
Countering Illicit Trade: Lessons from Abroad

Ali Salman
Adli Amirullah
Amelia Lim



Executive Summary

This Policy Ideas builds on our previous report, “Illicit Trade in Malaysia: Causes and Consequences” (IDEAS, 2017). In that report we outlined the scale of illicit trade in Malaysia, the driving factors behind it and recommendations to address it. In this report, we consider those recommendations in more detail by assessing case studies from other countries where action was taken to stem the flow of illicit trade. We have complemented the assessment of these case studies with review of the relevant literature and interviews with experts in the field, including from industry and government. Using this analysis, we propose more detailed recommendations for tackling the problem of illicit trade in Malaysia.

The new Pakatan Harapan government committed in its manifesto to taking concrete action to reduce illicit trade in Malaysia. Under Promise 58 of the Buku Harapan, the government said that: “*Enforcement agencies will be directed to stop smuggling of alcohol and cigarettes across the border, including tighter controls along the borders and heavier punishments to those convicted*”. This is a welcome commitment as illicit trade remains a persistent problem in Malaysia, costing the government billions in revenue each year and damaging legitimate business.

Illicit trade is not a problem unique to Malaysia. Many countries around the world have sought to tackle the smuggling of contraband and the spread of counterfeit goods by adopting better technology, stricter penalties and educating the public, among other initiatives. The policies need to be tailored to the problem, but what each of the successful efforts have in common is a clear and determined strategy with political ownership and robust management to see it through. That is the approach that Malaysia needs to adopt. Within this strategy the Malaysian government can then strengthen the capacity of its various enforcement agencies and adopt specific policies to tackle the most serious drivers of illicit trade.

The recommendations presented here are designed to serve as the basis for further discussion on how Malaysia can eliminate the challenge of illicit trade.



Ali Salman is Chief Executive Officer of IDEAS, Ali is an economist, public policy expert and a think tank professional. He has authored more than thirty independent studies, reports and monographs on wide range of topics including regional trade, public finance, competition policy, innovation, and youth policy for multilateral agencies, governments, non-profits and private firms.



Adli Amirullah is a researcher under the economics and business unit at IDEAS Research and Publications Division. He received his Bachelor's Degree in Economics from the International Islamic University Malaysia (IIUM). He was a Royal Education Award recipient for 33rd IIUM Convocation who has shown outstanding performance in academic and co-curricular activities.



Amelia Lim is a fourth-year student at New York University pursuing a bachelor's degree in Journalism and Social & Cultural Analysis, with a concentration of Political Science.

Recommendations

- ...→ **Adopt a new cross-government strategy, with clear political ownership.** Efforts to tackle illicit trade have been sporadic and led by individual agencies. The government should set out a new, overarching illicit trade strategy to implement the promises of Buku Harapan. A new Illicit Trade Task Force should be established, chaired by the Minister of Finance with participation from these agencies to oversee implementation of the strategy and ensure all agencies contribute.
- ...→ **Formalise co-operation with the private sector.** Cooperation with the Private Sector should be improved through the formation of a new Trade Enforcement Committee with membership from government agencies and industry to share information, consult on new policies and support operations. This cooperation should include establishing a customs recordal mechanism.
- ...→ **Review policies on staff across different agencies to put the right incentives in place and reduce the scope for corruption.** There are a series of steps the government should consider as part of an overall process of improving incentives and reducing corruption: introduce performance based pay, with rewards linked to high value seizures; automate all processes where possible; introduce a clear sanctions process; and introduce staff rotation in high-risk positions.
- ...→ **Set specific targets for seizures and publish data on performance.** The government should adopt specific targets for seizures in line with the scale of the problem to ensure consistent and proactive effort by the different agencies. Rather than the selective release of individual stories, the government should publish systematic annual statistics on seizures and penalties, so that the public is able to gauge the overall trends in illicit trade and hold the government accountable for its efforts to reduce it.
- ...→ **Do not further increase excise duties on tobacco, and consider a review of the tax structure.** Recent hikes in the legal price of cigarettes have led to stark increase in the illicit trade in tobacco. The government should not raise the price any further and should review the tax structure in light of the experience in other countries, such as Pakistan, that have introduced a lower tier of tax to combat the rise in illicit trade.
- ...→ **Ban the sale of duty free cigarettes at Langkawi, Labuan and Tioman.** The previous government had admitted that the tax free islands were a source for illicit tobacco, but previous proposals to ban sales of duty free tobacco have failed. The government should now ban the sale of duty-free cigarettes. This can be done on a time limited basis to be reinstated once enforcement capacities have been improved.

- ▶ **Introduce a bank guarantee scheme for transhipments.** A major route for illicit products is transhipments – the government should require transhipments to place a bank guarantee until delivery at the final destination can be confirmed. In order to reduce the impact on legitimate trade, this should be conducted on a risk based approach, targeting only high risk products, and operators with good track records can be excluded.
- ▶ **Proceed quickly with plans to increase penalties to RM100,000.** The current levels of penalties do not act as a sufficient deterrent and need to be increased in line with the proposals from Royal Malaysian Customs.
- ▶ **Consider restricting access for certain imports to a single point of entry.** Under this measure, imports of those products which are identified as high risk should only be allowable at a single point of entry into the country. So that enforcement resources can be focussed on this point, and imports of these products arriving at other points can be seized as a matter of routine, simplifying the process at these points. This new policy should only be used for very specific products, such as tobacco, subject to high risk of illicit trade.
- ▶ **Launch public education campaigns.** The government should focus on raising public awareness on the personal health risk associated with consuming illicit products and the fact that the proceeds of illicit trade can be used to fund more harmful criminal activity.

Introduction



Illicit trade as a term has been used to describe a wide array of activities, from the smuggling of simple products to industrial scale Intellectual Property infringement by sophisticated companies. For this report, we are concerned with illegal products that are widely available to the consumer, including basic goods such as food and car parts, clothing and accessories, tobacco and digital products. Within these product groups, we are concerned with both contraband – authentic products being sold illegally – and counterfeit – illegal copies or “fakes”. We are not focussing per se on the illegal efforts to acquire more niche products such as firearms or illegal wildlife products, although we hope and expect that the measures recommended here will aid efforts to tackle these other areas too.

In our previous report, “Illicit Trade in Malaysia: Causes and Consequences,” we identified several drivers of illicit trade. These drivers are: high local taxes driving a price gap between licit and illicit goods; weak enforcement creating a permissive environment for illicit traders; lack of co-ordination between government and with the private sector; and high demand for illicit products.

The report is organised into four parts, with each report capturing a different set of issues highlighted by our previous research.

..▶ **Part 1:**

Strategy and Co-ordination: Here, we consider the assessment that the government's efforts to combat illicit trade is hampered by a lack of strategy and coordination. This includes coordination within government, across the various different agencies engaged in the fight against illicit trade and coordination between government and industry.

..▶ **Part 2:**

Closing the price gap: Here, we consider the assessment that demand for illicit goods is driven by a price gap between legal and illegal products, as a result of very high taxation on the part of the government. We consider case studies of how these issues have been addressed through taxation measures.

