<p style="margin: 0in 0in 10pt" class="MsoNormal" align="justify">�</p><p style="margin: 0in 0in 10pt" class="MsoNormal" align="justify">During every season of festivities, consumers frequently face significant increase of price of essential foods, such as chicken. During the first week of the fasting month this year, chicken prices rose from about RM 5.50 per kilo (for standard chicken)� to around RM 7.00 � RM 7.50per kilo.� Some places were even reporting prices up to RM 9.00 per kilo.� </p> <p style="margin: 0in 0in 10pt" class="MsoNormal" align="justify">These prices increases were not just confined to the Klang Valley.� Chicken at Batu Gajah, Perak was sold at RM 7.50 per kilo, at Bahau Market, Negeri Sembilan, at RM 7.00 per kilo and at Kg. Koh, Sitiawan at RM 7.50 per kilo.</p><p style="margin: 0in 0in 10pt" class="MsoNormal" align="justify">The Federation of Livestock Farmers Associations of Malaysia (FLFAM) reported that three factors that had caused higher ex-farm prices were the hotter weather affecting the health of the chicken, the banning of wheat by Russia affecting feed prices as those who had been using wheat as a chicken feed base had switched to corn and soy based feed, affecting feed prices (Malaysian chicken are fed on corn and soy based feed) and thirdly demand and supply factors.</p><p style="margin: 0in 0in 10pt" class="MsoNormal" align="justify">Yet even taking into consideration the ex-farm prices, chicken was being sold at exorbitant levels at the market place. Clearly, some parties were taking advantage of the festivities to make excess profits. </p><p style="margin: 0in 0in 10pt" class="MsoNormal" align="justify">This practice of profiteering is not new. Every festive season there are traders who take the opportunity of the festive season to overcharge and cheat consumers.</p><p style="margin: 0in 0in 10pt" class="MsoNormal" align="justify">According to FLFAM, on an average 1.4 � 1.5 million chickens are sold every day.</p><p style="margin: 0in 0in 10pt" class="MsoNormal" align="justify">Who are these parties profiteering? What can be done to stop consumers being cheated?� Are those profiteering, the wholesalers or the retailers? Certainly there appears to be a lot of blame being directed at various parties in the supply chain.</p><p style="margin: 0in 0in 10pt" class="MsoNormal" align="justify">More importantly, how do we address this situation so that the consumers will not be at a disadvantage during festive seasons?</p>� <p style="margin: 0in 0in 10pt" class="MsoNormal" align="justify">To overcome these issues, FOMCA proposes three actions:</p><p style="margin: 0in 0in 0pt 0.5in; text-indent: -0.25in" class="MsoListParagraphCxSpFirst" align="justify">1.��� FAMA intervenes in the market during festive season.� During the festive seasons, FAMA plays a critical role in buying chicken from the farm, and supplies to retailers, fixing the prices that the retailers can sell. </p>� <p style="margin: 0in 0in 0pt 0.5in; text-indent: -0.25in" class="MsoListParagraphCxSpMiddle"

align="justify">2.♦♦♦ FLFAM is allowed to directly market their produce in the market.♦ They can sell at a fair price and ensure that other traders follow their norm.</p>♦ <p style="margin: 0in 0in 0pt 0.5in; text-indent: -0.25in" class="MsoListParagraphCxSpMiddle" align="justify">3.♦♦♦ Government monitors the supply chain and the cost factors and announces the ceiling price that chicken can be sold.</p>♦ <p style="margin: 0in 0in 0pt 0.5in; text-indent: -0.25in" class="MsoListParagraphCxSpMiddle" align="justify">4.♦♦♦ The Government should also ensure that throughout the food supply chain, for all related food inputs and items, there is open competition.♦♦ There should be no parties along the supply chain, who because of APs, or licensing or market collusions or other illegal or unethical market practices, are able to manipulate pricing.♦ An open market would ensure that the consumer gets the best deal. </p>♦ <p style="margin: 0in 0in 10pt" class="MsoNormal" align="justify">For a more long term solution, FAMA needs to establish more Pasar Tani throughout the country, and enable farmers to directly sell their produce to the consumers.♦ Both farmers and consumers will thus get the best price.</p><p style="margin: 0in 0in 10pt" class="MsoNormal" align="justify">Government also needs to invest in agriculture so that we can reduce our food import bill as well as be ensured of a secured food supply.♦ During the rice crises♦ previously, it was clear that traditional exporters of rise to Malaysia, sought to make short-term gains by selling elsewhere to make higher profits.♦ We thus had a rice crises. </p><p style="margin: 0in 0in 10pt" class="MsoNormal" align="justify">Thus while food prices are certainly critical, emphasis should also be given to food security.</p>♦♦♦Dato♦ Paul Selva Raj, FOMCA <p style="margin: 0in 0in 10pt" class="MsoNormal" align="justify">9 September 2010</p>