

Govt studies measures to eliminate middlemen



Domestic Trade and Consumer Affairs Minister Datuk Seri Saifuddin Nasution Ismail says the measures (eliminating layers of middlemen) would be the main priorities in the efforts to reduce the cost of living. NST pix by Salhani Ibrahim

By Ayisy Yusof
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KUALA LUMPUR: The government is studying measures to reduce the prices of food items and raising the income of food producers by eliminating layers of middlemen in the food supply chain.

Domestic Trade and Consumer Affairs Minister Datuk Seri Saifuddin Nasution Ismail said the measures would be the main priorities in the efforts to reduce the cost of living.

"We are talking about open market but we are still have middlemen that contribute to the price increase," he said at the launch of the 21st edition of the Malaysia Economic Monitor titled : Making Ends Meet, here today.

Saifuddin said the government should not only tighten on the enforcement but rather educate the traders by having a reasonable profit.

"Firstly, we need to admit it the current situation and the role of middlemen. Secondly, we need to admit something need to be done urgently.

“Thirdly, it must be concerted efforts as we cannot work in silo by all agencies not only enforcement but this must be the focus by the government to look seriously in the cost of living issue,” he added.

He said the government will also look at implementing a new system for controlling middlemen as it is one of the factors contributing to the increase in food prices.

“It is hard for the government to make any changes in the current (middlemen) system because it already became a tradition.

“We have identified these problems such as enforcement, foreign traders and existing multiple layers in the system, which does not allow the government to do various changes,” he said.

World Bank Country director for Brunei, Malaysia, Philippines and Thailand, Dr Mara Warwick said Malaysia requires the pursuit of a combination of short-term measures and longer-term policy interventions.

“Over the short-term, efforts can be exerted to re-evaluate existing price controls and better align with the consumption patterns of the bottom 40 per cent, to deepen social assistance benefits to raise the financial literacy and awareness of Malaysian households.

“Over the longer-term, deeper structural reforms will be necessary to boost market competition to ensure an adequate supply of affordable housing and to increase people’s income levels,” she said.

She added sustainable income growth can be achieved among households with the enhancement of labour productivity.

“This is through enabling firms to re-align their own investment and hiring incentives,” she said.

Warwick said the government needs to scale up investments in people to encourage sustainable, inclusive economic growth.

“Hence, Malaysia can make policy decisions to combat inequality and improve the lives and opportunities of the poorest,” she said.

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