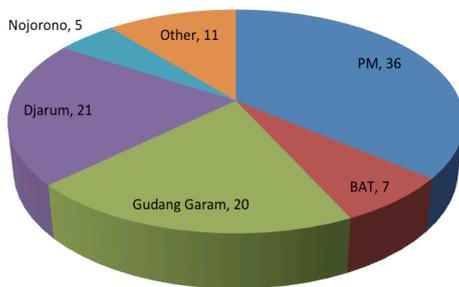


TOBACCO INDUSTRY EXPANDING IN INDONESIA

The large and young Indonesian population is important to the tobacco industry to grow its profits. There are already about 65 million smokers in Indonesia and many thousands more are becoming smokers every day. The tobacco industry (TI) must make the 65 million continue to smoke and keep recruiting the thousands for many years. This is why the tobacco industry and its spokespersons vigorously fight tobacco control measures and also attack public health advocates. When the truth is told, it is clear that the tobacco industry is the real enemy of the Indonesian people.

TI in 2014 describes Indonesia as an “auspicious growth market of Asia” and aims to further “increase tobacco product sales in existing regional markets and opening up new ones.” This means more disease, suffering and death for Indonesian people. Philip Morris International calls Indonesia an “extremely exciting market for future growth”. In 2013 total cigarette sales increased to 308 billion sticks.

5 Big Companies Control 90% Of Cigarette Market



What Smokers Spend In 1 Year

29.3 (smoking prevalence) x 241 million (population) x 12 cigarette (mean number of cigarette smoked) x IDR 600 (price of a single cigarette) x 365 days =

▶ **IDR 18,557,964,000,000 (IDR 18 trillion)**

A smoker spends:

IDR 600x12x365 = IDR 2,628,000 per year

▶ **IDR 219,000 per month**

Tobacco Industry Benefits If More Children Smoke

More than 30 percent of Indonesian children smoke a cigarette before they reach 10 years. 17.5 percent of 10-14 year old children smoke. There are about 4 million new smokers from this age group; i.e. 520 new child-smokers every day. The number of children smoking in this age group has doubled this past 10 years. It is worrying that about 2 percent of children between the ages of 5-9 years smoke. The initiation age to smoke is getting young.



Poor People Waste Money By Smoking



Poor families spend about 10 percent of their income on tobacco. More poor and less educated men smoke. It is a scandal that the industry reaps big profits by addicting poor people. People who do not have health insurance were found more among smokers.

Although fewer woman smoke, the female smoking prevalence is increasing. The tobacco industry attacks any move to ban tobacco advertising. Indonesia is the only country in Asia where tobacco advertising is still allowed.

How The Tobacco Industry Attacks Public Health

TI Misleads By Exaggerating Statistics

Although there are only about 690,000 tobacco growers in Indonesia, the tobacco industry and its spokespersons routinely inflate the figures into millions. Tobacco farming is not a major employment sector in the country since it makes up only 1.6 percent of employment in the agricultural sector and 0.6 percent of total employment. Besides, the tobacco growers also grow other crops. Similarly retailers who sell cigarettes, also sell many other products. However when fighting tobacco control, TI spokespersons provide varying figures anywhere, between 3 – 10 million jobs. A myth when repeated often enough, becomes a factoid. Recently the Director General of Agro Industry of Ministry of Industry said cigarettes and tobacco are not only health issues, but also it is a priority industry which gives the country duty and value added tax worth Rp 150 trillion, plus provided 6 million jobs.¹ The head of Association of Indonesia Tobacco Farmers (APTI), appealed to the new President to protect the sustainability of tobacco farmers and national tobacco industry, because the sector is contributing 60 million jobs. The exaggeration grows despite it being illogical.²

TI Spreads Fear Among Farmers

Spreading misleading information that tobacco control will put farmers out of a job has created fear and uncertainty among tobacco farmers. This has resulted in farmers protesting in thousands in front of the Parliament and government offices. They carry placards and wear T-shirts in English, sponsored by the tobacco industry. Do farmers know what FCTC means?



