Policy Conflicts in The Legality of Alcohol Investment Licenses: An Advocacy Coalition Framework Perspective

Esa Septian1), Septi Wulandari1) & Obi Pratama2)

1)Public Administration Program, Faculty of Social and Political Sciences, Universitas Bojonegoro, Indonesia
2)Political Science Program, College of Humanities, Dong-A University, South Korea

Received: 17 February 2024; Reviewed: 21 May 2024; Accepted: 21 May 2024

*Corresponding Email: esaseptian28@gmail.com

Abstract

The phenomenon of policy conflicts that emerge in society and policy change requires an examination of the policies that are the focus of this research. With a focus on the dynamic nature and process of stakeholder-generated policies, identification is conducted over the long term, emphasizing conflict. The alcohol investment policy generated many pros and cons, prompting the government to intervene and later cancel the policy. When considering the identification of policy conflicts through the lens of the Advocacy Coalition Framework, it is important to examine the severity and speed of policy change. The findings of this study show that investment policies only fulfill economic requirements, ignoring all other considerations and standards. To support the social fabric of society, policy regulations are needed that accommodate all interests and produce win-win solutions. From upstream to downstream, alcohol circulation can be regulated using a comprehensive strategy. Policy conflicts are evaluated based on their nature, intensity, and causes through the lens of context and events.

Keywords: Conflict; Policy; Investment; Alcohol; Identification

INTRODUCTION
The government has issued investment licensing regulations for the alcohol beverage industry in Papua, Bali, East Nusa Tenggara, and North Sulawesi as stipulated in Presidential Regulation Number 10 of 2021 on Investment Business Fields which was approved by President Jokowi on 2 February 2021. The Presidential Regulation is a derivative regulation of Law Number 11 of 2020 on Job Creation. The content of the policy regulates foreign investment that can flow with a value of more than IDR 10 billion outside of land and buildings. However, it is mandatory to form a Limited Liability Company with an Indonesian legal basis (CNN Indonesia, 2021b). Alcohol investment investors must fulfill several requirements, namely investment requirements for domestic investors, investment requirements with restrictions on foreign capital ownership, and investment requirements with special licenses (Liputan 6.com, 2021).

The rules regarding investment in liquor (Miras) are listed in Appendix III of Presidential Regulation 10 of 2021. It contains a list of business fields with certain requirements and the alcohol business field is included in it. Where there are three types of business fields, namely: 1) Alcoholic liquor industry. 2) Wine alcoholic liquor industry. 3) Beverage industry containing malt. According to Wijaya, 2021), the government’s efforts to encourage the investment climate have made the alcohol business sector an open business in areas where alcohol circulation has developed into local culture and wisdom. For example, Bali is famous for producing Balinese arak, NTT produces an alcoholic drink called Sopi, while in North Sulawesi, Cap Tikus attracts tourists. However, the community has responded strongly to the policy. This has been expressed by (Prihatin, 2021), the same rejection was also voiced by Muhammadiyah. Muhammadiyah specifically asked the government to be wise and listen to the aspirations of the people, especially Muslims, who objected to the issuance of Presidential Regulation 10/2021, especially those related to alcoholic beverages. The Papua Provincial Government rejects alcohol investment because it contradicts local regulations on alcohol prohibition.

The loss has been felt for a long time by the Papuan people. During this time, alcohol is considered to destroy the mind, character, and lifestyle of the Papuan people. Many people drink alcohol and get drunk, and it is contradictory in terms of religion, health, then sociology because people who drink will commit acts of violence (P. A. R. Dewi & Iswahyudi, 2022). The Papuan People’s Assembly (MRP) firmly rejects investment in alcohol production in the region. Because of the adverse effects of alcohol, the Papua Provincial Government also issued Papua Provincial Regulation No. 15 Year 2013 on the Prohibition of the Production, Distribution, and Sale of Alcoholic Beverages. Article 6 of the regulation states, "Every person or civil legal entity is prohibited from producing alcoholic beverages of Group A, Group B, and Group C." (Zamzami, 2021). The alcohol investment policy has generated a lot of public controversies. It has also received rejection from various groups such as ulama, mass organizations, and the public, who believe that opening an alcohol investment policy will result in more massive alcohol circulation. By entering the Positive Permit List (DPI), investors will compete to build alcohol factories. The establishment of new factories or the expansion of existing ones will encourage entrepreneurs to look for consumers of the alcoholic beverages they produce for profit. On the other hand, the public will be the loser (Y. Wijaya, 2020).

