

## NEWS RELEASE

*For immediate release*

### **57.3% ILLICIT CIGARETTES MARKET SHARE CALLS FOR MORE ENFORCEMENT ACTION**

**KUALA LUMPUR, 18 March 2022** – While the prevalence of illicit cigarettes has declined for the first time since 2014, the Malaysian Government should not rest on its laurels but instead shift to a higher gear to eradicate this endemic problem that has weighed down socio-economic growth, said the Retail and Trade Brands Advocacy Malaysia Chapter (RTBA Malaysia) today.

The comment from the advocacy group that protects businesses in the Asia-Pacific region from criminal conduct came on the back of the recent news by the Confederation of Malaysian Tobacco Manufacturers that Malaysia's illicit cigarettes prevalence stands at 57.3% in 2021, a decrease of 6.5% as compared to 63.8% in 2020.

Dato' Fazli Nordin, Managing Director of RTBA Malaysia, said, "The decline of 6.5% is an indication that measures put in place by the Government in Budget 2021 can shift the needle on this problem that causes the Government to lose up to RM5 billion annually in uncollected taxes."

"Nevertheless, a 57.3% prevalence remains too high against international standards. If we are to benchmark against our neighbours, Singapore's illicit cigarettes prevalence is only at 13.8% in 2017 while in Thailand, and the Philippines were at 5.5% and 6.5% respectively in 2017."

RTBA Malaysia also said that criminal syndicates remain active in smuggling illicit cigarettes in the country, as evidenced by the several high-profile busts recently.

"Clearly, much more work needs to be done," he reiterated.

Commenting on a recent news report that quoted the Director-General of the Royal Malaysian Customs as saying that illicit cigarette prevalence has come down because of excise duties imposed (on cigarettes in Duty-Free Islands), Dato Fazli said that taxing cigarettes in duty-free areas is just one of the measures in Budget 2021 that led to a decline in illicit cigarettes prevalence. "RTBA Malaysia believes that it was the collection of measures including the transshipment restrictions that had an impact," Dato Fazli said.

"Moving forward, the Government must now focus on maintaining policy stability including sustaining excise duty moratorium, transshipment restrictions as well as close collaboration between industry players and Government.

Dato' Fazli also proposed to increase enforcement, especially in coastal areas, to address the continuous smuggling activities.



“It is equally important to conduct an in-depth regulatory and economic impact analysis and engage with key stakeholders before introducing any policies like the ban cigarettes for anyone born after 2005,” he added.

Darto Fazli also said that the relevant Ministries must also work hand-in-glove with enforcement agencies to eradicate the problem. “Illicit cigarettes problem is not just an enforcement issue. Before the Ministry of Health tries to implement and enforce lofty regulations to ban cigarettes and vape for the next generation, it should first look into enforcing and penalising cigarette products that are sold below the minimum rate of RM12, which is a law introduced by MOH. By playing a more pro-active role, MOH can help curtail cheap illicit cigarettes that contradicts the national health agenda,” he concluded.

In January 2022, the General Operations Force Battalion 8 (PGA8) seized over 2.2 million sticks of cigarettes worth RM1.6 million, including tax, in Kelantan.

Early this month, the Perak Royal Customs Department (JKDM) seized RM1.59 million worth of contraband cigarettes at Kuala Kangsar and Leggong through Ops Benteng Phase 22.

-END-

---

#### **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 increase 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](http://www.rtbamalaysia.com).

Issued on behalf of: Retail & Trade Brands Advocacy Malaysia

By: Acendus Communications Sdn Bhd

For further information, please call I-mae Liew at 012 383 5688