Fighting Unrecorded Alcohol
A Policy Priority For Bandung, West Java
by Hizkia Respatiadi and Sugianto Tandra

www.cips-indonesia.org
Fighting Unrecorded Alcohol
A Policy Priority For Bandung, West Java

Author:
Hizkia Respatiadi and Sugianto Tandra
Center for Indonesian Policy Studies (CIPS)

Jakarta, Indonesia
May 2018

Copyright © 2018 by Center for Indonesian Policy Studies
Executive Summary

In April 2018 a hundred Indonesians died from drinking unrecorded alcohol, most of them in the Greater Bandung area in West Java province. This confirmed findings of the Center for Indonesian Policy Studies (CIPS) that the death rate from unrecorded alcohol in Greater Bandung area during the last 10 years was almost five times higher than in the rest of the country. From 2008 through 10 April 2018, 16.3 deaths from unrecorded alcohol per 1 million people were reported in the Greater Bandung area, compared to 3.4 deaths per 1 million people nationwide.

The government controls the distribution of alcohol with heavy import and excise duties. All vendors need licenses and cannot sell to customers under the age of 21. Ministry of Trade Regulation 06/2015 also prohibits the sale of alcoholic drinks in local minimarkets and convenience stores. Over 150 local government regulations restrict the distribution and consumption of alcohol. The Bandung City Regional Regulation 11/2010 (BCRR 11/2010) prohibits traders from operating near places of worship, schools and hospitals.

Unfortunately, government regulations do not effectively protect Indonesian consumers and must be seen as a factor causing black markets. A CIPS survey was conducted among alcohol consumers in Bandung in early 2018. It showed that 45% obtained their alcohol from unlicensed kiosks. Underage drinking also remains a problem as 21% of the respondents were between 14 and 20 years old.

Indonesia’s consumption of alcohol does not pose a public policy concern because according to estimates of the World Health Organization (WHO) it remains low at 0.6 liter per head per year. The problem lies, instead, with unrecorded alcohol, which accounts for 80% of the national alcohol consumption (WHO, 2014). The CIPS survey found that 41% of the alcohol consumers in Bandung drank unrecorded alcohol of the “oplosan” type, which is a dangerous mix of potentially lethal ingredients. 54% bought their oplosan in kiosks.

Stricter law enforcement is necessary to fight unrecorded alcohol, to control the licenses of liquor vendors, and to prevent underage drinking. However, law enforcement alone will not succeed and black markets for unrecorded alcohol will prevail, if the government continues to restrict accessibility and affordability of recorded alcohol. CIPS, therefore, recommends lower excise and import duties to make recorded alcohol more affordable. The national government should revoke the current ban on alcohol sales in minimarkets and local governments, including Bandung, should also review their local restrictions.

Improving accessibility and affordability of recorded alcohol will not just replace one type of alcohol with another. Recorded alcohol only poses a risk when consumed in large quantities, which is not common in Indonesia. Meanwhile, unrecorded alcohol, even when consumed in small quantities, carries a tremendous risk caused by its potentially lethal ingredients. A shift to recorded alcohol saves lives.

Glossary

I. Recorded alcohol:
Licit beverage alcohol products produced and sold within a regulatory framework and reflected in official statistics of either the country where they are produced, the country where they are consumed, or both.

II. Unrecorded alcohol:
Alcohol that is not taxed in the country where it is consumed because it is usually produced, distributed and sold outside the formal channels under government control.

It has several types, including:
A. Contraband/smuggled alcohol:
Alcohol with original branding that has been illegally imported or smuggled into a jurisdiction and sold, evading tariffs and/or customs.

B. Counterfeit alcohol:
Fraudulent imitations of legitimate branded products, including refilling, falsification, and tampering.

C. Non-conforming alcohol:
Products that are not compliant with production processes, guidelines, or labeling legislation. Includes products produced with denatured alcohol or illegal industrial alcohol.

D. Surrogate alcohol:
 Alcohol or alcohol-containing products not meant or sold for human consumption but that are consumed as substitutes for beverage alcohol.

E. Oplosan alcohol:
In Indonesia, the term oplosan falls between the category of non-conforming and surrogate alcohol. It contains mixes of ingredients that have not gone through the distillation process (non-conforming alcohol). Oplosan could be dangerous to health if it also contains non-food ingredients such as methanol (surrogate alcohol).