..▶ **Part 3:**

Reforming enforcement: Here, we consider the deficiencies in Malaysia's enforcement capacity. Significant improvements have been made, but Malaysia continues to face costs of corruption, in addition to poor incentives and practices that limit the capabilities of its enforcement agencies. We consider case studies of how countries have made significant improvements of the capacity of their enforcement agencies.

..▶ **Part 4:**

Educating the public: Here, we consider the importance of educating the public on the health and societal harms of consuming illicit products. Some counterfeit or "fake" products can carry significant health risks for the user and in certain cases criminal activity is funded by illicit trade. We consider case studies of public awareness campaigns and other methods to raise public awareness of the harms of illicit trade.

Part I: Strategy and Co-ordination

Multiple different agencies within the Malaysian government have responsibility for different aspects of illicit trade. For example, the Royal Malaysian Customs is responsible for preventing smuggling at the border and the Ministry of Domestic Trade and Consumer Affairs (KPDNHEP) is responsible for seizing counterfeit products available on the open market. These different responsibilities are outlined in Table 1 below.

Table 1: Malaysian Government Departments with interest in tackling illicit trade

Ministry	Interest
 Ministry of Finance	Responsible for government finances and therefore interested in revenues lost through taxes avoided
 Royal Malaysian Customs	Responsible for management of the borders and for tackling smuggling and collection of duties
 Ministry of Domestic Trade and Consumer Affairs	Responsible for regulating fair trade and seizing counterfeit products
 Ministry of Health	Responsible for preventing counterfeit medical products and enforcing anti-tobacco regulations
 Ministry of International Trade and Industry	Responsible for promoting effective and legal trade policies
 Ministry of Communications and Multimedia	Responsible for tackling digital piracy
 Ministry of Economic Affairs <small>Minister of Economic Affairs</small>	Responsible for supporting legitimate business
 Royal Malaysian Police	Responsible for investigating criminal activity
 Malaysia Maritime Enforcement Agency	Responsible for securing Malaysian waters

However, despite the involvement of these different government agencies, there is a lack of an overarching framework to co-ordinate the efforts of these different agencies in the fight against illicit trade. The risk is that each agency adopts their own approach and the scope for effective, co-ordinated action is reduced.

Across many different countries that have successfully combatted illicit trade, the co-ordination of involved government agencies has been crucial. This co-ordination has enabled countries to adopt overarching strategies that tackle different aspects of the illicit trade problem – reducing demand and supply for illicit products.

Case Study: UK and Turkey National Strategies

UK

According to the OECD, the UK's national strategy has been credited with successfully reducing the supply of illicit tobacco, resulting in a positive impact on revenue collection following its introduction in 2000. The OECD noted the importance of persistent multi-agency coordination, alongside international cooperation in ensuring the strategy was successful (OECD, 2018).

According to the US National Centre for Chronic Disease Prevention, "The UK's success in reducing illicit tobacco trade, particularly illicit cigarette trade, is the result of a comprehensive and adaptive strategy that focuses on illicit tobacco trade as one component of a broader tobacco control strategy aimed at reducing overall tobacco use." (CDC).

Turkey

Turkey adopted an Action Plan to Combat Smuggling of Tobacco and Tobacco Products (2011-2013) in October 2011. The Action Plan aimed to co-ordinate the efforts of the Ministries of Justice, Foreign Affairs, Economy, Customs and Trade, Interior, Finance, Education, Health and Transport, as well as the Land Forces Command, Tobacco and Alcohol Market Regulatory Authority and Revenue Administration. The Action Plan listed the overarching objectives and assigned specific actions and deadlines to various agencies. Underscoring the high-level political commitment attached to the issue, meetings to discuss the Action Plan were chaired by Turkey's deputy prime minister for the Economy. (OECD, 2015).

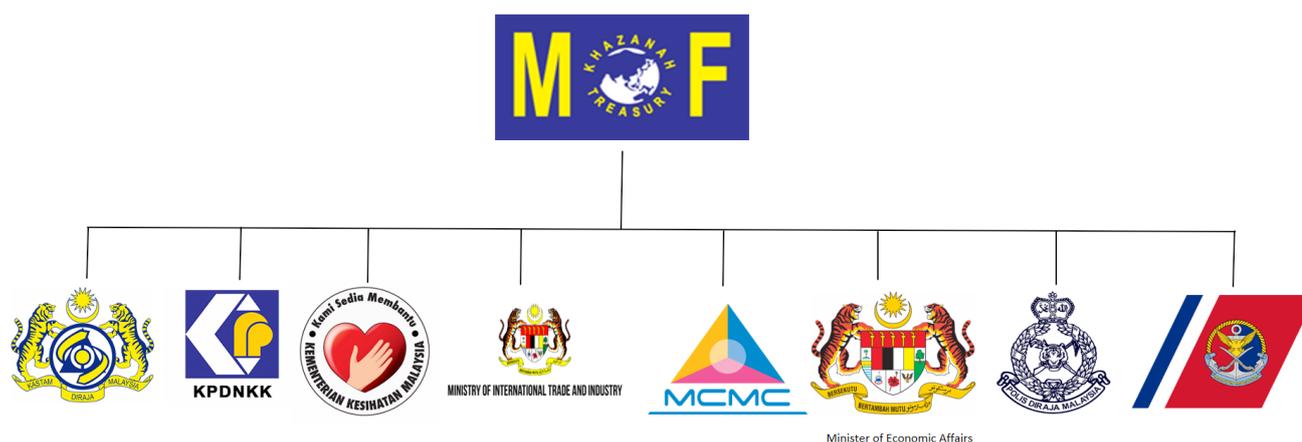
The OECD notes that "*national policies and programmes to combat illicit trade can be achieved with greater ease than can be the passage of new laws*" (OECD, 2018). The OECD also notes that national strategies of this nature help boost inter-agency cooperation, thereby enhancing efforts to reduce illicit trade.

As a result, the OECD recommends that governments adopt a "*whole-of-government' approach to countering the illicit trade in tobacco products... utilising the components needed to effectively counter the illicit trade, such as experts in taxation, health regulations, intellectual property, customs, diplomatic efforts, counter-terrorism, transnational organised crime, postal systems and inspectors, prosecutors and traditional law enforcement personnel*" (OECD, 2015).

Policy Recommendation:

The Malaysian government should adopt a new overarching strategy to combat illicit trade, covering all areas of government policy. This new strategy should be overseen by a new multi-agency Illicit Trade Task Force, chaired by the Minister of Finance and including representation from all relevant government agencies, as set out in Figure 1.

Figure 1 – Illicit Trade Task Force



Co-operation with the Private Sector

In our previous report, we identified the importance of close cooperation between the government and the private sector. Currently there is an absence of centralised cooperation between government agencies and the private sector to combat illicit trade. Our previous report recommended that the government should set up a committee of policymakers representing different ministries to achieve a public consultation with industry players to address the problem of illicit trade.

