

What it means to be a farming smallholder in Malaysia

Smallholders may do more for sustainable agriculture than big corporations.

by Casey Ng

*I*n 2013 the agriculture sector of Malaysia provided employment to more than 1.6 million people and contributed more than 23% of total export earnings and 7.2% of Malaysia's GDP (Dardak, 2015). On a global scale, smallholders produce up to 80% of food consumed in developing countries (IFAD, 2013) and they contribute significantly to the economic well-being of rural communities.



Hill rice planting in Sabah (Photo: Neville Taylor Yapp)

Successful farmers are talented, resourceful and knowledgeable. They are rugged and time-tested individuals who typically possess many 'trade secrets' acquired through years of field work and refined through many challenging experiences. Most importantly, their products are essential and they put food on the tables in all homes.

Malaysian agriculture is generally divided into two categories: food crops and industrial crops. Food crops refer to vegetables, fruits, root crops, and grain crops associated with smallholdings managed by individual farmers. Industrial crops refer to oil palm, rubber, tea and other crops that are associated with large estates managed by corporations.

This article reviews the status of the food crops and the smallholders who produce them. In Malaysia, food crop farming is often viewed as an uncertain, unprofitable and socially unattractive industry.

Past policies and their consequences

Past government interventions have had major effects in shaping agriculture. The Drainage and Irrigation Department (DID) which governs rivers and urban drainage today was originally set up to support the food crop industry. Due to crop failure in India in 1918 and drought in Thailand the following year, a rice crisis had occurred in Malaysia. This forced the government to review its food production strategy and to establish the Drainage and Irrigation Department in

1932 (Shimomoto, 1980) to channel water to smallholder rice farmers.

Another intervention took place after globalization of automobile transportation when Ford's T-Model was introduced in 1908. Motivated by high prices of rubber for manufacturing tyres, rubber plantation companies persuaded many Malay rice farmers to sell their lands for quick gains. To ensure food security, the government had to pass a Malay Reservation Enactment law in 1913 to prevent smallholder rice and coffee farmland from being indiscriminately sold off to large-scale rubber planters.

During the 1914-1918 World War 1, the British government had to also introduce the Rice Lands Enactment and Food Production Enactment to counter imminent food shortages. Such policies encouraged rice cultivation, particularly among Malay smallholders. At present (Alam *et al.*, 2010) the ethnic composition of rice farmers in North-West Selangor is 65% Malay, 22% Chinese and 13% Indian. In many other "rice bowl" northern peninsula states, Malays make up to 90% of the rice farmers.

Another noteworthy event that affected agriculture was the creation of Chinese new villages (NV) during the Malayan Emergency 1948-1960 period by the British government. The program resulted in an extensive demographic shift as some 500,000 Chinese were relocated to 607 villages. Their population then grew to about 1.26 million by 2002 (Phang & Tan, 2013) and the most outstanding feature of typical new villages today is the many plots of fruit orchards, vegetable farms and other food crop plantings around them. Today, some of these villagers have

carved a name for themselves in niche food crop production, such as Bukit Tinggi NV (Selangor) for ginger, Ampang NV (Perak) for pomelo and the many NVs in the Cameron Highlands for vegetables.

Past policies have therefore left an ethnic imprint on agricultural production in the country, superimposed on ethnic food preferences. The Chinese have a penchant for yams and leafy vegetables (especially species of *Brassica* such as pak choy, kailan, choy sum); the Malays for *ulam* herbs; the Indians for *muruh-kaka* (*Moringa oleifera*); and the Kadazans for *tuhau* (*Etlingera coccinea*). What smallholders grow are dependent on market demands, niche opportunities, and personal farming interests and capabilities.

Malaysian agriculture today

At this time, there are 19 universities and nine institutes in Malaysia offering 52 courses related to food production and agriculture.

Land title is widely accepted as collateral for bank loans and many fertilizer suppliers offer credits to smallholders. Due to higher incomes and health awareness, consumers do not mind paying more for high-end food. Consequently, those who aspire to carve a career in food crop agriculture can expect more support and resources compared to pre-Independence years. With Internet and IT technology, and smart phones, we are also living in a data-rich environment.

