

KEYNOTE ADDRESS:

**TRANSFORMING RURAL
AGRICULTURAL LANDSCAPE IN THE
11TH MALAYSIA PLAN
- A FOCUS ON THE RICE INDUSTRY**



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The 11MP has 6 strategic thrusts to address the needs of the rakyat and 6 game changers to accelerate Malaysia's development ...



Enhancing **inclusiveness** towards an equitable society



Uplifting B40 households towards a middle-class society



Improving **wellbeing** for all



Accelerating **human capital development** for an advanced nation



Enabling industry-led Technical and Vocational Education and Training (TVET)



Pursuing **green growth** for sustainability and resilience



Embarking on green growth



Strengthening **infrastructure** to support economic expansion



Enhancing productivity



Innovation to wealth



Competitive cities



Re-engineering **economic growth** for greater prosperity

THE THEME OF THE ELEVENTH MALAYSIA PLAN (11MP) IS



Anchoring growth on people



1

**People are the
bedrock of the
nation**

2

**Preparing people for
the future**

3

**Everyone enjoys
growth and
development**





Targets, main strategies and selected macro economic outcomes

Strengthening macro economic resilience for growth

Strategies

Initiatives

National	Industry	Enterprise
Malaysia Productivity Blueprint	Productivity Champions based on industry	Enterprise-level productivity assessments and targets
Public sector productivity		

Outcomes

Unlocking **productivity potential** to ensure sustainable and inclusive growth

Promoting **investment** to spearhead economic growth

Increasing **exports** to improve trade balance

Enhancing **fiscal flexibility** to ensure sustainable fiscal position

9.4%

Average growth of real **private investment**

RM **291** billion

Average **private investment** in current prices

4.6%

Average growth of gross **export**

RM **57.3** billion

Trade balance by 2020

below **45%**

Ratio of **Federal Government total debt** to GDP by 2020



Fiscal position to be balanced by 2020

Multidimensional goals, 2016-2020

GDP growth at **5-6%** per annum



Labour productivity increases from RM77,100 (2015) to **RM92,300** (2020)



GNI per capita at **RM54,100** by 2020



Average **monthly household income** increases from RM6,141 (2014) to **RM10,540** (2020)



Compensation of employees to GDP increase from 34.9% (2015) to **40%** (2020)



