Consumer Choice Center 2026 Report

Roundtable Discussion (RTD)
The Effectiveness of Act852 Implementation and the Way Forward

Submitted to:

Prime Minister's Office of Malaysia (PMO)
Ministry of Health Malaysia (KKM)
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Ministry of Home Affairs Malaysia (KDN)
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Executive summary

Malaysia now has a single, modern federal statute for smoking products control: the Control of Smoking Products for Public Health Act 2024 (Act 852). It was gazetted on 2 February 2024 and came into force on 1 October 2024, replacing the older patchwork approach with a framework that covers combustible tobacco, vapes, heated tobacco, nicotine pouches, and related products.[1,2,3]

That's a real legislative achievement, but it isn't the hard part. Malaysia's problem now is implementation: illicit supply chains, online retail, uneven local licensing, weak cross-agency coordination, youth access, and a domestic evidence base that's still thin. This report documents discussion from an Act 852 roundtable that treated the Act as necessary but not self-executing, returning again and again to the same gaps: illicit trade, limited manpower and budget, weak border and online surveillance, fragmented state and local enforcement, and regulatory uncertainty for compliant businesses.

Key findings:

- **Illicit trade is Malaysia's dominant tobacco-policy problem.** Roundtable participants put the illicit cigarette share at nearly 60% of consumption and Malaysia's informal economy at roughly 21% of GDP (about RM400 billion).[36] Estimates differ considerably by source and methodology, ranging from 38% to 57% depending on whether the figure comes from an industry survey or a peer-reviewed tax-gap study, but all the studies reviewed here point to illicit trade being a substantial share of the cigarette market, large enough to strain excise policy and undercut compliant businesses.[4,5,6,7,8,9,37]
- **Illicit tobacco and vape networks increasingly overlap with organized crime.** Roundtable participants and security officials describe smuggling routes shared with narcotics, weapons, and money laundering, an assessment reinforced by the June 2026 seizure of methamphetamine-laced vape cartridges.[18,19,36]
- **A new border agency changes the enforcement map.** The Malaysian Border Control and Protection Agency (AKPS) consolidates over 20 previously separate agencies and began pilot operations in January 2025.[12,13,14] The Home Ministry itself says the merged agency still needs time to adapt.[15]
- **Youth vaping is a global, not just local, problem.** WHO's first global vaping estimate, published in October 2025, found over 100 million vapers worldwide, including at least 15 million teenagers aged 13–15, who are on average nine times more likely to vape than adults.[16,17]
- **Regulatory unpredictability compounds the illicit-trade problem.** Frequent changes to technical requirements and uneven local licensing push compliant operators to slow down or exit, which hands the illegal market an indirect subsidy.
- **Regulation should be risk-proportionate and technology-neutral.** Combustible cigarettes, regulated non-combustible nicotine products, and illicit or contaminated products carry materially different risk profiles. Treating them as one undifferentiated category makes it harder to tell where enforcement actually needs to go.

What comparator countries show:

- **Sweden —** daily smoking down to 5.4% (2024), but youth nicotine-pouch use is rising sharply.[22]

- **United Kingdom —** the Tobacco and Vapes Act 2026 (Royal Assent 29 April 2026) bans tobacco sales to anyone born from 2009 onward, while keeping vaping available for adult cessation.[23,24]
- **Australia —** vapes restricted to pharmacies since July 2024, with lower-strength products available without prescription from October 2024.[25,26]
- **Singapore —** vaping illegal since 2018, with penalties tightened again in 2025 and a new Tobacco and Vaporisers Control Act from May 2026.[27,28,29]
- **New Zealand —** its 2022 smokefree-generation law was repealed under parliamentary urgency in February 2024, before it took effect.[30,31]
- **Japan —** adult smoking at 14.8% (2022 and again 2025), alongside rapid growth in heated tobacco.[32,33]

None of these are being held up as models to copy wholesale. Singapore's prohibition, Australia's pharmacy-only access, and the UK's generational ban are comparative data points, not endorsements — this report's own recommendations favour risk-proportionate regulation and lawful adult access over prohibition or pharmacy-gatekeeping.