Sources are collated from UN-WHO (2014), International Alliance for Responsible Drinkers (IARD) (2016), and Center for Indonesian Policy Studies (2016).
In fact, the number of fatalities from unrecorded alcohol confirms the worried statement by the head of Bandung Regency. Greater Bandung area consists of Bandung City as well as Cimahi City, Bandung Regency and West Bandung Regency. The average population in 2008 - 2017 has been 7,987,847 while there were 130 reported deaths from January 2008 until 10 April 2018.

Meanwhile, from 2008 – 2017 Indonesia had an average population of 250,094,647 while there were 840 reported deaths from unrecorded alcohol.

In the ten years period, there were 16.3 deaths from unrecorded alcohol per 1 million people in Greater Bandung, while there were 3.4 deaths per 1 million Indonesians. In Bandung, the death toll from unrecorded alcohol is 4.85 times as high as in the rest of the country making it a national hot spot for deaths from unrecorded alcohol. Regent Dadang Naser appears to be right when he talked of an emergency situation.

Indonesians consume very low quantities of alcohol. The threat to public health lies is the consumption of dangerous unrecorded alcohol.

Indonesians generally consume very little amounts of alcohol. Sales of recorded alcoholic beverages in Indonesia reached only 2.26 liters per person per year in Indonesia. This number, obviously, not only includes the 87% Muslim majority but also all other religious communities in Indonesia that are not under the obligation to abstain from alcohol. Despite this, the sales number is still 7 times lower than in Turkey, which has a 99.8% Muslim majority (Table 1).

In Bandung, the death toll from unrecorded alcohol is nearly five times as high as in the rest of the country.
Table 1. Sales Volume of Alcoholic Beverages per capita (age 15+) (2015)

<table>
<thead>
<tr>
<th>Country</th>
<th>Remarks</th>
<th>Total Recorded Alcohol Sales Volume (1,000 liters)</th>
<th>Population*</th>
<th>Population (total)</th>
<th>Population (age 0-14)</th>
<th>Recorded Alcohol Sales Volume per capita (age 15+) (liters)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td></td>
<td>421,435</td>
<td>258,162,113</td>
<td>71,920,631</td>
<td>186,241,482</td>
<td>71,920,631</td>
</tr>
<tr>
<td>Thailand</td>
<td>Neighboring country in Southeast Asia</td>
<td>2,682,000</td>
<td>68,657,600</td>
<td>12,352,801</td>
<td>56,304,799</td>
<td>2,26</td>
</tr>
<tr>
<td>Turkey</td>
<td>Eurasian country with Muslim majority(99.8%)+</td>
<td>924,700</td>
<td>78,271,472</td>
<td>20,024,544</td>
<td>58,246,928</td>
<td>15.88</td>
</tr>
<tr>
<td>Germany</td>
<td>Highest total alcohol sales volume in Western Europe</td>
<td>11,024,500</td>
<td>81,686,611</td>
<td>10,716,271</td>
<td>70,970,340</td>
<td>155.34</td>
</tr>
</tbody>
</table>

Source: Authors', own calculation with the data from:
* Euromonitor, Alcohol in Indonesia (2017)
** Euromonitor, as cited by Wine Australia (2017)
+ The World Bank
++ CIA World Factbook

In fact, according to the World Health Organization, Indonesian consumption levels of recorded alcohol are among the lowest in the world (WHO, 2014).8 Looking at the per capita consumption of pure alcohol (ethanol), Indonesians only consumed an annual 0.6 liter per year in 2010. Indonesia's consumption is 10 times lower than the global average of approximately 6.3 liters per person per year.

According to the UN-WHO, Indonesian consumption levels of recorded alcohol are among the lowest in the world.

---

8 WHO Global Status Report on Alcohol and Health 2014, http://apps.who.int/iris/bitstream/handle/10665/112736/9789241692763_eng.pdf?sequence=1, retrieved on 28 April at 14:00

9 More information on WHO regions can be found in WHO 2014 (pp. 354–358)

10 Euromonitor 2017, p. 9
It is remarkable that, out of 0.6 liters of pure alcohol consumed in Indonesia per year, 0.5 liters were unrecorded alcohol. Only about 0.1 liters of recorded alcohol are being consumed annually. As seen in Figure 2, no other country in Southeast Asia has such an extraordinary discrepancy between recorded and unrecorded alcohol. It can be assumed that most of the unrecorded alcohol is contraband or smuggled alcohol, which has avoided government duties but is still safe for consumption. An unknown percentage of unrecorded alcohol in the market, however, is potentially lethal oplosan (Box 1).

