

## **SUMMARY FINDINGS**

### ***Selected Indicators for Agriculture, Crops and Livestock, Malaysia, 2006-2010***

#### ***The Economy of the Agriculture Sector***

*Agriculture is the foundation of a country's economy. Government takes a serious view on this phenomenon where a total of RM3.8 billion is allocated for the agriculture sector in 2012 Budget. Although the services sector is now taking over the manufacturing sector as a contributor to economic growth, agriculture is still important because it can increase the income of farmers, fishermen, agro-based industries and ensure the nation's food supply remain sufficient.*

*The contribution of agriculture to the Gross Domestic Product (GDP) declined from 28.8 per cent in 1970 to 7.5 per cent in 2007. Contributions were maintained in 2008 before rising to 7.7 per cent in 2009 although the total GDP dropped to RM522.0 billion from RM530.7 billion in 2008. The figures decreased in 2010 to 7.3 per cent. Although the contribution of agriculture to GDP showed a declining trend, the actual value of output and productivity has increased (Tables 1, 4 and 6).*

*The contribution of agriculture to the GDP of developed countries such as the United States of America, Germany, United Kingdom, Japan, South Korea and Taiwan is only between one and three per cent. For developing countries, this sector still continues to be the main contributor to GDP such as Cambodia and Lao PDR which contribute about one third of the GDP of the country. For Malaysia, this sector is still important despite the decreasing contribution to the economy (Table 3).*

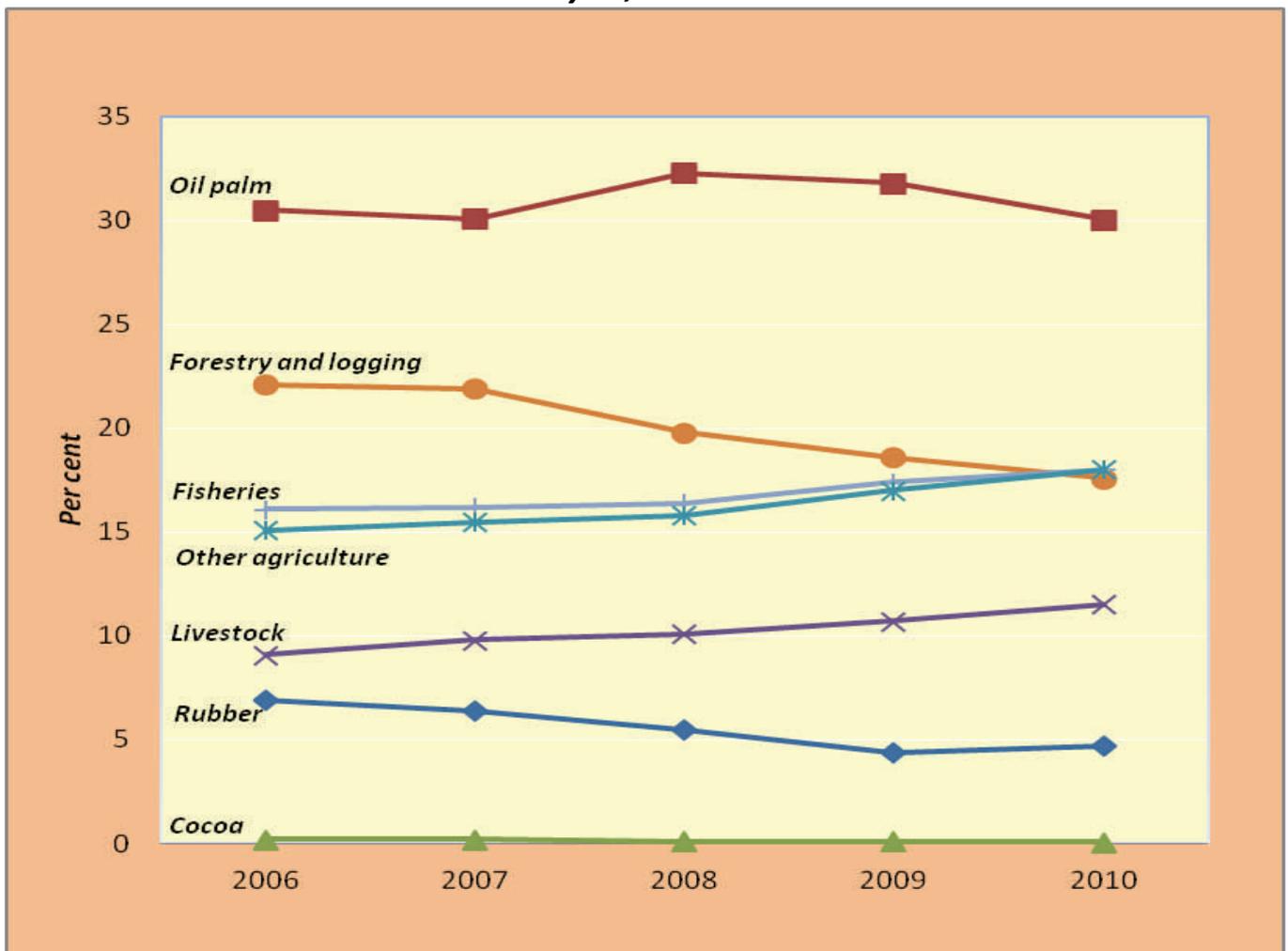
*For GDP by state, in 2006-2010 the agricultural sector remains an important economic contributor to Perlis and Sabah, with each contributed between 26.5 to 29.1 per cent and 22.9 to 28.8 per cent. Developed states such as WP Kuala Lumpur, Selangor and Penang contribute a small percentage of agricultural GDP which is less than 2.2 per cent (Table 5).*