However, partly due the government's successful drive in promoting the manufacturing sector since the early 1980s, the agriculture sector

Year	Employment %
1960	66.2
1965	62.8
1970	55.7
1975	46.9
1980	39.7
1985	34.8
1990	26.0
1995	18.7
2000	15.2
2005	12.9

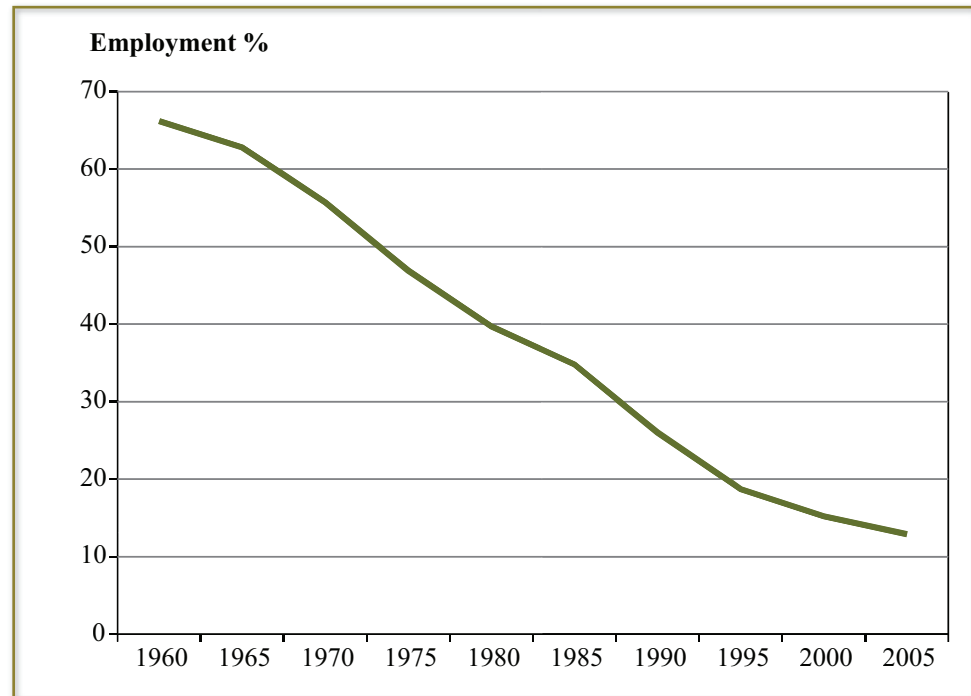


Figure 1. Employment rate in agriculture (from Arshad *et al.*, 2007)

has gone into relative decline. The mining and construction sectors have also been getting more attention in policymaking. Moreover, it is widely regarded as a practical approach to maximise efforts in high GDP sectors in Malaysia and to use the earnings for importing cheaper foodstuff from other countries. Hence local agriculture tends to be systematically side-lined. The food-crop sector is also experiencing land use competition from industrial crops such as oil palm and rubber. These factors put substantial pressures on food crop smallholders.

The decline in agriculture is reflected in the percentage employment provided by the agricultural sector (Figure 1).

The decline in employment in agriculture may also be due to other contributory factors. One factor is greater mechanization. Combined harvesters are now commonly seen in rice fields compared to pre-1980s.

Yields have also been improved by scientific breeding and selection, and by the adoption of best practices, hence requiring less labour. For example, average rice production in Malaysia has increased from 2.4 tonnes/ha in 1970 to 3.9 tonnes/ha in 2010 (Rabu & Shah, 2013). The potential to improve further is high as many lessons are still waiting to be learnt from states that are ahead in production efficiency (in tonne/ha) to be applied to states that are behind (Figures 2, 3 and 4).