Looking at the profile of most of the 840 reported oplosan deaths in Indonesia from 2008 until 10 April 2018, the victims were mostly young and low-income groups. Restrictions like the Bandung City Regional Regulation 11/2010 on the Ban, Supervision and Control of Alcoholic Beverages (BCRR 11/2010)\textsuperscript{12}, which limit the sale of alcoholic beverages to top hotels, luxury restaurants as well as expensive entertainment establishments, mostly hurt the youth and the poor for who recorded alcohol is getting out of reach.

Government policies to control the market for alcoholic drinks

The Indonesian beverage alcohol industry appears to be heavily regulated by national government regulations.\textsuperscript{13} Additionally, there are regional ordinances that seek compliance with the Islamic Shari’a and restrict or even ban the distribution and consumption of alcohol. A study by Buehler (2016) documented 377 Shari’a-inspired ordinances that were enacted between 1998 and 2013.\textsuperscript{14} Some restrict alcohol, others deal with prostitution and gambling, they regulate religious obligations or prescribe a religiously inspired dress code.\textsuperscript{15} According to Buehler, West Java alone enacted 62 ordinances, which is the highest number among all Indonesian provinces. This is in line with the general reputation that people in West Java are particularly strict in their adherence to Islamic norms and this also makes it more remarkable that Greater Bandung is a hot spot for unrecorded alcohol related deaths.

Regulations are being enforced both nationally and locally to control alcohol distribution, sale and consumption. They restrict affordability and limit public availability through sales prohibition zones, licensing requirements, and the prohibition of underage drinking. Alcoholic beverages are generally categorized into three categories, namely A (containing ethyl alcohol of up to 5%), B (5% to 20%), and C (20% to 55%).\textsuperscript{16}

\textsuperscript{11} For more on WHO regions, please refer to WHO 2014 (pp. 354-358)

\textsuperscript{12} Explained later in this study
Excise duties on the consumption of alcoholic beverages are an important market intervention by the national government. The Ministry of Finance Regulation (MFR) 20/2014, sets the amount of excise duties that the industry must pay for every liter of beverage alcohol they produce. The duties, which eventually need to be covered by alcohol consumers, have been increased twice over the past eight years. 2010 saw an increase by 380% for category A, 500% for category B, and 188% for category C. In 2014, the amount was increased again by 11.6% for all categories. Another hike is being planned for 2018.

<table>
<thead>
<tr>
<th>Category</th>
<th>Level</th>
<th>Tax/liter (IDR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Imported</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>&lt;5%</td>
<td>13,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>13,000</td>
</tr>
<tr>
<td>B</td>
<td>5%&lt;20%</td>
<td>33,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>44,000</td>
</tr>
<tr>
<td>C</td>
<td>&gt;20%</td>
<td>80,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>139,000</td>
</tr>
</tbody>
</table>

Table 2. Alcoholic Beverages Excise Duties

In addition, customs duties for import alcoholic beverages have been increased to 150% for categories B and C in 2015, as stipulated in MFR 06/2017. Together with the excise duties, all these levies lead to higher prices of recorded alcohol drinks in Indonesia.

Besides efforts to limit affordability of alcoholic beverages, the national government also restricts accessibility. In 2015, the Ministry of Trade Regulation (MTR) 06/2015 prohibited minimarkets and convenience stores to sell beer and Ready To Drink (RTDs) packaged beverages that were premixed with high-strength alcohol. The ban led to a considerable reduction of sales by PT Multi Bintang and PT Delta Djakarta, the two biggest domestic beer producers. PT Delta Djakarta reported a reduction in sales revenues by 25.5% compared to the previous year, while revenues of PT Multi Bintang reportedly decreased by 9.8%.

Sales recovered in 2016 after the national government had relaxed the regulation and delegated the authority to regulate the sale of alcohol drinks in minimarkets and convenience stores to the regional governments. Consumers had also adjusted their buying habits in hypermarkets, supermarkets, or even through beer home delivery services. Moreover, the industry started focusing on sales in on-trade establishments, such as restaurants, bars, cafes, and specialized sake and wine bars. All of these are unfordable for the youth and for other low-income customers.

