

NEWS RELEASE

For immediate release

Generation End Game Will Not Stop Creative Lawbreakers

KUALA LUMPUR, 12 May 2022 – The government’s ambitious plan to ban the sale of cigarettes and tobacco products to those born after 2005 will not work as illegal cigarette syndicates will find creative ways to circumvent the law and peddle contraband cigarettes to the new market segment, said Retail and Trade Brands Advocacy Malaysia Chapter (RTBA Malaysia) today.

Dato’ Fazli Nordin, Managing Director of RTBA Malaysia, said, “While the intention behind the Tobacco Generation Endgame is noble, criminals who are trading in illegal cigarettes will undoubtedly see this policy as another lucrative gateway to tap a sizeable segment of the society who would be prevented from purchasing legal cigarettes.”

“These criminals do not conform to any laws or regulations. If the Generation Endgame is to come into effect, they will quickly find ways to entice the ‘banned generation’ through clever promotions as well as making cheap illegal cigarettes easily accessible to them,” he added.

“In addition to finding novel ways to get illegal cigarettes into the hands of the banned generation, we expect illegal cigarette operators to also encourage smoking through the use of social media. There are already instances where brands of contraband cigarettes are spearheading direct and indirect forms of advertising through the internet. Clearly, they have nothing to lose and everything to gain,” said Dato’ Fazli.

According to Dato’ Fazli, due to the poor enforcement of existing laws and regulations, the illegal cigarette trade in Malaysia has taken up close to 60% of total cigarettes sold in the market today, costing the Government to lose RM5 billion annually in uncollected tax revenue. “It is doubtful that banning cigarette sales to a new generation will cause overall demand for cigarettes to decline, eventually disincentivising illegal cigarette perpetrators. This is indeed wishful thinking,” he said.

In reality, and based on recent experiences and historical data, the criminal intervention will cause the illegal cigarettes trade and the national smoking prevalence to increase exponentially if a prohibition type law like the Generation Endgame were put in place,” Dato’ Fazli continued.

RTBA Malaysia indicated that the recent COVID-19 global pandemic provided insights into how criminals who trade in contraband products like cigarettes get creative in circumventing laws and logistic barriers.

Experts at the Organisation for Economic Co-operation and Development (OECD) Task Force on Countering Illicit Trade (TF-CIT) recently highlighted that criminals were able to quickly move their activities to the online trading and digital marketing space to sell their illegal products during the



lockdowns. There were several instances where perpetrators also reached out to new and current consumers through social media networks to expand their nefarious sales activities.

Closer to home, RTBA Malaysia also highlighted that illegal cigarette syndicates were quick to change their modus operandi from smuggling contraband products through the ports to the use of porous coastal areas when the Government implemented restrictions on transshipment in 2021.

Dato' Fazli recommended the Government to look beyond prohibition-type measures which have been proven to be ineffective and find alternative evidence-based solutions to reduce smoking prevalence in the country. "There are countries that have implemented comprehensive and practical solutions that have yielded promising results. These include eradicating the illegal cigarettes trade, enforcing existing laws and regulations in relation to cigarettes sales to the underage and enhancing education programmes on the dangers of smoking," he concluded.

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About Retail & Trade Brands Advocacy Malaysia

The RTBA Malaysia Chapter is the subdivision of RTBA, headquartered in Victoria, Australia. It is a coalition of businesses, retailers and trademark holders working to protect the retail and supplier industries in the Asia-Pacific region from the impact of criminal conduct. RTBA's focus is to unite, mobilise and advocate for effective change in regulatory, financial and taxation issues affecting the supply chain.

Today, RTBA continues to play an active role in the efforts to enhance product security and increasing penalties for criminals involved in black market operations; stamp out illegal activities, including counterfeiting, piracy and illicit trade of consumer goods; protect brands & IP rights of suppliers, manufacturers, trademark owners and consumers as well as to provide positive regulatory and taxation solutions for all constituents of retail trade and supply chains.

More information at www.rtbamalaysia.com.

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