Malaysia Wellbeing Index (MWI) to increase by **1.7%** per annum

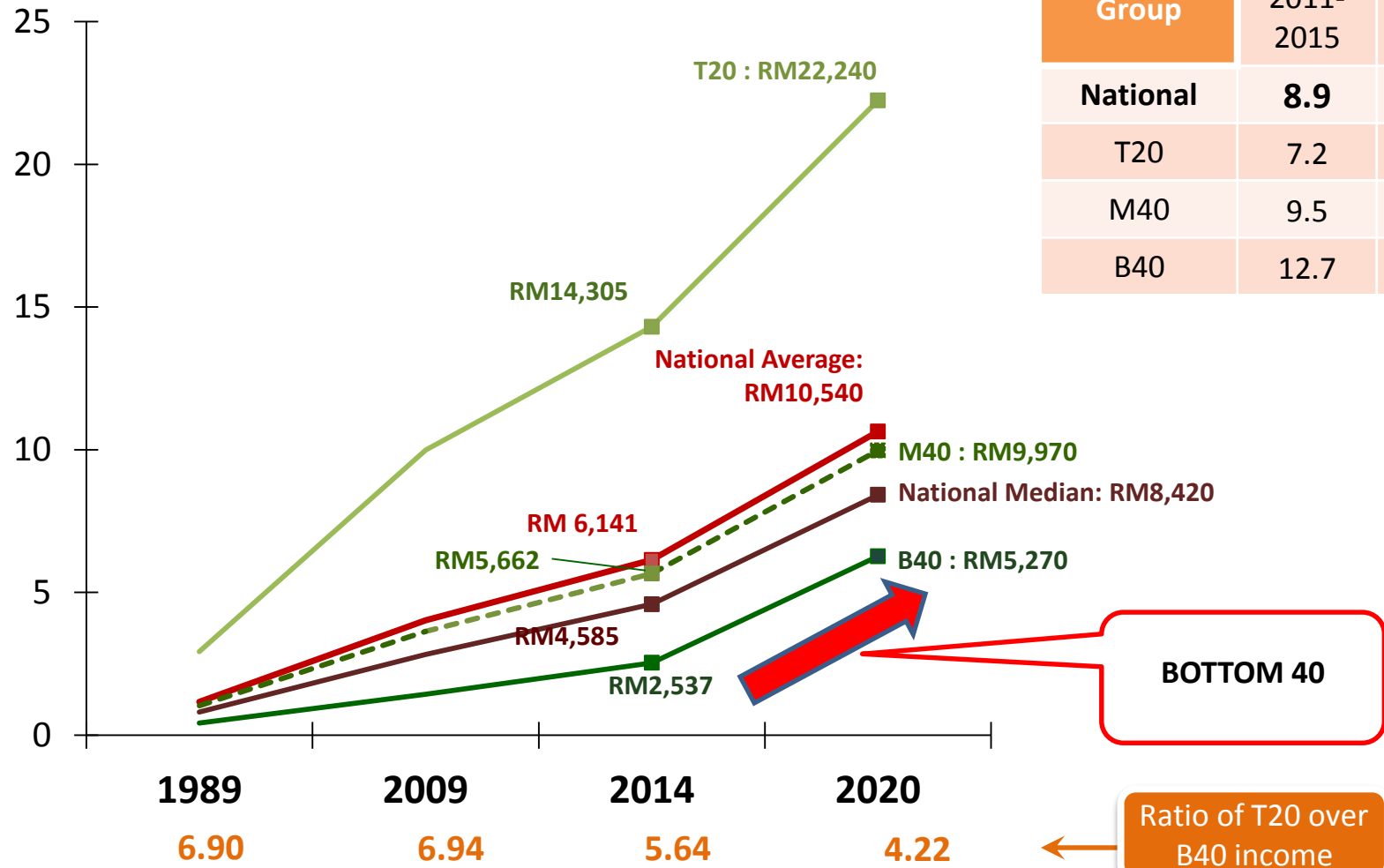




Malaysia to reach high-income status in 2020 ...

Average monthly household Income

RM'000 (current price)



Transition of the Agriculture Landscape in the Rural Area

- Commercial agriculture continue to focus on industrial commodities such as rubber and oil palm
- Food production gradually gained importance with food security initiatives.
- Food production is still mainly driven by small farmers.

1950's

- ✓ Agriculture dominated by large plantation in commodities such as rubber
- ✓ Food production was cultivated on small-scale for domestic consumption

1970's

- ✓ In-situ development
FELDA Scheme was introduced to eradicate poverty in rural areas
- ✓ Establishment of rice granaries
Small-scale farmers in food production prevailed

1980's – 90's

- ✓ Cultivation of oil palm plantation on large-scale
- ✓ Diversification of agro-food crops, fisheries and livestock
- ✓ Rubber upstream industry driven by smallholders

Post 2000

- ✓ Plantation commodities esp. oil palm dominated
89.5% of agriculture land while food commodities covered 10.5%
- ✓ Permanent food production area & aquaculture integrated zone were established

Food Security Through Increasing Self-Sufficiency Level (SSL)

YEAR	2010	2015	2020
Crops			
Rice	63.1	71.4	100.0
Fruits ¹	103.3	101.6	106.5
Vegetables ²	89.8	91.8	95.1
Livestock			
Beef	30.1	27.2	50.0
Mutton	12.2	17.3	24.6
Pork	94.7	88.7	83.1
Poultry Meat	105.6	104.6	103.7
Poultry Eggs	114.6	122.1	130.0
Milk	8.5	13.0	13.6
Fish ³	93.9	92.6	95.8