The OECD also has noted that “Utilising the unique opportunities associated with public private partnerships to share information and collaborate on strategies to counter the illicit trade may be of value to governments” (OECD, 2015). In their analysis of successful strategies to reduce the illicit trade in tobacco, Alvarez and Marshal conclude that: “most effective solutions to tackle the illicit trade have involved collaboration and coordination between government (fiscal policy, regulation, enforcement), health community (including educational campaigns) and industry (intelligence, expertise, e.g., no ID no sale)” (Alvarez and Marshal, 2017).

Case Study: Private Sector Co-operation in Australia and Kenya

Australia has established a Tobacco Stakeholder Group to discuss issues of mutual concern in the tobacco industry, including efforts to combat illicit trade. Chaired by an official in the Australian Taxation Office, it also includes officials from the Customs and Border Protection Service, Quarantine and Inspection Service, Department of Health and Ageing and representatives from the major local tobacco companies. Participants have used this platform to discuss ongoing government enforcement efforts to combat illicit trade, new policy initiatives (e.g. FCTC Protocol on Illicit Trade) and to share intelligence (Australian Taxation Office, 2018).

The Kenyan Trade and Industry ministry launched the Inter Agency Anti-Illicit Trade Executive Forum to coordinate departments and agencies involved in combating the entrenched illicit trade. The forum is comprised of 23 government and private sector entities, including representatives from State departments of Industry and Agriculture, and Chief executives of the Kenya Association of Manufacturers (KAM), Kenya Private Sector Alliance and Kenya National Chamber of Commerce and Industry. The technical team will, among other roles, develop a national strategy on combating illicit trade, create institutional policies, co-ordinate surveillance and investigations, as well as steer public awareness campaigns. It will be required to prepare a detailed report on the progress and challenges in the war on illicit trade every year to be submitted to the minister. (Business Daily Africa, 2018)

These cases demonstrate the importance of close collaboration with the private sector. This cooperation needs to encompass information sharing, consultation over new measures that could impact illicit trade and support for enforcement. Experience in other jurisdictions is that comprehensive cooperation with industry has been effective in tackling illicit trade.

Case Study: Private Sector Co-operation in Thailand

In September of 2003, Royal Thai Customs signed a Memorandum of Understanding (MOU) with private sector IPR owners and several local legal representatives (Atherton, 2006). The purpose of the MOU was to identify the needs and expectations of the private sector and the Customs department, and to pledge mutual support and cooperation. This involved the provision of intelligence on the part of IPR owners, who would profile known or suspected traders involved in counterfeiting; offer relevant testimony; contribute training in differentiating between real and counterfeit products; and provide product identification and documentary support to allow Royal Thai Customs to interdict suspect shipments. In return, Royal Thai Customs would relax and streamline what is ordinarily cumbersome and impractical procedures formalised in regulations. This is so that the requirement of IPR owners to post a bond each time a seizure is made is loosened.

IPR owners saw more Customs seizures in Thailand in the three years following the implementation of the MOU that it had in the prior thirty years, combined.

The Malaysian government should take a similar, more structured approach to facilitating co-operation with the private sector. The government should form a series of sector specific joint Trade Enforcement Committees, comprised of membership from the relevant government departments, enforcement agencies and representatives from industry. These Committees should have the following responsibilities:

1  **Information gathering:** between government and industry on the scale and nature of the illicit trade problem in different sectors;

2  **Policy consultation:** to provide an opportunity for industry to input into policy formulation that could have an impact on illicit trade, including increases in specific taxes;

3  **Intelligence sharing:** to provide the industry representatives with a formal mechanism to share intelligence and initiate specific investigations and enforcement operations. The government will then be required to respond to the intelligence or provide a justification for not pursuing it within an agreed timeframe. Certain constraints will need to be agreed to ensure the system is not abused.

4  **Operational support:** industry representatives should be able to apply for the appropriate licences to support government officials with operations on the ground, to strengthen the capacity available for enforcement where appropriate.

These arrangements should be set out in a formal Memorandum of Understanding agreed by both industry and government.

Policy Recommendation:

The government should form sector specific Trade Enforcement Committees with industry representation to provide a formal mechanism for facilitating improved cooperation between the authorities and private sector.

Part 2: The Price Gap

In our previous report we outlined how a price gap between legal and illegal products generates a demand for illegal goods. Price gaps may occur because of a lack of availability of a legal product at a competitive price on the market, or because of high taxation of legal products.

High taxes

The most significant example of taxation leading to high levels of illicit trade is tobacco. Successive increases in tobacco excise duties have significantly increased the market price. Accordingly, the trade in illicit cigarettes has grown significantly over the same period, to the extent that now over 50% of cigarettes smoked in Malaysia is illicit (Oxford Economics, 2017). This approach has been driven by the reasonable policy goal of reducing smoking levels to improve public health. However, the policy has been unsuccessful in that regard as smoking levels remain high and with an illicit, rather than legal, product being consumed.

Other countries have faced similar rises in illicit trade following increases in tobacco excise rates and have subsequently tried to address this through reform of the tax system.

Case Study: Tobacco Taxation in Canada

In an attempt to raise government revenue and deter individuals from smoking, the Canadian federal and provincial governments increased the taxes on cigarettes between the years of 1980 and 1993 (Reason Foundation, 2014). In the years following its implementation, the cost of a pack of cigarettes surged by 170%. But despite the boost in federal nominal revenue, Canada saw the expansion of the tobacco black market—as price-sensitive consumers searched for alternatives to evade the taxation, economic activity moved underground.

This came with several social and economic costs. Law enforcement officials in the early 1990s reported the presence of organised crime gangs, bringing violence to the area and creating hardships for corner store operators whose livelihoods depended on the legal cigarette market. By 1993, the tax loss as a result of these black markets reached the vicinity of 12.4 billion Canadian dollars. Contraband cigarettes had increased from occupying 1% of total market share in 1987 to about 31% in 1993.

In response, the Canadian federal government announced a drastic reduction in tobacco taxes in February of 1994, essentially cutting the retail price of cigarettes by half. Federal taxes on cigarettes fell from CAD 10.36 to CAD 5.36 per carton. Several provincial governments then followed suit, reducing their respective cigarette tax rates in response. The result was an average decrease of 54% in federal and provincial tax rates on cigarettes, excluding those provinces who did not drop their tax rates.

Following the tax cut, the number of seizures of illegal cigarette cartons declined by 93.6%. But this did not last long—after 2001, the federal government once again introduced rapid tax increases, resulting in an escalation of the number of illegal carton seizures. By 2008, numbers were back to pre-tax-cut highs. However, after 2009, carton seizures began to drop once again, even while taxes remained high. An explanation for this could be the improvement in enforcement against tobacco smugglers and the rising tobacco taxes in neighbouring US states.

