

Curtailing food price hikes

DESPITE the severe disruptions caused by the Covid-19 pandemic on the global food supply chain, supply of food in Malaysia has been able to meet the demand. However, there have been increases in prices especially for raw food like vegetables and meat.

For example, the price of sawi has increased from RM5 to RM8 per kg, scallions from RM18 to RM25 per kg, and long beans from RM8 to RM10 per kg.

The price of chicken meat has also increased from RM7.55 per kg in December 2020 to RM8.50 per kg recently.

The Consumer Price Index (CPI) for food and non-alcoholic beverages in February 2021 increased to 1.4% as against 0.8% in the same month of the preceding year. These hikes in prices will have some effects on society as a whole, and the B40 (low income group) in particular.

In the short run, food prices can be affected by several factors including supply and demand, outbreaks of diseases, weather and natural disasters. Demand shocks and problems with supply chains contributed to the volatility of food prices in Malaysia during the early stage of the Covid-19 pandemic.

Measures to prevent the spread of the disease, particularly the implementation of the movement control order (MCO), had a huge impact on food consumption as people were not able to access restaurants and other food outlets freely and many chose to cook and eat at home. As a result, they stocked up on groceries, which led to higher consumer spending in the grocery sector.

Increase in food prices has a major impact on the living standards of the lower-income households, which generally spend a higher proportion of their earnings

on food. Furthermore, a lot of people have lost their job due to measures implemented by the government to control the pandemic, leading to a decline in purchasing power.

The government must come up with better initiatives to monitor food prices and the supply of basic necessities in the market to ensure the welfare of consumers.

One of the mechanisms that could be considered to stabilise food prices is to stockpile essential food items. In this case, when the market prices for essential food items increase, whatever is held in stock could be released to stabilise the price. However, this mechanism requires huge storage facilities and an effective distribution system.

The government should also encourage and provide assistance for urban agricultural activities such as using open land in the home environment for growing

vegetables. Programmes that can empower young agri-entrepreneurs should also be supported.

The provision of food vouchers might need to be considered to minimise the effects of food price hikes on low-income households.

Generally, the current increase in food prices can be seen as a short-term impact of the Covid-19 pandemic. However, we must treat this pandemic as a wake-up call to review our food security status. Promoting agro-entrepreneurship among youths, application of smart farming techniques and introduction of conducive policies to support investments in food production should be the government's priority moving forward.

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