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Keng Yaik: Little done to check sales of contraband, counterfeit

Sarban Singh

KUALA LUMPUR, Tues. - Revealing that 80 per cent of cigarettes sold in Sabah and Sarawak are either contraband or counterfeit, Primary Industries Minister Datuk Seri Dr Lim Keng Yaik today said the enforcement agencies did little to check the sales of such cigarettes.

He said although he had raised the matter several times with the relevant agencies, no concrete action had been taken.

"As long as you (Customs) are not committed, then the problem will prevail.

"Initially, there was this denial syndrome by Customs, but thank God, the authorities are now looking into it."

Dr Lim said it was strange that imported brands that were not on the Customs' list were easily available in the two States.

He said the problem should not persist as it was easy for the enforcement agencies to tell whether a pack of cigarettes was a contraband or a counterfeit based on its selling price.

"If an imported brand has been selling for below RM2, there must be something seriously wrong."

Dr Lim said all the enforcement agencies, including those under the Domestic Trade and Consumer Affairs Ministry, needed to do was to conduct checks at outlets in the two States to assess the situation.

On Sunday, the New Sunday Times front-paged a report that smugglers were capitalising on poor enforcement at the country's major ports to bring in contraband and counterfeit cigarettes, costing the Government about RM1.2 billion in unpaid duties.

Responding to the article, Second Finance Minister Datuk Dr Jamaludin Jarjis had ordered the department to carry out a thorough investigation.

According to the cigarette industry, contraband and counterfeit cigarettes accounted for 21 per cent of the market share.

The industry's findings reveal that smuggling has also increased from nine per cent in 1994 to 21 per cent last year.

Dr Lim said cigarette smuggling was so rampant in Sabah and Sarawak that it spread to other States in the peninsula.

Asked whether the high import duty was the main reason behind the rampant smuggling, Dr Lim said the duty was imposed to discourage the people, particularly the young, from smoking.

"It is true that cigarette smuggling happens everywhere, but if you do not have proper enforcement, then the problem is only going to get worse."

Dr Lim said he failed to understand why it took the authorities so long to come up with the security features on cigarette packs despite an announcement on the matter in September last year.

When tabling Budget 2003, Prime Minister Datuk Seri Dr Mahathir Mohamad had said the Government would introduce special stickers or codes to be affixed on each packet

of cigarettes to indicate that import duty had been paid.

This, he had said, was to prevent cigarette smuggling and to protect customers from buying counterfeit products.

Dr Mahathir had said the Government would also introduce stickers for other items such as liquor and medicines.

Yesterday, Customs director-general Tan Sri Abdul Halil Abdul Mutalib said the ruling requiring importers to have the special security tapes (banderols) glued around the packs would come into force in the next three

months.

The banderols, similar to those found on clove cigarette (kretek) packets from Indonesia, will be issued by the department.

Local manufacturers will only be required to have their packs stamped with security ink, also indicating that duties have been paid.

Halil had also announced the sacking of 10 Customs officers for their involvement in falsifying documents and playing truant.

Asked whether the smuggling activities had affected local tobacco growers, Dr Lim said it had not.

"Local growers still can't grow enough. We have been importing seven million kilogrammes of tobacco over the years."

He said the import duty on tobacco was RM40 per kg while locally grown tobacco cost only RM13 per kg.

Asked if corruption was the main reason for the increase in smuggling activities, Dr Lim said this happened when people were unwilling to comply with procedures.

"We have simplified many procedures since, but then, if there is a giver, there will also be a taker."