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GAPPRI

GABUNGAN PERSERIKATAN PABRIK ROKOK INDONESIA

**POSITION PAPER
ON THE PROPOSED
FRAMEWORK CONVENTION
ON TOBACCO CONTROL
OF THE WORLD HEALTH ORGANIZATION**

**SUBMITTED BY
THE INDONESIAN CIGARETTE
MANUFACTURERS ASSOCIATION
(GAPPRI)**

Jl. Kebon Kacang 30 / 1 B
Jakarta 10240, Indonesia
Telephone : 62-21-334-400
Faximile : 62-21-323-481

I. INTRODUCTION

The Association of Indonesian Cigarette Manufacturers ("The Association") is a private organization duly incorporated under Indonesian law. Its membership includes three major cigarette manufacturers, eight medium-size clove cigarette manufacturers and more than 600 small scale clove cigarette manufacturing companies in Indonesia. The Association is funded by membership dues.

The major companies are PT Gudang Garam Tbk., PT HM Sampoerna Tbk., and PT Djarum Kudus. Among the eight medium-size ones are PT Bentoel, PT Wismilak, PT Nojorono and Jambu Bol. The Association member companies hold 86% of the country's market share, with the overall production of 170 billion sticks in 1999. The excise tax paid to the government is quite significant, with the average increase of about 15% each year. In 1999, the total amount of excise tax paid by the Association's members was 8.6 trillion rupiah, or equals to US \$ 1.1 billion.

The total number of direct employees of the Association's member companies are close to 170 thousand. The indirect employees depending their life to the cigarette industry in Indonesia (tobacco and clove farmers, retailers, transportation) makes a total of nearly 4 million people.

The Association's interest in the FCTC process is inherent in its being the formal representative of the said companies. Its mandate includes :

- Representing, expressing and giving effect to the opinions of the clove cigarette industry in Indonesia, and other industries or organizations, both directly and indirectly involved in the manufacture, sale and distribution of tobacco products.
- Encouraging the members of the Association to comply fully with government legislation, regulations or codes of practice relating to the tobacco industry in Indonesia or its products.
- Being the authoritative source of information and advisory service of the clove cigarette industry in Indonesia, on all matters and issues related to smoking.

The Association thanks the WHO for this opportunity to submit its Position Paper on the Framework Convention on Tobacco Control.

The Association recognizes the concerns of public health authorities regarding tobacco use. In this context, it supports reasonable regulation and voluntary programs, designed to address the issue of youth smoking , to continue informing adults about the health risks and consequences of smoking, to assure that the marketing of tobacco products is regulated appropriately, to reduce unwanted exposure to environmental tobacco smoke, and to eradicate contraband products.

In the area of regulating tobacco, the Indonesian government has issued two regulations : PP 81/1999 and PP 38/2000. In these regulations tobacco products have been heavily restricted in terms of the minimum tar and nicotine content ; the time limit to achieve the target minimum content.

The Association's view to the above regulations is : that it is acceptable by the industry, and provides the best compromise to accommodate different point-of-views between the tobacco industry stakeholders, the anti-tobacco NGOs and government interests. Therefore the Association will consistently pursue its efforts to comply with the state regulations.

Besides contributing to the economy in the forms of excise duty and taxes, major clove tobacco companies in Indonesia have undertaken important community programs, particularly in rural areas of the country, e.g. assisting small-scale tobacco growers technically how to improve their crops; supporting villagers cooperative business by helping them from production stage to marketing good quality hand-rolled clove tobacco products; and help improve the standard and facilities of elementary schools in rural areas.

The following contributions are unique to the Association :

- As a united organization of industry members, the Association can be part of the solution ;
- The members of the Association have commercial and technical expertise that should be considered when defining tobacco policy ;
- The Association is committed to many of the same goals as the proponents of the Framework Convention and has a vested interest in their success.

Should the Association be given an opportunity to become part of the Framework Convention process, it is committed to collaborate, identify common ground, and offer reasonable solutions.

The Association is proud of its role in developing solutions to many of the issues been asked by the society. It has implemented the Youth Smoking Prevention programs, found practical solutions to accommodate the rights and needs for nonsmokers and smokers, voluntarily restricted marketing and promotion activities in the effort to help solve the tobacco-related concerns in the community. The most apparent effort is in the area of preventing the youth from smoking. The Association does not want the youth to smoke. It shares this view with all levels of society around the world. It runs the youth prevention programs, implemented together with its trade partners.

The discussions among WHO member countries on tobacco control reveal two important points : First, there are significant areas of agreement and common ground between the Institute, WHO and the proponents of the Framework Convention with respect to regulation and key issues. Second, by these and other interested parties working together, real and workable answers can be found.

