



Scoping Study
on Tobacco
Economic
Ecosystem in
Indonesia

The Penabulu – YPI

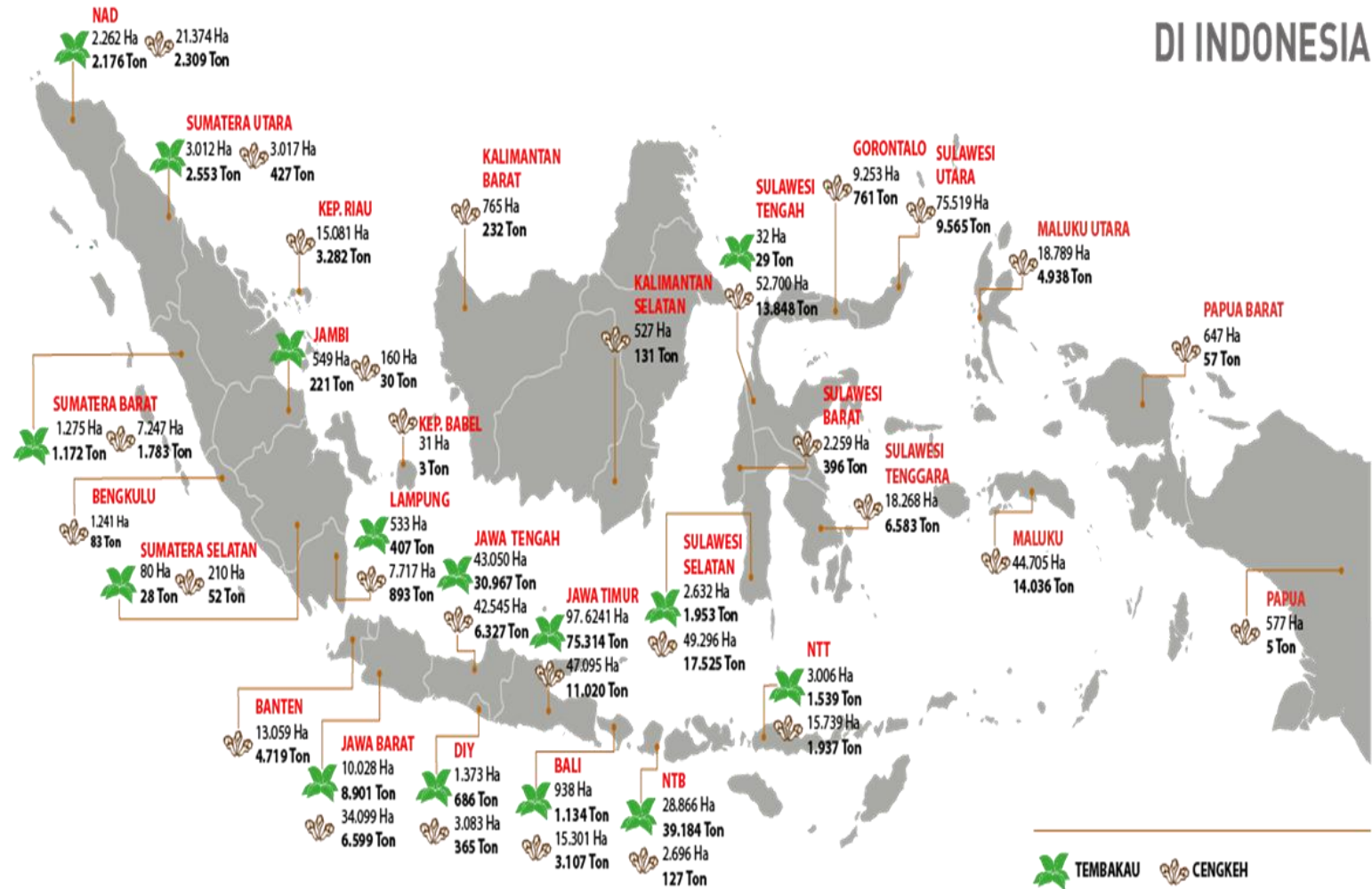
Distribution of Tobacco Cultivation

Indonesia tobacco cultivation was centralized in 2 islands: Jawa and Nusa Tenggara.

East Java, Central Java, and West Nusa Tenggara have more than 10.000-ha tobacco cultivation and produce tobacco more than 10.000 tons yearly

Field Study in Temanggung (the City of Tobacco – Central Java) and East Lombok in West Nusa Tenggara.

