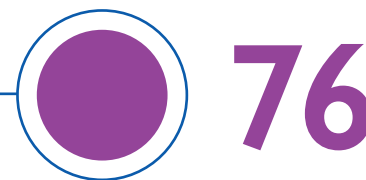


# Malaysia



## Summary of Findings

### 1. INDUSTRY PARTICIPATION IN POLICY DEVELOPMENT

The tobacco and vape industry (TI) and their front groups lobbied the government for the approval of ENDS (electronic nicotine delivery devices) using several arguments. These included how addressing smuggling, substantial taxation benefits to the government, and offering these products as an avenue for smoking cessation. In March 2023 the Ministry of Health amended the National Poison Act, removing nicotine as a class c poison. This legalized the importation and sale of ENDS such as vape products in the country.

In April 2023 the Minister of Finance, who is also the Prime Minister, announced vape products will be taxed thereby legalizing them for sale. The TI stands to gain the most from this move. Since the proposed Tobacco Control bill, containing the generational endgame (GEG) was not approved in 2022, vapes were not regulated.

The TI undertook an extensive campaign against further taxation, leading to no increases in taxes in the 2022 or 2023 budgets. BAT Malaysia continued with its "STOP THE BLACK MARKET" campaign in 2021, resulting in another year without a tax increase for tobacco.

### 2. INDUSTRY CSR ACTIVITIES

In March 2023 BAT conducted its CSR programme through a community farm garden called "Beyond Benih" (Beyond seed) in Tanjung Karang and Shah Alam Selangor. This programme involved 165,000 beneficiaries supporting locals to grow their food using organic agriculture techniques. According to news reports, it had "worked closely with multiple partners throughout various phases, including the Selangor Department of Agriculture and local authorities."

### 3. BENEFITS TO THE INDUSTRY

There was no excise tax increase on tobacco in 2022 and 2023 budgets – this represented the seventh consecutive year without increases

The government abandoned the recommendation by the Ministry of Health to ban vape products, instead "legalising" their sale to the benefit of the industry - this legalisation diversified the ways in which companies within the TI could sell nicotine products.

International travelers can bring in duty free 200 cigarettes or 225g of tobacco.

### 4. UNNECESSARY INTERACTION

In April 2023 the Deputy Health Minister met with representatives of the vape industry. There is no record of this meeting on the Ministry's website nor the purpose of the meeting with the industry. According to a social media message posted by a vape industry representative, the Deputy Minister reminded the industry not to sell to minors. The industry reportedly will help control vape by self-regulating when conducting its business.

In March 2023, the US-ASEAN Business Council held its annual Business Mission meeting with top level government officials. Among the business executives from the many American corporations was Philip Morris International. This representative met with senior members of the Cabinet, including the Minister of International Trade and Industry, Minister of Natural Resources, Environment, and Climate Change and Deputy Minister of Domestic Trade and Cost of Living, to discuss the role of foreign investment and international trade in Malaysia's post-pandemic economic recovery.



## 5. TRANSPARENCY

The government does not publicly disclose meetings or interactions with the TI.

There are no rules for the disclosure or registration of TI entities, affiliated organizations, and individuals acting on their behalf including lobbyists.

## 6. CONFLICT OF INTEREST

No newly retired government official joined the TI in the reporting period. Government social security funds continue to be invested in BAT Malaysia, and officials of the National Kenaf and Tobacco Board are regarded as public officials - the TI has a seat on the board represented by BAT.

## 7. PREVENTIVE MEASURES

There is no procedure for disclosing the records of any interaction with the TI and vape industry in place, and there has been no progress in taking this issue forward. There is no progress on the work on developing an Article 5.3 code of conduct for officials which began in 2014.

The government does not require the TI to submit information on tobacco market share, marketing expenditures, revenues and any other activity, including lobbying, philanthropy, political contributions and all other activities. The government has no specific policy to disallow the acceptance of contributions or gifts from the TI.

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# Recommendations

1. Implementation of the WHO FCTC Article 5.3 across all government departments. The government should adopt a code of conduct to disclose all interactions with the TI and vape industries. All meetings should be made public on government websites.
2. The government should conduct regular awareness programmes across all sectors on the requirement of Article 5.3, focusing on denormalising the TI.
3. Ban tobacco related CSR activities; reject any contributions from the TI.
4. Remove duty status of tobacco products.
5. Divest government shares from BAT Malaysia.
6. Set up a register of entities and individuals representing the TI.
7. Remove the TI from the National Kenaf and Tobacco Board (LKTN).