Bottom line: this is a practical strengthening package, not a rhetorical reset. The priorities are: treating illicit trade as a formal border and organized-crime enforcement matter; a streamlined national retailer and product registration system under Act 852, not a discretionary licensing regime; high-frequency surveillance of youth and school access; tighter online age-verification and seller-identification rules rather than a blanket sales ban; stronger lab testing, traceability, and disclosure standards; a predictable implementation roadmap for compliant businesses; and excise-rate stability paired with stronger enforcement to close the revenue gap illicit trade currently exploits. These are set out in operational form toward the end of this report.

Objectives, scope and method

This report doesn't ask whether Malaysia should regulate nicotine products — Act 852 already answered that question. What it asks is narrower and more useful: can Malaysia implement Act 852 in a way that reduces smoking-related harm, constrains illicit trade, prevents youth initiation, and preserves policy credibility, without simply pushing consumers into illegal channels? The focus throughout is implementation mechanics, not legislative intent in the abstract.

The analysis draws on six evidence streams:

- This report's own account of discussion and participant remarks at an Act 852 roundtable, used as a structured record of stakeholder concerns and priorities.
- Official legal and public-sector material on comparator jurisdictions, including gazettes, health ministries, and parliamentary records.
- WHO and WHO FCTC evidence on tobacco control and illicit trade.
- Reuters and other established news organizations for current developments not yet reflected in official policy summaries, especially on drug-laced vapes and enforcement.
- Peer-reviewed academic literature, including Cochrane reviews and journal articles on illicit-trade estimation.
- Malaysia-specific news reporting and industry survey data, cross-checked against government sources wherever possible.

A caution worth stating up front: Malaysia-specific prevalence and illicit-market numbers are harder to source in official government form than legal and enforcement materials. The most frequently cited illicit-trade figures come from an industry-commissioned annual survey, and independent academic estimates using different methodology sometimes land far from them.[8,9] This report tries not to over-claim precision where the evidence is contested, and flags the source and method behind each figure rather than presenting a single number as settled. Being upfront about the limits of the data is more useful to policymakers than pretending certainty exists where it doesn't.

Implementation status and the current risk landscape

Act 852 is in force, and that matters. Malaysia is no longer regulating smoking products mainly through older tobacco-era instruments — the legal frame is broader and better matched to today's market, covering combustible tobacco, vapes, heated products, and oral nicotine formats.[2,3]

But the Act's current posture is a control law still being implemented, not an endgame law already consolidated. Earlier proposals for a generational sales ban didn't survive into the enacted version. That makes implementation quality matter more, not less: the law's success will come down to administrative performance rather than symbolic ambition.

Roundtable discussion pointed to a basic asymmetry shaping implementation so far. Legal sellers face visible rules; illicit operators keep three advantages over them — speed, lower cost, and low visibility. That shows up in difficulty monitoring online and informal channels, extensive land and maritime smuggling routes, resource constraints, and uneven local licensing rules. Every delay in standardizing implementation ends up benefiting whichever segment of the market is least compliant.

Enforcement shouldn't be treated as a purely health-ministry task. The agencies named most often in this context are the Ministry of Health, Customs, police, and domestic-trade enforcement. Border reform adds another lever: AKPS was built to integrate immigration, customs, quarantine, health control, and related border functions under one chain of command.[12,14] That creates a real opportunity to move from episodic seizures toward intelligence-led supply-chain disruption — but only if tobacco and vape products are written into border risk-prioritization rather than treated as an afterthought behind narcotics.

The implementation pathway so far can be read as a transition from legislation to system-building:

Act 852 implementation pathway

That timeline is a useful corrective to “more enforcement” as a slogan. Malaysia isn't just enforcing a new law, it's trying to build a multi-product nicotine-control regime while market channels shift faster than administrative routines can keep up. Implementation now hinges on process questions: who licenses, who inspects, who tests, who removes illegal listings, who shares data, who handles cross-border intelligence, and who is accountable when things don't work.

Illicit trade is the load-bearing challenge inside that system, and it's large enough to warrant its own treatment. The next section sets out the scale of the problem, the border-control gaps behind it, and how it converges with organized crime.

The enforcement architecture built to respond to all this isn't linear, it's networked. The Ministry of Health leads product standards and smoke-free enforcement; Customs and AKPS lead border inspection and supply-chain interdiction; PDRM and anti-drug units lead organized-crime and drug-laced-vape investigations; KPDN leads retail trade enforcement and consumer complaints; local authorities lead licensing and premises control. All five streams are meant to feed into joint intelligence and market surveillance.