Note: ¹ Excludes temperate fruits

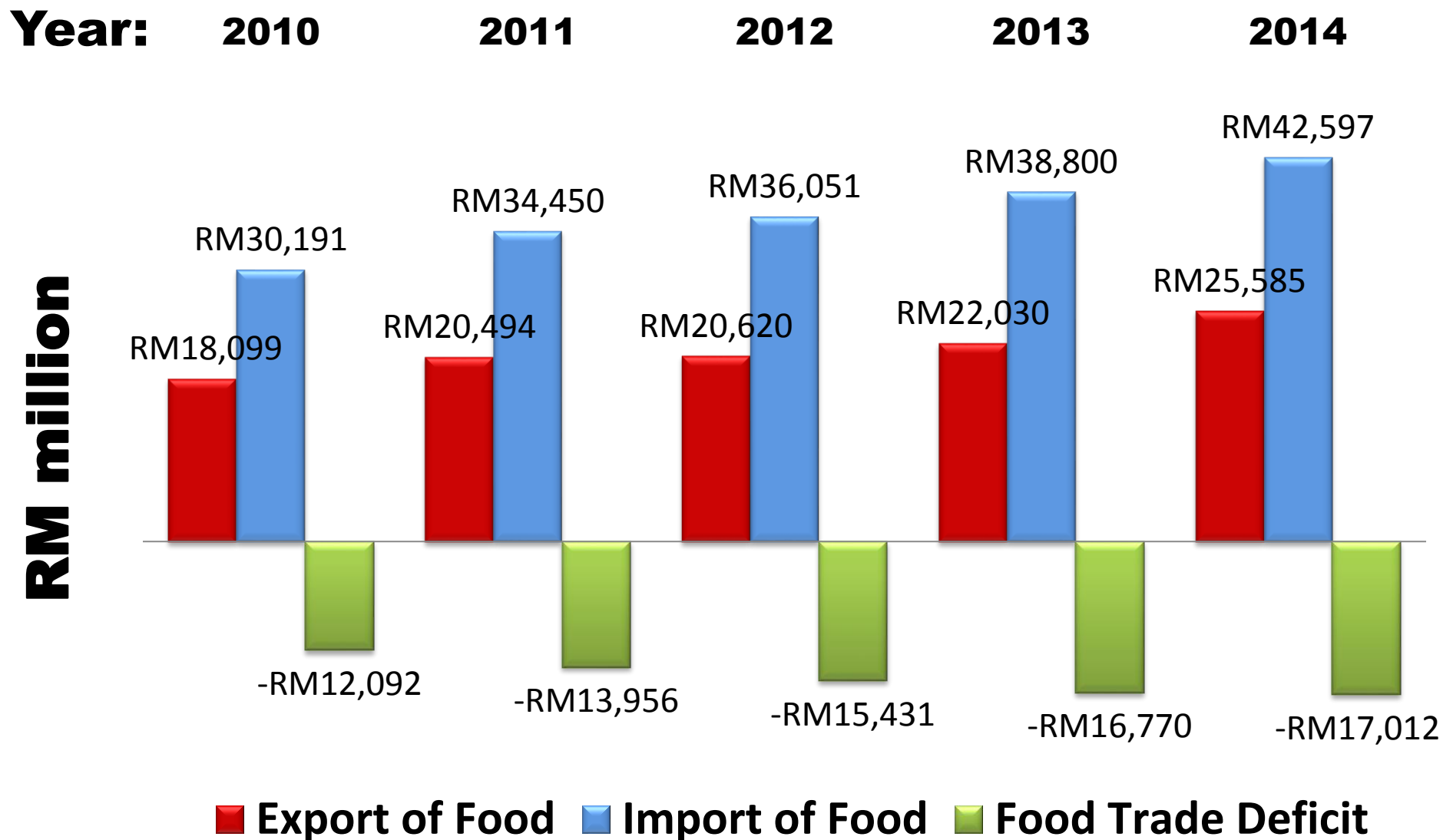
² Excludes temperate vegetables

³ Includes seaweed