Another important restriction to restrict accessibility of alcohol is the sales ban to underage customers. MTR 20/2014 sets the minimum legal drinking age and the minimum legal purchasing age at 21 years old. Chapter 15 stipulates that alcoholic drinks can only be sold to consumers who are able to prove that they are over 21 years of age. The regulation asserts that on-trade and off-trade premises licensed to sell alcoholic drinks are banned from selling to the underage. Violations carry sanctions including revocation of licenses, fines, and legal prosecutions.

Finally, the national government also regulates in MTR 20/2014 that premises of licensed traders must not be located in the proximity of youth centers, bus terminals, stations, small kiosks, street vendors, camping grounds, youth hostels, or places of worship, schools, and hospitals. Many regions must have not found this national rule sufficient so they issued local ordinances that either entirely ban the production and sale of alcohol, or that create restricted zones where the sale of alcohol remains permitted.

One of these regional regulations is the Bandung City Regional Regulation 11/2010 on the Ban, Supervision and Control of Alcoholic Beverages (BCRR 11/2010). The stated objective in chapter 2 of the regulation is to limit the trade in alcoholic drinks and to coordinate the local government’s efforts in banning, supervising and controlling alcoholic beverages in Bandung. The regulation does not impose a total prohibition but in chapter 4 it limits sales of alcoholic beverages to 3 to 5 star hotels, top class restaurants with official Gold status (Tanda Talam Kencana) and Silver status (Tanda Talam Selaka), nightclubs, discotheques, karaoke bars, as well as duty free shops for foreign customers. These establishments may be in locations that are not close to places of worship, schools, and hospitals, or in other locations as specified by the mayor (chapter 1, article 1, clause 15).

In effect, regulations such as the one in Bandung limit the sale of alcohol to more wealthy consumers. This may have been done with the justification that more wealth makes consumers more rational so they are better equipped to responsibly handle alcohol. In a paper published in Indonesian by the Center for Indonesian Policy Studies, Harvard professor Jeffrey Miron clarified that this is a wrong assumption. In his analysis, irrational consumers suffer more from prohibition than rational ones because they drink anyway and “must purchase from criminals,”

Irrational consumers suffer more from prohibition than rational ones because they drink anyway and “must purchase from criminals, who are likely to victimize them”
who are likely to victimize them."27 The tragedy of 100 deaths from unrecorded alcohol happening in early April 2018 in Bandung sadly confirms his analysis. The partial prohibition in Bandung that grants access only to wealth consumers has left the youth and low-income customers with no access to legal vendors.

The same effect of a partial prohibition has also been observed in a survey conducted by the Center for Indonesian Policy Studies in 2016. The study made it apparent that in partial prohibition areas in Indonesia the consumption of recorded alcohol dropped by 30.53%, while the perceived consumption of bootleg liquor increased by 3.75%.28 The study indicated that a partial prohibition results in a shift of consumption from recorded alcoholic drinks to unrecorded and more dangerous alcohol.

Survey of Alcohol Consumption in Bandung City

In 2018, a new survey was conducted by the Center for Indonesian Policy Studies on alcohol consumption in Bandung City. It involved 100 randomly chosen alcohol consumers29 who were asked about their consumption behavior and perception of the situation. The respondents’ income, gender and age profiles are displayed in Figures 5. Interviews with government officials and hospital staff were conducted to verify the survey results.

Almost two thirds (64%) of the respondents had incomes either in the lowest bracket of Rp. 0 – 1 million (27%) or the second lowest bracket of Rp. 1 – 3 million (37%). The vast majority of respondents (88%) were young or early adults. 21% were 14 and 20 years, 56% were 21 to 30 years old. Almost all of them (93%) were male. This means the study identified young, male respondents with a low income as the primary group of alcohol consumers in Bandung.

The survey found that regulations that are meant to control the distribution of alcohol, restrict the access of consumers, and protect consumers are largely ineffective, even failing. Instead, there is a broad and unlicensed black market of unrecorded alcohol that serves consumers for whom recorded alcohol drinks are unaffordable and inaccessible. While access to recorded alcohol is being restricted, the black market even serves those under the minimum legal drinking age.

