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ILLICIT TOBACCO TRADE

FOUR WAYS TO TACKLE SMUGGLING OF CIGARETTES

The country has lost billions to this criminal activity

MALAYSIA has become the largest consumer of illegal cigarettes in the world, accounting for 59 per cent of its smokers market, with 1,000 illicit cigarette packs bought each minute.

According to a report by Oxford Economics Tobacco titled, "The Economics of the Illicit Tobacco Trade in Malaysia", the illicit cigarette trade cost Malaysia almost RM4.8 billion in excise duties last year.

The following are four recommendations that the government may look into in addressing these concerns.

FIRST, the latest amendment to the Customs Act 1967 last December was not effective as there was only an increase in penalty, but no mandatory imprisonment.

Effective deterrent measures are vital to reduce illegal cigarette trade in Malaysia.

The Customs Act 1967 provides for offences related to dutiable, uncustomed and prohibited goods in Section 135(1) (a) to (g) and penalties for those offences are prescribed under Section 135(1) (i), (ii) and (iii).

Currently, there is no distinction in terms of penalties prescribed for dealing in illegal cigarettes, as the same penalties would apply across the board to all products that are generally classified into three categories, i.e. class of goods in an order made pursuant to Section 11(1), uncustomed goods and prohibited goods.

In essence, the penalties prescribed would be a fine or imprisonment, or both.

Further, it is to be noted that the fines to be imposed are tagged to illegal cigarette operators throughout the supply chain, from the smugglers down to the retailers, who derive excessive profits and they can readily afford to absorb the risks of financial penalties in those instances where they are caught and fined by the authorities.

Hence, stricter and heavier



A mandatory jail term is needed against cigarette smugglers.
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penalties, including imprisonment, are required to act as an effective deterrent against all illegal operators.

It is strongly encouraged that the government consider amending Section 135(1) of the Customs Act 1967 to include a provision prescribing the penalty for tobacco smuggling offences.

The penalty should be seriously increased to include a minimum and mandatory imprisonment term for tobacco smuggling.

This would be a far more effective deterrent both for the smugglers and individual operators, like distributors and retailers, who are in the illegal business for lucrative gains.

SECONDLY, a special task force should be set up under the Home Ministry to focus on the illegal cigarette trade.

This independent special task force should comprise clean and high-integrity senior representatives from relevant government departments and agencies to increase strategic-level coordination of efforts to reduce the impact of the illegal cigarette trade on public safety, public health and fiscal policies.

The main task of this special task force will be to spearhead more effective coordination and collaboration among key law enforcement authorities, such as the Royal Malaysia Police, Royal

Malaysian Customs, Malaysian Maritime Enforcement Agency and Domestic Trade, Cooperatives and Consumerism Ministry, Bank Negara and Malaysian Anti-Corruption Commission.

If need be, it could include local and international enforcement agencies to increase cross-border collaboration and information sharing, and support the development of multilateral initiatives to tackle tobacco smuggling.

Enforcement should be directed at significantly disrupting distribution supply lines of the illegal cigarette trade, stepping up security surveillance, apprehending key figures and seizing the proceeds of criminal activity, which will support successful prosecutions.

THIRDLY, the government should install and invest in the most modern scanners at strategic ports.

Officers with high integrity should be located at high-risk posts, especially in Port Klang, Penang Port, Labuan, Langkawi and the Malaysia-Thai border.

The Customs checkpoints and facilities at "hotspots", such as Port Klang, Penang Port and Johor Port, and also at the Malaysia-Thailand border checkpoints in Rantau Panjang, Bukit Kayu Hitam, Padang Besar and Wang Kelian in Perlis, and other borders must be upgraded.

LASTLY, law enforcement agen-

cies must introduce job rotation by identifying officers to be transferred according to the duration of being at one place — three years for sensitive jobs and five years for non-sensitive jobs — and enhance supervision to prevent the officer from seeking an opportunity to make an illegal gain or benefit from his duty.

Syndicates dealing with supplying contraband cigarettes have become more brazen, offering bribes and buying the integrity of irresponsible enforcement officers to cover up their trail.

While not all enforcement officers or personnel can be bought, these illegal cigarette cartels are willing to exhaust every avenue, including leveraging threats, to influence these quarters to work with them.

The government and all relevant authorities need to prioritise this area of enforcement of preventing the illicit cigarette trade as there are public health and loss of revenue implications.

The endeavour may be difficult, but with genuine efforts and corruption-free action, it can be done. Let's get on with it!

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