

Creating more consumer value



The Malaysia Competition Commission has recently proposed a new wholesale market with e-commerce

By Nuradzimmah Daim, Teh Athira Yusof
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DOMESTIC Trade and Consumer Affairs Minister Datuk Seri Saifuddin Nasution Ismail addresses bread-and-butter issues, such as the prices of essential goods and fuel, and shares the ministry's plans on elevating Malaysian products and e-commerce.

Datuk Seri Saifuddin Nasution Ismail believes the key to keeping tabs on the prices of items is by managing the supply chain.

The chain, he said, comprised a network of organisations, people, activities, data and resources involved in moving a product or offering a service to customers.

He cited the price of cabbage produced in Cameron Highlands, where there is a huge gap between the amount paid and what the farmers earn.

"When I was there for the by-election, I found that the vegetables were sold at RM5 per kg in Sungai Koyan (also in Pahang). Farmers in Cameron Highlands, however, complained that they sold the vegetable at only 50 sen per kg. What went wrong?

"As it turned out, the supply has been sent on a 'detour' to the Selayang wholesale market before returning to Sungai Koyan (and its vicinity)."

He said the Malaysia Competition Commission (MyCC) had, in its report, recently proposed the establishment of a new wholesale market with e-commerce facilities to reduce dependency on middlemen and avoid extra cost in supplying food.

"In considering this recommendation, feedback from stakeholders, especially industry players, should be gathered and assessed as they are the ones who will be doing business there.

"MyCC also recommended the development of an inclusive e-commerce policy.

"Initiatives such as the adoption of e-commerce platforms, online auctions and the bidding system, which are nascent in Malaysia, should be encouraged among enterprises and consumers."

He said the government would consolidate e-commerce policies into a unified structure.

He added that the recently launched Consumer Economic Shop Initiative (i-Keep) would also assist in selling essential items at a reasonable price.

Fuel subsidy

The cost of living in urban areas was among the key considerations in implementing the new fuel subsidy scheme, said Saifuddin.

"We have to take into consideration the high cost of living in urban areas in implementing (the scheme). For instance, a couple with children living in the city, despite having a household income of RM5,000, may need this assistance.

"While we aim to help the B40 households (with a median monthly income of RM3,000), we should not disregard those in the M40 group (median monthly income of RM6,275), who are struggling with the high cost of living in the city," he said, adding that a database of recipients was being tabulated.

He said agencies like the Welfare Department were obtaining details from the E-Kasih database, among others.

"Our database (on the fuel subsidy scheme) should have an 'opt-in' and 'opt-out' feature, meaning, while a list of eligible recipients would be made ready, new ones could be added accordingly.

"The same goes for people who are no longer deemed eligible. They should be removed to ensure fairness. We will gather input from other ministries when presenting the cabinet paper before the proposal is finalised and implemented."

He said meetings and dialogues had been held with fuel companies, petrol station operators and consumer groups.

"We obtained feedback from 3,500 petrol station operators nationwide before coming up with the proposal.

"While they were supportive of the idea, it should not incur further cost as it could affect their profit margin," he said, adding that the implementation of the scheme would see the fuel price caps removed. He hoped the new fuel subsidy scheme could be implemented before the year end.

Keeping permits in check

The ministry is keeping a close watch on possible abuse of approved permits (APs) on sugar, flour and beef through its online system.

Saifuddin said the online system would require AP holders to key in data of the imported produce, which serves as a monitoring system for the ministry.

Government Allocates RM20M to promote local products

It also serves as a tracking system on the whereabouts of imported items, such as which ports they are going to or had been in.

"If the items were imported but the final destination was not indicated or unclear, the ministry will seize the items.

"The condition imposed on AP holders is that the items should be sold only to industry players and factories, not retailers," he said, adding that two shipments were recently seized due to lack of disclosure on their final destinations.

The AP abuse was revealed by MyCC in the Market Review on Food Sector report published last month, which stated that the price of imported round cabbage had increased drastically.

However, Saifuddin said, the downside of the AP system was its inability to protect local chilli farmers.

'We import chillies because Cameron Highlands cannot meet the demand. Imported chillies are priced lower, and consumers are swayed by the price difference.'

Saifuddin said, nevertheless, APs were important to maintain the demand of certain items, such as sugar.

Raw sugar AP is given to two main players - Central Sugars Refinery Sdn Bhd and MSM Malaysia Holdings Bhd.

'In this matter, we see how AP fits into the scenario since the two main players are able to produce refined sugar through their factories and meet demand.'

'But in the event where demand increases against the volume produced, or if there is a glitch at the factories, then there is a need to issue an AP on refined sugar.'

'It is only for a short period of time, maybe five to eight months, and can only be used once as part of the monitoring mechanism.'

Made in Malaysia

The government had allocated RM20 million to promote local brands, said Saifuddin, a huge rise from RM3 million last year.

To support local products and ensure that they are available across the country, the ministry has introduced a '30 per cent local product' policy on local and international supermarkets.

'There has yet to be a supermarket with 30 per cent local products due to their in-house requirements, but these companies have been supportive of local products.'

'This (policy) benefits the 174 small- and medium-sized enterprises, a majority of whom are Bumiputera Muslims. I know some local brands like Kopi Hang Tuah and Sos Mudim, and these brands have achieved big sales in international supermarkets.'

Saifuddin said local companies could be successful as long as they adhered to the requirements set by the authorities.

'I want to focus on local products. No matter who makes it, it should be made well, pass the Health Ministry requirements and are priced affordably. And, if necessary, obtain halal status.'

He also touched on the possibility of price hikes following the boycott campaign started by Muslim non-governmental organisations.

'First, they said boycott non-Muslim products. Then they changed their stand to 'buy Muslim products first.'

On concerns by the Malaysian Employers Federation about the livelihood of employees working in non-Muslim companies, which could be affected by the boycott, Saifuddin said it was imperative that Malaysians focus on supporting local brands, instead of buying those produced by a certain race or religion.

To say that prices of cooking oil, for instance, went down due to the boycott is inaccurate. This is because there are products that are sold cheaper prior to the campaign. At the end of the day, the choice is in the hands of consumers,' he said.



Domestic Trade and Consumer Affairs Minister Datuk Seri Saifuddin Nasution Ismail.NSTP/NURUL SHAFINA JEMENON.