Research from the Centre for Indonesian Policy Studies (CIPS) shows that between 2008 and 2013, around 230
people died from consuming unlicensed alcohol. Then in 2014 - 2018, the number of victims doubled to around 540 people. According to the 2018 Basic Health Research, in the last ten years, the average national alcohol consumption has increased. Out of 35 surveys, alcohol consumption only decreased in three provinces, namely Riau Islands, South Sumatra, and Jambi. In the other 32 provinces, the amount of alcohol consumption increased. The most consumed alcohol is traditional alcohol, beer, wine, dangerous mixtures, and other types (BBC News, 2021). According to (Khairiah, 2022), the investment licensing policy for alcoholic liquor has no benefits and even hurts society. Alcoholic liquor users have increased crime in the community. The policy should be a solution to eradicate alcoholic liquor and crime. This is inversely proportional to the role of the policy function, namely the authorization of liquor investment licensing. The implementation of the alcoholic liquor investment licensing policy under the guise of local wisdom must be carefully reviewed, researched, and evaluated by all parties as a response to the level of criminality in community life.

Alcohol consumption changes behavior from good to bad because, in cases of murder or crimes committed by minors, alcohol is an influence, and many criminal cases are committed under the influence of alcohol. Of the various problems caused by alcohol, the closed licensing of alcohol investment still causes conflict in the community. Instead of improving the community's economy, there are more negative impacts from the opening of alcohol investment in Indonesia. Conflict can be seen from the point of view of the nature of conflict according to (Septian, 2022), namely ideological and pragmatic conflicts. Ideological conflicts are based on a view of belief in an issue, while pragmatic conflicts occur over debates from the benefit side.

A prior investigation carried out by (Lestari, 2016), examined the regulation of alcohol consumption; the findings indicated that a subset of the Indonesian population maintains a regular intake of alcoholic beverages. The current regulatory framework remains fragmented across multiple legislative levels, each containing sector-specific regulations. To safeguard the public from the negative effects of alcohol consumption, future regulations must place greater emphasis on a variety of production-to-consumption-related factors. Conversely, an additional investigation carried out by (Rizal, 2018), sheds light on the initial outcomes of the alcohol criminalization policy enshrined in the Criminal Code while examining the criminalization policy of alcohol consumption in Indonesia. Furthermore, legal reform about the criminalization of alcohol consumption policies in Indonesia is imperative, considering philosophical, juridical, and sociological factors. In Indonesia, the alcoholic beverage industry is not a dominant sector, and its influence is comparatively constrained. The government should exercise prudence when it comes to facilitating investment in the sector, given the relatively low attractiveness of input-providing industries and the pressure on output-using industries. Additionally, employment has been relatively low despite the high labor multiplier (Solikhin, 2021).

This research discusses the policy analysis needed to understand the phenomenon of policy conflicts that occur in society and policy change. Identification is done from a long-term perspective, emphasizing conflict in the process and dynamism of policies produced by stakeholders. This is related to the urgency of the alcoholic beverage law from the point of view of alcohol investment licensing policy conflicts, providing alternative efforts in preventing and solving the problem of the impact of alcohol circulation that can damage the younger generation.
The purpose of this research is to analyze the nature of conflict, the causes of conflict, and the context and events of conflict in the alcoholic beverage industry investment licensing policy through an advocacy coalition framework. This research examines the important policy context, including managing advocacy coalitions, policy learning, and other elements that impact policy change (Weible et al., 2009). It offers the central premise that in the policy process, policy actors interact with each other in policy activities including policy learning and policy change.

