

Positive impacts of competitive rice market

CARTELS pose a significant threat to fair competition and food security in Malaysia. These illicit groups manipulate markets, often through price fixing agreements, stifling innovation and harming consumers through artificially high prices.

Cartels not only hurt ordinary Malaysians but also disadvantage honest businesses that are struggling to compete.

The Malaysia Competition Commission (MyCC) plays a crucial role in tackling cartels by imposing fines and taking action against their fraudulent practices. However, complete eradication of cartels remains difficult due to their complex ownership structure and a potential culture of collusion.

At present, there are allegations about potential rice cartels and middlemen making more profits than padi farmers (*pic*) and retailers. Transparent investigations into these allegations must be carried out and the findings must be made public.

If evidence of food cartels manipulating rice prices is found, those involved must face severe consequences as this directly impacts Malaysians' fundamental right to food.

Farmers also raise concerns about rice manufacturers colluding to lower the price of padi. While a proper investigation is necessary, the Bumiputera Rice Association's claim that Bernas is



withholding the supply of white rice suggests potential irregularities.

Bernas, the sole national rice importer, has a concession agreement lasting until 2031. While some advocate cancelling this agreement, Bernas' role in managing rice supply shortages remains relevant.

However, a comprehensive feasibility study should be conducted to assess whether engaging a single importer like Bernas is the best solution compared to having a more open market with multiple importers.

A competitive rice market would significantly benefit consumers through:

> Lower prices: Competition drives prices down to near production costs, making rice more affordable;

> Innovation: Competition

incentivises companies to innovate and improve efficiency to stay competitive;

> Product choice: A competitive market offers a wider variety of rice options, catering to diverse consumer preferences; and

> Fairness for farmers: Competition ensures that farmers receive fairer prices for their padi.

In order to improve the current operations of Bernas, the government should consider:

1. Strengthening anti-cartel efforts by increasing MyCC's resources and investigative powers to help it combat cartels more effectively;

2. Ensuring transparency in Bernas' operations by making data on rice imports and pricing readily available; and

3. Exploring the implementa-

tion of a competitive import market. This would involve carrying out a feasibility study to analyse the potential benefits of allowing multiple rice importers alongside Bernas.

By addressing these issues, a more resilient and dynamic rice market can be unlocked in Malaysia. This would translate into several key advantages for Malaysians namely:

1. A competitive market fosters a stable supply of rice, reducing reliance on imports and potential supply disruptions;

2. Increased competition can drive down prices, making rice more accessible to all Malaysians;

3. Focus on competitiveness encourages innovation and efficiency, potentially leading to higher quality rice varieties and processing methods; and

4. A thriving rice market supports local farmers, boosting rural economies and livelihoods.

This expansion provides a clearer picture of the positive impacts a competitive and secure rice market would have on Malaysia's food security, affordability, quality and rural development.

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