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Reining in our food prices By A JALIL HAMID - 10 January 2016 @ 11:02 AM

How much does 1kg of ikan bilis cost these days? People say the price of ikan bilis at pasar malam has risen to as much as RM58 per kg. It used to hover around RM50 or less.

So have prices of other food items, especially seafood. Sotong was about RM18 per kg (six to eight pieces). Today, it's about RM25 and still rising, one retired civil servant shared in a WhatsApp group discussion last night.

"RM50 to buy fish really won't give you much stuff. The pasar tani run by Fama is even more expensive, contrary to claims that prices are lower," he said.

I had lunch with two friends at a mamak shop after Friday prayers the other day. It was nothing fancy but the bill came up to RM51, drinks included.

Prices of food items, both cooked at home or eaten in restaurants, have definitely been on the uptrend.

According to the Department of Statistics, the consumer price index (CPI) used to gauge inflation rose 2.6 per cent in November 2015, year-on-year.

It said the higher CPI was led by increases in the indices for alcoholic beverages and tobacco group (+20.7 per cent); miscellaneous goods and services (+5.9 per cent); restaurants & hotels (+4.6 per cent); health (+4.4 per cent); food & non-alcoholic beverages (+4.1 per cent); and furnishings, household equipment & routine household maintenance (+3.8 per cent).

These six groups of goods and services contributed 97.8 per cent to the increase in the CPI for the month of November.

The main grouse, which the government is seriously looking into, is the rising cost of living. Food costs alone account for 33 per cent of the average spending of each Malaysian household.

As such, the government focus should be on the bottom 40 per cent of households, whose gross income averaged just RM2,537 per month in 2014. The government, however, aims to double that to RM5,270 in 2020.

When it comes to food prices, is the supply/demand factor purely at play here or are there other factors driving up the costs and, thus, the prices that the consumers have to bear?

Many say the prices of fish in Malaysia are now probably at record levels, the highest in living memory. One could argue that consumers don't mind a situation where fish is expensive if our poor fishermen get a deserving share of the price.

But the fact is, our fishermen are not better off despite decades of government intervention, including through agencies such as Fisheries Development Authority of Malaysia. Many are still living below the national poverty line. Most of them are at the mercy of the middlemen, who profit the most by buying very cheap and selling at very high prices.

A friend said it would be interesting to find out for the RM18 per kg of ikan kembong sold in a Kuala Lumpur wet market, how much goes into the Kuala Selangor fishermen's pocket.

Even the lower transportation costs, due to lower diesel prices, have not helped bring down the prices of seafood.

There is also the currency factor, where due to the weaker ringgit, our producers get better prices for the exports of seafood, vegetables and fruits to countries such as Singapore.

I asked Datuk Seri Abdul Wahid Omar, the minister in charge of economic planning, if it is correct to say that prices of our fresh food items are on the high side.

He argued that not all fresh food items are expensive relative to other Asean countries.

“Poultry/chicken is the cheapest in the region, or one of the cheapest in the world where we have ‘perfected’ the entire value chain from day old chicks to broiler breeding to processing to frozen food to restaurants.

“These activities are carried out by several established companies with healthy competition.”

Wahid said fish and seafood are expensive due to a combination of depleting catch, inefficient distribution and the role of profiteering middlemen. Aquaculture products such as siakap, bawal emas, jenahak, green/ ‘oil’ prawns are cheaper due to predictable production volume and more organised distribution.

Vegetables are seasonally affected and subject to some profiteering elements.

Transportation costs are manageable since our fuel costs are much lower compared with Thailand and Indonesia, he said.

“At the end of the day, it’s all driven by economics, i.e. supply/demand, production cost and efficiency, seasonal factors, distribution and competition, etc,” Wahid said.