No two countries are alike, but the Canadian case exemplifies a few key points. It illustrates the strong relationship between cigarette tax rates and illegal activity—higher cigarette taxes encouraged illicit trade, while lower taxes discouraged it. In fact, as the Royal Canadian Mounted Police (RCMP) stated, “When the tax rollbacks were implemented, smuggling of tobacco disappeared almost overnight” (RCMP, 2013). The Canadian case also highlights how, contrary to argument that high tax rates are necessary in discouraging smoking, data from Health Canada shows that smoking had been steadily declining since 1995—a decline in taxes therefore did not show any long-term effect on smoking rates. Finally, higher taxes do not necessarily equate to higher tax revenues. Had Canada kept its low 1994 cigarette tax rates, tax revenues may have been higher given that the lower taxes significantly reduced the black-market sales.

Case Study: Tobacco Taxation in Pakistan

Despite rising tax rates in Pakistan's tobacco industry revenue, the rate dropped from Rs 114.16 billion to Rs 83.69 billion in 2016, a loss largely attributable to the increase in illicit cigarette consumption rates. In 2014, 23.7% of cigarettes consumed were illicit (Nielsen, 2015). By the end of 2016, the market share of the illegal cigarette trade stood at approximately 40%, due to the huge price gap between the legal cigarette industry (which placed a minimum tax of Rs 44 per pack) and the tax-evading packs (which offered non-tax-paid cigarettes sold as low as Rs 15 per pack). Due to the exponential increase in non-tax paid cigarette sales, the estimated tax revenue loss at the end of 2016 was approximately Rs 130 billion.

In an attempt to combat the growing black market, under the 2017-2018 Finance Bill the Pakistani government's Federal Board of Revenue introduced a third tier tax slab on cigarettes. The third tier reduced the minimum tax on a pack of cigarettes to Rs 16 in an attempt to achieve two things: boost revenue collection from documented sectors and decrease the illicit trade of duty-unpaid smuggled or counterfeit cigarettes.

The advantages and disadvantages of Pakistan's new cigarette taxation system is empirically difficult to assess, and where data does exist, its recorded impacts are widely contested. In fact, there have been claims by the Ministry of Health (MOH) that maximum illicit cigarette sales do not amount to more than 9%, instead of the cited 40% (Dawn, 2018). The MOH additionally stated that cigarette consumption, and subsequently, tobacco-related deaths are at risk of increasing as a result of the third-tier tax.

However, while the tax tier model is one not easily replicated in other countries, there are still many positive takeaways to consider in this Pakistan case study. In March of 2018, FBR sources acknowledged a decrease in the illicit trade of cigarettes, attributable to both the third tier tax and an improvement in enforcement (Pakistan Observer, 2018). According to the Pakistani Daily Times, the illicit trade market share dropped from 41.2% in June of 2017 to around 35% in April of 2018 (Daily Times, 2018). Additionally, beyond just the reduction of the illicit trade market, the third-tier tax saw an increase in government revenue, with approximately 20% of total revenue attributable to the new tax system.

The tax policy in Pakistan has only been introduced relatively recently, but the early indications suggest that it is reducing the scale of illicit trade. In both the cases of Canada and Pakistan there have been substantial objections raised, relating to the risk that smoking rates will increase following a reduction in the price of legal tobacco.

In the Malaysian case, recent price increases in tobacco have contributed to the growth in illicit trade as we discussed in our previous report. The government should therefore commit to maintaining the current tax rates for tobacco and other highly taxed, illicitly traded products such as alcohol, at least until enforcement can be significantly improved. The government should also consider going further and reforming the taxes on tobacco drawing on similar experiences in other countries. For example, the government could introduce a new tier into the tax system to supply legal cigarettes at a lower price. However, such an approach would need to be very carefully regulated to avoid a situation whereby legal smoking increases significantly. The government could restrict the new tax tier in a number of ways, such as placing a time limit of five years on the new system, and restricting the supply to certain certified producers that demonstrate a high degree of compliance.

Policy Recommendation: 

The government should not raise the price of tobacco any further and should review the tax structure in light of the experience in other countries, such as Canada and Pakistan, that have reformed the tax system to combat the rise in illicit trade.

Routes for duty free

The price gap between illicit and licit products has also encouraged illegal trade flows through duty-free zones. The previous government acknowledged that the sale of duty-free tobacco and alcohol on islands such as Labuan was a major source of illicit trade (The Sun, 2016). The Deputy Finance Minister was quoted as saying that: *“In these tax-free zones Labuan, Langkawi and Tioman, 3.6 billion sticks of cigarettes were taken in. Local consumption among residents is about 136 million sticks. Local and foreign tourists consumed about 209 million cigarettes, thus leaving some 3.3 billion sticks missing. They have not been recorded. The duties for the missing cigarettes is RM1.3 billion”*. In the case of alcohol, the minister claimed that *“a total of 27.7 million litres of alcohol was taken into Labuan, Langkawi and Tioman. From this amount, 3.5 million litres were used by local residents and two million litres by tourists, thus leaving 22.2 million litres unaccounted for”*.

Case Study: Duty Free restrictions in Hungary

When Hungary joined the European Union, it was required to increase its excise tax accordingly. As a consequence, cigarette prices soared by 80% between 2000 and 2005 giving rise to smuggling activities from Romania, Serbia and Ukraine. The growing black market reduced the size of the legitimate market by 30% in the same period. Among the measures taken to tackle the problem was a restriction on the purchase of duty-free cigarettes. First, limiting the duty-free imports to two packs at road crossing points from 2009 and then limiting the duty-free imports to only one occasion per week from 2012. This contributed in a decline in the illicit market from nearly 30% in 2005 to under 4% in 2012 (Nagy, 2012).

The Malaysian government had previously considered banning the sale of the duty-free alcohol and cigarettes on the duty free island, but the measure was resisted and restrictions introduced instead.

Policy Recommendation: 

The government should ban the sale of duty-free cigarettes and alcohol at the duty-free islands of Labuan, Langkawi and Tioman. To address the concerns raised with this proposal in the past, it should be introduced on a time limited basis until enforcement can be improved.

Part 3: Strengthening Enforcement

In our previous report we identified weaknesses in enforcement as a significant driving factor behind illicit trade. We found that there is a lack of transparency and scope for corruption at the borders. Enforcement agencies, including the Royal Malaysian Customs, have recognised the problem and taken significant steps to address it, but further action is needed.

There are multiple ways in which enforcement capacities can be enhanced. Ultimately, many of these enhancements will require additional investments. Given, the revenue that is lost as a result of illicit trade, the government can expect to see a return on its investment.

Case Study: Investment in Spain

According to the World Health Organisation, Spain experienced a rapid decline in the rate of the illicit trade in tobacco, following a significant investment in additional resources to combat the problem (WHO, 2015).

Between 1993-1996 and 1996-2000, the Spanish authorities increased their investment in combatting tobacco smuggling from 4 million euros to 40 million euros. Over that period, the market share in smuggled tobacco declined from 16% to 2%. This resulted in an increase of revenue from tobacco taxes from 2.3 billion to euros to 5.2 billion euros. In other words an investment of millions of euros increased revenue by billions of euros.

Policy Recommendation:



Estimates suggest that the lost revenue due to illicit tobacco alone is 5 billion ringgit, therefore the government should consider additional investment into enforcement capabilities as an investment that will be fiscally positive in the long run.

