

## Tobacco price hike a boon for black market, Putrajaya told

By Robin Augustin | October 17, 2018



*Bernama pic*

PETALING JAYA: News that tobacco prices are headed for another increase has prompted two think tanks to warn of a further growth in the black market for cigarettes.

The Galen Centre for Health and Social Policy, reacting to remarks made yesterday by Health Minister Dzulkefly Ahmad, said it might be wiser for the government to look at other ways of discouraging smoking.

Galen chief executive Azrul Mohd Khalib said price increases were likely to push hardcore smokers towards illicit cigarettes.

The same view was given by Ali Salman, chief executive of the Institute for Democracy and Economic Affairs.

Yesterday, Dzulkefly said at a press conference that the sales and services tax would cause the prices of all tobacco products to increase next month.

Azrul acknowledged that a price increase might cause younger and “price-sensitive” smokers to think of quitting, but he said long-term addicts would simply look for cheaper alternatives, such as illicit cigarettes.

He noted a study made last year by Nielsen Malaysia, which found that the black market accounted for nearly 60% of the cigarette trade in Malaysia in December 2016.

“This is a reality which needs to be addressed through improved and aggressive enforcement by the Customs Department,” he said.

He called for the strengthening and broadening of government programmes aimed at providing support for smokers who want to quit, saying these programmes had shown significant results.

He noted that the revenue from tobacco taxes in Australia were channelled towards strengthening health programmes. “We don’t do that in Malaysia,” he said. “Perhaps it is time we do so.”

Ali Salman said the growth of the cigarette black market was costing the government billions of ringgit, adding that high taxes were doing little to lower smoking rates.

He called for “market-based solutions” such as selling cigarettes in small packets.

He said the cheaper prices of the smaller packs might encourage smokers to opt for them rather than large packs of illicit cigarettes. In doing so, they would also reduce their smoking, he added.

The Consumers Association of Subang and Shah Alam, Selangor welcomed the price increase but said it must be complemented by better surveillance and enforcement against the illicit trade.

**Source:** <https://www.freemalaysiatoday.com/category/nation/2018/10/17/tobacco-price-hike-a-boon-for-black-market-putrajaya-told/>