RESULTS AND DISCUSSION
The Nature of Policy Conflicts in the Legality of Alcohol Investment Licences

The policy conflict emphasized by the author pertains to the government-issued beverage investment licensing policy. This has given rise to social conflicts within the community, encompassing both intercommunal disputes and government-government disputes that operate vertically. The government desires a policy that takes into consideration moral considerations and social order. From the perspective of the conflict’s nature, the following ideological and pragmatic conflicts can be distinguished:

1. **Ideology**
   a. Religious Prohibition of Consuming Liquor

   Most Indonesian people have Islam as their religion. According to Roestam, religion explains that alcoholic beverages are the mother of all sins and are prohibited by religion. This is stated in Surah Al-Baqarah verse 219 which states that alcohol and gambling are major sins. However, the prohibition of alcohol is not only in religion but also in Christianity, Hinduism, and Buddhism, and alcoholic beverages are prohibited for consumption, so it must be by Pancasila, namely Belief in One God (Lubis & Asry, 2021). So, in this...
case, alcohol becomes a conflict in society related to religious values in society.

b. Culture and local wisdom of the local community

Alcohol consumption is an integral part of the local community's culture and community wisdom in specific regions of Indonesia. The Governor of East Nusa Tenggara stated in (Liwu, 2021), that alcohol is a cultural beverage in NTT, being consumed at all events and gatherings, including celebrations. Moke, for instance, is a prevalent alcoholic beverage within the community of Maumere, NTT. A sign of appreciation from the host is the presence of smoke. To the inhabitants of NTT, the moke signifies reverence and kinship. Nevertheless, visitors are never compelled to consume it. Similar circumstances apply to other regions as well. The host is required to have alcoholic beverages prepared as a favor during a shared meal. If alcohol is not present with the treat, the host will extend an apology. The wisdom continues to persist among individuals residing in rural regions. Surnata et al., (2022), posit that the pro-group policy does not pertain to an individual's moral harm, as each person possesses the autonomy to determine their course of action. To prevent moral concerns from being disrupted by the presence of this Perpres. This presents a challenge for the government as it attempts to reconcile diverse interests.

2. Pragmatis

Presidential Regulation Number 10 of 2021 on Investment Business Fields legalizes beverage investment as a government effort to improve the people’s economy. The opening of investment opens investment for foreign capital in establishing alcohol factories and injecting investment funds into the alcoholic beverage industry. The implication is that it can open opportunities for employment and additional state revenue. DKI Jakarta, which owns shares in a beer producer, PT Delta Djakarta, received more than Rp100 billion from the company's dividends. In early 2020, the government through the Ministry of Finance announced that alcoholic beverages contributed around IDR 7.3 trillion to state excise revenue in 2019 (Liwu, 2021). On the other hand, alcohol investment licensing can also increase tourism-based community economic activities that can attract foreign tourists. The government believes that increasing alcohol investment has economic value to be used as an export product and local alcoholic beverages are qualified as local wisdom that can encourage community economic growth.

Alcohol investment costs the economy 256 trillion due to 72% lost productivity, 11% due to health costs, 10% for law enforcement of alcohol-related crimes, and 5% for alcohol-related motor vehicle accidents. Alcoholic beverage investment in Indonesia dates to 1931. The Investment Coordinating Board (BKPM), noted that there have been 109 alcohol investment licenses issued, the licenses were issued in 13 provinces in Indonesia where the contribution of alcohol tax is decreasing, in 2020 the tax revenue is only Rp. 5.76 trillion or a significant decrease of 21% from 7.34 trillion in 2019. With all the adverse effects, most of the deaths due to alcohol exposure were in the age group of 26-35 years, all male, with the cause of death due to sharps violence (Pangemanan et al., 2018).

According to (Yudha, 2021), liquor consumption will have an impact on the future of the nation's generation. In addition, it can trigger the development of criminal acts, which causes loss of generation of criminals and health with high alcohol content, it will cause ulcers or wounds in the stomach. The short-term psychological effects of alcohol can cause heart palpitations, blurred vision, loss of balance, nausea, and vomiting. Therefore, repressive, preventive, and pre-emit methods are needed in educating about the dangers of alcohol, not necessarily giving
punishment with the aim of deterrent effects but rather prioritizing legal education about the values that should be obeyed and things that need to be avoided, especially when talking about the dangers of alcoholic liquor regarding its impact and side effects both for health and for the surrounding environment (A. L. Dewi & Tahir, 2021).

