

## MyCC recommends new wholesale markets to give competition to PBKL



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Arfa Yunus

By Arfa Yunus, Teh Athira Yusof and Sarah Rahim

August 6, 2019 @ 6:44pm

**KUALA LUMPUR:** The big volume of fresh supply that flows through the Kuala Lumpur Wholesale Market (PBKL) has created a geographical monopoly.

Therefore, the government must consider establishing new wholesale markets.

This was to ensure a level playing field, said the Malaysia Competition Commission (MyCC) in its report on Market Review on Food Sector.

In the report, MyCC said the market was mired with issues such as extra operating fees, influx of foreigners, illegal renting of stalls and supply restriction, among others.

This was due to the current operation method which was still traditional, exacerbated with aging facilities, poor hygiene and inadequate space to fulfil market demand, it said.

Apart from that, the current business environment in PBKL was also congested as well as facing risks and challenges caused by illegal activities.

“The government should consider establishing new wholesale markets to tackle the issues within PBKL, which is more modern to offer integrated services while providing adequate premises and facilities for

farmers, wholesalers, importers, logisticians, packing activities and processors in a strategic location and enable traders to supply high quality products in a conducive environment.

“The upgraded market needs to be a sustainable development and also be profitable and financially attractive to benefit both food businesses and end consumers in various aspects such as providing new business and marketing channels, enhance efficiency of food distribution, improved hygiene and safety standards while leveraging on Artificial Intelligence (AI) and big data-centric supply chain to streamline the market information.

“Involvement of independent party across the supply chain in managing the market is also encouraged as it would foster healthy competition, improve operational and delivery efficiency as well as provide more choices along the supply chain,” the report read.

PBKL is located in the central region and is close to the main target market group. It has played an important role as a key distribution hub for fresh fish and vegetable produces in Peninsular Malaysia.

The total population within the region is about 10.5 million, which represents 32 per cent of the total population in Malaysia.

According to the report, most of the supplies in the market are distributed through PBKL. For fish alone, more than 50 per cent of the supply in Peninsular Malaysia goes through there, indicating the existence of dominant players in services management within PBKL.

Most of the excess supply in the market was also distributed through PBKL, providing the wholesalers with the ability to control the market supply and volume and the influential power to determine the price.

“As such, the bargaining power of farmers is generally low due to the dependence on middlemen, and limited price transparency,” said the report.

It also noted that wholesalers and end buyers doing business in PBKL had to incur extra costs and this added extra pressure on them.

This includes costs for parking, baskets, taxis and loading and unloading fees.

“There is also a limitation in terms of restriction of ice supplier within the PBKL. There is only one ice supplier in PBKL and the players are not allowed to use their own ice supply within the market.”

Another issue was concerning the influx of foreign workers where according to MyCC, more than 90 per cent of workers in PBKL were foreigners.

“Foreigners who have worked a long period in PBKL would work out some arrangement with their ‘towkays’ and obtain supplies from their wholesalers and sell the fish to other buyers.

“Foreigners may exploit the opportunity and subsequently sell the fishes at a higher price, forming an additional layer of intermediaries and are distorting the competition within the PBKL.”