*Sarawak, Sabah and Johor preceded other states as the main contributor to agriculture GDP. In 2010, these states accounted for more than half of the country's*

agricultural GDP, which were 19.6, 17.9 and 14.1 per cent respectively (Table 6).

The crops sub-sector was the main contributor of GDP for agriculture, accounting for more than 52.0 per cent per annum for the period of 2006-2010. Oil palm was the main commodity, contributing between 30.1 to 32.3 per cent per annum. GDP for fisheries and livestock sub-sector has increased during the reference period which accounted for 18.0 and 11.5 percent in 2010 compared with 16.1 and 9.1 per cent in 2006. On the other hand, the forestry and logging sub-sector fell to 17.6 per cent in 2010 compared to 22.1 per cent in 2006 (Table 2 and Chart 1).

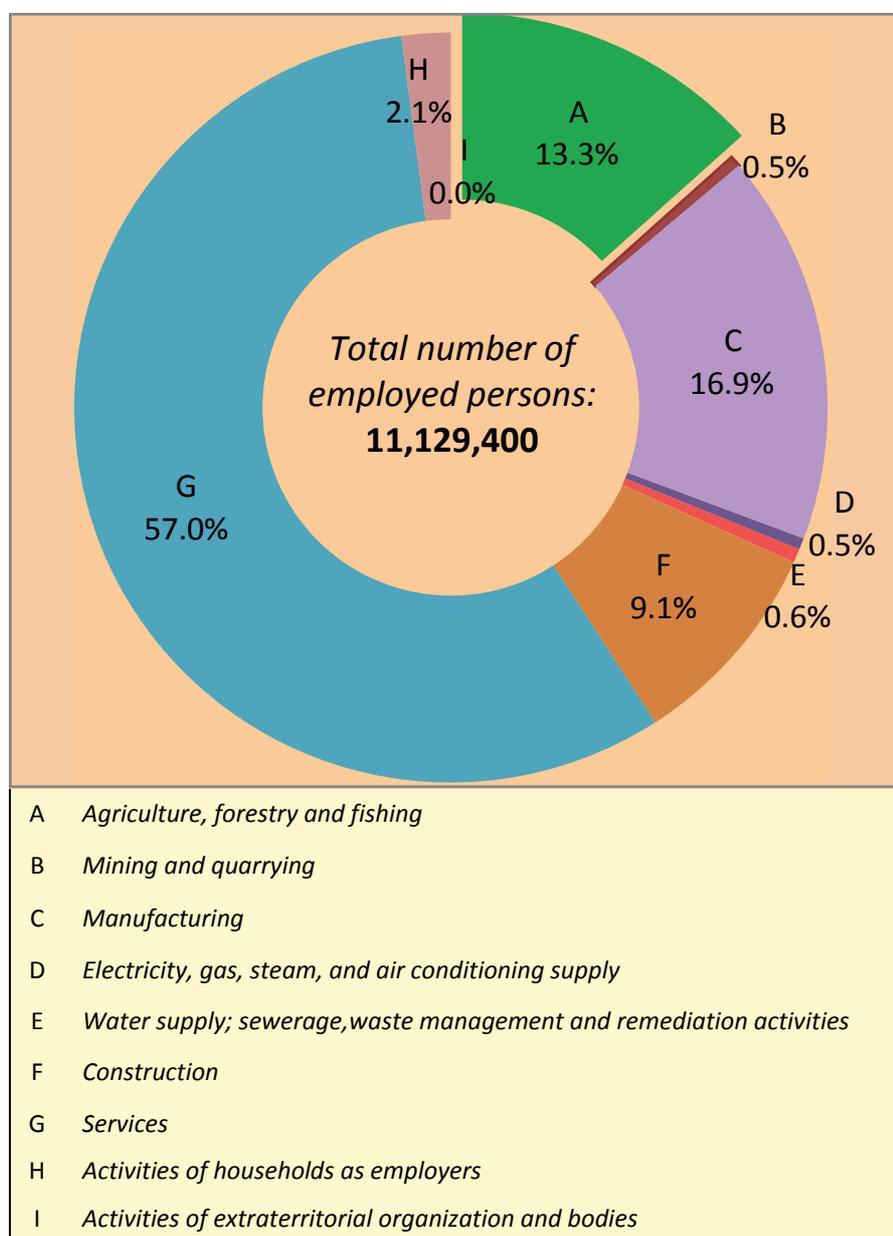
**Chart 1: Percentage share of GDP for agriculture sector, Malaysia, 2006-2010**



## Employment in the Agriculture Sector

The employment in agriculture sector has declined from 31.2 per cent in 1982 to 13.3 per cent in 2010. In 2010, the services and manufacturing sectors were main contributors in employment, accounting for 57.0 and 16.9 per cent respectively out of the total 11.1 million employed persons. The males dominated the agriculture sector from 59.6 per cent in 1982 to 76.9 per cent in 2010 (Table 7 and Chart 2).

**Chart 2: Percentage distribution of employed persons by industry, Malaysia, 2010**



*Sabah and Sarawak were the leading states which contributed 24.0-28.2 and 16.3-19.2 per cent respectively during this period. In 2010, the percentages of population employed in the agriculture sector in Sabah, Sarawak, Kedah, Kelantan and Terengganu have increased compared to the percentage in 2009 (Table 9).*

*The number of foreign workers in the agriculture sector is the second highest after the manufacturing sector which accounted for 24.6-26.1 per cent for the period of 2006-2009. The number of employees in this sector declined in 2009 to 499,910 against 520,867 in 2008 (Table 8).*

## **Production**

### **a. Crops sub-sector**

*Crops was the main sub-sector in the agriculture sector. Oil palm products such as crude palm oil and palm kernel were the main products for the sub-sector. In 2009, Malaysia was placed as the world's second producer after Indonesia (Tables 19 and 20). Production of crude palm oil and palm kernel fell in 2009 and 2010. The production decreased to 16.99 and 4.29 million tonnes in 2010 compared to 17.73 and 4.58 million tonnes in 2008. This trend was consistent with the reduction in production of fresh fruit bunches in that year (Table 10).*

