/Audy Alwi/hp)



Photo 11. 1st US-ABC Indonesia Innovation Series & SME Workshop in Bali, 26/08/2019.
Source: <https://www.ristekbrin.go.id/galeri/1st-us-abc-indonesia-innovation-series-sme-workshop/>

⁶⁸ Insentif untuk Pelaku Riset, Media Indonesia, 23 May 2019

⁶⁹ Kemenristek Jalin Kerjasama Penelitian Tembakau, Harian Ekonomi Neraca, 23 May 2019

⁷⁰ Iqos Dimatangkan, Bisnis Indonesia, 23 May 2019

⁷¹ <https://ekonomi.bisnis.com/read/20190522/257/926041/hms-mulai-ri-set-produksi-dan-pemasaran-iqos>

⁷² <https://news.okezone.com/read/2019/05/22/65/2058961/mendorong-pengembangan-ri-set-dan-inovasi-teknologi-tembakau>

- Apart from the MoU, the Ministry of Research, Technology and Higher Education and PT HM Sampoerna have partnered for other activities as published in the Ministry's official website, including the *1st US-ABC Indonesia Innovation Series SME Workshop* held in Bali that was organized by the United States-ASEAN Business Council (US-ABC) in which PT HM Sampoerna and Juul are among the sponsors.⁷³ Two months later, the Ministry's Education and Training Centre (Puspitek) collaborated with PT HM Sampoerna for Puspitek Innovation Festival (PIF) 2019 in which one of the agendas was the *Indonesia Innovation for SME Workshop and Innovation Talks*.⁷⁴

V. TRANSPARENCY

Tobacco Industry is viewed as a normal business. Meeting with the industry is treated as other common meetings, both in preparing the agenda and the minutes of meeting. No specific treatment for tobacco industry nor any rules to follow. More and more government interactions with the tobacco industry are made open in public even with the media to cover. Transparency is no longer a significant issue, except for illegal transactions, as is the case with other businesses.

Indicators and Supporting Evidence

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

- There is no standard mechanism for the government to openly disclose information on meetings/interactions with the tobacco industry or their outcomes.

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

- 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.

⁷³ <https://www.ristekbrin.go.id/galeri/1st-us-abc-indonesia-innovation-series-sme-workshop/>

⁷⁴ <https://pusdiklat.ristekbrin.go.id/2019/10/indonesia-innovation-for-sme-workshop-and-innovation-talks-tahun-2019-digelar/>

VI. CONFLICT OF INTEREST

Key Findings

There are no rules that prohibit contributions from any sources including the tobacco industry during the electoral campaign, nor for retired government officials to work for the industry after their government services. The 2019 monitoring data showed *a retired Director in the MOI posted as the Sec Gen of GAPRI (Indonesian Cigarette Factory Association)*

But there are strict rules for active government officials and their relatives not to work with other than government; In addition, those who involve in political campaign are obliged to leave their duty.

Indicators and the Supporting Evidence

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.

- 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.

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

- In Sept 2019, Willem Petrus Riwu, a retired Director of Beverage Industry, Tobacco Products and Refresher Materials and retired Head of Data and Information Center, Ministry of Industry appeared in the newspaper as the *Secretary General of GAPPRI (Indonesian Cigarette Factory Association)*.⁷⁵ Willem Petrus was well known of being very close with the tobacco industry since he had been in his position as the Director of Beverage Industry, Tobacco Products and Refresher Materials from 2016 to 2017⁷⁶.

⁷⁵ <https://www.gatra.com/detail/news/446443/ekonomi/gappri-prediksi-dampak-kenaikan-cukai-rokok-pada-020>

⁷⁶ <https://majalah.tempo.co/read/nasional/152400/legislasi-tembakau-aroma-korporasi?>



Gambar 12. Documentation Picture from Courtesy call of TC advocates regarding Tobacco Bill was attended by representatives of Tobacco Industry with the Permission from the Director of Beverage Industry, Tobacco Products and Refresher Materials.
Picture Source: Majalah tempo, 29 January 2017

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

- 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

Only Ministry of Health has Tobacco Industry Code of Conduct that has yet to be fully understood by all MOH program units and followed properly. Having only one ministry in the Cabinet with a Code of Conduct for dealing with TI is not effective to prevent Indonesia from Tobacco Industry Interference. It needs a whole of government effort to counter the TI conduct that undermines Public Health Policy.

