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# BAT to launch Glo upon approval

by MARK RAO

**BRITISH** American Tobacco (M) Bhd (BAT) is "ready" to launch potentially reduced-risk products in Malaysia but is waiting for the approval for pricing from the relevant authorities.

Its MD Erik Stoel said the company has secured virtually all the licensing required to launch the product in Malaysia, but the approval from the Public Health and Tobacco Control departments is still required.

"We are ready to go. We want to go. We think it is the right thing for the market, but we need one approval, and that is the approval from the Tobacco Control sector and the Deputy DG of Public Health," he said after the company's AGM in Kuala Lumpur yesterday.

He said BAT secured an excise classification for the potentially reduced-risk product, namely the group's flagship tobacco heating Glo device, and have all the licences to start selling the product.

Health Minister Datuk Seri Dr Dzulkefly Ahmad announced earlier this month that the government is drafting a new tobacco act to regulate all tobacco-based products under the same legislation. This includes traditional cigarettes and electronic alternatives.

Currently, cigarettes are regulated by the Control of Tobacco Product Regulations 2004, while e-cigarettes containing nicotine fall under the Poisons Act 1952.

Stoel said the new category of potentially reduced-risk products is not expected to

come under the current tobacco control act, which sees excise duties for cigarettes at 40 sen per stick.

"Excise rates related to this product are defined by the Ministry of Finance in essence and, therefore, we see it for the moment as separate," he said.

"We think the government has made the right call by classifying the excise rate for these categories currently below traditional filter cigarettes."

Stoel said products such as Glo represent a growing and sustainable market in the long term but traditional cigarettes will remain a key part of BAT's business.

BAT finance director Ricardo Martin Guardo said profit margins for products like Glo are expected to be in line with the rest of the company's business, but noted that substantial investment is

needed to educate users on the product.

"When you introduce something new like Glo, it requires a lot of awareness. There is an initial investment required for consumers to know how to use it and how the device works and so on," he said.

"We are not so concerned about the margins but the level of investment behind this is high. It is a new device and new capability."

Stoel said potentially reduced-risk products are not aimed at addressing illicit cigarette consumption in Malaysia as it is a completely different category from traditional cigarettes.

However, it does represent an opportunity to tap into a nascent but growing market that does not have to compete with the black market cigarettes.