

MARKET REVIEW REPORT

MYCC REVEALS MALPRACTICES IN FOOD SECTOR

Middlemen, suppliers' inefficiency, misuse of APs linked to price hike, says its report



Indian mackarel, or 'ikan kembung', is one of the food items affected by the price hike due to weaknesses and malpractices in the food sector. PIC BY MOHAMAD SHAHRIL BADRI SAALI

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THE latest market review report on the nation's food sector by the Malaysia Competition Commission (MyCC) has revealed several weaknesses and malpractices, which resulted in the increase in prices of beef, Indian mackerel (*ikan kembung*), infant formula milk, mustard greens and round cabbage.

Domestic Trade and Consumer Affairs Minister Datuk Seri Saifuddin Nasution said issues related to the food items' price hike ranged from the presence of middlemen, inefficiency among suppliers and misuse of approved permits (APs).

"The main concern in the fish sub-sector is the presence of intermediaries in the supply chain, market inefficiencies in one key distribution hub and the low awareness of alternatives for *ikan kembung*.

"Another concern is the misuse of APs granted for importing round cabbages. This and the nature of close connections between market players highlight competition concerns in the vegetables market," he said after launching the report at the Asian International Arbitration Centre.

Other issues surrounding the food market structure's weaknesses, said Saifuddin, were due to the high dependency on exported products as well as a lack of in-house brands.

"Studies on beef and infant formula highlighted a high dependency on imports, which constituted a huge portion of the market.

"For instance, Malaysia imported beef mainly from Australia and India. The over-reliance on a

few suppliers exposes the Malaysian beef market to price hikes and limited choices."

He said following this, MyCC had proposed several recommendations and long-term plans to address the issues, which included revitalising the domestic beef market and finding new sources of beef.

On the misuse of APs, MyCC recommended close monitoring of APs to ensure choice availability and competitive pricing of round cabbages in the market.

Saifuddin said MyCC suggested the creation of house brands for infant formula milk and for industry players to boost market competitiveness.

"There is a need for active consumer education to be market- and demand-driven, as well as an integrated inclusive e-commerce policy to address the issues."

He said the MyCC report included a review of the largest wholesale market in Peninsular Malaysia, the Kuala Lumpur Wholesale Market (PBKL).

It found issues such as additional operating fees, an influx of foreign workers, illegal renting of stalls, supply restrictions as well as crime-related matters.

Saifuddin said PBKL supplied 50 per cent of fresh produce (fish, vegetables and fruits) throughout the central region of Peninsular Malaysia and its surrounding states.

"In tackling the issues, the study proposed that the government consider establishing new wholesale markets that may offer integrated services with efficient system and state-of-the-art facilities in strategic locations.

"This is to enable traders to supply high-quality products at a competitive rate."

He said there was a recommendation to use technology to provide transparency to stakeholders in the supply chain.

This was to ensure greater visibility to demand for access to better production control and price data.

He said this was also to allow market players to better negotiate prices.

He said there was a lack of traceability, especially in terms of pricing across the supply chain within sectors with multiple layers of middlemen.

The report was finalised after nine months of research, engagements and consultations with relevant stakeholders in the food sector, including relevant ministries, agencies, associations and industry players.

Saifuddin said the initiative was done as a reference for policymakers to address cost of living issues.

He said the report would give more options for consumers

"Apart from that, this initiative is consistent with the government's efforts through the National Entrepreneurship Policy 2030 to encourage development and drive the growth of the entrepreneurship sector." **Additional reporting by Sarah Rahim**