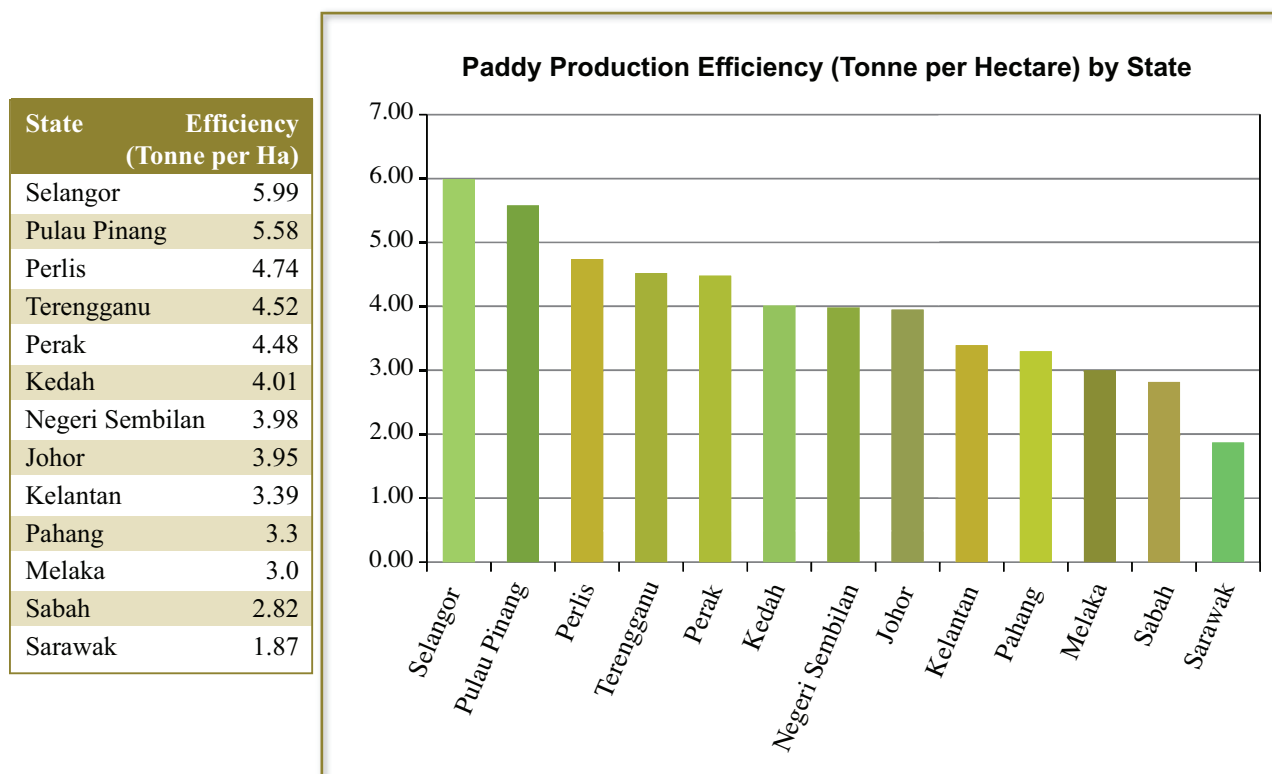


Figure 2. Rice production efficiency by state (based on data from Agrofood Statistics 2012 Report)

It is widely held that smallholders in Sekinchan-Tanjung Karang corridor in Selangor are the most efficient paddy planters in the country. How these planters stay ahead of their peers in other states can make an interest case study to improve rice production.

For more than two decades, Perlis has been diligently focusing on its niche fruit crops, namely the *harumanis* mango, *sala* (“Perlis Sunshine”) mango, watermelon and jackfruit (“J33 Madu” variety). Such state-sponsored emphasis is said to be the key attribute in making the state the topmost efficient fruit producer. The Perlis Strategic Development Plan (2012-2013) reports that the current *harumanis* mango production of 100 metric tonnes annual is not enough to meet demand. This shows that the state has also performed well in marketing and creating a niche demand for its fruit crops.

Exports and Imports

It is clear that there is an import-export imbalance of foodstuff. By studying deficits on selected foodstuffs, one could easily single out which food crops are experiencing shortage in the country (Figure 5). Due to economic and lifestyle improvement, the local population is also consuming more and better food which tends to command higher retail prices (Figure 6).

The 20-year trend implies that Malaysians are consuming less rice but more fruits, vegetables