TI Front-Groups Twist-and-Turn The truth

No one called for a ban on tobacco or cloves in Indonesia but TI front groups claim the health community wants a ban. This is effective tactic to scare farmers and cause unnecessary anxiety. Hence there are statements from farmers groups saying “kretek should not be banned because it is different to flavoured cigarettes since it uses natural cloves – not clove flavour.”³ In February this year, Alliance of Indonesia Tobacco Society (AMTI) claimed the regulation of plain packaging of tobacco product will cause negative impact and threaten the Tobacco Industry which is considered important component of the country's economy. This is a non-existent proposals because the Ministry of Health has not proposed plain packaging for Indonesia.

In another example the Head of Indonesia Association of White Cigarette Manufacturers (Gaprindo), said that the industry rejected the plan of ratification because it will not be confined to just addressing the danger of smoking, but it will lead to ban of tobacco consumption and production." None of the 179 countries who ratified the FCTC have banned tobacco. Even without FCTC the small scale companies are already hurt by the big tobacco companies expanding rapidly. The Indonesia Tobacco Society Movement (Gemati) in February 2014, claimed that FCTC can harm tobacco farmers; in particular, their welfare due to price uncertainty caused by FCTC implementation. Of course Gemati failed to mention it is the TI that determines the price of tobacco leaves. However the front groups do not mention how the farmers benefit from the 2% of the excise tax on tobacco products is set aside for farmers that can be used for: 1) improvement of the quality Of Raw materials; 2) development of the tobacco industry; 3) social development; 4) dissemination of excise regulations; And 5) law enforcement on illicit tobacco products.

TI Representatives Demonise Officials And Health Advocates As Enemies

The TI has erected a billboard displaying 10 outstanding citizens labelling them as “enemies”. They are: Hakim Sorimoda Pohan (former





Health Minister, TC Advocate), Kartono Mohamad (head of TCSC), Dr Endang (former Health Minister), Abdillah Ahsan (economist from LDUI), Tulus Abadi (TC lawyer, YLKI), Fauzi Bowo (former Governor of Jakarta responsible for 100% smoke-free Jakarta), Arist Merdeka (Head, NCCP) Seto Mulyadi (former Head of NCCP), Azas Tigor (Human Rights lawyer, head of FAKTA), Todung Lubis (Human Rights lawyer). These advocates have been making statements in the media calling for tobacco control measures to protect public health.

Using The Courts To Challenge Tobacco Control

There are six cases brought by representatives of the tobacco industry against tobacco control measures, including challenging well established scientific facts that nicotine is addictive. Several Indonesian smokers have challenged the constitutionality of Indonesia's Health Law that sought to restrict smoking in work and public places as well as implementation of pictorial health warnings on cigarette packs.

Hijacking Tobacco Control Law In Parliament

A draft Bill on tobacco control introduced in Parliament in 2009 however was hijacked by the tobacco industry. A second pro-industry draft Bill was introduced and Parliamentarians sympathetic to the tobacco industry tried to rush the Bill during the 2009-2014 term.⁴ The House of Representatives Legislative Body added the tobacco Bill without approval of party factions or a House Commission. When the former Health Minister indicated that the industry was behind this new draft Bill in Parliament, a pro-industry Parliamentarian reminded the Health Minister to be careful in criticizing the Parliament, because it has immunity in having its opinion. He added, if the Health Minister does not change to position herself as a statewoman who prioritized the interest of people, the lawmakers will not hesitate to initiate class action.

Opposing FCTC By Calling It An International Conspiracy

Parliamentarians, who were provided with misleading information from the tobacco industry claim the government's plan to accede to the FCTC is engineered by a global conspiracy to control national cigarette industry. A Member of Commission III of the Parliament, in the discussion *Urgency to Ratify Tobacco Product Control (FCTC)*, in December 2013 claimed the FCTC will make it more difficult for the local cigarette manufacturers so the reason was not merely a health issue, but to promote the foreign white cigarette industry. Similarly a member of the Parliament's Legislation Body said that accession to the FCTC works against the livelihood of millions of tobacco farmers who will become jobless.⁵

Parliamentarians who oppose the FCTC don't know its background. The truth is the **Indonesian government had actively supported and participated in the direct development of the text to the FCTC in Geneva between 2000 and 2003**. The government attended all six negotiation sessions and for the final session even sent a large delegation of 10 officials for 2 weeks to Geneva. In total, **42 officials** participated in the development and finalisation of the FCTC text. In the final session a representative from Ministry of Industry & Trade also attended. Hence it is strange to now label the FCTC as a "foreign agenda". Besides it is also surprising that the Ministry of Trade is now opposing accession to the FCTC.