That's exactly where Act 852 still looks unfinished. Participants kept coming back to the need for intelligence sharing, joint operations, and unified enforcement guidelines. The gap isn't “powers on paper”, but it's operating discipline across agencies.

Illicit trade, border control vulnerabilities, and criminal convergence

The single greatest threat to the structural integrity and public-health objectives of Act 852 is the highly organized black market. Roundtable participants expressed deep concern that despite ongoing enforcement, the illicit trade ecosystem continues to expand, driven by porous borders, weak monitoring mechanisms, and significant economic incentives.

The scale of the problem. Estimates of Malaysia's illicit cigarette share differ by methodology and source, but converge on the same broad conclusion: it's large and persistent.

- At a May 2026 CCC-hosted roundtable, industry and policy participants put illicit tobacco at roughly 60% of cigarettes consumed nationally, describing Malaysia as the region's worst-affected market in 2025.[36]
- Malaysia's own industry-run Illicit Cigarettes Study measured 55% in 2024, down from a 2020 peak of 63.8%; more recent 2025–2026 industry data puts the figure back up near 55–57%.[4,5,6,7] A separate EU-ASEAN Business Council and Euromonitor International report found Malaysia had the highest illicit cigarette share among the ASEAN-6 in 2025, at 57%, the only market in the region where illicit sales exceed legal ones.[37]
- An independent peer-reviewed tax-gap study put the range lower, at 38–53% for 2019, which is a useful reminder that even rigorous academic methodology produces a range rather than one settled figure.[8,9]

Vape market penetration. Estimates for illicit and unregistered vape products vary even more sharply than the cigarette numbers, depending on how “illicit” is defined. Roundtable stakeholders cited a range of roughly 16% to 20% of the active domestic vape market — likely referring to visibly unregistered products sold through informal retail. The EU-ABC/Euromonitor report, using a broader definition covering the full universe of untaxed, counterfeit, and smuggled vape products, put Malaysia's illicit vape share at 67% in 2025 (66.2% the year before), one of the highest in the region, with illicit e-vape sales forecast to keep growing faster than illicit cigarettes.[37,38] That gap between 16–20% and 67% isn't a contradiction so much as a sign that “illicit vape” means different things to different studies — and that Malaysia's vape-specific evidence base is even less settled than its cigarette data.

Macroeconomic cost. Roundtable participants cited an annual tax-revenue loss from tobacco and nicotine smuggling and evasion of approximately RM11.5 billion.[36] A separate cross-ASEAN study cites what looks like the same figure but isn't quite: RM11.5 billion (US$2.5 billion) lost to illicit tobacco cumulatively over 2024–2025, the second-highest loss among the ASEAN-6 after Indonesia.[37] These are different reference periods and shouldn't be read as interchangeable — an annual RM11.5 billion loss and a two-year cumulative RM11.5 billion loss are not the same order of magnitude. Read separately, both point the same direction: this is a multi-billion-ringgit gap in public revenue, not a rounding error.

The shadow economy. This parallel trade feeds into Malaysia's broader informal economy, which roundtable participants put at approximately 21% of national GDP, or roughly RM400 billion in untaxed, unregulated economic output.[36] As with illicit-trade figures generally, independent shadow-economy estimates for Malaysia vary by methodology and study; this figure is best read as indicative of scale rather than a precise, universally agreed number.

Convergence with organized crime. Security experts and law enforcement representatives at the roundtable stressed that illicit tobacco and vape networks are increasingly folded into broader, organized transnational crime syndicates. Weaknesses in border controls and maritime monitoring get exploited to move tobacco and vape products along the same logistics routes used for smuggling weapons, laundering money, and trafficking narcotics. The June 2026 seizure of 4,760 methamphetamine-laced vape cartridges at Kuala Lumpur International Airport, concealed inside computer casings and headed for a neighbouring country, is a concrete recent example of that convergence rather than an isolated incident.[18,19] Malaysia's long-standing role as chair of the ASEAN Customs Enforcement and Compliance Working Group gives it a platform to push this as a regional, not purely domestic, enforcement priority.[37]

Taken together, these figures reframe the policy problem. Illicit trade isn't a side effect of Act 852's implementation gaps — it's the central threat to the Act's revenue, public-health, and national-security objectives, and it needs to be resourced and enforced as such.