LUAS LAHAN DAN JUMLAH PRODUKSI TEBAKAU DAN CENGKEH DI INDONESIA



TOTAL LUAS

Perkebunan Tembakau = 195.620 Ha
Perkebunan Cengkeh = 501.378 Ha

TOTAL PRODUKSI

Tembakau = 166.262 Ton
Cengkeh = 109.694 Ton

What to study?



The aims:

- to end Indonesian smoking epidemic
- to look at economic cost
- to figure health burden associated with tobacco.

Situational Studies:

- Evaluate current economic
- Evaluate public health aspect of tobacco products,
- Find alternatives of harm-reduction as a method to quit smoking
- Figure tobacco cessation programs.

Local & national level

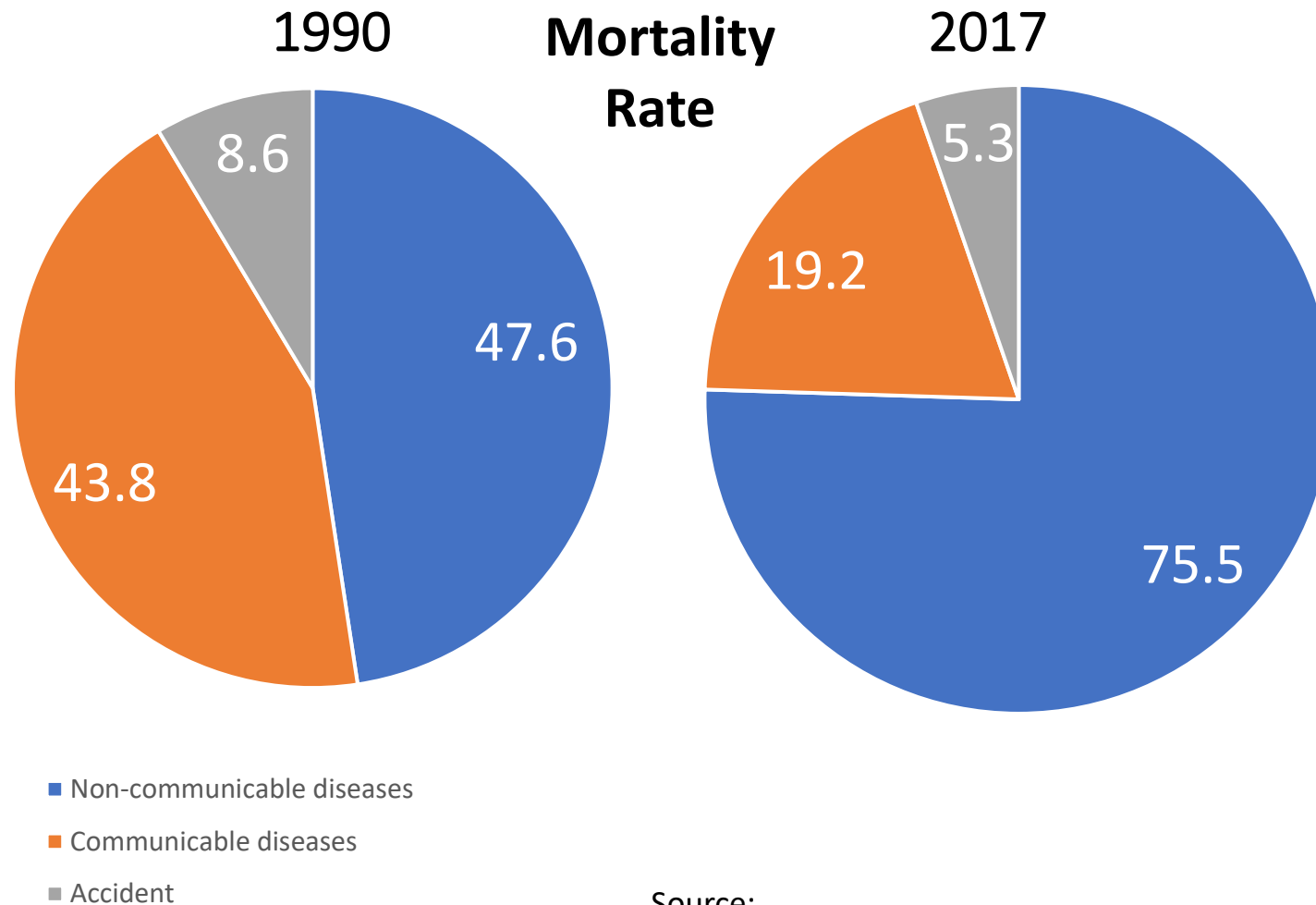
Local cases will sharpen the national perspectives in decision making process

