



KRETEK CAPITALISM:

Sampoerna and Clove

CIGARETTES

in Indonesia

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Left: Women workers in Lombok weed tobacco fields during a difficult growing season marked by heavy rainfall.

Above left: Sampoerna's brand promoters try to recruit new customers to try Sampoerna Hijau.

Above right: Workers pack cigarettes in a hand-rolling cigarette company run by one of Sampoerna's contractors.



Aldi Rizal, a toddler from a rural village on the Indonesian island of Sumatra, became an Internet sensation in 2010 when a YouTube video of him chain smoking went viral. Shamed by the ensuing...

...public outcry, the Indonesian government sponsored a rehab program for Aldi. But, while the toddler kicked his habit, the state's own dependence on tobacco revenues has continued to grow. With over 60 million smokers, and two out of three men smoking, Indonesia is the world's fourth largest cigarette market and the only country in Southeast Asia that has not ratified the World Health Organization's Framework Convention on Tobacco Control. Indonesia's cigarette market is not only large, but also unusual: 94 percent of Indonesian smokers consume clove cigarettes (*kretek*), with only 6 percent smoking "white cigarettes" (*rokok putih*) without the clove additive.

I spent my 2015–16 sabbatical year in Indonesia studying Sampoerna, the maker of Aldi's preferred kretek brand. Liem Seeng Tee, a Chinese orphan and migrant founded Sampoerna in 1913, and the company was predominantly family owned and managed until 2005, when Philip Morris International acquired it. In 2015, Sampoerna claimed 35 percent of the Indonesian cigarette market, selling nearly 110 billion cigarettes.

Cigarettes remain controversial commodities in Indonesia, subject to polarized depictions as either destroying or constituting the social fabric of Indonesian life and male sociability. Industry supporters argue that the cigarette economy provides a significant income to millions of tobacco and clove farmers, factory workers, and independent retailers in

addition to providing a substantial source of revenue to the government. Sampoerna counts itself as one of the largest contributors to Indonesia's tax base. Industry critics counterclaim that public health costs far outweigh economic benefits and that domestic and multinational cigarette companies are exploiting Indonesia's weak tobacco regulations to create a new generation of addicts. According to the Campaign for Tobacco-Free Kids, a nongovernmental organization based in Washington, D.C., 36 percent of Indonesian boys smoke, suggesting that Aldi's case is but a symptom of a larger problem. The NGO reports that 244,000 Indonesians die annually of tobacco-related diseases, over 97 million Indonesians are regular secondhand smokers, and the typical household expends 11.5 percent of its income on tobacco products (compared to 11 percent on protein and dairy, 3.2 percent on education, and 2.3 percent on health care).

Cloves add another ingredient to this otherwise familiar national debate over the health and economic consequences of cigarettes. Kretek defenders, who promote their perspective through demonstrations, social media, and a slew of books, have demanded special legislative protection for clove cigarettes on the grounds that they are part of a uniquely Indonesian smoking culture and heritage. Indeed, for many visitors to Indonesia the scent of kretek smoke creates a powerful olfactory impression. Coarsely cut cloves make a crackling sound when they ignite, the supposed source of



kretek's onomatopoeic name, while the saccharine-dipped filter tips of filtered kretek deposit a sweet taste on smokers' lips. Biochemical analysis finds harm in kretek's distinctiveness. When smoked, kretek release more tar and nicotine than white cigarettes, and the clove additive has an analgesic effect on smokers' air passages, allowing smokers to inhale more deeply and inflict more damage on their lungs.

I adopted a commodity-centered approach to Sampoerna, examining how the company's cigarettes are made, marketed, distributed, and consumed. An ethnographic lens on farming complicates industry claims that the economic livelihoods of millions of farmers and laborers depend on tobacco and are threatened by regulation. Farmers growing tobacco and cloves, in fact, plant and rely on multiple crops. Farmers who plant tobacco can harvest up to two additional crops a year in the same field, with rice usually planted during the rainy season. Clove farmers in mountainous regions, meanwhile, plant other crops such as coffee, cacao, and bananas, and find cloves unreliable because trees alternate between abundant and meager harvests. Tobacco and clove farmers face environmental, social, and economic risks in planting nonfood crops that are subject to pest infestations, variable rainfall, and volatile commodity price fluctuations. Tobacco can be lucrative, but it is also a particularly capital- and labor-intensive crop, requiring copious applications of fertilizers, pesticides, and suckercides (which prevent the growth of suckers that limit the size of leaves) to grow as well as dedicated labor and assets to sun-dry or flue-cure after harvesting. Many farmers are reluctant to plant the crop, and Indonesia only produces 60 to 70 percent of the tobacco consumed in the country.

To exercise greater control over its domestic tobacco supply, Sampoerna is increasingly moving toward contract relations with tobacco (and, to a lesser degree, clove) farmers in a market of historically independent producers. Sampoerna's tobacco leaf purchases from contract farmers in Indonesia grew from 12 percent in 2011 to approximately 70 percent in 2015, and the company now has contracts with over 27,000 farmers through its leaf suppliers. Sampoerna uses tobacco leaves ever more efficiently, with innovations like "puffed" or "expanded" tobacco and "recon" (reconstituted tobacco

made of dust and stems that were formerly waste). These efficiency gains are part of a longer-term market shift toward cigarettes that contain less tobacco and thus stand to potentially benefit fewer farmers on a per-stick basis.

