

'Abolition of food import APs boosts food security'

KUALA LUMPUR: The government's move to abolish approved permits (APs) for food imports is a short-term solution as it allows markets to operate freely to strengthen food security and halt price hikes, an economist said.

Malaysia University of Science and Technology (MUST) Economics Professor Dr Geoffrey Williams said the government was doing the right thing in stages — from price caps to market liberalisation — to ensure sufficient food supply.

"We should see the price pressure easing and this will benefit consumers in the short term.

"Then, if APs are not reimposed, we should see more long-term benefits in terms of lower prices, more product options and better quality," he said.

Recently, Prime Minister Datuk Seri Ismail Sabri Yaakob announced the government's deci-

sion to abolish APs for food products to ensure the country had an adequate food supply.

Chicken is one of the food products that are in the spotlight due to the supply shortage.

Williams, who is MUST provost for research and innovation, said the abolishment of APs was an important step in creating open, free and transparent trade arrangements.

"It should be extended beyond food towards abolishing all APs and import restrictions, except for health and safety reasons.

"This will promote business and trade, reduce prices for consumers and reduce costs for the govern-

ment.

"It is a win-win-win solution. It will also promote investments, jobs and growth, as well as keep food prices down."

The Department of Statistics Malaysia said that over the last 10

years, Malaysia's food imports amounted to RM482.8 billion and exports at RM296 billion.

To meet consumers' needs and demands, it said imports of food products — especially onions, dairy products, coffee, wheat flour, tea, shallots, potato and cooking oil — were necessary.

Sunway University Economics Professor Dr Yeah Kim Leng said food cartel members would have to face open market competition following the abolishment of APs.

"But they will have an advantage if they have established a distribution network and economies of scale in their operations."

Yeah took note of the higher number of participants in the free market and expected the competition to result in increased market efficiency, price transparency and more choices

for consumers.

However, he said, in the short term, as long as supplies were available, the key challenge was to ensure that low-income households were able to cope with rising food costs. He suggested targeted food subsidies as a policy response.

Meanwhile, Bank Islam Malaysia chief economist Dr Mohd Afzanizam Abdul Rashid said the government could implement initiatives that promoted agriculture.

"Ideally, we should grow our own crop since the country has vast fertile land and the weather is conducive for agricultural products.

"However, there are structural issues (that need to be addressed), such as the over-concentration of cash crops like oil palm, as well as factors, such as labour and capital, to boost the agricultural sector." **Bernama**



Professor Dr Geoffrey Williams



Professor Dr Yeah Kim Leng