National level

Deliverable

- Key economic issues
- Tobacco control measures
- Policy gaps related to tobacco economic
- Roadmaps to shape regulatory policies on tobacco control and its economic aspects
- Advisory committee
- Longer-term project proposal

National Concern on Health and Smoking

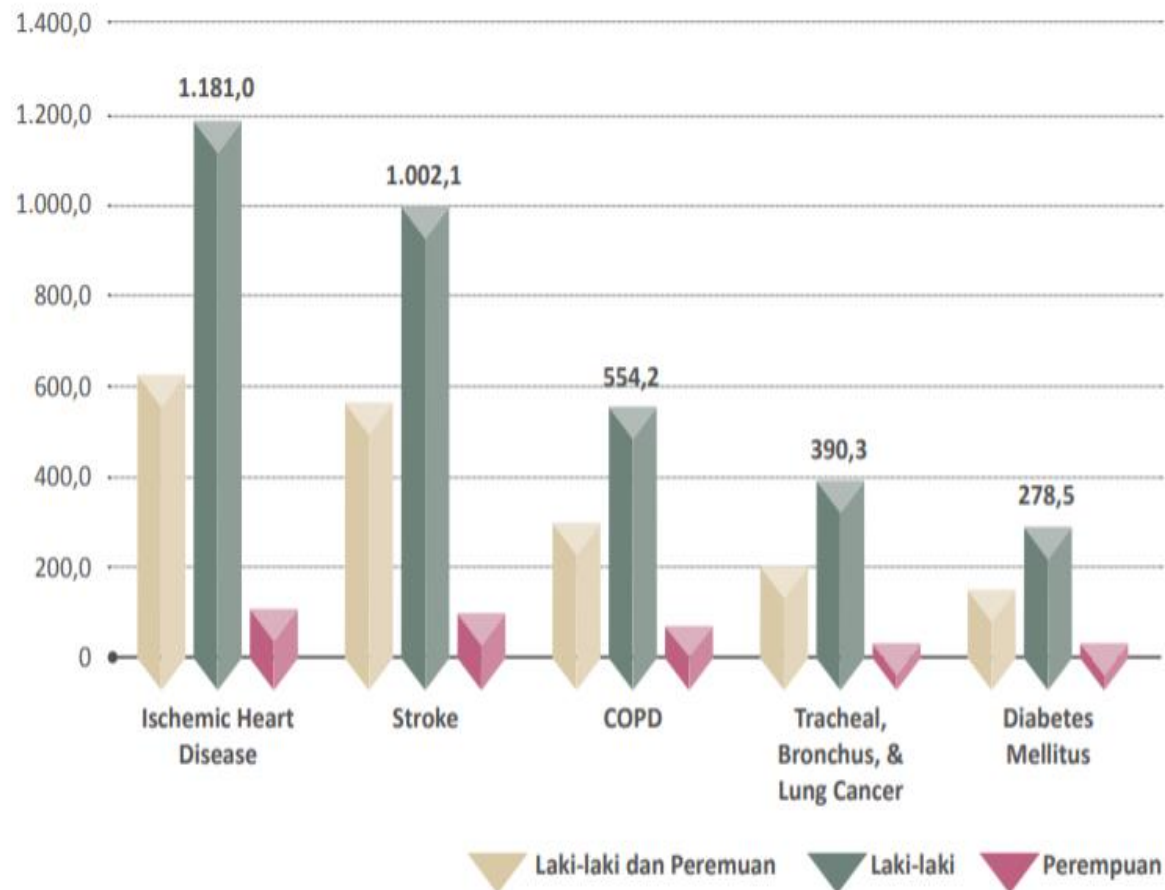


Source:

- Institute Health Metric and Evaluation (IHME), 2020.
- Riskesdas 2018

- The leading cause of death in Indonesia has undergone a major shift.
- In 1990, Non-communicable diseases were the leading cause of death.
- In 2017 noncommunicable diseases have been the nation's biggest killer, due to lifestyle, where smoking among the risk factors
- The national mortality rate attributable to tobacco was 88 people per 100,000. 10 provinces were above the national rate.

DALYs (Disability Adjusted Life Years) of Non-Communicable Diseases Attributable to Smoking in 2017.