**Intensity of Conflict in the Legality of Investment Licensing for Alcoholic Beverage Investment**

The conflict portrait of alcohol investment policy in Indonesia has not been able to accommodate various interests. After receiving inputs from scholars, MUI, Nahdlatul Ulama, Muhammadiyah, other community organizations, other religious leaders, and inputs from provinces and regions, Presidential Regulation Number 10 of 2021 concerning Investment Business Fields, related to alcohol investment was officially revoked by President Joko Widodo on March 2, 2020 (BBC News, 2021). The conflict is included in the moderate conflict intensity. There is a compromise made by interested actors, the majority of whom want the presidential regulation to be revoked by the government. According to (Febriyani, 2022), capital investment is that there is no guarantee that consumers and the circulation of products from the industry are limited to reaching only predetermined areas.

**Causes of Conflict: Policy Content**

The alcohol investment policy is included in the List of Business Fields with Specific Requirements or Appendix III. New investments can be made in Bali, East Nusa Tenggara (NTT), North Sulawesi, and Papua Provinces by considering local culture and wisdom. Investment outside letters may be determined by the Head of the Investment Coordinating Board based on the proposal of the governor. According to (Amali, 2021), the policy does not see the impact that occurs. The making of main regulation is the Job Creation Law which is the basis for the Perpres. The Job Creation Law was rushed during the pandemic, as well as its derivative regulation in the form of a Perpres. However, this quick step has resulted in controversy because it opens the investment faucet for the liquor industry giants in four provinces including Bali, North Sulawesi, East Nusa Tenggara, and Papua. The conflicts that occur in the community are multifaceted issues that affect social, economic, health, and behavioral conditions. It can also be seen from the perspective that the time conflict caused by consuming alcohol is very long, so the regulation of alcohol investment licensing is not relevant to the circumstances faced in reducing the negative impact of alcohol.

The presidential regulation only regulates closed investment requirements in six business fields, including the cultivation of the drug industry, all forms of gambling, catching fish species listed in the Appendix or CITES, taking or utilizing coral from nature, the chemical weapons industry, and the ozone-depleting chemicals industry. Thus, the government designated the liquor industry as a DPI. Article 6 paragraph (1) of PR 10/2021 states that business fields with certain requirements are business fields that can be cultivated by all investors. Both foreign, domestic, cooperatives, and Micro, Small and Medium Enterprises (MSMEs) investors (Putra, 2021). Since the implementation of this policy, which has only been in effect for 1 month, it has received various opposition from the public. The implication is that there has been a change in government policy by revoking the regulation because it lacks dialogue with the community, so it does not accommodate aspirations in making decisions.

**Causes of Conflict: Process**

ACF, or Advocacy Coalition Framework, is a system model that
connects the top-down and bottom-up approaches of the policy model cycle's stages (Esa, 2016). This approach is highly suitable for implementation by policymakers, as it emphasizes the importance of interdisciplinary cooperation in resolving current issues. As stated by Howlet and Ramesh in (Tamrin, 2017), the ACF comprises a cohort of policymakers operating within the policy subsystem. The current protagonists comprise stakeholders from private and community organizations, government agencies, and interest groups that are affiliated with one another in pursuit of shared objectives. Sabatier and Weible, cited in (Fischer et al., 2007), posit that policymaking facilitated by ACF has the potential to engender severe problems. ACF is regarded as a model capable of comprehending and elucidating policy changes when stakeholders disagree for purposes. By prioritizing both parties, ACF theory ensures that the policy to be implemented produces a win-win solution.