Key Findings

- The Indonesian Guidelines for Managing Conflict of Interest under the Minister of Administratives and Bureaucratic Reforms No 37 / 2012 applies to all establishments outside the government sectors and not specifically designed for the harmful tobacco industry. Only MOH had elaborated this guideline to suit tobacco industry code of conduct. The CSO Advocacy to the Minister of Administrative and Bureaucratic Reforms a few years back to develop a National Code of Conduct when dealing with the Tobacco Industry has gained soft objection.

- There is no provision anywhere to disclose the record of interaction except the usual minutes of meetings, while the government requirements from report from the tobacco industry is minimum and limited to MOF data for annual tax calculations. Other statistical data are collected by Central Bureau of Statistics.

Indicators and the Supporting Evidence

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.

- There is no specific regulation on record keeping of interactions with the tobacco industry. Tobacco industry is treated similarly with other businesses and common citizens. Normally, formal meetings are recorded in the form of minutes of meetings; The same applies to tobacco industry.

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.

- The Indonesia civil servants have the Minister of Administrative and Bureaucratic Reforms Regulation No. 37/2012 on “Guidelines for Managing Conflict of Interest” that is applied to all establishments outside the government sectors, but not exclusively designed for tobacco industry. This regulation however, served the reference for MOH to develop and implement a regulation on tobacco industry code of conduct back in 2016. The Health Minister Regulation No. 50/2016 on “Guidelines for Managing Conflict of Interest with the Tobacco Industry within the Health Ministry” covers additional provisions relevant to tobacco industry that was used to reject courtesy visit of TI to MOH DG for Public Health with regard to PHW revision in 2017 and another recent event to be kept for 2021 report.

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.

- 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. are collected by the Central Bureau of Statistics. There is no obligation to report on other activities such as advertising, promotion and sponsorship expenditures.

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

- 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.

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.

- Among all government ministries, only MOH has policy in place to prevent government officials within the National MOH administration from any types of tobacco industry contributions, assistance and offers. It is stated in The Minister of Health Regulation No 50 year 2016 on Guidelines for Managing Conflict of Interests with the Tobacco Industry. National-wide this only one minister having Tobacco Industry code of conduct is not effective in preventing Indonesia from Tobacco Industry Interference. The CSO advocacy to the Minister of Administratives and Bureaucratic Reforms to develop exclusive code of conduct applied to tobacco industry had met with no success.

CONCLUSIONS

- Indonesia has a total score of 82 in 2019, an increase from 75 in 2018 that was contributed by Unnecessary Interactions with the Tobacco Industry. Six among the 7 (seven) incidence of top-level government interactions were with Sampoerna that has reached its peak in a Memo of Understanding with the Minister of Research, Technology and Higher Education on R & D of value-added tobacco products. It paved the way for IQOS investment in Indonesia and as conceded by the President Director of Sampoerna was to lay the foundation for a scientific-base policy for IQOS.
- Overall, Sampoerna has dominated Tobacco Industry Interference in 2019, extended from promoting SRC as part of CSR for Small and Medium Scale Enterprise, Environmental Campaign through mobilizing a movement on “Collecting cigarette litters” for dual purposes to clean the environment from cigarette butts and to shift to E-cigarettes, offering support for PP 109/2012 implementation through prohibiting cigarette purchase by minors besides the signing of MOU with the Ministry of Research, Technology and Higher Education, and sponsoring two workshops on “Indonesia Innovation for SME Workshop”, one involved US-ASEAN Business Council.
- Sampoerna received “the most tax friendly corporate” award from the Minister of Finance and high appreciation from the Minister of Industry at the 11th SRC Anniversary for their concern on Small and Medium-Scale Enterprise as well as their taking part as tobacco industry in the national history of cultural kretek cigarettes.
- Front groups played a big role in speaking for tobacco industry’s interest, while many public statements delivered by MPs and government officials benefited the tobacco industry
- Despite all the efforts that CSOs have done to de-normalize tobacco industry, the government was not convinced about the harmful effects of tobacco products; the TC policy is weak and is not fully enforced. Even then, almost all government policies are dedicated towards investments for economic growth than public health protections. That explains why tobacco industry conducts were not seen as interference, instead a private sector contribution to national development. Preventive measure to protect the bureaucracy from tobacco industry interference would be considered irrelevant.

RECOMMENDATIONS

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

Reporting Period

12 months: January-December 2019.

Sources of Data

Daily monitoring of print and online media from PT. Integrasi Media Digital between January 1st, and December 31st, 2019. 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>
- Ministry of Research, Technology and Higher Education <https://www.ristekbrin.go.id>
- 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.

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.