However, the government also faces considerable fiscal constraints and should therefore consider what other steps can be taken to enhance enforcement capabilities.

Improving performance and tackling corruption

The risk that officials may be liable to corruption has been presented on a number of occasions. The Director General of Customs himself has said that these should be “no place for corruption” (New Straits Times, 2017). In the Pakatan Harapan manifesto, Promise 58 states that “border control will be beefed up and corrupt officers will face serious disciplinary action” (Buku Harapan, 2018). But alongside the need to reduce the scope for corruption is the importance of incentives, to ensure those who perform well are rewarded and the risk / reward ratio is balanced in favour of high performance.

Case Study: Anti-Corruption Reforms in Cameroon

In response to its high levels of corruption depleting the reputation of the administration, Cameroon Customs launched a reform and modernisation initiative in 2007 (Canters et al., 2010). The reform brought many changes, among which some focused on automation, criteria-based assessments, and an improvement in incentives and sanctions.

One of the first changes was the installation of Automated System for Customs Data (ASYCUDA), a Customs clearance system developed by the UN Conference on Trade and Development (UNCTD). Under ASYCUDA, all customs procedures were automated, enabling Customs administration to track the processing of each consignment and measuring the process against a substantial number of criteria.

With the new system's emphasis on criteria also came the introduction of performance indicators used to assess the conduct of customs officials against relevant criteria. Activities such as time taken by customs officials to process files were monitored and compiled in monthly reports to give managers the opportunity to better control their subordinates. ASYCUDA also introduced individual performance contracts involving prescriptive measurements as a means of formalising an agreement between two parties specifying mutual obligations regarding results. These contracts involved the customs official's written commitment to the Director General of Customs as a means of boosting a sense of individual culpability, and subsequently, encouraging good professional practices. A restructuring of the flow of information back to the Director General allowed him to be more well-informed about his operational staff.

Sanctions, on the other hand, were also tightened. A process of interviews and warnings were introduced, with the main sanction being eviction from those offices with strong fiscal potential and larger opportunities of earning money legally.

Cameroon Customs' reform and modernisation initiative brought significant improvements to the functioning of its administration. Automation promoted greater empowerment on the part of customs officials, increased the number of declarations assessed by inspectors, and reduced customs release times significantly. Measurement policies similarly reduced processing time, as well as the increase of share of duties and taxes collected. Performance contracts improved revenues and deadlines. Relationships between inspectors and their heads of office have been improved by the increased awareness in expectations and responsibilities.

Case Study: Anti-Corruption Reforms in Uruguay

In order to combat corruption in Uruguay, several measures were adopted in 2014 by the Uruguay National Customs Directorate based on the World Customs Organisation's (WCO) Revised Arusha Declaration. Similar to the case of Cameroon, the Uruguayan Customs placed emphasis on contractual commitments and agreements, the automation of processes, and several human resources management policies directed at customs officials (Canon et al., 2016).

A major change was the implementation of the requirement of senior officials to confirm their commitment and leadership duties, in compliance with relevant laws. In doing so, they agreed to submit the details of their assets to the Commission for Transparency and Public Ethics every 2 years. Similarly, Management Agreements were put in place to necessitate the evaluation of officials based on certain commitments, to be renewed after 15 months. A panel assesses each customs official's compliance with the Agreement, with the discretion to decide whether or not to renew the official's posting. Additionally, relevant units are given the autonomy to investigate and identify corruption acts. Investigations are based on the Code of Conduct, which sets out in practical and unambiguous terms the expected behaviour of all Customs personnel.

To aid the simplification of customs laws, regulations and administrative guidelines, customs procedures became automated so that Customs formalities can proceed with undue burden. Automation also minimised the opportunity for the inappropriate exercise of official discretion, face-to-face contact between Customs personnel and clients, and the physical handling and transfer of funds. The implementation of the Electronic File System (GEX), for example, allows customs brokers to initiate customs files electronically from their offices.

The implementation of human resources management policies and procedures plays a major role in the fight against corruption in Customs. Innumerable measures have been implemented, including salary improvement, training courses via the Training and Knowledge Management Department, and the Incentive System for Best Performance, which in 2013 was introduced as a way of fairly rewarding each official based on accomplishments. The use of incentives is taken a step further through the introduction of information campaigns made readily available to the public, explaining various activities performed by customs officials, the importance of combatting smuggling, and how the community and national economy are protected. This achieves an improvement of morale and organisational culture so Customs personnel have pride in the reputation of their administration.

These case studies present us with important lessons, including the use of financial and nonfinancial incentives, clear performance targets and automation. Other mechanisms to ensure high performance have been implemented by other countries.

Specific Targets

Some countries have adopted specific targets, in terms of both volume of seized goods and revenue collected from seizures.

Case Study: US and UK Seizure Targets

The tables below details the targets set by the US Customs and Border Protection for seizure of smuggled foreign currency and UK targets for seizures of illicit tobacco. In both cases the use of targets was credited with driving improved performance.

Table 1: US customs targets for seizure a smuggled foreign currency

Fiscal Year	2013	2014	2015	2016	2017
Target	\$30.0 M				
Actual	\$36.9M	\$37.7M	\$37.6M	\$28.9M	\$39.0M

Table 2: UK HMRC targets for seizures of illicit cigarettes (millions) (National Audit Office, 2013)

Fiscal Year	2010/11	2011/12	2012/13
Target	-	1,700	1,928
Actual	1,727	1,732	1,858

Transparency and public accountability

As we have noted, government agencies have made concerted efforts to tackle illicit trade in Malaysia, and this has led to multiple cases of success. However, these cases have been reported individually so it is difficult to make comprehensive assessments of the progress in the fight against illicit trade. Other countries have benefitted from a more transparent approach: publishing annual statistics on efforts to tackle illicit trade.

Case Study: Australia Published Statistics

The Australian government releases annual statistics on the volume and value of customs seizures. In 2014, they seized 150 tonnes of loose leaf tobacco and 40 million tobacco sticks equivalent to an estimated total revenue evasion of \$103 million (Australian Customs and Border Protection Service, 2015). This approach has enabled stakeholders and the general public to more effectively hold the Australian government to account in their efforts to reduce illicit trade.

Staff rotations

To reduce the scope for corruption, some countries have implemented mandatory staff rotations. These measures are designed to limit the opportunity for individuals to become compromised and to make the decision to move staff automatic and fair. To limit disruption this should be limited to those posts identified as particularly high-risk.

Case Study: Staff Rotations in Hong Kong, Singapore and Lithuania

In Singapore, the Government Instruction Manual provides the framework for Ministries to regularly and systematically rotate officers for prevention of corrupt practices (OECD, 2003).

In Hong Kong, the then Commissioner of Customs and Excise explained that: "In formulating our anti-corruption strategy, we seek to ensure that we have clear legislation and sound working procedures; we seek to build in a high degree of transparency in our services and provide sufficient channels for redressing public complaints; we seek to promote office automation, segregate individual functions and implement regular rotation of duties among officers; and we make good use of our internal audit mechanism and maintain proper checks and balances in our system" (Hong Kong Government, 2001).