ACF explains the process of public policy implementation and change and focuses on the policy subsystem as the main unit of analysis. The causes of policy changes that occur in advocacy coalitions are due to changes that come from external sources, allowing power to shape one person's belief system over another. Understanding policy change through the approach can be comprehensive from the process, and implementation to policy change. A more detailed explanation of the policy formulation model adopted by Sabatier is that ACF has components that interact with each other to influence beliefs and policy change. One of the best ways to understand, learn, and use ACF is the following flowchart:

**Figure 1. ACF Chart**
Source: (Sabatier, 1991)

From the figure above, some components affect each other. ACF determines the problems that are the focus of the emergence of a policy, such as environmental problems and policy changes. The purpose of this theory is, first, to use and develop information on an alternative model of policy supported by
the coalition. Second, ACF manipulates the decision forum, and third, tries to try to find bureaucratic support for its coalition members (Esa, 2016). The trust that arises comes from cooperation and achieving the desired goals. In ACF to achieve the process of policy change, it is necessary to map the actors involved in the policy.

ACF establishes individual and rational models for the limited capabilities that stimulate the public policy process. ACF’s model motivates policy actors to seek out like-minded opponents and form advocacy coalitions. Individuals have a hierarchical belief system. At the top level are normative or fundamental beliefs that encompass policy subsystems and are highly resistant to policy. The middle level leads to core policies that empirically encompass all policy subsystems. ACF identifies eleven categories of core policy beliefs, including perceptions of the severity and causes of problems across subsystems, orientation to basic value priorities directly related to policy subsystems, the effectiveness of policy instruments, and appropriate distribution of authority between markets and government (Fischer et al., 2007).

ACF formulation requires interests to cooperate (coalition), but in its interaction, the policy subsystem creates competitive rivalry, and policy disputes between advocacy coalitions often escalate into intense political conflicts. These inter-coalition conflicts are mediated by “policy brokers”. Policy brokers try to find reasonable compromises between opposing coalitions. Many different actors also play the role of policy brokers. Policy brokers are usually trusted by both coalitions and have decision-making authority. This condition can only be resolved by the emergence of a mediator between the two coalitions and a policy broker who can provide the best solution.

Policy changes in advocacy coalitions are caused by external changes that affect people’s beliefs. ACF has a long period from the start of the policy process to policy implementation, and to understand policy changes over a long period. According to (Esa, 2016), states that external factors can potentially determine policy changes that will be monitored over time. The policy change has characteristics such as Policy-Oriented Learning (POL), namely policy improvement. Policy improvement involves interest actors that have implications for ideas or ideas that contribute to the policy process to produce real outputs and outcomes of coalition relations.

Relevance to ACF shows that policy conflicts occur between the two sides of Coalition A, which supports the government’s alcohol investment policy, and communities that preserve the culture and local wisdom of alcohol in their regions, as well as entrepreneurs engaged in the alcohol industry. Meanwhile, Coalition B is a community and religious organization that rejects the regulation. On the other hand, some parties such as the Partai Keadilan Sejahtera (PKS) and Partai Persatuan Pembangunan (PPP) rejected the Government’s policy of opening liquor investment taps in Indonesia. One of the reasons PKS rejects the opening of alcohol investment is the negative impact on the nation’s younger generation (CNN Indonesia, 2021a).

In their dispute, the policy broker functions as an intermediary between Coalitions A and B. The policy broker was established during the conflict by the Majelis Ulama Indonesia, which represented the community’s desires in its rejection of the policy. As a consequence of this compromise effort, this belief system emerged as a fundamental value that influenced the ideological perspective and mindset preceding decision-making. Therefore, a shift in policy was implemented when the policymaker vacated the Perpres. The implementation of these policy adjustments has led to a limitation on the availability of alcohol in
society, consequently averting its extensive production and commercialization. Conversely, by implementing these policy modifications, the general populace can be protected from criminal behavior and health hazards, and the adverse effects of alcohol on youth can be avoided. The alcohol investment policy process is distinguished by its transparency and active engagement of the public. In matters involving community opinion and mass organizations, the government is capable of resolving disputes, and it solicits public input concerning its decision-making procedures. Asserting the government’s dedication to soliciting public feedback and averting prolonged discord is the execution of a succinct presidential regulation.