The Bandung City Regional Regulation 11/2010 severely restricts alcoholic drinks in the city. According to chapter 6, article 17, no person or legal entity is allowed to produce alcohol of types A, B or C. People are also forbidden to store, distribute and transport alcoholic drinks of all types. This applies to legal entities, unless legally licensed. Despite these strict restrictions many unlicensed traders continue to sell alcohol at their roadside kiosks. 45% of the respondents stated they purchase their alcoholic drinks at these kiosks, or warungs, which is by far the largest off-trade supplier of alcoholic drinks. The next largest suppliers are friends and acquaintances (15%), supermarkets (12%), and on-trade establishments, such as bars, cafes and restaurants (12%).

Figure 6. Local Suppliers of Alcoholic Beverages

Where did you get your alcohol? (n=100)

- Warung 45%
- Bar/Cafe/Restaurant 12%
- Shops 6%
- Minimarket 9%
- Supermarket 12%
- Acquaintance 15%
- Minimarket 9%
- Other 1%

The existing regulations are largely ineffective as there is a broad and unlicensed black market of unrecorded alcohol.

---

27 Miron, Jeffrey (2016), Prohibition Harms the Weakest. Does Consumer Irrationality Justify the War on Drugs?, Center for Indonesian Policy Studies, p. 10
28 Uddarojat 2016b, p. 14
29 In order to identify 100 alcohol consumers in Bandung, the interviewers used chain-referral sampling as a nonprobability sampling technique where respondents recruited future respondents from among their acquaintances.
Obviously, restrictions have been ineffective in curbing the distribution of alcohol by unlicensed operators. In fact, the police openly acknowledged the problem of persistent sales of unrecorded alcohol by unlicensed vendors. In 2016, then Bandung City Police Chief Commissioner Angesta Romano Yoyol raised his concern that alcoholic drinks were widely available. His policy force had conducted a raid in January 2016 that confiscated 5,489 bottles of unrecorded alcohol in Bandung. The media quoted him saying that this ought to be not just a single operation but a routine. He vowed to intensify efforts to clear the city of Bandung from alcohol.30 However, the tragic deaths in 2018 prove that the police has not been successful. Indeed, the situation does not appear to have changed, as confirmed by survey findings.

**Box 1**

**Oplosan**

Unrecorded alcohol causes a tremendous risk to public health, if it contains methanol, which is methyl alcohol produced for industrial purposes. Methanol has the same odor as ethanol, which is ethyl alcohol produced for human consumption, however, methanol is highly toxic and leads to seizures, organ failures and death.

Methanol can occasionally be found in locally mixed beverages known as “oplosan. The name of the drink refers to the Javanese term for ‘mix’”. Those beverages do not cause risks if safe ingredients are being used but they are dangerous if they contain methanol, or other substances, such as mosquito repellants and battery fluids.

Methanol is being used in oplosan because it is cheaper than ethanol and it is considered more potent and fast to intoxicate its consumer so that only a small amount will suffice to get inebriated.

The survey generally indicates a failure of public policy and law enforcement because tragic deaths are happening despite all rules and regulations. National and local regulations, such as MTR 06/2015 and BCRR 11/2010, do not appear to have restricted the distribution of alcohol. Of the 100 alcohol consumers surveyed, 58% confirmed they had consumed unrecorded alcohol and 41% have drank oplosan in the past31. This indicates that public policies merely shifted the consumption from recorded to unrecorded alcohol exposing the consumers to the risk of methanol poisoning.

The survey respondents confirmed that oplosan is not difficult to find as it can be bought from kiosks or small shops that sell snacks, soft drinks, and cigarettes. 49% of the respondents said they knew of oplosan-selling vendors near where they live, 41% knew of up to 5 vendors in their neighborhood (See Figure 8).

24% of the surveyed alcohol consumers have purchased oplosan instead of mixing it themselves. This is a cause for concern in two ways: Firstly it means that the black market for oplosan is widely spread across Bandung. Most of those (54%) who bought the oplosan got it in a local kiosk or warung. Secondly, it means that many consumers do not mix the drinks themselves and are not aware of the ingredients, which puts them at risk of methanol poisoning.

Many consumers do not mix the drinks themselves and are not aware of the ingredients, which puts them at risk of methanol poisoning.

---

31 Respondents were informed that the unrecorded alcohol market comprises alcohol sold either unmixed or already mixed with other ingredients. The mixed illegal alcohol was oplosan.
Moreover, the general availability of unrecorded alcohol also points to a failure of law enforcement. Idris Kuswandi, the head of Bandung City’s Municipal Police Agency for the Enforcement of Regional Regulations (PPHD Satpol PP Bandung) lamented a botched raid when nine kiosks were targeted but unrecorded alcohol was only found in two of them. It happened just days after the first reported oplosan-related deaths in the Greater Bandung area in April 2018. The media quoted Mr. Kuswandi saying the kiosks were part of a strong network so when the officers targeted nine of them “others suddenly closed immediately when our intel was deployed to the location.”