Youth access, online channels and drug-laced products

Youth access is where weak implementation does the most lasting damage. Nicotine addiction established in adolescence is hard to unwind, and vaping products with low upfront cost, discreet form factors, and peer-to-peer resale pathways are hard to police through conventional shop inspections alone. Flavours are part of that appeal, but they're not only a youth problem — they're also one of the reasons adult smokers switch away from cigarettes in the first place. That's worth keeping in mind before reaching for a blanket flavour prohibition; age enforcement, marketing rules, and seller accountability do more of the actual work. Roundtable discussion flagged student access, reports involving school-age users, and the difficulty of monitoring online and informal sales, and warned that unregulated sources weaken any assurance about contents or contamination.

This isn't a fringe concern. WHO's first global vaping estimate, published in October 2025, found more than 100 million vapers worldwide, including at least 15 million teenagers aged 13–15, on average nine times more likely to vape than adults in countries with data.[16,17] Youth-vaping growth tends to exploit regulatory half-steps and enforcement lag, which makes this directly relevant to Malaysia even without matching local prevalence data.

Online sales sit at the centre of this problem, and they need a more precise diagnosis than "tighten the rules." Act 852's existing Control of Sale Regulations already prohibit online sales of smoking products outright.[4] The practical gap, then, isn't a missing law — it's enforcement against a channel that's already illegal but hard to police, since informal sellers move across platforms faster than takedown notices can follow. If the long-term goal is a verified, regulated online channel with real age-assurance and seller accountability rather than a blanket prohibition that pushes demand underground, that would require amending the existing regulations, not just enforcing them harder. Those are two different jobs, and the difference matters for anyone drafting next steps: enforcement against illegal online sellers can happen now, under current law; a regulated online channel would need a regulatory or legislative amendment first.

Singapore's experience shows what stronger youth surveillance can look like in practice. Its Ministry of Education has published figures showing an average of about 3,100 students a year caught for vaping offences in schools between 2022 and 2024, and about 800 a year in postsecondary institutions — up sharply from fewer than 50 combined cases before 2020.[27,28] Malaysia doesn't need to copy Singapore's punitive model, but the administrative lesson still applies: making school-linked data visible sharpened both the public narrative and the enforcement response. In Malaysia, school-vaping concerns show up in stakeholder discussion but aren't yet embedded in a regular public surveillance system.

Roundtable discussion on school distribution was more qualitative than statistical, recording concern about reports involving students and purchases from unregulated sellers rather than hard numbers. For policymakers, that means the priority isn't to wait for perfect data before acting. It's to build routine sentinel surveillance: school disciplinary data, anonymous student surveys, poison-centre and emergency-department reporting, and digital-market monitoring of youth-oriented vape marketing.

Drug-laced vapes raise the stakes further. In late June 2026, Malaysian Customs disclosed it had thwarted an attempt to smuggle 4,760 vape-liquid cartridges, worth an estimated RM1.19 million, concealed inside computer CPU casings and found to contain methamphetamine.[18,19] Participants had already warned that open-system devices create opportunities for misuse reaching beyond tobacco into narcotics and organized crime. Contaminated vapes aren't a speculative edge case anymore; they're an active operational threat with implications for both enforcement and public messaging.

On messaging: collapsing all vaping products into one undifferentiated category is understandable but imprecise. A sharper message works better — unregulated products are the highest-risk segment, open systems are easier to tamper with, and not knowing what's in a product isn't the same as it being safe. Poor enforcement against contaminated products doesn't just cause direct harm; it also erodes the legitimacy of the broader regulatory framework and hands illicit operators cover to keep operating.

Regulatory certainty, governance gaps, and relative risk

Regulatory certainty is a business and enforcement issue in its own right, not just an industry complaint. Roundtable discussion raised concerns about frequent changes to technical requirements, unclear interpretation, long approval processes, and weak visibility into future regulatory developments. In a mixed legal-illicit market, that unpredictability produces a real public-health and revenue cost: compliant, tax-paying operators slow down or exit while illicit operators keep moving. Slow approvals and uneven licensing across jurisdictions end up functioning as an indirect subsidy for the illegal market — which compounds the illicit-trade problem described above.

