

# Ensure food supply chain stays resilient against disruptions

**IN** the first phase of the Movement Control Order (MCO), some stockpiled food in panic, causing food inflation and food waste.

Since then the prices of essential food items have moved upwards. For instance, the price of cabbage increased to RM6.50, a whopping 62.5 per cent rise, and cucumber by 300 per cent from RM1 to RM3. When consumers keep stockpiling food, it can disrupt the whole food supply chain and food distribution.

Food production is inelastic. It takes time to plant and produce, unlike production in the manufacturing industry. If consumers continue to stock up, this could cause huge problems.

Although the government imposed a binding price ceiling on essential goods during the MCO period, this can only stabilise food price movements but not reduce food inflation.



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During the MCO, the most vulnerable group is the B40 as they are forced to bear the burden of higher food prices.

Presently the proportion of expenditure by the B40 on essential items, including food, housing, water, electricity and gas, is around 67 per cent.

On top of that, most of the B40 are struggling to survive due to limited savings and no income during the MCO period. This implies that a marginal increase in

food prices and the extended enforcement can make them food insecure. Thus, the the authorities and non-governmental organisations should distribute free food to this group.

While we assume that food suppliers are the most profitable party during the MCO, it is not so. There are hundreds of tonnes of vegetables disposed of by the farmers in Cameron Highlands due to a supply chain disruption. This caused huge food wastage, but it may also lead to another round of panic buying if not handled well.

During the MCO, numerous logistics companies, vegetable truck drivers and open market sellers stop their services due to the restrictions on traffic and operating hours.

In order to overcome the vegetable-dumping issues in Cameron Highlands, farmers

should utilise technology to market their crops on an online platform.

They can apply vacuum packaging for freshness, provide delivery services, etc. Farmers can also donate extra vegetables to the B40.

In Malaysia, 40 per cent of the total food supply is imported.

The world's top three rice exporters — India, Thailand and Vietnam — are also facing a lockdown. At the end of March, the Vietnamese government announced a ban on new rice-export contracts to avoid shortages. Thailand increased the average export price by 17.34 per cent from US\$481.50 per tonne to US\$565 per tonne in early April. There's no indication Thailand will restrict exports, though.

Perhaps, the authorities should prepare alternative strategies for the possibility of the exporting

countries restricting their exports.

Going forward, information sharing between food producers and market demand should be harmonised. This can calm down consumers and avoid food insecurity issues. Digital technologies have a role to play in anticipating problems and smoothing over temporary shortages.

The authorities should formulate programmes to meet the immediate food needs of the vulnerable populations and enhance the efficiency of the food chain.

Activities related to production, storage, distribution, processing, packaging, retailing and marketing of food must not cease. Businesses should keep innovating.

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