75% of those who bought oplosan in kiosks did that because the drinks there were cheaper. The price incentive was so strong that it overruled fears of potentially fatal consequences. Of the 100 alcohol consumers surveyed, 58% confirmed they had consumed unrecorded alcohol. The motives of those who drank unrecorded alcohol was it being cheaper (49%), easier to obtain (23%), and more intoxicating (11%). In a media report, the Head of the National Police Public Relations Division Inspector General Setyo Wasisto stated that oplosan is in demand because the price is very affordable at an average of Rp15,000 to Rp20,000 (between 1 and 1.5 USD) per plastic bottle (400ml). Referring to the vendors of oplosan he stated: “The price is affordable, they have a tremendous advantage.” Given this gloomy statement, it appears unlikely that Deputy Police Chief Komjen Syaruddin can meet his stated target for June 2018 that “in Ramadhan, there will be no more alcohol in society all over Indonesia, not only in Jakarta.”

With ineffective public policies and weak law enforcement, the low prices of unrecorded alcohol incentivize consumer to take potentially lethal risks when purchasing their alcoholic drinks.

Importantly, restrictions are not deterring the youth from consuming alcohol. The failure of the prevailing regulations to keep alcohol away from young people results in a persistent problem with underage drinking. Underage drinkers comprised 21% of 100 respondents in Bandung. In another CIPS survey among 100 university students who consume alcohol in Bandung, 80% revealed they started drinking when they were in 17 years old or even younger. Inspector General Setyo Wasisto has been quoted saying that many oplosan victims in early April 2018 were of adolescent age. According to him they are “between 18-30 years old and there’s also a 56-year-old.”

Consumers’ awareness of existing regulations is rather low, which is quite a normal phenomenon. Only 39% of the respondents were aware that Bandung has enforced a regulation that bans, supervises and controls alcohol since 2010 (BCRR 11/2010). However, despite not knowing this regulation, 70% knew there is an official ban on sales of alcohol to minors. In contrast to the inadequate awareness of local regulations, the respondents showed strong awareness of the health risks of alcohol. As many as 81% of the respondents agreed that alcohol in general is harmful to their health, with poisoning being the most cited effect (41%), and 88% are aware that unrecorded alcohol is more harmful than legal alcohol.

The price incentive of oplosan was so strong that it overruled fears of potential fatal consequences.

---

18 In comparison, a very cheap bottle of recorded alcohol, for instance vodka, costs about Rp 300,000 (21 USD) on http://jakartaliquor.com/vodka
20 ibid
21 48% started drinking when they were in senior high school (15 – 17 years old), 12% during their primary school age (6 – 12 years old), and 20% in junior high school (13 – 15 years old). Respatiadi, Hizkia and Sugianto Tandra (2018). Underage and Unrecorded Alcohol Consumption and its Health Risk for the Youth Case Study in Bandung; West Java, Center for Indonesian Policy Studies.
Conclusion and recommendations

Consumption of alcoholic beverages in Indonesia is very low. Still, the Indonesian government has tightened regulations on the distribution of recorded alcohol. On the national level, heavy duties were imposed with the aim to support the government’s budget and to reduce the consumption of alcohol. In 2015, the national government also restricted sales in small stores and later delegated this authority to the local governments. On the local level, many governments imposed regulations that banned alcohol or restricted its distribution, like in Bandung city. All of this was done, while alcohol consumption in Indonesia was even lower than the average in the Arab world.

The tight restrictions on recorded alcohol have contributed to the fact that Indonesians drink five times more unrecorded alcohol than recorded alcohol. The market for unrecorded alcohol is illegal and prone to the adverse selection of bad actors who use non-food ingredients in their alcoholic mixes. In the five years between 2008 and 2012, there were 156 reported deaths from unrecorded alcohol in Indonesia. The number of deaths by unrecorded alcohol more than doubled to 587 in the following five years from 2013 to 2017. If the tragic events in early April 2018 were to be included, the number of deaths from 2013 soared to 684.