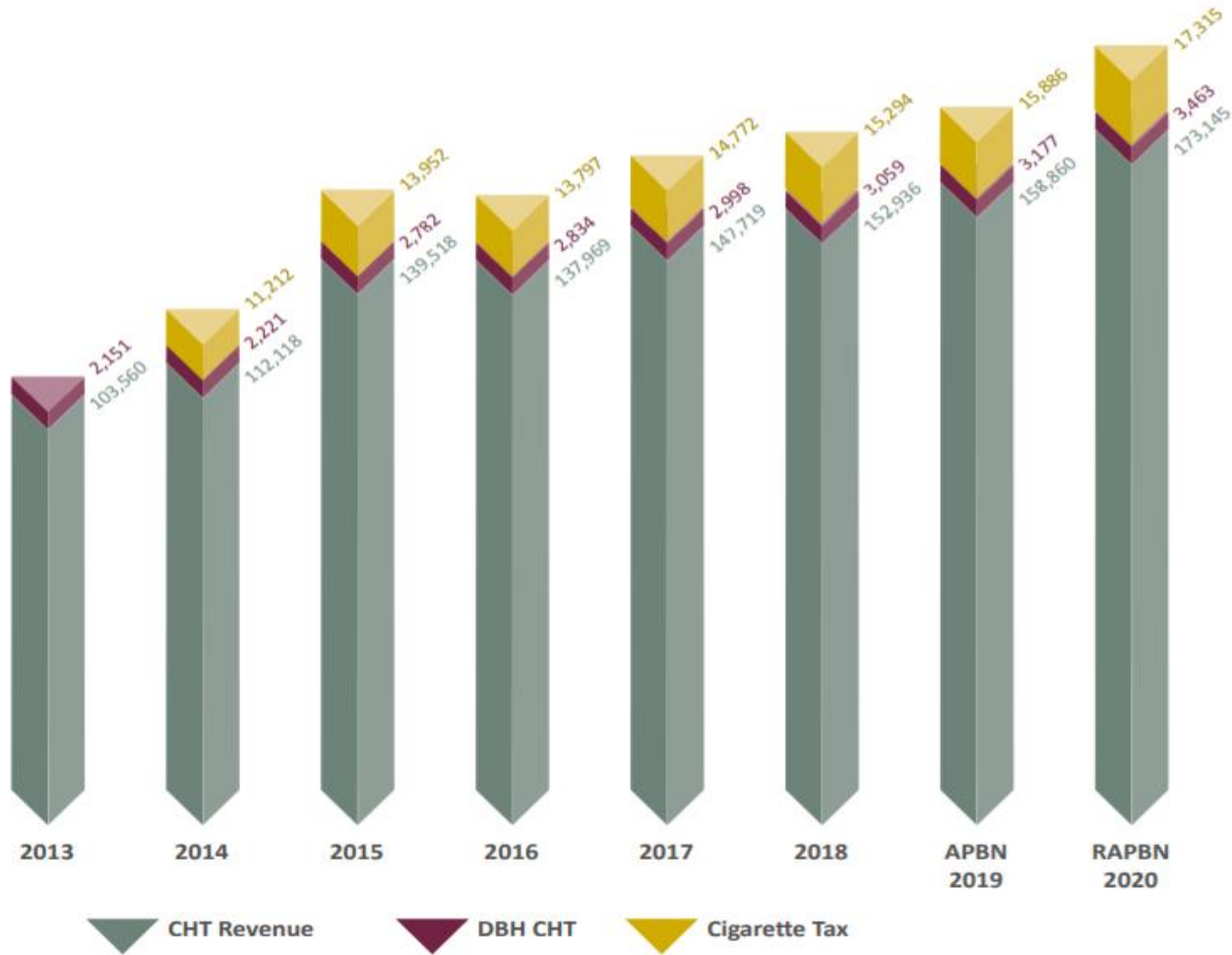


- The national average of stroke prevalence was **10.9%**. **Stroke prevalence in 14 provinces** was above the national average.
- The total national DALY of Stroke attributable to smoking was **554 per 100.000 population**.
- The total national DALYs of Ischemic Heart Disease (IHD) attributable to smoking was **645 per 100.000 population**.
- The total national DALY of COPD (Chronic Obstructive Pulmonary Disease) attributable to smoking was **361 per 100.000 population**.
- The total national DALYS of DM attributable to smoking was **151 per 100.000 population**.
- The total national DALYs of Tracheal Diseases, Bronchial Diseases, and Lung Cancer attributable to smoking was **207 per 100.000 population**.

Source:

- Institute Health Metric and Evaluation (IHME), 2020.

State Losses due to Smoking-Caused Diseases



- Based on the Ministry of Health (Balitbang data, 2019), the losses due to diseases caused by smoking reached one-third of the national GDP
- Productivity Losses due to smoking attributable diseases reached around IDR 4,180.27 trillion.
- The economic loss due to tobacco reaches IDR 375 trillion or one-fifth of the total Indonesian state budget.

Source:

- Institute Health Metric and Evaluation (IHME), 2020.
- Ministry of Finance

Economic Issues?

