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BAT to consider opening another Malaysian factory

Company says it will depend on market for legal cigarettes

KUALA LUMPUR: British American Tobacco (M) Bhd (BAT), which had shut down its Petaling Jaya plant in 2017, will consider opening another factory in Malaysia depending on the market situation for legal cigarettes in the country.

"Not all our products consumed here are imported but a majority are or about 98%.

"We have opened a factory in Johor Baru so that we can maintain our manufacturing licence.

"We would like to retain our manufacturing licence," its managing director Erik Stoel said at a press briefing after its AGM yesterday.

"Depending on the evolution of the market then we can consider whether or not in the longer term: whether we can produce and manufacture our products in Malaysia once again.

"We are very committed into investing in Malaysia.

"While we know the market has a big illegal trade problem but we have become a big company in this market and we also treasure this," he added.

He said that while there are not active

plans to reopen the factory for now, but that over time a decision to reopen a plant would also hinge on how the government is able to tackle and reduce the issue of illicit cigarettes in the country.

The company mainly imports its products for domestic consumption from Indonesia at the moment.

"At the moment our investments are in our people, capability and the brands. Hopefully over time with the help of the government perhaps we can re-evaluate the situation and maybe we can open a bigger factory but it is not in our consideration at the moment," he said.

BAT, which is the country's biggest cigarette maker had first announced a closure to its PJ plant in 2016 citing the reason then as falling sales as a result of high duties and the growing illegal cigarette trade.

The decision then to close the PJ plant had seen 230 workers losing their jobs, according to earlier reports.

The BAT PJ plant was reportedly closed in stages and a complete closure happened in the second half of 2017.

Stoel said that the installation of the new

Pakatan Harapan government about almost a year ago with a focus on clamping down on corruption and enforcement had brought some hope to the tobacco industry in Malaysia.

"For the tobacco industry we can benefit.

"The things that Harapan was talking about was to fight corruption, transparency, addressing affordability and focusing on (clamping down) illicit trade.

"We all know what has happened, what they have done and what they can still do. We have seen a government that are willing to tackle some of the issues or pitfalls we have in this country," Stoel said.

"These are good things and we see a lot of good intent and the question is about how fast do we get there.

"If you talk about the consumer, affordability plays a major part and for the average consumer they still struggle to buy a pack of cigarettes for as long as there is a pack of illegal cigarettes on sale. So this has a bit of an impact on us," he said.

Stoel said he hopes the government will maintain vigilant enforcement actions against illegal cigarettes moving forward.