*Rubber production continued to decline in 2006-2009 of 857 thousand tonnes in 2009 compared to 1,283.6 thousand tonnes in 2006. However in 2009, Malaysia's natural rubber production is still third in the world, similar to 2008. In 2010, production increased again to 939.3 thousand tonnes (Tables 10 and 21).*

*The production of main food crop, which is paddy however increased in 2009 and 2010 to 2,511.0 and 2,548 thousand tonnes respectively compared to 2,353.0 thousand tonnes in 2008. This increase helped to improve the self-sufficiency level and meet the country's food security policy. In 2010, production of all ASEAN paddy-producing countries have increased compared to 2009 with the exception of Thailand (Table 10 and 31).*

*Production of fruits, herbs and flowers continued to grow over the period of 2006-2010 where the production of herbs and flowers increased more than threefold. Production of cocoa beans decreased by more than half to 15.7 thousand tonnes in 2010 compared to 35.2 thousand tonnes in 2007. For other selected crops, production fluctuated during this period. In 2009, production of coconut and pineapple in Malaysia was ranked 11th and 12th in the world (Tables 10, 23 and 24).*

#### **b. Livestock sub-sector**

*The production of selected livestock products such as beef, mutton, poultry meat, chicken/duck eggs and milk continued to increase during 2006-2010. Meanwhile, production of pork declined in 2007 and 2008 before rising again in 2009 and 2010.*

*Between 2006-2010, the production of beef rose by 45.8 per cent, mutton (50.0%), pork (8.0%), poultry meat (25.1%), chicken/duck eggs (26.8%) and milk (47.3%) (Table 11).*

*International comparisons derived from FAOSTAT showed that Malaysia's production of some livestock commodities is placed in the top 15 list in Asia, such as the duck meat (second), chicken meat (seventh), eggs (tenth), pork (11th) and buffalo milk (12th) (Tables 25-30).*

*In 2010, the percentage distribution of recorded slaughter were focused on several states according to type of livestock such as buffalo (Perak and Terengganu), cattle (Kelantan, Johor and Selangor), goat (Selangor), sheep (Kelantan and Selangor) and swine (Johor, Perak and Sarawak) (Table 12).*

#### **Agricultural Land Use**

*The agricultural land use in Malaysia showed changes from time to time due to the performance and prospects of crops. Good prospects for palm oil increased its planted area for both estates and smallholdings. Oil palm planted area increased by 688.6*