Recorded alcohol is safer and only dangerous when consumed in high quantities. Since there are not many alcohol consumers in Indonesia and consumption levels are particularly low, the consumption of alcohol is not a social problem in this country. In this situation, making it easier to access alcohol at lower prices would not lead to a significant increase in the overall consumption of alcohol. Instead, it would lead to a shift from dangerous unrecorded alcohol to safer and legal alcoholic beverages, which brings the additional effect that duties and taxes will increase the government’s budgets for nation-building.

To fight unrecorded alcohol consumption, we must shift the existing, low number of alcohol consumers to controlled alcohol and away from unrecorded alcohol, such as oplosan. To do that, the government must lower excise duties on alcoholic beverages in MFR No. 207/2013 and lower import duties in MFR 06/2017. The government needs to ensure that cost reductions will not merely be absorbed by producers or distributors but transmitted downstream to the consumers.

Moreover, the national government needs to abolish MTR No. 06/2015 banning the sale of alcoholic beverages in minimarkets and convenience stores. The government has devolved the authority to implement such a ban to local governments, which are equally advised to refrain from banning the sale of alcoholic drinks. Such a ban only shifts the consumption to unrecorded alcohol obtained in unlicensed stores on the black market.

The government also needs to cooperate with universities, schools, civil society organisations and parents in general to stress the dangers of underage alcohol consumption, excessive alcohol consumption, and the lethal threat of drinking oplosan. Since awareness alone is not enough, governments on all levels also need to improve the enforcement of the law because current efforts have failed to prevent deaths from oplosan consumption.

Finally, studies have shown that local prohibition areas in Indonesia have higher numbers of deaths by unrecorded alcohol. A nationwide prohibition has fatal consequences beyond the current situation. Bandung in West Java prohibits the sales of alcoholic beverages, except in luxury establishments, and has a death toll from oplosan that is five times higher than the rest of the country. If a nationwide ban brings the death of unrecorded alcohol only up to Bandung levels, oplosan would take 339 more lives every year. It is, therefore, imperative that the national parliament does not enact a national alcohol prohibition.

Making it easier for low-income consumers to access recorded alcohol would lead to a shift from dangerous unrecorded alcohol to safer and legal alcoholic beverages.

If a nationwide ban brings the death of unrecorded alcohol only up to Bandung levels, oplosan would take 339 more lives every year.
ABOUT THE AUTHOR

Hizkia Respatiadi is the Head of Research at the Center for Indonesian Policy Studies (CIPS). The focus area of his research is policy issues in Food Trade and Agriculture. He leads the Affordable Food for the Poor project that aims to lower basic food prices in Indonesia by reducing trade barriers between Indonesia and other countries.

Previously, Hizkia worked as a civil servant at the Indonesian Ministry of Foreign Affairs. His international experience includes a posting period to the Indonesian Embassy in Zimbabwe, and short-term assignments to the United Kingdom and several countries in Asia and Africa.

Sugianto Tandra is an education policy and community livelihood researcher at the Center for Indonesian Policy Studies. His research interests include teachers and curriculum implementation, citizenship education, low-cost private schools, as well as public health issues. Prior to joining CIPS, he worked at political think-tank Freedom Institute and for over a decade as a journalist for several media companies in Jakarta. He studied at the Institute for Development Studies and the University of Sydney.

ABOUT THE CENTER FOR INDONESIAN POLICY STUDIES

The Center for Indonesian Policy Studies (CIPS) is a strictly non-partisan and non-profit think tank providing policy analysis and practical policy recommendations to decision-makers within Indonesia’s legislative and executive branches of government.

CIPS promotes social and economic reforms that are based on the belief that only civil, political, and economic freedom allows Indonesia to prosper. We are financially supported by donors and philanthropists who appreciate the independence of our analysis.

KEY FOCUS AREAS:

Food Trade Policy: CIPS exposes links between trade restrictions, food prices, and fulfilment of nutrition for the Indonesian consumers, especially those with low-income.

Education: CIPS studies the quantity and quality of low-cost private schools and whether they are more accountable to the demands of the parents than public schools.

Community Livelihood: CIPS researches areas that impact the livelihoods of individuals and families. This research area focuses on secure property rights, public health in relation to alcohol prohibition laws, and international labour migration.

www.cips-indonesia.org

facebook.com/cips.indonesia
@cips_indonesia
@cips_id

Grand Wijaya Center Blok F-59
Jalan Wijaya II
Jakarta Selatan 12160