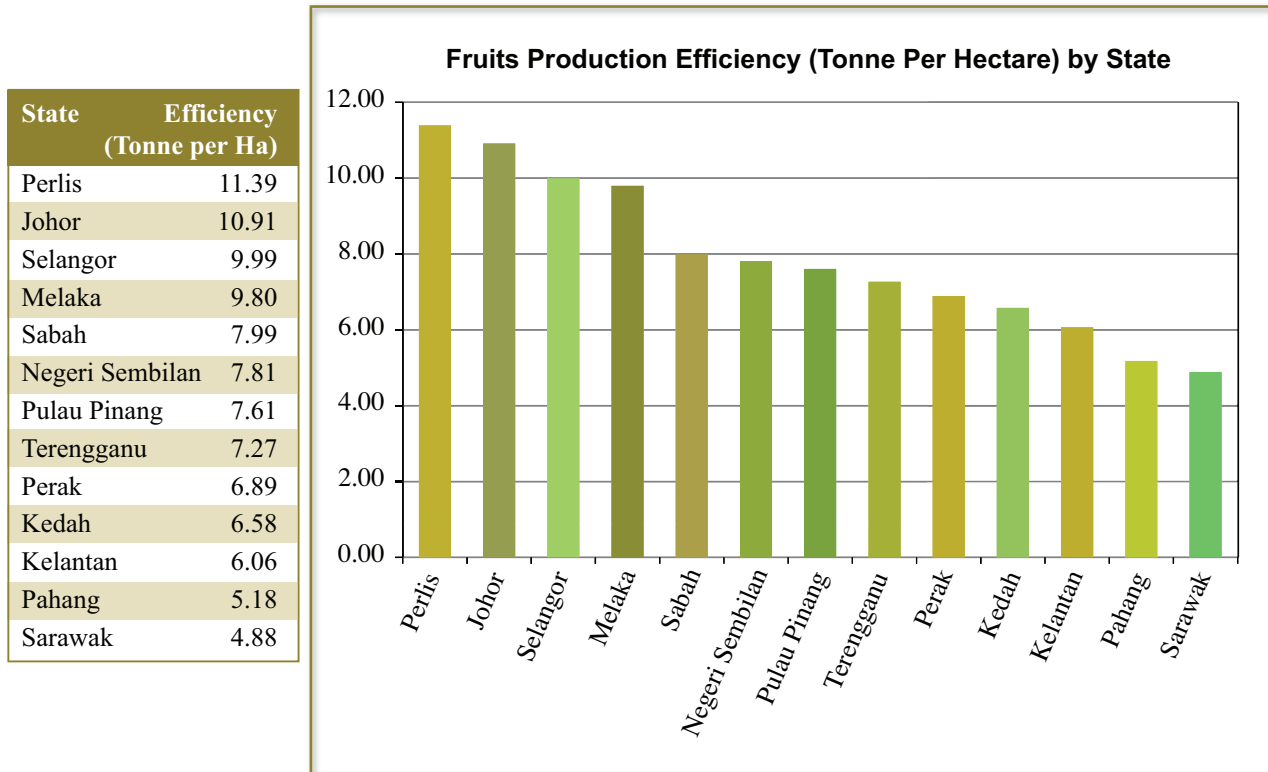


Figure 3. Fruits production efficiency by state (based on data from Agrofood Statistics 2012 Report). Note the report may not have captured transactions that bypassed Ministry of Agriculture and Agro-based Industry of Malaysia.

and white meat as a result of higher level of health awareness among the increasing educated population.

Singapore is currently the largest importer of Malaysian vegetables and fruits, amounting to RM389 million for vegetables and RM 266 million for fruits in 2012. It is no secret that foodstuff exported to Singapore may be rebranded, repacked and re-exported to other consumer countries. This suggests that Malaysia is not yet able to match the infrastructure and support systems for export that are currently provided by Singapore.

Smallholders ensure social stability

When policymakers discuss about boosting food production to feed the growing population, the focus should not only be on creating multinational industrial-size farms which are typically operated by government-linked corporations (GLCs). In such approaches, smallholders’ interests tend to be poorly represented.

Capitalism is highly efficient in eliminating competitors. Smallholders will never stand a chance when these large corporate-farms flex their muscles. Smallholders may be evicted from state lands on which they have toiled for decades under temporary occupation licences

**Vegetables
Production 2012**

State	Efficiency (Tonne per Ha)
Pahang	23.55
Melaka	20.74
Johor	20.08
Kelantan	19.54
Negeri Sembilan	17.70
Selangor	15.70
Perlis	15.07
Pulau Pinang	13.70
Terengganu	11.62
Kedah	11.39
Sarawak	10.46
Sabah	10.25
Perak	8.66

