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KUALA LUMPUR (April 27): British American Tobacco (Malaysia) Bhd (BAT Malaysia) has urged the government to focus on tackling the tobacco black market, which is expected to see an increase in activity following the re-opening of borders on April 1.

BAT Malaysia managing director Nedal Salem pointed out that the black market currently commands approximately 60% of the total market and causes a loss of RM5 billion in tax revenue every year.

“Smugglers are also now using vessels to bring in their black market goods. Hence, we urge the government to continue to increase enforcement, especially in coastal areas, and maintain policy stability, including closing the price gap between legal and black market tobacco products,” he said in a statement released in conjunction with the group’s 61st annual general meeting on Wednesday (April 27).

Nedal said he is encouraged by the government’s focus to regulate the vape industry, adding that any regulations must be science-based, aimed at lessening the impact of smoking.

He added that regulation will not only allow vape users access to lower risk alternatives, but also ensure the products used are compliant with quality and safety standards.

On the group’s performance in 2021, Nedal said BAT Malaysia experienced volume growth for the first time since 2002 and profit growth for the first time since 2015.

“This positive trajectory was due to the reduction in tobacco black market incidence and our increase in market share, which in turn improved revenue and profit from operations,” he said.

BAT fell 22 sen or 1.7% to close at RM12.66 on Wednesday, which translates into a market capitalisation of RM3.61 billion.

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