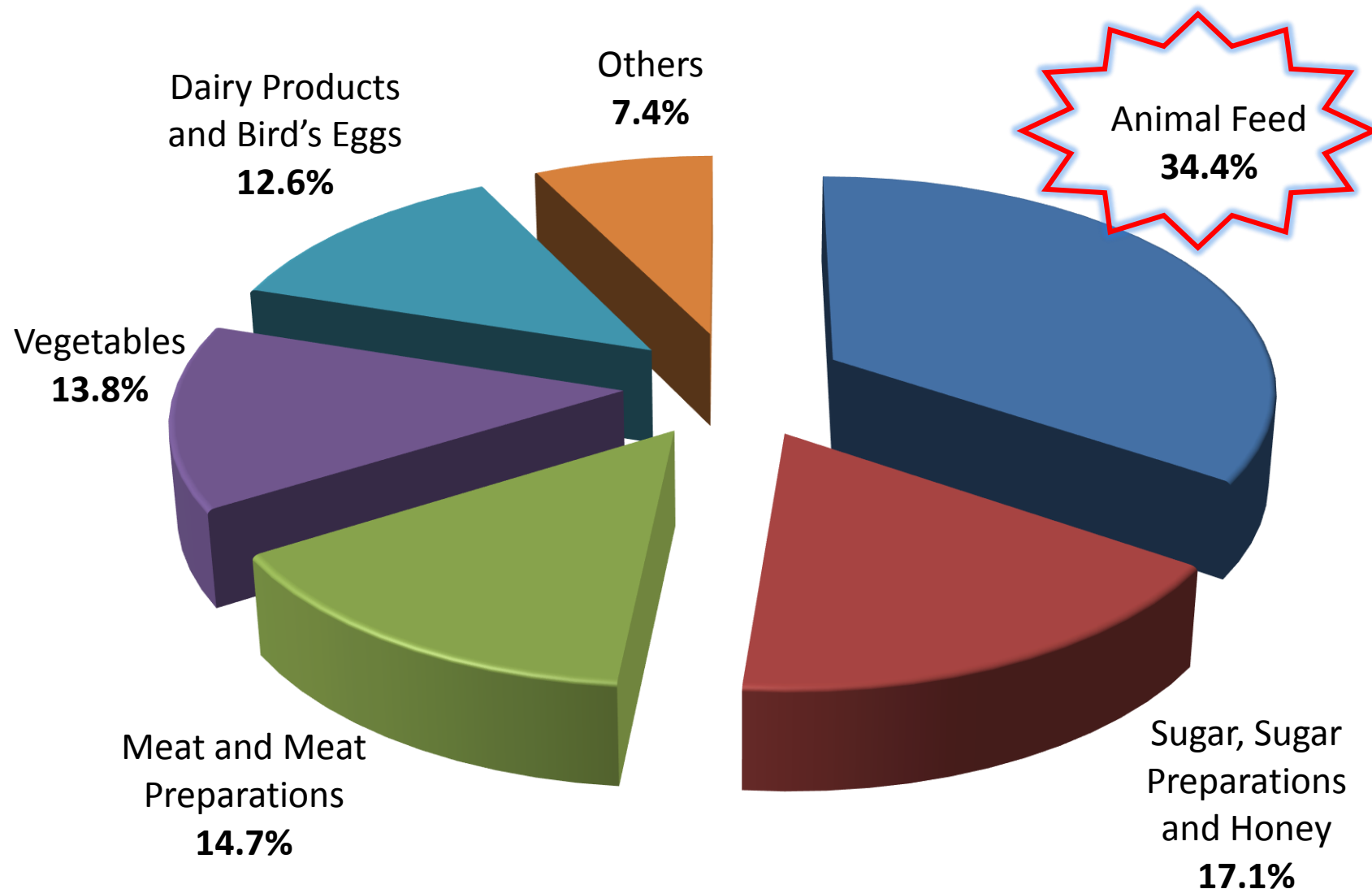
SSL = $\text{Production} / (\text{Production} + \text{Import} \pm \text{Stock} - \text{Export}) \times 100$

