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## BAT hails efforts to combat illegal tobacco smuggling

by NG MIN SHEN

**BRITISH** American Tobacco (M) Bhd (BAT) hails the Federal Internal Security and Public Order Department's intensive operations to thwart illegal tobacco smuggling activities, stating that it is "encouraged" by the department's efforts.

"Following the identification of four syndicates, whose main contraband consists of smuggled cigarettes, we hope that the police continue to apply pressure and deal with a swift and crippling blow to these criminals who have blatantly disregarded the 'rule of law' and fund a culture of organised corruption in the country," BAT MD Erik Stoel said in a statement yesterday.

According to an Oxford Economics report, ever since this black trade gained a foothold, Malaysia's GDP, economy, public health agenda, reputation and legal employment opportunities have been undermined.

Stoel said the tobacco company has constantly appealed for serious actions to be taken, as the issue can no longer be ignored and it requires a cross-government action plan to be effectively tackled.

All key ministries and agencies have a role to play, he added, stating that the Health Ministry's Tobacco Control Sector; the Domestic Trade and Consumer Affairs Ministry; the Home Affairs Ministry; the central bank; the Malaysian Anti-Corruption Commission; and the National Financial Crime Centre need to lend their expertise and jointly support the ongoing efforts of law enforcement agencies.

"As the legal industry leader, we are very willing to provide our full support to the government effort to curtail this menace — our extensive international experience tells us that a joint collaboration between the private and public sectors can work," Stoel said.

BAT has long spoken out

against illegal cigarette trade in Malaysia, as the black market has been steadily eating into the group's profits and is estimated to have cost the government RM8 billion in taxes.

According to a report shared by BAT previously, illegal cigarette consumption rose to 64% of total tobacco consumption in the fourth quarter of 2018 (4Q18), mostly due to a jump of over 110% in cigarette-related taxes since 2011.

The group's net profit fell 79% to RM88.6 million in 1Q19 from RM96.23 million the year prior, due to the implementation of the Sales and Services Tax (SST) and the widespread sale of illicit cigarettes.

Revenue dropped 2.6% to RM625.95 million in 1Q19 from RM637.65 million in 1Q18 as a result of consumers down trading due to affordability issues brought on by the SST and exacerbated by illegal cigarettes, coupled with prohibitions on public smoking beginning January.