In Lithuania, the government introduced mandatory staff rotations of Customs and Border Guard officers (International Tax Investment Centre, 2015).

Policy Recommendation:

As part of a new Illicit Trade Strategy the government should introduce a series of reforms to enhance enforcement by putting the right incentives in place and reducing the scope for corruption.



Consider the introduction of performance-based pay to reward officers in line with the value of counterfeit and contraband products seized.



Introduce non-financial incentives, including awards and formal recognition.



Automate where possible, to improve data collection and performance management and reduce the scope for corruption.



Introduce a clear sanctions process.



Set specific targets for seizures and publish performance against these targets.



Introduce staff rotations in high-risk positions.

In addition to introducing reforms to strengthen performance across the government agencies, the government should introduce specific new policy tools to improve enforcement.

Stronger penalties

It is clear that smugglers are not currently intimidated by the current penalties imposed by the authorities. The weak rule of law motivates smuggling as it becomes more profitable to trade illegally when the expected costs such as the penalties imposed are small compared with expected profits.

According to the OECD, “illicit actors will prefer to trade in goods where rewards are highest, and the risks are lowest” (OECD, 2018). The OECD recommends high penalties to address the risk / reward ratio and disincentivise those engaged in illicit trade.

Case Study: Increased Penalties in Italy and Spain

According to the World Health Organisation, increased penalties for tobacco smuggling helped reduce illicit tobacco market share from 15% to 2% in Italy and 6% in Spain (WHO, 2015).

This issue was recognised by the previous government who had committed to increasing the fines. The Director General of Customs had proposed to increase fines to RM100,000 or the value of goods seized – whichever is higher. This is a simple step that will increase revenue which can in turn be reinvested in enhancements in enforcement capability to further reduce illicit trade.

Policy Recommendation:

The government should immediately increase the fines for smuggling illicit goods to RM100,000 or the value of goods seized, whichever is higher.

Dealing with transhipments

In some cases, illicit goods enter Malaysia via transhipments – where goods are intended for onward transportation to other markets, but instead are removed and traded illegally in the Malaysian market. The government has introduced permits for transits and transhipments to tighten the control of this potential route. However, other countries have gone further by requiring deposit or bank guarantees be provided, and only released once receipt of the cargo is confirmed by authorities at the final destination. The Malaysian government has introduced a ban on transhipments of rice at all ports, as part of efforts to curb rice smuggling and similar restrictions should be considered for other high risk products.

However, it is important to balance the need to reduce illicit trade with the need to promote free and frictionless legal trade. The ban on transshipments of rice has been criticised by the business groups. Any new measure to regulate transshipments should be implemented on a risk-based approach, targeting the most high-risk goods, routes and operators only.

Policy Recommendation:

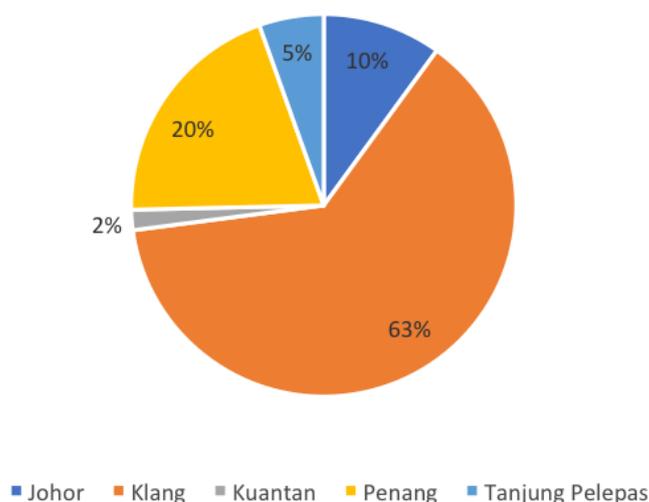
The government should institute a bank guarantee scheme to prevent against fraud. Under such a scheme a bond with bank guarantee is executed by the carrier, equivalent to the value of the goods being shipped. The bond is then discharged only upon official receipt of notification from the final destination that the shipment has arrived. The scheme should be implemented on a risk based approach, limiting the impact on legitimate trade.

Reducing available smuggling routes

The government could also consider more drastic measures to restrict the potential for illicit goods entering the country. The government could restrict access for high-risk products to a single point of entry. Under this measure, imports of those products which are identified as high risk should only be allowable at a single point of entry into the country so that enforcement resources can be focussed on this point, and imports of these products arriving at other points can be seized as a matter of routine, simplifying the process.

In practice, the products that this measure applies to will need to be severely limited. Tobacco products would be the clearest candidate, but which precise products should be included will need to be the subject of further review and made in consultation with industry, who will need to bear the cost for additional transportation.

Chart 1: Share of Container Through put (Imports, 2015)



In addition, the approved point of entry would need to be one that could handle the increased volume of trade, in practice this will likely be Port Klang.

As with the proposed restrictions on transshipments, such a measure would need to be weighed against the need to support efficient trade. Again, it should be applied on a targeted, risk-based approach and implemented in close consultation with the industry.

Policy Recommendation: 

The government should restrict access for certain goods to a single point of entry, on a risk based approach to minimise the impact on legitimate trade.



Customs Recordal

One specific measure related to improving co-operation with the private sector would be to introduce a custom recordal mechanism. Customs recordal mechanisms enable private sector organisations to register Intellectual Property with the customs authorities so that legitimate imports can be recoded, making it easier for authorities to identify and detain illicit shipments.

Many countries have this system in place, and it features as a core component in The Economist's Illicit Trade Environment Index, due to its utility in combatting the flow of counterfeit products in particular. Similar systems that operate on the same principles to Customs Recordal have also been implemented, such as in Singapore.

Case Study: Copyright Co-operation in Singapore

In mid-2013, Singapore Customs received two lodgements of notice from the brand owner of Furla, who believed that two containers arriving from China to Singapore contained items infringing on Furla's trademark rights (Singapore Customs, 2014). Singapore Customs officers inspected the two 40-footer containers and detained over 30,900 counterfeit luxury bags, shoes, wallets, and fashion items infringing on other brands' trademark rights, as well as 78,000 counterfeit vodka bottles.

Singapore Customs assisted the relevant brand owners in detaining the goods and allowing them to institute civil cases against the local consignee. In December of 2013, the case between Furla and the local consignee was concluded, and all articles infringing Furla's trademark rights was forfeited to them.

Despite there being no official recordal system in Singapore, border enforcement may be activated through providing Customs with written notice of a suspected import of IPR-infringing goods. Singapore Customs regularly liaises with IP rights holders to organise IPR product training for its officers, which allow rights holders to share information on counterfeit goods and better equip Customs officers with knowledge of how to differentiate between genuine and counterfeit products. In fact, as Singapore Customs stated after the Furla case, "The specific information provided by the brand owner enables Singapore Customs to act swiftly to detain the counterfeited goods at the border. This bears testimony to the close working relationship we have with the brand owners in the fight against piracy".