Tobacco Industry Is The Real Enemy Of The People

The tobacco industry manufacturers and sells a product that keeps 65million people addicted daily, and kills 192,000 people a year and many hundreds of thousands more who are sick and seeking treatment. It intends to sell more cigarettes and addict more people so that it can increase its profits. The tobacco industry is the real enemy of the people. Besides that, this industry's behaviour brings economic hardship to its own workers, breaks the law of the country and exploits vulnerable people.

Tobacco Companies Cause Job Losses

Tobacco control measures do not cause job losses. Big tobacco companies are responsible for job losses. In 2014, the top three cigarette manufacturers retrenched about 12,000 workers. PT HM Sampoerna laid off 4,900 workers in Lumajang and Jember, while PT Bentoel retrenched 1,000 employees. Currently, PT Gudang Garam is conducting early retirement to reduce 6,408 of its work force. Many small cigarette manufacturers have already gone out of business.⁶

Tobacco Companies Pay Low Leaf Prices To Farmers

In July 2014 it was reported leaf production dropped due to price decreased by 100 percent. Production of tobacco in Kendal, Central Java decreased due the price in the area dropping to Rp20,000 per kg to 30,000 per kg, compared to last year's price of Rp40,000 per kg.⁷ Fluctuating price of tobacco leaves is an annual occurrence leaving the farmers always on the losing end,⁸ with the local government threatening to revoke business permits of the tobacco companies.⁹

Tobacco Companies Violate The Law

Despite a ban on publicity of sponsored events, the tobacco industry continues to advertise sports sponsorship and other sponsored events on TV and billboards and online. The TI brazenly violates the law while the government and international bodies such as the World Badminton Federation have not been able to stop it.

Tobacco Companies Delay Warning Indonesians Of Real Dangers Of Smoking

The 24 June deadline for applying pictorial health warnings (PHW) on packs is long past. The tobacco companies were given additional two months grace period (till 24 August) which expired – but still no full compliance from tobacco companies. In 7 cities surveyed end of August, there was about 50% compliance in some places, and even less in others. This is outright disregard and defiance of the law. BAT has the worst record of non-compliance. Even shops located right outside the tobacco factories in Surabaya are selling packs with no PHW. Meanwhile shops are selling aluminium cases with Sampoerna logo to cover the gory warnings. Smokers are asking for packs with no pictorial warnings or with less scary pictures. Yes, graphic health warnings work, that is why the companies delay in warning the public.



Tobacco Industry Uses Child Labour

Almost 2.5 million Indonesian children are working when they should be in school. Almost 60 percent are employed in the tobacco industry. The TI employs children in growing tobacco leaves. The activities of children in tobacco farming violate the UN Convention on the Rights of the Child, exposing children to health risks, injury and commercial exploitation. The TI does not have a zero-child labour policy.

Conclusion: Tobacco Farmers Remain Poor, While Companies Become Richer

The tobacco industry brings net loss to Indonesia economically, socially with disease and deaths, and keeping local people poor. The industry's lies, misleading information and problems exposed in this short report must be considered when regulating the industry strictly to protect the public.

¹ [Pemerintah Tinjau Aturan Kemasan Polos](#)

² [Petani dan Buruh Desak Jokowi Lindungi Industri Tembakau](#) Liputan6 Online, 21 Oct 2014

³ Tobacco Asia, Issue 3, 2014

⁴ Tobacco Smoke Screen, TEMPO, 27 May – 2 Jun 2013

⁵ Business Indonesia 12 Dec 2013

⁶ [Pengurangan Karyawan Lebih Besar](#), KOMPAS, 15 Oct 2014

⁷ [Produksi Anjlok Akibat Harga Turun 100%](#) Business Indonesia, 17 Jul 2014

⁸ [Produksi & Harga Tembakau Nyungsep](#) Kontan, 27 Sep 2013

⁹ Revoke License of Companies Refusing to Buy Tobacco, Harian Ekonomi 17 Oct 2012