Income Quintiles	Male Smokers %	
	2012	2017
Upper	57,8	58,4
Middle Up	68,0	70,2
Middle	76,5	73,3
Low-Middle	78,8	77,1
Low	80,5	82,0

- Smoking consumption increased in all income quintiles,
- highest cigarettes consumption in the low quintile (poor people) of 82%.
- Cigarettes are not a staple food, but the consumption level is high, its economic conversion harmful to family income
- The price of cigarettes has contributed to the poverty factor by 11.38% in rural areas and 12.22% in urban areas.

In 2017, Indonesia's total tobacco exports were 29,134 tons and imports were 121,390 tons (55.2% of imports from China and Brazil)

West Nusa Tenggara
Central Java



Tobacco plantation area is over 10,000 ha
Tobacco farmer center

Tobacco farmers > 10,000 households



Cigarette production in 2018
was 332.38 billion sticks
@ IDR 1.000/stick of excise ≈ IDR
332 trillion of potential revenue



Indonesia
Government
Perspective

Indonesian Mid-term National Development Planning, 2020-2024:

- Improved disease control
- Disseminating healthy living habits
- Strengthening healthcare system
- developing new sources of financing,

MoF has identified a number of serious problems and challenges on how to tackle:

- Impact on the decrease of cigarette excise income,
- Illicit trade,
- The loss of local tobacco and clove farmers,
- Getting political support and commitment from the parliament,
- National inflation.



Prognosis

- 1. Policy of increasing the excise tax on tobacco products has not significantly reduced the prevalence of smoking.**
- 2. Government is not utilizing tobacco excise tax as a control over tobacco consumption which is needed to support the improvement of population health and welfare**
- 3. There is still a lack of coordination among stakeholders to work together to reduce the prevalence of smoking in Indonesia.**
- 4. The value of e-cigarette as harm reduction method should be viewed in broader perspective accordingly.**
- 5. Tobacco industry has not been optimally promote welfare and awareness of the health hazards for those working in tobacco farming.**

Field Survey Arrangement

• Survey Design

• Questioning Questionnaire

• Survey Try-out and Evaluation

• Overall Survey Implementation



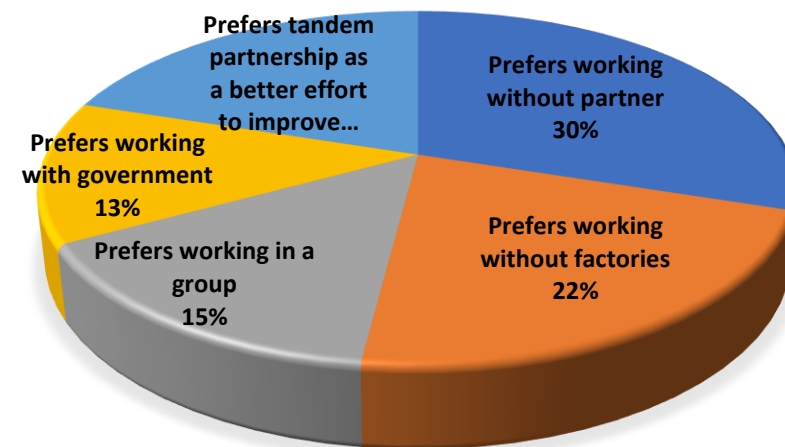


A Brief Field Findings

- Samples show 41.7% started tobacco business before 2000 and 58.3% in the 2000s.
- Most farmers started in the age of 20, and the latest enters in 2015.
- 100% of respondents said they disagreed on child labor as unethical, unsuitable environment, and inappropriate.
- 100% respondents said the current tobacco market conditions are unfavorable (uncertain, confusing, less promising)
- Tobacco price most determine factors: weather, quality, and middlemen
- it is not easy to set a good price for tobacco so that farmers do not lose out in their business
- the price of tobacco is determined by the graders



PARTNERSHIP



A Brief Field Findings East Lombok - NTB

- Farmers planting tobacco as early as 1980s
- Partnering with cigarette companies seems to be the most preferable
- Current market conditions seems favorable due to better price
- Controlling tobacco prices is expected to be the government, yet none is taking care the price of tobacco. It is still fully determined by the company and the middlemen
- So far, "feel" that no one has experienced losses in the tobacco production process for decades. However, after being calculated economically, they suffered a lot of losses but could not get out of this situation.
- Respondents' views child labor differently, some said good in the sense of learning to make money, some said no problem since child labor is cheaper, others said never involve children, because it is not good and inappropriate.
- It is prohibited by the company to involve children (applied for farmers who partner with the company)



Thank You