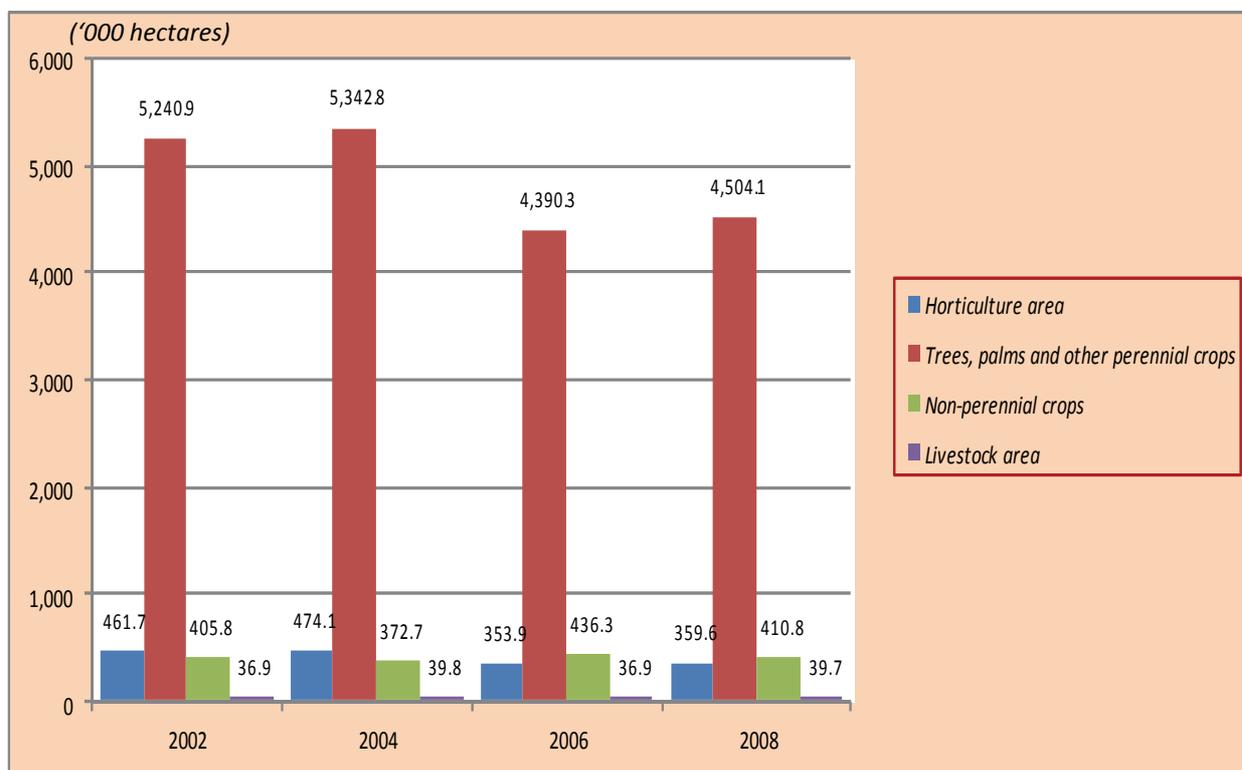
thousand hectares (16.5%) for the period of 2006-2010 with 4,853.8 thousand hectares in 2010 compared to 4,165.2 thousand hectares in 2006. However, the percentage of planted area for estates decreased to 86.6 per cent in 2010 compared to 89.1 per cent in 2006.

Conversely, the planted area for rubber continued to decline to 999.3 thousand hectares in 2010 compared to 1,263.6 thousand hectares in 2006, which is a decrease of 264.3 thousand hectares (20.9%) for the period. Smallholdings accounted more than 95.0 per cent of the total rubber planted area in reference period.

Other than oil palm, pineapples planted area increased during this period. The area for cocoa and fruits, decreased from 2006-2009 before rising again in 2010. For other crops, generally small changes were experienced (Table 16).

Overall, land use for livestock was small compared to crops. Livestock land use in Peninsular Malaysia is 36.9 thousand hectares in 2006 and 39.7 in 2008. This amount is only 0.7 per cent of total agricultural land use in Peninsular Malaysia.

**Chart 3: Land use for agriculture sector by category, Peninsular Malaysia, 2002, 2004, 2006 dan 2008**



## **Number of Livestock**

*The number of cattles, goats and chickens continued to increase over the period 2006-2010. The highest increase was in the number of goats which was 56.2 percent to 545.7 thousand in 2010 compared with 349.4 thousand in 2006, followed by the number of poultry rose by 17.4 per cent and the cattle increased by 11.7 per cent.*

*The number of buffaloes increased in 2007 and 2008 before retreating again in 2009 and 2010. The number of buffaloes fell to 126.5 thousand in 2010 compared to 128.9 thousand in 2006. The number of sheep continued to increase up to 136.3 thousand in 2009 before rising to 134.4 thousand in 2010.*

*Swine population has declined throughout this period except in 2009. The numbers decreased to 1.7 million in 2008 from 2.0 million in 2006. The total picked up to 1.8 million in 2009 before retreating slightly in 2010. Opposite trend occurred in the number of ducks when increase took place during this period except in 2008. In total, the number of swine fell by 10.2 per cent while the number of poultry increased by 13.8 per cent for 2010 compared to 2006 (Table 17).*

