



More than 90 per cent of workers in the Kuala Lumpur Wholesale Market are foreigners, says the MyCC report. PIC BY ZUNNUR AL SHAFIQ

## MyCC: New wholesale markets needed to boost competition

**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 the 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.

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

Apart from that, PBKL's business environment was congested, as well as exposed to risks and challenges caused by illegal activities.

"The government should consider establishing new wholesale

markets to tackle issues in PBKL. They must be modern and able to offer integrated services, with adequate premises and facilities for farmers, wholesalers, importers, logisticians, packing activities and processors in strategic locations. This is to ensure that traders can supply high quality products.

"The upgraded market needs to be a sustainable development, and profitable and financially attractive to benefit food businesses and consumers in various aspects, such as providing new business and marketing channels, boosting efficiency of food distribution, hygiene and safety standards, while leveraging artificial intelligence and big data-centric supply chain to streamline market information.

"Involvement of independent parties across the supply chain in managing the market is encouraged as it will 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. It has played an important role as a key distribution hub for fresh fish and produce in Peninsular Malaysia.

The region's total population is 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 were distributed through PBKL.

For fish alone, more than 50 per cent of the supply in Peninsular Malaysia went through there, indicating the existence of dominant players in services management in PBKL.

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

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

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

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

"There is a limitation in terms of restriction of ice suppliers in PBKL. There is only one ice supplier in PBKL and the players are not allowed to use their ice supplies in the market."

The report also highlighted the issue of the influx of foreign workers. MyCC said more than 90 per cent of workers in PBKL were foreigners.

"Foreigners who have worked a long period in PBKL will work out some arrangements with their *tokay*, and obtain supplies from their wholesalers and sell them to other buyers.

"Foreigners may exploit the opportunity and subsequently sell fish at high prices, forming an additional layer of intermediaries and thus distorting the competition in PBKL."