Source: Ministry of Agriculture & Agro-based Industry

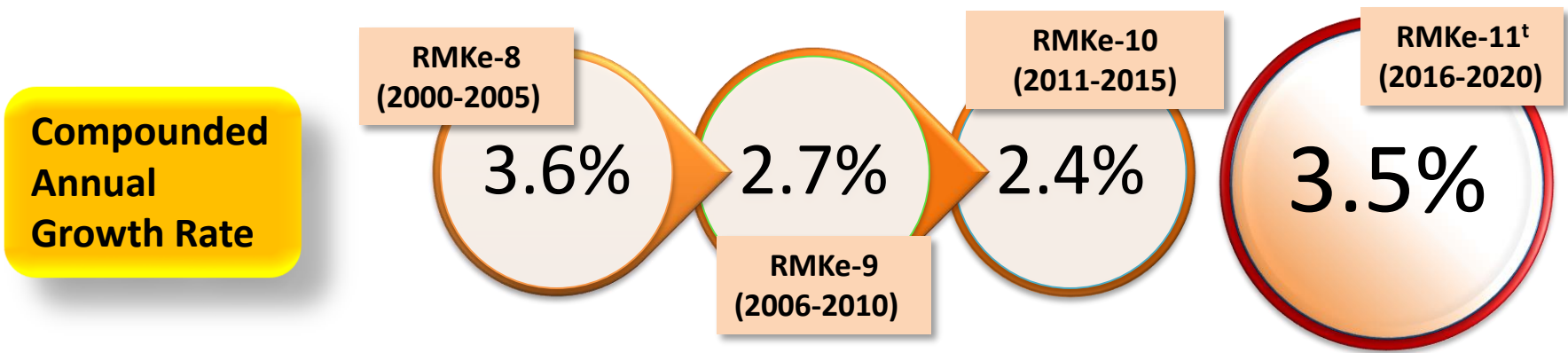
Widening Food Trade Deficit – Is it a concern?



Major Contributors to Food Trade Deficit 2014



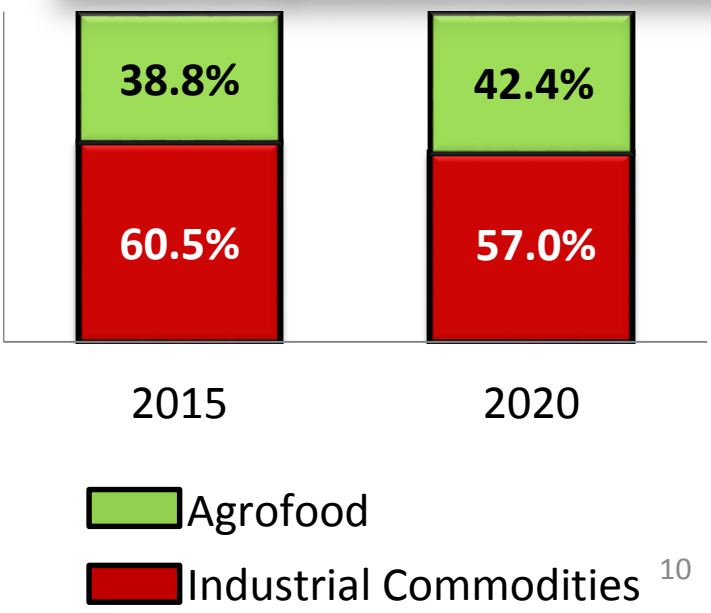
Agriculture Value Added Performance & Targets



Contribution to GDP (2010 Prices)