In Indonesia, a move toward cigarettes with lower tobacco content is particularly pronounced because smokers are shifting from hand-rolled to machine-rolled kretek consumption. Hand-rolled kretek typically weigh at least twice as much as machine-rolled kretek, absorbing more tobacco from farmers in addition to factory labor. They also take 20 to 30 minutes to smoke, compared to 5 to 10 minutes for a machine-rolled kretek or white cigarette, and are increasingly viewed by smokers as old-fashioned, inconvenient, and unhealthier than machine-rolled cigarettes, whose filters provide a false sense of lower health risk to smokers.

Historically a renowned center of cigarette production, Malang, the east Javanese city where my research was based, has seen many of its small-scale hand-rolled cigarette operations shuttered, and those that remain are struggling. This reflects a national decline; whereas Indonesia had over 4,000 registered cigarette producers in 2006, this number dropped to around 700 by 2016. This has left Indonesia's largest market players—Sampoerna, Gudang Garam, Djarum, and Bentoel, which was acquired by British American Tobacco in 2009—in an even more dominant role.

The dramatic decline in the hand-rolled sector caught Sampoerna by surprise. The company initially responded with a hiring freeze and early retirement incentives. Then, in 2014, Sampoerna closed down two recently opened hand-rolling factories in East Java (Lumajang and Jember), laying off nearly 5,000 workers and leaving the company with five Sampoerna-operated factories (one in Malang, three in Surabaya, and one in Probolinggo). The vast majority of workers in these factories are women, and few who lose their jobs can replace them with blue-collar work that provides comparable salaries and benefits.

In 2015, in response to ongoing sector decline, Sampoerna reduced its contracts with 38 Third Party Operators (TPO) by 27.5 percent, which led to further workforce reductions, although TPO workers are generally far less well paid. Meanwhile, Sampoerna has been growing its machine-rolled pro-



duction capacity by adding new factory production facilities outside of Jakarta (Karawang) to complement its facility near Surabaya (Pasuruan). This has done little to offset the overall trend of factory workforce decline. Hand-rollers typically produce well over 300 cigarettes an hour, but machines in mechanized factories can produce 10,000 cigarettes a minute. I sought to understand how these different factories were organized, and how they related to one another, through factory visits, interviews, and a month I spent working in Sampoerna's hand-rolling plant in Malang, where I learned how to hand-roll, trim, and pack kretek.

I also studied how Sampoerna is transforming the distribution and retail network that places cigarettes within easy reach of smokers. Around two million small, independently owned stores and kiosks scattered across the Indonesian archipelago bring bulk goods and mass commodities into urban alleyways and remote mountain hamlets. These small stores provide ubiquitous points-of-sale for cigarettes, sold as both single sticks and packs to Indonesians of all ages. They also furnish the scaffolding for the cigarette advertising that saturates contemporary Indonesian public space.

While this infrastructure forms part of the taken-for-granted backdrop of everyday life in Indonesia, cigarette companies wage hard-fought wars over sponsorship opportunities, advertising space, and whose brands will stand erect and visible or be kept hidden and dormant. The small stores' dual role in cigarette sales and advertising is now threatened, however, by the explosive growth of chain convenience stores like Indomaret and Alfamart, as well as stronger regulation of cigarette advertising practices, with Jakarta already implementing new restrictions on outdoor and indoor advertising. Sampoerna is responding to these threats with efforts to turn storeowners into Sampoerna product advocates and to modernize select stores such that they can compete with chain convenience stores. Through these labor-intensive efforts to reform and recuperate value from an ad hoc retail infrastructure, Sampoerna has been rethinking store products and layouts, the roles of sales agents and storeowners, and dominant theories of consumer behavior and desire.

Due to Indonesia's generally lax regulatory environment and ubiquitous cigarette marketing on television, billboards,

Above (left to right): Cigarette companies must compete for storefront advertising space along popular roads. Women workers apply Tamex, a suckercide, to tobacco plants in East Java. Domestic space and marketing overlap in roadside kiosks. Workers inspect newly printed cigarette packaging in Sampoerna's mechanized factory near Jakarta.

Below: Sampoerna solicits customers outside of a company-sponsored event.

kiosks, and at popular youth-oriented concerts and sporting events, foreign observers are wont to note with a mix of humor and alarm that visiting the country is "like stepping back in time." An episode of HBO's *Vice* depicted Indonesia as Tobaccoland: "the last outpost of pure unfiltered smoking freedom." This time-travel imagery of Indonesia, however, risks obfuscating the cultural particularity of the Indonesian cigarette market and the corporate labor that is going into maintaining it, as well as the ways in which the industry has honed its strategies and is actively working to anticipate future regulatory restrictions. 🌿

