

## Weaknesses, malpractices in market structure led to price hike, says Saifuddin



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August 6, 2019 @ 1:17pm

**KUALA LUMPUR:** The latest market review report on the nation's food sector by the Malaysia Competition Commission (MyCC) has revealed several weaknesses and malpractices, which in turn resulted in price hike of five food items.

The five food items are beef, Indian mackerel (ikan kembung), infant formula milk, mustard leaf (sawi) and round cabbages.

Domestic Trade and Consumers Affairs Minister Datuk Seri Saifuddin Nasution said issues related to the food items' price hike range from the presence of middlemen, inefficiency among suppliers and misuse of Approved Permit (AP).

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

"Another point noted is the misuse of the Approved Permit (AP) granted for importing round cabbages.

"This and the nature of cozy connection between market players highlight's competition concern in the vegetables market," he said.

He said this after launching the report at the Asian International Arbitration Centre (AIAC) here today.

Other issue's surrounding the weaknesses of the Malaysian food market structure, according to Saifuddin, was due to high dependency on exported products as well as lack of in-house brands.

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

"In the case of beef for instance, Malaysia imported beef mainly from 2 countries which are Australia and India.

"This over reliance on few suppliers exposes the Malaysian beef market to, amongst others, constant price increased and limited choices," he added.

Following this, the MyCC had proposed several recommendations and long term plans to address these issues, which among others was to revitalise the domestic beef market and finding new sources of beef.

On the misuse of AP, MyCC recommended for close monitoring of AP's after they were issued to ensure choice availability and competitive pricing of round cabbages in the market.

Saifuddin said on the infant formula market, MyCC had proposed that a creation of house brands and more local players would go towards raising competitiveness in the market.

"Thus, there is a dire need for active consumer education to be market and demand-driven and an integrated inclusive E-Commerce policy to address the above concern."

The MyCC report also included a review of the largest wholesale market in Peninsula Malaysia, the Pasar Borong Kuala Lumpur (PBKL). It found issues such as additional operating fee, influx of foreign workers, illegal renting of stalls, supply restrictions as well as crime related issues.

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

"In tackling the issues, the study proposed that the government consider establishing new wholesale market(s) that may offer an integrated services with efficient system and state of the art facilities in a strategic locations which will enable traders to supply high quality products at a competitive rate."

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

This initiative was done as a reference material to policy makers so as to address issues on the cost of living.

Saifuddin said that report would be presented at the next weekly cabinet meeting.