

Economists Raise Red Flag On Malaysia's Food Security And Urges Prompt Action

Economists have expressed the dire need for Malaysia to start increasing food production in anticipation of a looming full-blown food crisis that is likely to besiege the world on account of the Russia-Ukraine war that is likely to continue to persist for a period.

They add that global supply chain disruptions, changing weather conditions, and the recent flood in the country have all led to a food shortage and if Malaysia does not bolster its local food production, it may be heading for a crisis.

Senior Fellow at the Malaysian Institute of Economic Research (MIER), Dr Sankaran Nambiar told Business Today says that in the short term, it can remove anti-competitive practices, and subsidising the price of fertilizers will be another short-term measure.

In addition, he says that the government immediately addresses the current shortage of labour. He adds in the immediate term, it needs to bolster the supply of agricultural production by incentivising producers to increase the supply.

As a long-term solution to the problem, the government needs to undertake structural reform and revive the agriculture sector. "it may not be appropriate to revive the sector as it was in its previous form, but it needs to modernise the agriculture sector and reduce food dependence on other countries," Nambiar said

The **Department of Statistics Malaysia (DOSM)**'s Supply & Utilisation Accounts Selected Agricultural Commodities 2016-2020 indicated that the lockdown measures resulted in lesser food items recording a self-sufficiency ratio (SSRs) of more than 100% in 2020. Only 19 food items recorded over 100% of SSR in 2020, compared to 25 in 2019.

Among the food items that recorded less than 100% of SSR are mutton (9.6%), ginger (18.9%), mango (20.2%), beef (22.2%), chilli (30.9%), round cabbage (37.5%), fresh milk (65.0%), rice (63.0%), coconut (66.6%), sweet potato (75.6%) and sardine (80.7%).

In 2020, Malaysia imported RM55.5 billion in food products, compared to RM33.8 billion of exports – translating to a large deficit of RM21.7 billion. Such a trend is worrying as over the last decade, food imports in Malaysia have accumulated to RM482.8 billion whilst exports amounted to RM296 billion.

Climate change which has resulted in unprecedented downpours, e.g., on December 17, 2021, has led to states such as Kelantan, Terengganu, Pahang, Perak, Negeri Sembilan, Melaka, Kuala Lumpur, and Selangor experiencing severe flooding. Around 5,000 livestock breeders and farmers were affected, causing nearly RM67.72 million in losses to the agro-food sector.

Sunway University Business School Professor Dr. Yeah Kim Leng said that the government needs to look at the entire food chain supply from the production of agricultural products from the farmer right up to the consumer and evaluate if there are inefficiencies in storage and distribution that has the potential of escalating the prices.

He said that if there are problems faced by the farmers such as the high cost of fertilisers and availability of raw materials, this needs to be addressed, then this must be addressed first.

In addition, he said that if there are agricultural products that be produced locally without the need of importing them, this should be encouraged.

An economist in a bank-based broking firm said that aside from the shortage, the continual imports would add pressure to the ringgit which is already weak, and would fuel further price spikes that would be unbearable for the consumers.

He said that the government would have to ensure that more land is available for food production, immediately ease the restriction in bringing in the workforce to the agricultural sector and look into dismantling cartels in the system to address the problem.

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