The areas of agreement and common ground include : youth smoking prevention ; ingredients disclosure, accommodating both non-smokers and smokers in public places ; reasonable marketing and advertising restrictions ; eradicate cigarette smuggling ; and ensuring that there is a consistent public health message on the effects of tobacco.

II. AREAS OF COMMON GROUND

The proponents of the Framework Convention and the Association share many areas of common ground on the need to address the complex societal issues associated with the sale and use of tobacco. The following points highlight some of those areas :

Smoking and health

The public rightly demands straightforward communications on the health consequences of smoking. Therefore, the Association is committed to supporting a single, consistent public health message.

Youth smoking prevention

Youth smoking is a complex problem in our society, which has no single solution. The Association recognizes that collaboration and cooperation with others who share the same objective are essential. It supports minimum age laws for selling and using tobacco products. Some of its members also have independent in-school information programs on youth smoking prevention, implemented in partnership with parents, teachers, government agencies, non-governmental organizations and other interest groups.

Ingredients disclosure

The Association believes that governments should be able to monitor the ingredients used in tobacco products as it does for other consumer products. It also recognizes that consumers should have access to information on the ingredients of the brands they smoke. The disclosure must be done in a way that protects the companies interests in its proprietary brand recipes.

Marketing and Advertising restrictions

The Association has worked to establish an industry marketing code in Indonesia. The Code sets marketing standards which - in some instances - exceed government regulations, e.g. : the duration of health warning label show on TV commercials ; the industry's active public campaigns to discourage youth and

minors from smoking ; educate and discourage retailers from selling cigarettes to minors ; include in point-of-sale materials, the words to discourage underage smoking or the sale to youth, i.e. : *Cigarettes not for sale to minors* ; advertisement on billboards shall be located at least 100 meters away from schools, religious places, health facilities and national parks.

Accommodation

Environmental smoke can be unpleasant and annoying. Many people believe that it presents a health risk to non-smokers. Hence, the Association strongly supports the options designed to minimize unwanted ETS while providing adults with pleasant and comfortable places to smoke.

Cigarette smuggling

The Association is committed to reduce and help eradicate tobacco smuggling, and ready to cooperate with the Philippines government in its efforts to prevent the illegal trade of its member companies' products.

III. POSITION ON THE PROPOSED FRAMEWORK CONVENTION

Although the Association and the proponents of the Framework Convention share some areas of common ground, the Association has questions about both the process and some of the proposals being considered. It finds a cause for concern about the possible infusion in the Framework Convention against the right of adults to choose to smoke. The impact of some of the proposed policy initiatives on growers throughout the world deserves greater thoughts and considerations. The Association questions, for instance, the practicality of proposing that tobacco taxes be set at a global level, rather than at the provincial or local levels.

Right of adults to choose

The Association believes that smoking is – and should remain – a legal, adult choice. Responding to the legitimate public health concerns about tobacco should not preclude the rights of individuals to make an adult decision to smoke. In this regard, the Association has supported measures to inform adults of the consequences of smoking cigarettes, and on its own initiative, undertaken marketing and advertising measures that prevent minors from access to tobacco products.

Impact on growers

The Association supports the right of farmers to decide what crops to plant, and gives research and technical assistance (public and private) that enable tobacco growers to continue cultivating the highest quality crops possible. Measures intended to replace such crops should be carefully thought out in order to alleviate any adverse economic impact arising from the adoption of these policies. The Framework Convention must take into account the vast numbers of jobs and significant amount of revenue for the government from tobacco production and manufacturing.

Global versus National taxes

Current discussion drafts of the Framework Convention and related protocols proposed global, blanket tax solutions to problems that are best regulated at the national, state or local government levels. The Association strongly believes that the level and structure of tobacco taxes are best determined by sovereign governments, considering the different needs and complexity of local factors and objectives. National taxation schemes and regulatory frameworks in the tobacco business, and the different economic, social and cultural values related to tobacco cultivation must each be considered. A Framework Convention would need to take into account an enormous diversity of situations, such as the differences in exchange rates and cost of production from market to market, will make the global harmonization of tax impossible.

IV. CONCLUSION

Criticism are opportunities to engage to achieve reasonable solutions to complex problems. It is far too convenient to simplify the situation, in terms of : *"smoking is unhealthy, therefore let us ban it"*. As the foregoing discussion shows, different aspects of tobacco industry raise different issues which need to be addressed.

A reasonable regulation of tobacco is entirely valid as an appropriate subject for consideration. It is a decision to be made by individual governments. However, prohibition should not be the goal of tobacco regulation. Discussions on regulation should take into account the different issues raised and seek ways on how regulation may properly resolve all concerns regarding each issue.

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The Association of Indonesian Cigarette Manufacturers (GAPPRI)

Ismanu Soemiran
Chairman