

# 'Focus on product supply chain'

**UPWARD TREND:** Price control mechanism alone cannot address soaring costs

**CHERYL YVONNE ACHU**

KUALA LUMPUR  
bt@mediaprima.com.my

**P**RICE hike should not be addressed merely by the price control mechanism; instead it should focus on the entire product supply chain.

Universiti Kebangsaan Malaysia vice-chancellor Prof Datuk Dr Noor Azlan Ghazali noted that prices usually display an upward trend, especially in developing countries.

However, he said, if prices keep rising persistently, they can cause great hardship to the people.

"Prices spare neither the rich nor the poor, producers nor the consumers. They make economic activities uncertain and unstable,

causing great anxiety in people," Azlan said.

Institute of Strategic and International Studies Malaysia deputy chief executive Steven Wong said subsidies and price control are not sustainable.

"Subsidies grow over time, cost too much and distort consumption, while price controls lead to

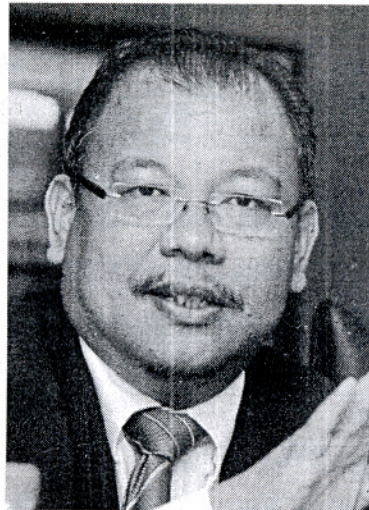
output scarcity in times of rising prices, for example, the smuggling of diesel," he said.

Productivity increases the

supply of goods and services, and, therefore, are a natural inflation fighter, Wong added.

He said a competition framework is important.

"Malaysians should not discount the effect that trade liberalisation has had on good prices. The government is in the process of un-



*UKM vice-chancellor Prof Datuk Dr Noor Azlan Ghazali says price rises make economic activities uncertain and unstable*



*Isis Malaysia deputy chief executive Steven Wong says trade liberalisations will keep cost of living low*

dertaking economic reforms and further trade liberalisations that will keep the cost of living low," Wong added.

Azlan and Wong spoke at the Business Times' Insight Roundtable Series on the rising cost of living, here, last week.

and Dairy Farm Group regional director Tim Ashdown.

Azlan said the structural change in economic model and government's policy implementation has brought positive impact towards a better quality of life for the people.

Marimuthu said the rising local prices are due to wrong policies implemented by the government.

"The fault lies with the government for not thinking through policies before implementing them. For example, the transport policy.

"This is not sustainable as it forces people to buy vehicles and people have gone into debt because of buying vehicles," he added.

Marimuthu said if the government had thought through the transport policy, people would have been linked everywhere and a car would not be a necessity.

Ameer, meanwhile, pointed out that prices of almost every product are going up.

"Is anything wrong with that? If prices globally are increasing, there has to be a pass-through mechanism implemented by the government," he said.

Other panelists were Federation of Malaysian Consumers Associations president Datuk Dr Marimuthu Nadason, Mydin Mohamed Holdings Bhd managing director Datuk Ameer Ali Mydin, Malaysian Employers Federation council member Michael Chiam

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