

11 November 2020

**PRESS STATEMENT:
FREE TRADE AREA FOR PETTY TRADERS IN WILAYAH PERSEKUTUAN**

We are totally bewildered and baffled at the news that Wilayah Persekutuan will become a "Free Trade Area" to "trade and sell anything for 6 months". While we believe that the noble intension is for a "quick-fix" and an urgent expedient method to address the critical unemployment situation and loss of livelihood, we wish to appeal for the Ministry to review and reconsider the wisdom of so doing.

First and foremost, at this juncture of the pandemic and CMCO, any petty trading/hawker cluster is already a potential Covid-19 cluster. Any sudden mushrooming of new petty trading clusters will definitely add to the risk of forming new Covid-19 clusters. This is especially so because of the naturally lowered standard of hygiene and cleanliness which is likely to be practised by informal food hawkers and which will also inadvertently increase the problem of pest and rodent infestations.

We support the Ministry's intention for speed but we advocate that appropriate controls need to be in place, to be complemented by more efficient and hassle-free processes and approvals.

There must be appropriate locations for such "temporary " commercial activities. These are informal businesses and should not unfairly compete and handicap those formal licensed businesses housed in licensed premises which have all the safety, health and hygiene infrastructure.

Already there are many clusters of unlicensed "*laissez faire*" petty trading/hawker clusters that grew from one pioneering stall to become clusters in defiance of the hapless authorities. These clusters are situated obviously at "convenient" locations without concerns for safety, traffic and hygiene. Many clusters are located right in front of shops blocking the access and detrimental to the shops' formal businesses. There is common reluctance and inability of the authority to carry out enforcements and eventually these petty trading clusters become permanent and may even become licensed premises due to political pressures.

While we are not against competition, we wish to highlight that unfair and favoured competition is not true and fair competition. These petty traders would only pay limited nominal licenses (if any), compared to other formal businesses who have to apply and pay annual fees for a multitude of licenses and permits. Furthermore, formal businesses also pay Sales & Service Tax, Income Tax, Quit Rent, Assessments etc etc. which add significantly to the cost of doing business compared to these "*laissez faire*" petty traders/hawkers which is indeed a non-level playing field and effectively creating unfair competition. Furthermore, we wish to highlight the disadvantage suffered by the existing licensed hawkers and petty traders in view of the newly added competitors who have only to apply and perhaps enjoy concessionary fees on top of locating wherever they choose. While we empathise with the low income sector eking out a living, the authority must be mindful of the need to balance the interests of all parties and not further widen the disparity of unfair competition.

We also believe that such "temporary" petty traders will quite definitely become "permanent" in defiance of any understanding of the "6 month" period and based on experience, the authority may not have the will nor ability to dismantle. We advocate that this idea, however noble, should

be reviewed so as not to start a programme knowing full well that it will lead to an uncontrolled situation and disaster which will be extremely difficult to rectify.

Our proposal is for the authority to identify appropriate locations to begin and start new clusters of temporary petty trading locations or even utilising some of the abandoned premises for this purpose rather than creating a new location. These locations should have large expanse of land for proper parking and accessibility, without injuring and harming the business and survival of those licensed formal businesses housed in permanent and licensed premises.

These temporary petty trading clusters could be in open spaces with sufficient distance from existing residential and commercial areas so as not to disrupt their businesses. This will be akin to the temporary stalls and hawkers set up prior to festive seasons.

We wish to reiterate that whilst the noble intent is for a "quick-fix", please do so with holistic considerations. We would like a review to consider the following:

1. Not to handicap and destroy the formal licensed permanent businesses housed in licensed premises
2. To ensure the locations are appropriate and not to disrupt the conducive living conditions of residents and causing danger to traffic flow and congestion
3. Not to allow such petty traders to occupy roadside, off-street, verandah and in the vicinity of shops and shopping centres.
4. To have firm conviction that the authorities have the political will to ensure the "temporary 6 months" is abided by and not to allow these temporary setups to become permanent.

Thank you.

This press statement is issued on behalf of the following associations:

- Persatuan Pengurusan Kompleks Malaysia (PPK) – Malaysia Shopping Malls Association
- Malaysia Retailers Association (MRA)
- Malaysia Retail Chain Association (MRCA)
- SME Association of Malaysia
- Batu Road Retailers Association (BARRA)
- Building Management Association of Malaysia (BMAM)