The most acute governance gap is federal-state-local misalignment. Local authorities vary in their licensing requirements, states differ on whether vape retailing is even permitted, and in some places cigarettes can still be sold where vape restrictions are tighter. That's the kind of incoherence that confuses consumers, burdens enforcers, and weakens compliance incentives generally. Harmonization here isn't administrative tidiness for its own sake — it's a public-health and market-governance necessity.

The research gap matters just as much. Roundtable discussion was candid that Malaysian policy leans heavily on international evidence because local longitudinal research is limited, government funding is thin, ethics processes are slow, and researcher-policymaker collaboration is inconsistent. Nicotine policy is too dynamic now to govern through extrapolation from other countries alone: product design, illicit channels, youth culture, price sensitivity, and enforcement capacity all vary by country. Imported evidence helps, but it can't substitute for a domestic monitoring and evaluation system.

On harm reduction, this report takes a position rather than staying neutral: nicotine regulation should reflect relative risk, not treat every nicotine product as equivalent. Three categories need to stay distinct. Combustible cigarettes carry the highest documented health risk and should remain the most heavily disfavoured category. Regulated non-combustible products include e-cigarettes, heated tobacco, and nicotine pouches, but the evidence for these products isn't uniform. Cochrane's specific finding is about e-cigarettes: its 2024–2025 review found high-certainty evidence that nicotine e-cigarettes help more adult smokers quit than conventional nicotine-replacement therapy.[20,21] That finding doesn't automatically extend to heated tobacco or pouches, which is worth being precise about rather than lumping all non-combustibles together.

The third category is illicit, contaminated, or drug-laced products, which carry acute risks unrelated to the risk profile of a properly regulated product. WHO's warning that vaping is fuelling youth nicotine addiction[17] is a reason to keep these products out of minors' hands, not a reason to restrict adult smokers' access to tested, regulated alternatives. Collapsing all three categories into one undifferentiated "vaping" risk bucket, which public debate often does, makes it harder for consumers and regulators alike to focus enforcement where it actually matters. The operational point for Malaysia is that every legal product, whatever type it is, needs to be registered, tested, traceable, and retail-accountable. It's the gap between what's legally sold and what's actually available on the street that illicit operators exploit, not the mere existence of a lawful, regulated product category.

The comparisons below show what Malaysia can learn without copying any one country's model wholesale.

Jurisdiction	Current approach	Main lesson for Malaysia
Sweden	Daily smoking fell to 5.4% of adults aged 16–84 in 2024, alongside substantial adult use of snus and rising nicotine-pouch and e-cigarette use; among those aged 16–29, daily smoking was around 2%, while daily nicotine-pouch use in that age group rose sharply between 2022 and 2024.[22]	Alternative products can coexist with very low smoking, but youth uptake shifts rather than disappears. Product substitution isn't self-regulating; it still needs youth-facing controls.
United Kingdom	The Tobacco and Vapes Act 2026, granted Royal Assent on 29 April 2026, established a rolling smoke-free generation, strengthened anti-illicit-sales powers, and created a new retail licensing scheme, while still framing vapes as a tool for adult smoking cessation.[23,24]	Adult cessation access and youth protection can coexist, but only if the state invests in licensing, enforcement, and stop-smoking services at the same time.
Australia	Since 1 July 2024, vape sales have been restricted to pharmacies; from 1 October 2024, adults 18 and over may buy lower-strength therapeutic vapes without a prescription, while under-18s and higher-strength products still require one. Flavours and retail channels are tightly constrained.[25,26]	A very restrictive retail model can sharply cut open-market availability, but it needs strong enforcement capacity to stop demand migrating into informal channels.
New Zealand	The 2022 smokefree legislation combined retail reduction, denicotinisation, and a smokefree-generation rule, but the government repealed all three measures under parliamentary urgency on 27 February 2024, before they took effect.[30,31]	Ambitious endgame policy is possible, but its durability depends on political consensus, implementation readiness, and managing concerns about illicit markets and retailer impacts.

Jurisdiction	Current approach	Main lesson for Malaysia
Japan	National health survey data put adult smoking at 14.8% in 2022 and again in the most recent 2025 survey, with men (around 24–25%) smoking at roughly four times the rate of women (around 6–7%), alongside rapid growth in heated-tobacco substitution.[32,33]	Non-combustible uptake can coincide with falling smoking rates, but it doesn't remove the need for product-specific regulation and independent evidence.
Singapore	Vaping has been illegal since 2018; authorities intensified penalties from September 2025, linked enforcement closely to schools and institutes of higher learning, and from May 2026 brought vaping under a dedicated Tobacco and Vaporisers Control Act that also treats drug-laced vapes as a controlled-substance issue.[27,28,29]	High-deterrence enforcement can suppress visibility and raise compliance costs, but Malaysia would need strong inspection capacity and real proportionality if it moved this direction.