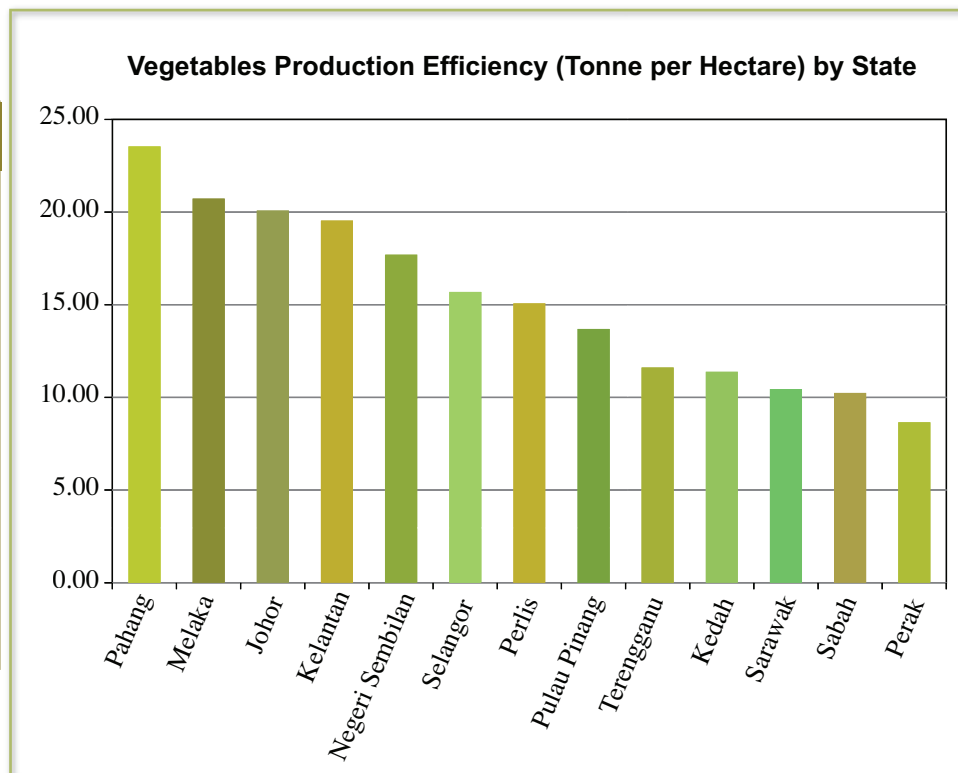


Figure 4. Vegetables production efficiency by state (based on data from Agrofood Statistics 2012 Report).
Note the report may not have captured transactions that bypassed Ministry of Agriculture and Agro-based Industry of Malaysia.

Pahang appears to take the lead in vegetable production efficiency and this can be attributed to the favourable highland weather and experienced farmers operating in Cameron Highlands.

(TOL), or end up being mere employees of the industrial farms. Well-funded corporate-farms also tend to hire foreign workers to run the farms and knowledge cannot be retained locally when they leave. In 2012, foreign workers remitted RM20 billion (Malaysia Insider, 2013) to their home countries and this is further compounded by hidden social costs of employing foreign workers. Such developments run against the country's effort to reduce national budget deficits and foreign exchange outflow.

The agriculture industry should be viewed as a mechanism for building resilience in rural communities. There is no significant evidence to support the idea that corporate farms are more productive. In fact, there are many reports that support small-scale farming as a more effective mechanism for feeding the world than industrial monocultures. As early as 1962, Amartya Sen stressed that the economic concept of "profit and loss" when indiscriminately applied to farming "produces quite absurd results". He

	Trade Balance (RM million)	Export (RM million)	Import (RM million)
Cereals	(2,326)	1,729	4,055
Vegetables	(1,935)	766	2,701
Fruits	(1,188)	616	1,804
Coffee, Tea, Spices	81	5,310	5,229