2010	2015	2020
10.1%	8.8%	7.8%
RM 82.9b	RM93.2 b	RM110.7 b

Share to Agriculture Value-Added



Source: DOS & EPU

Seven Strategies to Modernise & Spur Growth of Agriculture Sector

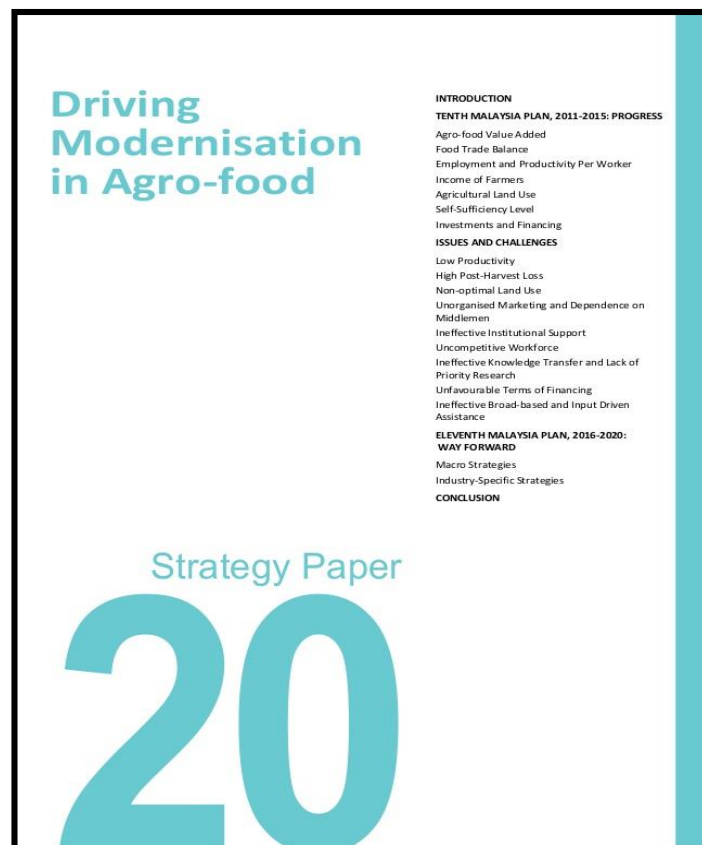
- C1** Improving productivity and income of farmers, fishermen, and smallholders
- C2** Promoting training and youth agropreneur development
- C3** Strengthening institutional support and extension services
- C4** Building capacity of agricultural cooperatives and associations along the supply chain
- C5** Improving market access and logistics support
- C6** Scaling up access to agricultural financing
- C7** Intensifying performance-based incentive and certification programmes

Documents for 11th MP

MAIN DOCUMENT



STRATEGY PAPER



A Snap Shot on The Rice Industry

	2010	2012	2014	Annual Percentage Change (%)	
				10-12	12-14
Parcel Area (Ha)	444,296	416,500	413,882	-6.23	-0.63
Planted Area (Ha) ¹	677,884	684,545	689,732	0.98	0.76
Production of Paddy ² (‘000 Tonnes)	2,465	2,599	2,645	5.44	1.77
Average Yield (Kg/Ha)	3,636	3,797	3,835	4.43	1.00
Imports of Rice (‘000 Tonnes)	930	1,006	n.a	8.17	n.a
Self-Sufficiency Level (%)	71.4	71.8	71.6	0.56	-0.28
Per Capita Consumption (Kg/Year)	79.6	79.1	n.a	-0.63	n.a

Notes:

1 : Planted Area is the physical area planted in a year

2: The conversion factors paddy to rice are based on percentages of recovery rates 65% in Peninsular Malaysia

World Main Paddy Producers 2013^e

<i>Country</i>	<i>Average Yield (kg/ha)</i>	<i>Production Million Metric Tonnes</i>
EGYPT	9,643	6.8 (0.9%)
USA	8,624	8.6 (1.1%)
KOREA REP.	6,764	5.6 (0.8%)
JAPAN	6,728	10.8 (1.4%)
CHINA	6,725	205.0 (27.5%)
VIETNAM	5,573	44.0 (5.9%)
INDONESIA	5,152	71.3 (9.6%)
BRAZIL	5,006	11.8 (1.6%)
BANGLADESH	4,376	51.5 (6.9%)
PHILIPPINES	3,885	18.4 (2.5%)
MALAYSIA @	3,879	2.6 (0.3%)
MYANMAR	3,733	28.0 (3.8%)
INDIA	3,660	159.2 (21.4%)
PAKISTAN	3,500	9.8 (1.3%)
THAILAND	3,135	38.8 (5.2%)
<i>Others</i>	-	72.7 (9.8%)