There's no single winning model here. The more durable distinction is between countries that built coherent implementation systems and countries that relied on the law alone without enough execution behind it. For Malaysia, the transferable lesson isn't “be like Sweden” or “be like Australia”. It's deciding clearly which products to phase down, which to tolerate for adult smokers, and which enforcement levers to actually fund. Describing Singapore's prohibition, Australia's pharmacy model, or the UK's generational policy is comparative analysis, not a recommendation to copy any of them.

Strategic and forward-looking policy recommendations

Resolving these compounding legal, operational, and enforcement challenges means moving past reactive legislation toward a coordinated, evidence-based strategy. What follows draws on the roundtable discussion, WHO illicit-trade guidance, Malaysia's emerging enforcement record, and the comparator lessons above, framed to be actionable inside Malaysia's current institutional architecture rather than requiring a full legislative redesign.

1. Institutionalizing the Inter-Ministerial Steering Committee

The government should formally establish the Inter-Ministerial Steering Committee under Act 852, as proposed by the Malaysia Chamber of Commerce, co-chaired by senior leadership from the MOH, MOF, KPDN, JKDM, and KPKT to unify their competing mandates. This committee would serve as a central hub coordinating joint border enforcement, aligning excise tax structures with public health objectives, and cutting down regulatory friction between agencies.

2. Standardizing local council licensing and zoning

The Ministry of Housing and Local Government (KPKT), working with state governments, needs to draft and enforce a standardized, vape-specific retail licensing category across all local authorities (PBTs). This should replace arbitrary state-level bans with uniform, enforceable zoning rules, so legitimate operators face predictable licensing requirements nationwide while still complying with the 40-metre school-distancing rule. To avoid recreating the regulatory uncertainty described above, this should function as a simple, low-cost, objective registration or notification process with clear published criteria, not a discretionary system involving quotas, high fees, or case-by-case political approval.

3. **Strengthening product safety through testing, traceability, and tamper-evident standards**

Addressing the national security threat of drug-laced vape liquids such as “Piu Piu” calls for a technology-neutral response built on product integrity, not the removal of an entire legal device category from adult consumers. Under Act 852, the MOH should mandate independent laboratory testing and ingredient disclosure for all registered vape products regardless of system type, require tamper-evident and serialized packaging that makes post-manufacture adulteration detectable at the point of sale, and build a batch-level traceability system linking each registered product to its manufacturer and authorized retailer.

Testing requirements should be proportionate: recognise results from accredited laboratories, avoid duplicative batch testing, and publish clear fees and approval timelines, so compliance doesn't become a cost barrier that only the largest firms can absorb. This should sit alongside strict penal enforcement under the Poisons Act 1952 and the Dangerous Drugs Act 1952 against anyone found adulterating, distributing, or selling drug-laced products, regardless of device type. Restricting the legal market to closed-system, prescription-only products would remove a lawful category many adult users rely on and risks pushing them toward the very unregulated channels the adulteration problem originates from; targeting adulteration and its supply chains, rather than device architecture, closes the enforcement gap without narrowing consumer choice among registered, tested products.

4. **Strengthening border security and maintaining tax stability to suppress illicit inflow**

Rather than leaning on retail restrictions that just drive the market underground, the government should direct enforcement funding toward high-tech border interdiction, JKDM and PDRM need specialized container scanners and chemical detection tools at key ports of entry.

The government should also resist calls to raise cigarette excise duties as a response to the May 2026 High Court ruling that found the 2023 exemption of liquid and gel nicotine from the Poisons List unlawful. The Galen Centre for Health and Social Policy has proposed raising duties to at least 77 sen per stick, arguing this could generate approximately RM772 million in additional annual tax revenue.[35] Malaysia's own recent history cuts against that proposal: industry data attribute the sharp rise in illicit cigarettes after 2015, when a large excise increase widened the price gap between legal and illicit products, to the illicit share climbing toward a 2020 peak of 63.8%.[7] With the illicit share already estimated at 55–60% of the market, a further duty increase risks the same outcome which pushing more price-sensitive consumers into the untaxed segment and eroding the very revenue base it's meant to protect.

