



BAT, MoH to draft e-cig laws

The launch of smokeless devices in Malaysia has hit a snag as there is no exact law to control the trend

by MARK RAO

BRITISH American Tobacco (M) Bhd (BAT) is working with the government on laws related to e-cigarettes as more smokers shift to alternative smoking options, while producers try to stem the decline in sales of traditional ciggies.

Besides the popular flavoured vape, more smokeless devices have been seeping into the market as health-conscious smokers turn to heated nicotine products. More shops are

already selling the heat sticks which contain tobacco-like products for such electronic cigarettes.

Global tobacco companies have also been on the forefront of the new market, acquiring producers of the electronic cigarette. The global market for electronic cigarettes is expected to reach US\$26.8 billion (RM109 billion) by 2023. But the launch of these smokeless devices in Malaysia has hit a snag as there is no exact law related to control the new trend.

BAT MD Erik Stoel said the company wants a clear regulatory framework before it considers launching heat-not-burn products such as smokeless devices and e-cigarettes.

"We are currently working with the Ministry of Health (MoH) to ensure

a clear regulatory framework is in place, so that a level playing field can be established for all interested players within this category," he told *The Malaysian Reserve (TMR)* recently.

"While this is a slow process — as all national policies need to be designed with careful consideration — we sincerely hope that the government will take a positive stance on enabling a regulatory framework that can cater for potentially reduced-risk products," he said.

The BAT Group has already launched its flagship and propriety smokeless device Glo in seven countries, as of the middle of last year.

As a group, BAT invested US\$2.5 billion in developing next-generation products, namely tobacco-heating

and vapour products since 2012. These next-gen products are touted to be a key revenue generator in the near future.

The progress in Malaysia has been slower as there are no clear or fixed laws to regulate both heat-not-burn and vaping products in the country.

Relevant smoking laws, like the Control of Tobacco Product Regulations 2004 or the Poisons Act 1952 for nicotine not derived from tobacco, all fall under the purview of MoH.

The continued prevalence of illicit cigarette consumption in Malaysia, which resulted in an industry-wide 3.5% decline in total legal volume last year, encouraged legal tobacco firms to explore new markets.

SEE P4 COL1



E-cigs are as harmful to lungs, study shows

FROM P1 E-cig laws

Philip Morris (M) Sdn Bhd launched its heat-not-burn device IQOS last year.

BAT and JT International Bhd have held back due to the lack of a clear regulatory environment for the commercial deployment of these products, wanting to avoid the legal limbo facing the vaping industry in Malaysia.

BAT, who reported three consecutive fiscal years of weaker profitability from 2016 to 2018 due to the contraction in legal market volume, has since confirmed it is working with MoH.

Stoel said potentially reduced-risk products are at the forefront of the company's larger ambition to transform tobacco.

"We see (reduced-risk products) as separate from the problem of illegal cigarettes as these products are meant to cater to the evolving demand of our consumers globally, as well as in Malaysia, although they are not mutually exclusive," he said.

"However, it is critical that consistent implementation and a transparent policy by the government is set in place on new categories...to create a level playing field for legal businesses to operate in, and to offer the consumer a wide array of potentially reduced-risk products."

High excise duties on cigarettes, coupled with the rampant illicit cigarette trade, have put significant pressure on legal tobacco companies' profit margins, while their value-for-money segment is a low-margin business due to the current tax structure.

The move into reduced-risk

and tobacco-heated products makes business sense for these companies as it stands to be a new high-margin market that would not have to compete with the black market.

However, the studies on the potential harm reduction promised by these devices are not decisive and could stall efforts to regulate the market.

Galen Centre for Health and Social Policy CEO Azrul Mohd Khalib said studies from the US Food and Drug Administration and South Korea demonstrated evidence of health risks and counter claims that smokers would switch to these reduced-risk products.

"The former found that when smokers switched from traditional cigarettes to heat-not-burn devices, there was no evidence of improvements in lung functions or reductions in tobacco-related blood vessel damage and inflammation," he told TMR.

"The available evidence suggests that the devices are just as harmful to the lungs and immune system as traditional cigarettes. There is arguably no evidence of harm reduction."

He added that the South Korean study revealed that current users of e-cig are more likely to smoke conventional cigarettes and/or e-cigarettes, contradicting claims that conventional cigarette smokers will switch to heated tobacco products.

Azrul said this provides even more impetus for the government to introduce laws for these devices, so that they can regulate the tobacco industry's marketing tactics and health claims.