**Context and Event**

The context of the alcohol investment policy places a conflict of interest in the direction of the development of the alcohol industry in Indonesia. President Jokowi has the authority to decide the direction of the policy so that the issuance of the regulation brings alcohol into the list of open investments. However, several regional regulations rejected the regulation because, for example, the Papua region was concerned about suppressing the circulation of alcohol in its region. In the end, after the alcohol investment policy was revoked, it led how the position of the alcohol industry and the alcohol culture that had developed in various regions in improving the economy of the surrounding community but did not get opposition from the community due to the adverse effects caused so that it was revoked for the good of the social order of society. Of the various impacts caused by crime and health and morals due to alcohol consumption, it is necessary to pay special attention to the government in fixing regulations that have not run optimally (Janah, 2021).

Achieving maximal investment in Indonesia has become a government initiative since the job creation law was enacted, in terms of policy development. Opportunities for the growth and progress of the intoxicating beverage sector remain quite expensive, according to the Ministry of Industry. This is consistent with the opportunity for exports and the growth of the national tourism sector. In 2019, solely 51 percent of the market was occupied by manufacturers of intoxicating beverages. Therefore, industrial capacity can be expanded to satisfy demand even in the absence of fresh capital investments (Nurcaya, 2021). The governance fails to assess the policy’s far-reaching consequences, even though the dispute surrounding alcohol investment policy serves as an attempt to stimulate investment. Those who have a significant stake in obtaining capital to explore the lucrative potential of alcohol for factory establishments in Indonesia are the sole beneficiaries of the benefits obtained.

Badan Koordinasi Penanaman Modal (BKPM) regulates investment in Indonesia by applicable laws and regulations to attract domestic and foreign investors. The government’s encouragement in issuing the policy was because it saw the regional potential of local people who produced local wine on a small scale, so they could not enjoy the economic value of the product. According to (Uly, 2021), local wine production will have economic value if it is in industrial form, which is why the presidential regulation was issued to cover investment procedures in the alcohol industry and regulate the management of the industry for the better. Thus, the economic value reaped can be optimized.

The successful implementation of these policies is a daunting task that requires the cooperation of various stakeholders. Regarding the governance aspects of the alcohol industry, including pricing and taxation policies, as well as alcohol marketing regulations, alcohol policies need to be adaptable to accommodate all interests (Jankhotkaew et al., 2022). The importance of community
engagement significantly affects the attributes of interventions and policies, and implementing agencies take this into account when allocating resources for alcohol investments.

**CONCLUSION**

The regulation of alcohol investment policies needs to pay attention to other aspects besides efforts to improve the economic aspects of the community. The government is very important to formulate policies that can accommodate all interests to produce a *win-win solution* policy. The development of alcohol in certain places as a culture and local wisdom is a potential increase in tourism in the region, but it is necessary to see the impacts of consuming alcohol has many adverse effects on health, crime, and the morality of the nation’s children. Control of alcohol circulation is done through a holistic approach from upstream to downstream. The government can oversee the production and distribution of alcohol to the public. Efforts to resolve policy investment conflicts by revoking the policy are quite appropriate because it is for the sake of the sustainability of the social order of society. However, this cannot solve the problem completely because the alcohol conflict has become a prolonged conflict, so it is necessary to review the alcohol investment policy by considering the characteristics of the community and accommodating the aspirations of various groups and the broad impact caused by the alcohol industry.

To increase alcohol investment, the government can focus on export activities abroad and reduce the circulation of alcohol imports into Indonesia. On the other hand, it is necessary to clarify the types of alcohol that are prohibited from circulation and law enforcement actions against violators from illegal production to alcohol traders. Preventive efforts can be made by the government by conducting efforts to socialize the dangers of consuming alcohol in educational activities to protect the nation’s generation from the influence of alcohol. Further research can examine the formulation of government policies in the handling of alcoholic beverages in Indonesia from the perspective of collaboration of various actors in unraveling the negative impacts and influences in the alcohol industry.

**REFERENCES**


to the Implementation of Effective Alcohol Control Policies: A Scoping Review.