Policy Recommendation:



The government should introduce a customs recordal system to enhance co-operation between border authorities and rights holders.

Part 4: Educating the Public

Although our previous report did not touch on the topic of educating the public on illicit trade risks, we nevertheless believe that low levels of public awareness of health and societal dangers associated with illicit trade is an issue that needs to be addressed.

One significant example of health risks associated with illicit trade is the active market for counterfeit medicines in Malaysia. In 2012, the Malaysian Ministry of Health seized more than 40,000 unregistered products. Easy accessibility and false marketing of counterfeit drugs results in high levels of its consumption. This is a serious public health threat as counterfeit drugs often contain harmful ingredients such as talc, sucrose chalk, printer ink, and even drywall. In fact, counterfeit drugs kill one million worldwide annually. Health risks associated with counterfeit drugs, and illicit trade in general, is a serious problem that demands our attention.

Another pressing problem that demands attention is the ways in which illicit trade supports organised crime. This is especially the case in the rise of illicit tobacco in Turkey, of which is largely attributable to a particular smuggling network involving the Assad regime and ISIL. The network was found to have “taxed” the transportation of cigarettes as they pass through various transshipment points, as well as having smuggled cigarettes in themselves. Many other armed insurgent groups have similarly been found to use the illegal trade of tobacco products as a means of financing their activities.

Case Study: Awareness Campaign in Benin

Based on survey data collected in Cotonou, Benin in 2003, a public awareness campaign was aired to promote public awareness of the dangers of counterfeit medicines. The survey was designed to assess consumers’ purchasing practices in Cotonou with regard to medicines. Based on its findings, the campaign provided new messages about generic drugs and the dangers of the illicit medicines market.

The 9-month campaign proved successful, as most respondents states that the announcements were effective in increasing their awareness; nine out of 10 persons understood the messages on the dangers of the illicit market; a net decrease in buying on the illicit markets was observed among respondents with increased awareness; the frequency of house calls by illicit vendors decreased. Most respondents said that they preferred public health facilities and pharmacies as sources for procurement of generic medicines following the campaign (Ministry of Health, Benin, 2006).

Case Study: UNODC Campaign

In January 2014, the United Nations Office on Drugs and Crime (UNODC) launched the campaign 'Counterfeit: Don't buy into organised crime,' as a means of informing the public about the significant issues raised by the \$250 billion-a-year illicit trafficking of counterfeit goods. Specifically, the campaign stressed the links that counterfeit products have to organised criminal networks, health and safety risks, and other ethical and environmental concerns.

The campaign's Public Service Announcement entitled 'Look Behind' highlights the often overlooked, behind-the-scenes factors attached to counterfeiting and urges consumers to consider the serious repercussions of illicit trade. The PSA cautions consumers of illicit trade's far-reaching effects experienced by everyone in one way or another. It reminds us that a lack of legal regulation and little recourse can lead to the consumption of faulty counterfeit goods, and consequently, injury or even death. It also showcases how organised criminal groups are funded by the market for illicit products, as well as other ethical issues such as labour exploitation.

The campaign has been aired by several broadcasters internationally, including Bloomberg, CNBC, CNN, and National Geographic. In recognition of the campaign's success, the UNODC received an award for consumer awareness from the US Chamber of Commerce. (UNODC, 2014)

The OECD has suggested that governments "*implement policies and programmes that decrease demand for the illicit products through public awareness and educational campaigns and programming*" (OECD, 2015).

Public awareness campaigns on illicit trade's health risks and its links to organised crime would facilitate a deeper, more far-reaching understanding of these issues.

Policy Recommendation:

The government should pursue a public awareness campaign on the risks of illicit trade, including the health risks social harms which arise as a support for crime and lost government revenue.

References

Abdoulaye I, Chastanier H, Azondekon A, Dansou A, Bruneton C. (2006) Evaluation of public awareness campaigns on counterfeit medicines in Cotonou, Benin, US National Library of Medicine, retrieved from: <https://www.ncbi.nlm.nih.gov/pubmed/17286035>

Alvarez and Marshal (2017) Causes & Control of Illicit Tobacco, https://www.alvarezandmarsal.com/sites/default/files/am_jti-smokingsummary_finalweb.pdf

Australian Customs and Border Protection Services (2015), Annual Report 2014-15. <https://www.homeaffairs.gov.au/ReportsandPublications/Documents/annual-reports/ACBPS-Annual-report-2014-15.pdf>

Australian Tax Office (2018,) Tobacco Stakeholder Group <https://www.ato.gov.au/General/Consultation/Consultation-groups/Stakeholder-relationship-groups/Tobacco-Stakeholder-Group/>

Business Daily Africa (2018) <https://www.businessdailyafrica.com/economy/State-taps-private-sector-in-renewed-illicit-trade-war/3946234-4675928-x85w8oz/index.html>

Canon, E. (2016), Ethics and Transparency in Customs: a Case Study, *World Customs Journal*, 10 (1), retrieved from: <http://worldcustomsjournal.org/Archives/Volume%2010%2C%20Number%201%20%28Mar%202016%29/1796%2002%20WCJ%20v10n1%20Canon.pdf>

Cantens, T., Raballand, G. and Bilangna, S. (2010) Reforming Customs by Measuring Performance: A Cameroon Case Study, *World Customs Journal*, 4 (2), retrieved from: [http://worldcustomsjournal.org/Archives/Volume%204%2C%20Number%202%20\(Sep%202010\)/05%20Cantens-Raballand-Bilangna.pdf](http://worldcustomsjournal.org/Archives/Volume%204%2C%20Number%202%20(Sep%202010)/05%20Cantens-Raballand-Bilangna.pdf)

CEIC (2018), Malaysia Port Statistics: Container Throughput, accessed September 2018 from: <https://www.ceicdata.com/en/malaysia/port-statistics-container-throughput>

Daily Times (2018) <https://dailytimes.com.pk/233296/enhancing-the-tobacco-industrys-revenue-base/>

Dawn (2018) <https://www.dawn.com/news/1399630>

Furtick, K., Malcom, C., Randazzo, A. (2014), The Effect Of Cigarette Tax Rates On Illicit Trade: Lessons Learned in Canada, Reason Foundation, retrieved from: https://reason.org/wp-content/uploads/files/cigarette_tax_illicit_trade.pdf

Hong Kong Government Press Release (2001) <http://www.info.gov.hk/gia/general/200105/29/0529147.htm>

Kelly, E. (Atherton Co. Ltd.- Bangkok, Thailand), Powelson, M. (LaRiviere, Grubman & Payne LLP- Monterey CA), Li, G. (Kangxin Partners- Beijing, P.R. China) (2006), Getting the Black Market to Knock it Off: Strategies to Enforce Trademark Rights in Asia, Atherton Legal, retrieved from: <http://athertonlegal.com/publications/2-publications/36-strategies-to-enforce-trademark-rights-in-asia-and-thailand.html>

