

NEWS RELEASE

MyCC RAISED COMPETITION CONCERNS ON FIVE (5) FOOD ITEMS

KUALA LUMPUR, 6 AUGUST 2019 – The Malaysia Competition Commission (“MyCC”) has made available its findings and recommendations contained in its Market Review on Food Sector under Competition Act 2010 (CA 2010). The report was successfully launched today by the Minister of Domestic Trade and Consumers Affairs, YB Datuk Seri Saifuddin Nasution Ismail at the Asian International Arbitration Centre (AIAC), Kuala Lumpur.

The Market Review, conducted in line with section 11 and 12 of Competition Act 2010, focused on five (5) selected food items namely beef, Indian mackerel (*ikan kembung*), infant formula, mustard leaf (*sawi*) and round cabbage (*kobis bulat*). The aim of the Market Review is to look into the market structure, competitiveness of the market and to determine whether there are any anti-competitive conducts in the food sector at the same time unbundling the rationale behind the significant increase in price of these items in recent years. As part of the findings, MyCC has proposed recommendations to further improve the competition process within the five (5) sub-sectors in tandem with the government's efforts and initiatives to reduce cost of living.

The main concerns in the fish sub-sector is the existence of multiple intermediaries within the supply chain, the presence of market inefficiencies in one key distribution hub and the low awareness of alternatives for *ikan kembong*. 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.

Another point noted is the misuse of the Approved Permit (AP) granted for importing round cabbage. This and the nature of close connection between market players highlight competition concerns in the vegetables market. In light of this, MyCC recommended a necessity of close monitoring on post-granted AP in ensuring availability of choices and competitive pricing of round cabbages in the market.

The studies on beef and infant formula highlights a high dependency on importation which constitutes a huge majority of the markets. In the case of beef for instance, Malaysia imports 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 increasing prices and fewer choices. MyCC had proposed few recommendations and long term plans to address these issues which are to revitalise the domestic beef market and finding new sources for beef. As for infant formula market, MyCC proposed that creation of house brands and more local players in raising the competitiveness of the market.

Other than the five (5) selected food items, *Pasar Borong Kuala Lumpur* (PBKL) was also included in the report as it is the largest wholesale market in Peninsular Malaysia which supplied approximately 50% (or more) of the fresh produce (fish, vegetables and fruits) throughout the Central region of Peninsular Malaysia and its surrounding states. PBKL is mired with multiple issues such as the additional operating fees, influx of foreign workers or traders, illegal renting of stalls, supply restriction and other crime-related issues. In tackling the issues, the study proposed to the government to consider establishing new wholesale market(s) that may offer an integrated services with efficient system and state of the art facilities in a strategic location which will enable traders to supply high quality products at a competitive rate.

“The MyCC is committed to safeguard the process of healthy competition where it encourages efficiency, innovation and entrepreneurship for the betterment to the market. This commitment potentially promotes competitive prices, improvement in the quality of products and services and wider choices for rakyat who are also the consumers. The next step is for the relevant stakeholders to work together in the manifestation of the recommendations.” said Iskandar Ismail, Chief Executive Officer of MyCC.

This report is finalised after 9 months and went through rigorous research, numerous engagement and consultation sessions with relevant stakeholders in the



food sector including relevant ministries, government agencies, associations and industry players. The MyCC believes the report is an essential reference material to policy makers in line with the Government's efforts to address the issues on the costs of living. Apart from that, this initiative is also consistent with the Government's efforts through the National Entrepreneurship Policy to encourage development and drive the growth of the entrepreneurship sector in Malaysia.

For further information on the findings of the market reviews please find in the MyCC website at www.mycc.gov.my.

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About Malaysia Competition Commission (MyCC)

Established in June 2011, MyCC is an independent body responsible for enforcing the Competition Act 2010, which was implemented to create healthy competition which would, in turn, stimulate productivity and innovation, thus creating wider choices of products for consumers with better quality and competitive prices.

The Act applies to all commercial activities undertaken within and outside of Malaysia that affect competition in the Malaysian market. It provides a regulatory framework including powers to investigate, adjudicate and impose penalties on the infringing parties.

For more information on the Act and MyCC activities, log on to www.mycc.gov.my.

ANNEX A

Notes to Editor:

Information on Section 11 and 12 of the Competition Act 2010. Further information on the market review as per below.

Section 11: Power to conduct market review

11. (1) The Commission may, on its own initiative or upon the request of the Minister, conduct a review into any market in order to determine whether any feature or combination of features of the market prevents, restricts or distorts competition in the market.
- (2) The market review includes study into –
- (a) the structure of the market concerned;
 - (b) the conduct of the enterprises in the market;
 - (c) the conduct of suppliers and consumers to the enterprises in the market; or
 - (d) any other relevant matters.

Section 12: Determination of market review

12. (1) Upon conclusion of the market review, the Commission shall publish a report of its findings and recommendations.
- (2) The report of the Commission shall be made available to the public.