The more defensible position is excise-rate stability paired with digitized, serialized tax-stamp verification and stronger point-of-entry enforcement, recovering revenue by closing the enforcement gap rather than widening the price differential illicit operators already exploit. Excise policy should also reflect relative risk within the legal market: substantially lower rates for regulated non-combustible alternatives than for combustible cigarettes preserve a financial incentive for adult smokers to switch, consistent with the risk-proportionate approach set out above.

5. **Expanding dedicated funding for longitudinal local research**

The critical shortage of local data on vaping, illicit-market dynamics, and youth usage patterns calls for a dedicated research fund, managed by the MOH in collaboration with local academic institutions. This fund would finance long-term, longitudinal studies on youth uptake, illicit-market mapping, and the health impacts of nicotine products specifically within the Malaysian socio-economic context, reducing policy reliance on Western case studies that may not map cleanly onto local market dynamics.

6. **Establishing school-based clinical cessation referral pathways**

Curbing school-based peer-to-peer distribution and youth nicotine dependence means reforming the Ministry of Education's disciplinary framework. Instead of purely punitive suspensions or expulsions that isolate vulnerable youth, schools should establish structured clinical referral pathways: caught students undergoing professional clinical assessment and nicotine cessation counselling under the MOH's standardized clinical guidelines, addressing the underlying physiological and social drivers of nicotine addiction rather than just the disciplinary infraction.

One recommendation cuts across all of the above: resist the temptation to solve an implementation problem with another prohibition. Malaysia's present challenge is operational density — the state needs to know who is selling, what is being sold, whether it was tested, how it entered the country, whether it's sold online, who bought it, and what happens when it turns up in schools or contaminated with narcotics. Act 852 can support that system. But the system still has to be built.

Key quotations from the roundtable

The quotations below are short excerpts from the roundtable discussion this report documents, useful because they capture the report's central themes in the participants' own language.

> *"A balanced regulatory approach that protects public health while ensuring effective enforcement, regulatory certainty and sustainable business operations."*
> *From a participant's framing of the overall policy challenge facing Act 852.*

> *"The importance of evidence-based policymaking."*
> *Raised by a participant in the opening discussion of how Act 852 should be implemented and refined.*

> *"A convergence of criminal markets, whereby different forms of illegal trade utilise similar transportation routes, logistics networks, distribution channels, and enforcement loopholes... weaknesses in the regulation of tobacco and vape products may inadvertently facilitate other forms of criminal activity."*
> *Used by participants to describe the overlap between illicit tobacco, the vape trade, and wider criminal markets.*

> *"A coordinated whole-of-government approach involving multiple agencies."*
> *The frame participants preferred for combating illicit trade and fragmented enforcement.*

> *"Reports involving students and young individuals who have allegedly been found using vape devices containing prohibited substances."*
> *A concern raised by participants, signalling that youth circulation and school-linked access are active worries even where system-wide public data remain thin.*

> *"Regulatory certainty is essential not only for industry sustainability but also for encouraging greater compliance with the law."*
> *A concise expression of the business-governance problem identified by participants.*

"Greater alignment between federal, state, and local authorities is necessary to ensure more effective implementation of tobacco and nicotine regulations."
Captures participants' consensus on the need to harmonize implementation across federal, state, and local layers.

"As a result of limited local data, policymakers frequently rely on evidence generated from jurisdictions such as the United Kingdom, Europe, New Zealand, Japan, and Sweden when evaluating harm reduction strategies and regulatory interventions."
A direct acknowledgment by participants that Malaysia's domestic research base needs strengthening.

"A balanced, evidence-based, and collaborative regulatory framework offers the best opportunity to protect public health, address illicit market activities, support informed consumer choices, and ensure effective governance."
The closing theme of the roundtable, pointing toward differentiated regulation rather than blanket permissiveness or blanket prohibition.

Taken together, these excerpts summarize the report's practical conclusion. Strengthening Act 852 isn't mainly about adding symbolic severity. It's about building an implementation regime that's coherent across agencies, hostile to illicit trade, precise on youth protection, credible on product safety, and predictable enough that the legal market stops losing ground to the illegal one.

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