➤ **World Total Paddy
Production:
744.9 million mt**

*Source: FAO database results
(FAO) website)*

Notes:

i. @ = Department Of
Agriculture, Ministry Of
Agriculture and Agro-Based
Industry, Malaysia (these
data are for comparison
only)

ii. e = estimate

Development of 4 New IADAs and Outcome

❑ Estimated to increase SSL of Rice by 6.5%

NEW GRANARY/ AREA	For the Year 2012				Target for the Year 2020			
	Paddy Parcel Area (hectare)	Production of Paddy (metric tonnes)	Average Yield (mt/ha)	Average income of farmers per ha/season	Paddy Parcel Area (hectare)	Production of Paddy (metric tonnes)#	Average Yield (mt/ha)	Average income of farmers per ha/season
IADA Pekan	3,726	8,942	2.4	RM2,520	7,211	86,532	6	RM7,200
IADA Rompin	3,043	11,259	3.7	RM3,885	5,094	61,128	6	RM7,200
IADA Batang Lupar	2,316	5,558	2.4	RM761	5,100	61,200	6	RM2,589
IADA Kota Belud	5,000	14,000	2.8	RM3,354	8,500	60,000	6	RM7,500
TOTAL	14,085	39,759			25,905	268,860		

#In 2020, all New IADA will have intensity of planting 2 times per year.

Average Income for Paddy Farmers in 2013

Integrated Agriculture Development Area (IADA)	*Average Income (RM/month)		No. of Paddy Farmers / Household
	Gross Income (With Subsidy)	Net Income (Without Subsidy)	
MADA	1,730	1,202	55,130
KADA	1,456	1,000	54,405
Kerian	2,362	941	8,237
Barat Laut Selangor	1,535	793	33,000
KETARA	1,164	690	2,346
Kemasin	675	195	22,200
Pulau Pinang	1,264	661	13,176
Seberang Perak	976	352	6,930

Source: Data from all IADA

*Estimation – Based on assumptions as follows:

- ☞ Average holdings = 2.4 ha
- ☞ Average yield = 4.5 mt/ha
- ☞ Average Selling Price = RM1,100/mt
- ☞ Operational cost = RM3,500/ha

Gyrocopters



Issues Confronting the Paddy Industry

- ❑ Various issues confronting farmers are related to lack of skilled workforce, farming techniques, biosecurity and escalating cost of production...

Manpower

- Aging workforce
- Unskilled workers
- Lack of youth participation

Infrastructure

- Dilapidated and inefficient
- Low canal density
- Poor maintenance
- Manual control of water structure
- High infrastructure cost

Mechanisation & Technology

- Inefficient combine harvester
- Low level in application of ICT & Technology
- Obsolete rice mill technology

Issues Confronting the Paddy Industry...continued

- ❑ Various issues confronting farmers are related to lack of skilled workforce, farming techniques, biosecurity and escalating cost of production.

Farm Management

- High post harvest loss (28%)
- Incompliance to rice-check measures
- Unsustainable farm practices
- Uneconomic farm size holding
- Poor biosecurity measures

Competing Land Use

- Granaries not gazette as permanent rice production areas
- Conversion to other land use
- Lack of suitable agriculture land

Research & Development

- Still dependent on rice variety that requires flooded fields
- Lack of R&D on pest and diseases control
- Ineffective knowledge transfer
- More work needed on rice variety that are pest and climate resistance
- Inadequate R&D on use of ICT and labour savings technology (including wireless senses network)

Infrastructure Density Vs Productivity

- ✓ Adequate infrastructure alone is insufficient to drive productivity
- ✓ Other contributing factors are good farm management and re-investing to increase productivity either through use of better fertilizers and farm equipment

No.	Granary Area	Average Infrastructure Density (m/ha)	Average Yield of Paddy (tonne/ha)
1.	Muda Agricultural Development Authority (MADA)	18	5.002
2.	Kemubu Agricultural Development Authority (KADA)	24	5.026
3.	IADA Kerian	31	4.495
4.	IADA Kemasin Semerak	33	3.495
5.	IADA Seberang Perak	36	4.552
6.	IADA Pulau Pinang	39	5.841
7.	IADA Barat Laut	43	6.280
8.	IADA Ketara	48	5.549



Thank You

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