

GOVERNMENT REGULATION IN CIGARETTE INDUSTRY

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ABSTRACT

Background: Indonesia is a country with the third largest level of cigarette consumption in the world. The government has issued various policies by the release of Law No. 36 year 2003 on Health and Government Regulation No. 19 year 2009 on Cigarette Safeguard for Health as well as various local regulations in a number of provinces and regencies/cities. Also are fatwa of MUI (Indonesian Muslim Scholar Council) and Muhammadiyah (the second largest Muslim community in Indonesia) Central Board even FCTC.

Objective. This research was intended to 1) identify and analyze the factors affecting the level of cigarette consumption; 2) identify and analyze the effect of government policies on the level of cigarette consumption.

Method. The method used in this research was survey with 300 respondents from the regions of Jakarta, Surabaya, Malang with SEM analysis tool.

Result. The research results showed that, of the several factors assumed to affect the level of consumption, the factors of promotion restriction, corporate social responsibility, and consumer behavior affected the level of consumption while promotion factor did not directly affect the level of consumption.

Conclusion. The conclusion from this research is that promotions held by cigarette companies factually do not to affect the level of consumption. Therefore, the government policies should be right in order to be effective in reducing smoking habits.

Keywords : government policy, level of cigarette consumption, and factors influencing the level of cigarette consumption.

INTRODUCTION

Nowadays, the level of cigarettes consumption is very high; from year to year it has increased significantly. It is shown by indication that from the number of cigarette production in 2004, there were 196 billion clove cigarettes and 15.8 billion white cigarettes, and in 2010 they reached 222 billion cigarette sticks for clove cigarettes and 16.3 billion for white cigarettes (Daeng, 2011; Serad, 2011).

It is important to know that Indonesia is the third largest country after China with 390 million smokers and India with 144 million smokers, and Indonesia with 65 million