Nagy, J. (2012) Tackling Cigarette Smuggling with Enforcement: Case Studies Reviewing The Experience In Hungary, Romania and the United Kingdom, *World Customs Journal*, 6 (2), retrieved from: [http://worldcustomsjournal.org/Archives/Volume%206%2C%20Number%202%20\(Sep%202012\)/05%20Nagy.pdf](http://worldcustomsjournal.org/Archives/Volume%206%2C%20Number%202%20(Sep%202012)/05%20Nagy.pdf)

National Audit Office (2013), Progress in Tackling Tobacco Smuggling, retrieved from: <https://www.nao.org.uk/wp-content/uploads/2013/06/10120-001-Tobacco-smuggling-Full-report.pdf>

National Centre for Chronic Disease Prevention and Health Promotion (2015), Preventing and Reducing Illicit Tobacco Trade in the United States, retrieved from: <https://www.cdc.gov/tobacco/stateandcommunity/pdfs/illicit-trade-report-121815-508tagged.pdf>

Nielsen (2015), The Challenge of Illicit Trade In Cigarettes: Impact And Solutions For Pakistan, retrieved from: <http://customnews.pk/wp-content/uploads/2015/09/Illicit-Tobacco-Trade.pdf>

Oxford Economics (2017), Asia Illicit Tobacco Indicator 2016: Malaysia, retrieved from: http://illicittobacco.oxfordeconomics.com/media/OXFO5304_Malaysia_2017_Report_V4.pdf

OECD (2003), Anti-Corruption Policies in Asai and the Pacific Self Assessment Report Singapore, retrieved from: <http://www.oecd.org/countries/singapore/35052647.pdf>

OECD (2015), Converging Criminal Networks, retrieved from: <http://www.thecre.com/ccsf/wp-content/uploads/2015/12/illicit-trade-converging-criminal-networks.pdf>

OECD (2018), Governance Frameworks to Counter Illicit Trade, retrieved from: https://read.oecd-ilibrary.org/governance/governance-frameworks-to-counter-illicit-trade_9789264291652-en#page48

Pakistan Observer (2018)
<https://pakobserver.net/3rd-tier-tax-slab-of-fbr-fights-against-illicit-cigarettes/>

Royal Candian Mounted Police (2013), 2008 Contraband Tobacco Enforcement Strategy Program-Led Review Report, retrieved from: http://publications.gc.ca/collections/collection_2013/grc-rcmp/PS64-109-2013-eng.pdf

Today Online (2017)
<https://www.todayonline.com/world/asia/malysias-customs-dept-wages-all-out-war-against-illicit-trade>

The Sun Daily News (2016)
<http://www.thesundaily.my/news/2084677>

UNODC (2014), Press Release.

<https://www.unodc.org/unodc/en/frontpage/2014/April/unodc-campaign-recognized-for-raising-awareness-among-consumers-about-organized-crime-and-counterfeiting.html>

World Health Organization (2015), World No Tobacco Day Presentation, accessed August 2018: http://www.euro.who.int/__data/assets/pdf_file/0011/278093/Stop-illicit-trade-tobacco-en.pdf?ua=1

Your IP Insider (2017)

<http://www.youripinsider.eu/customs-fight-counterfeiting-singapore-case-study/>



IDEAS is inspired by the vision of Tunku Abdul Rahman Putra al-Haj, the first Prime Minister of Malaysia. As a cross-partisan think tank, we work across the political spectrum to improve the level of understanding and acceptance of public policies based on the principles of rule of law, limited government, free markets and free individuals. On 2 September 2016, IDEAS was ranked as the 17th think tank to watch globally in a survey of more than 6,800 think tanks in 143 countries by the University of Pennsylvania's 2015 Global Go To Think Tank Index Report.

Please support us by making a donation. You can make a contribution by cheque payable to "IDEAS Policy Research Berhad" or by transfer to our account CIMB 8008852042. We can only survive with your support.

© 2018 IDEAS. All rights reserved.

IDEAS Policy Research Berhad
The Lower Penthouse
Wisma Hang Sam, 1, Jalan Hang Lekir 50000 Kuala Lumpur

www.ideas.org.my
Reg No: 1219187-V

Selection of IDEAS' Publications (2017 - 2018)

Policy Ideas

Policy Paper No.53 : Impacts of Investment from China in Malaysia on the Local Economy by Laurence Todd, Meghan Slattery (October 2018)

Policy Paper No.52 : Strengthening the ASEAN Single Aviation Market: Implementing the AEC Blueprint 2025 for Air Transport by Dr Jae Woon Lee (September 2018)

Policy Paper No.51 : Affordable Housing and Cyclical Fluctuations: The Malaysian Property Market by Carmelo Ferlito (July 2018)

Policy Paper No.50 : Create or Nurture? Lessons from Cyberjaya: Malaysia's Promised Silicon Valley by Ali Salman (July 2018)

Policy Paper No. 49: Intellectual Property Rights in ASEAN: Developments and Challenges by Marolita Setiati Anwar, and Adi Darmawan (July 2018)

Policy Paper No. 48: Payment Card Reform Framework (PCRF): A Policy Evaluation Study by Dr. Teo Wing Leong (May 2018)

Policy Paper No. 47: Anti-profiteering Regulations: Effects on Consumer Prices & Business Margins by Hafiz Shams (December 2017)

Policy Paper No. 46: Water Provision in Malaysia Privatise or nationalise? by Wan Saiful Wan Jan (November 2017)

Policy Paper No. 45: Government-Linked Companies: Impacts on the Malaysian Economy by Jayant Menon (December 2017)

Policy Paper No. 44: Illicit Trade in Malaysia: Causes & Consequences by Adli Amirullah, Amirah Fazira and Ali Salman (October 2017)

Policy Paper No. 43: Reining in the IGP's Power: Decentralisation as an option by Nicholas Ideas (September 2017)

Policy Ideas No. 42 : Will Our Public Universities Have Financial Autonomy? By Wan Saiful Wan Jan (May 2017)

Policy Ideas No. 41 : History and Epistemology of Universities by Munif Zariruddin Fikri Nordin (May 2017)

Policy Ideas No. 40 : The History of University Autonomy in Malaysia by Dr. Chang-Da Wan (May 2017)

Policy Ideas No. 39: Autonomy and Accountability in Higher Education: Lessons from Ghana and Mexico by Dr. Sean Matthews (May 2017)

Brief Ideas

Tax in the Digital Age by Laurence Todd, Connor Vance IDEAS No.11 (September 2018)

National Policy on Rare Diseases Living with Dignity: In Search of Solutions for Rare Diseases by Thong Meow Keong, Azlina Ahmad-Annuar IDEAS No.10 (August 2018)

Post GST Malaysia: Recommendations for a Reformed Sales and Services Tax (RSST) by Adli Amirullah and Ali Salman IDEAS No.9 (June 2018)

Institute for Democracy and Economic Affairs (IDEAS)
The Lower Penthouse, Wisma Hang Sam, 1, Jalan Hang Lekir 50000 Kuala Lumpur

Website: ideas.org.my Tel: +603 2070 8881 / 8882 Fax: +603 2070 8883