

Headline	` Illicit fags traders raked in RM1.2 bil `		
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## ‘Illicit fags traders raked in RM1.2 bil’

KUALA LUMPUR: British American Tobacco's (BAT) Malaysia Managing Director Erik Stoel said illicit cigarette traders raked in profits of RM1.2 billion in 2018.

“It is not acceptable that 60pc of the market is made up of illegal cigarettes. These sellers do not and will not comply with any form of excise and tobacco regulation.

“This remains a big concern for the business and deserves immediate attention from the government.

“Better legislation has been put in place in the form of stricter penalties, which now needs to be capitalised on,” Stoel told FMT at a press conference here.

Stoel said while it was encouraging that the government had publicly stated its intention to combat illegal cigarette trade, more than RM1 billion in excise duty was being lost to the illegal trade.

He added that it was critical for continuous and intensified enforcement action to be carried out by the Royal Malaysian Customs Department in tandem with other law enforcement agencies to address the issue.

“Besides vigorous enforcement action,

another key driver of the illegal cigarette trade is affordability.

“Therefore, consideration also needs to be given by regulators to develop a solution which will allow consumers to move away from illegal cigarettes,” said Stoel.

The Illicit Cigarette Study (ICS) by research firm Nielsen in 2018 showed that Malaysia had the biggest illicit cigarette market in the world.

BAT recorded RM637 million in operating profit in 2018, which was a 2.2pc decline in comparison with the previous year.

The company paid 155 sen in dividends in 2018, which represented a payout of 95pc.

“If we can get more Malaysians to understand that illegal cigarette trade has an economic and social impact on the country, we are confident that in the long run, everyone would stand to gain — whether through recovering taxable revenue that could be invested in the development of the country or through increased job opportunities in the legal cigarette industry,” added Stoel.