*The percentage distribution of livestock is focused on several states according to type, such as buffalo (Sabah 35.3%), cattle (Pahang 17.9%), goat (Johor 14.1%), sheep (Kelantan 28.2%), swine (Perak 27.4%), chicken (Johor 25.8%) and duck (Perak 65.1%) (Table 18).*

## **Production of Agro-based Industries**

*Overall, the Index of Industrial Production (IPI) increased for the period 2006 to 2008 before retreating to 101.0 in 2009 as compared to 112.2 in 2008. It then rose again to 112.2 in 2010. For the items selected in agro-based industries, the IPI trend fluctuates over the period 2006-2010 except for three items i.e. refined palm oil, rice milling and sauces including flavouring extract. These items increased over this period. Tobacco is the only industry which recorded IPI less than 100 for the same period.*

*In 2010, seven items achieved the highest IPI during the period 2006-2010 i.e. the crude palm oil, rice milling, flour milling, sugar, cocoa products, sauces including flavouring extract and other food products n.e.c. In the same year, the snack/chips and tobacco products recorded IPI of less than 100.0. The highest percentage change was recorded by the sauces including flavouring extract which is 63.8 per cent (Table 13).*

### **Prices for Sub-group of Food**

*Consumer Price Index (CPI) for sub-group of food increased every year for the period of 2006-2010, with the exception of meat which decreased by 0.3 per cent in 2006 and oils and fats by 0.2 per cent in 2010.*

*In 2010, the percentage change in CPI for sub-group of food decreased compared to 2009 except for vegetables and sugar, honey, jam, chocolate and confectionery. The percentage change for these items were 7.8 and 11.1 per cent in 2010 compared to 1.0 and 1.8 per cent in 2009.*

*The smallest range for percentage change of CPI for the period 2006-2010 is the oil and fats which accounted between -0.2 and 2.0 per cent only, while the largest range is rice, bread and other cereals that were between 0.9 to 17.5 per cent (Table 14).*

### **External Trade for Agriculture Sector**

*Total exports for agriculture increased in 2007 and 2008 to RM85.1 billion and RM108.7 billion compared to RM71.3 billion in 2006. The economic crisis in 2009 caused total exports in this sector to decline to RM86.9 billion before rising again in 2010 with a record of RM106.9 billion. Between 2006 and 2010, the contribution of agricultural exports to total exports is between 12.1 to 16.7 per cent.*

*Total imports of agriculture sector also showed a similar trend where there was increase in 2007 and 2008 to RM47.2 billion and RM59.0 billion from RM40.3 billion in 2006. Total imports in this sector also declined in 2009 to RM54.2 billion, then*

increased again to RM64.6 billion in 2010. The contribution of this sector to total imports was between 8.4 to 12.5 per cent for the period of 2006-2010.

Overall, imports of agriculture sector increased by 60.4 per cent in 2010 compared to 2006, while exports of the sector rose by 49.9 per cent.

Balance of trade (BOT) for agriculture sector performed in line with the trends generated by the total imports and exports of the sector. BOT value increased in 2007 and 2008, and then declined in 2009 before rising again in 2010. Overall, the BOT for this sector increased by 36.2 per cent in 2010 compared to 2006 (Table 15).

### **Average Monthly Expenditure for Household**

The average monthly household expenditure for 2009/2010 for food and non-alcoholic beverages amounted to RM444, i.e. 20.3 per cent of total monthly household expenditure amounting to RM2,190. Expenditure for housing, water, electricity, gas and other fuels surpassed all the expenditures, totalling RM495 (22.6%) (Table 32). For the selected expenditures, items comprising of food and beverage covers 33.1 per cent of total average expenditure per household for 2009/2010 (Table 33).