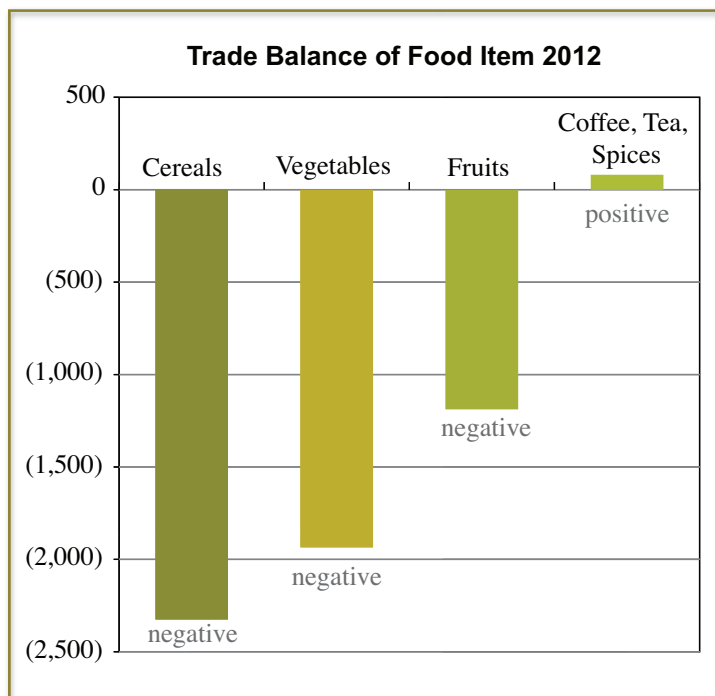


Figure 5. Trade balance comparison of food items (based on data from Agrofood Statistics 2012 Report). Note the report may not have captured transactions that bypassed Ministry of Agriculture and Agro-based Industry of Malaysia.

argued that the smaller the farms, the greater the yield. Smallholders pay more attention to their crops when limited by land size and they are typically prudent with cost. Developed countries like South Korea, Japan and Ireland provide great examples of nationwide land reform agendas that redistribute land to farmers and concentrate research and funding support for small farms. These nations understand that when smallholders make money, the money stays within the community and helps pay for better education for their children.

Last but not least, there is also a need to learn from the 1997 financial crisis when the country's currency lost 50% of its value and put a high inflation pressure on imported food items. This

should never be allowed to happen again. At time of this writing, the Malaysian currency has fallen to over RM4.20 to the US dollar for the first time since the 1997 crisis. When food imports become too expensive, there will be social and political unrest. This perfectly emphasizes the importance and critical roles of smallholders in safeguarding the nation's stability and prosperity. The country needs to start optimizing and increasing nonpartisan support for smallholders because food shortages affect all.

Food crops are diverse and are best sustained by a diversity of personalized ingenuity and perseverance that can only be offered by a multiplicity of smallholders. Hence,

	1985	1990	1995	2000	2005
Rice	102.2	89.9	86.9	85.7	82.8
Vegetable	42.4	45.5	48.5	52.0	57.5
Fruit	39.7	44.3	49.9	53.5	58.9
Milk	37.2	37.7	51.5	53.0	56.0
Fish	33.4	34.8	39.1	49.0	53.0
Poultry	14.6	19.0	30.0	35.3	35.9
Eggs	11.4	15.7	16.4	16.8	17.2
Beef	2.4	3.2	4.3	5.3	6.7

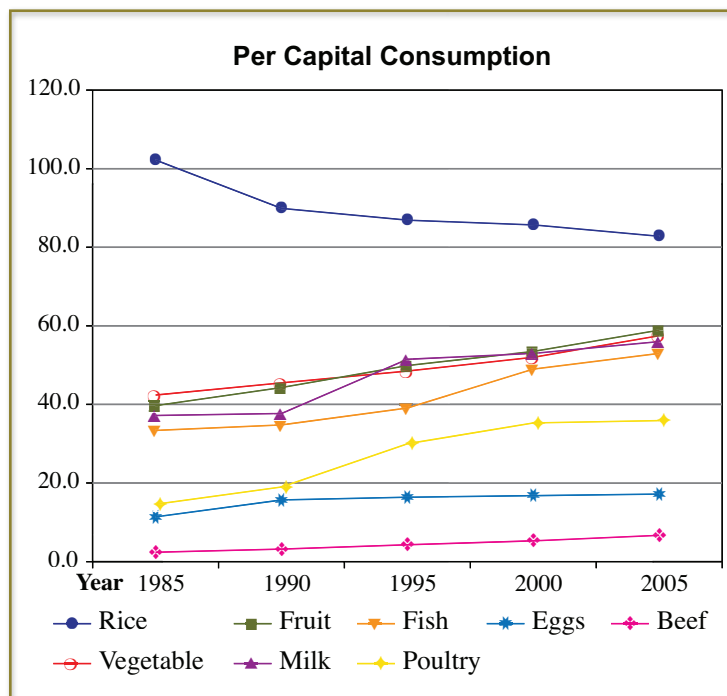


Figure 6. Per capita consumption of agricultural products (Based on data in Olaniyi et al. 2013).

policymakers should provide strong legislative support to enable smallholders to flourish and be rewarded as stewards of the land. Therefore, “I am a farmer” should be said with head held

high because it is indeed a noble profession. As a nation, we should never lose the ability to feed ourselves.

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