

POINT OF VIEW OF THE NATIONAL AGROFOOD CROP SUBSECTOR

DEPARTMENT OF AGRICULTURE

NATIONAL AGROFOOD POLICY 2021-2030 (NAP 2.0)

The agricultural sector in Malaysia has undergone significant transformation alongside technological advancements and industrial revolutions. This evolution has driven economic, social and environmental growth, aiming to empower the agrofood sector.

The vegetable and fruit crop industries have expanded, showing significant increase in production, with an average annual growth rate of 2.2% and 1.6%, respectively, from 2012 to 2022. The global economic shift towards a more dynamic and competitive landscape, especially under the pressure of a global pandemic and various contemporary challenges, has impacted the entire agrofood value chain. This situation demands more proactive and aggressive approach from the country in developing its agrofood sector.

The National Agrofood Policy 2021-2030 (NAP 2.0) was formulated with a vision to develop a sustainable, resilient, and high-tech agrofood sector, aiming to drive economic growth, enhance public well-being and prioritize food security and nutrition. This vision is reflected in the policy statement guided by three main principles of sustainable development: economic, social and environmental.

The issues of sustainability and the depletion of natural resources have significantly impacted the environment and posed long-term challenges to the global agrofood sector. To address these challenges and avoid disrupting the value chain and food security, the NAP 2.0 policy statement is aligned to position agrofood as a sustainable, resilient, and high-tech sector that can drive economic growth, improve public well-being and prioritize food security and nutrition.

WAY FORWARD OF THE AGROFOOD CROP SUBSECTOR

The agrofood crop subsector is a crucial component of agriculture in Malaysia, contributing significantly to the national economy and food security. Aligned with the objectives of NAP 2.0, the Department of Agriculture has focused on five main elements in the development and expansion of agricultural projects which includes food security, the adoption of Fourth Industrial Revolution (IR 4.0) technology, the production of quality planting materials, balance of trade and sustainable agricultural development.

To this end, the Department of Agriculture has outlined (5) five strategic approaches which are targeted incentives, model farming development, strengthening strategic

collaborations with industry players and technology providers, technology transfer through participatory observation and capacity building for skilled labor.

In the Twelfth Malaysia Plan (RMK-12), the Department of Agriculture has set a strategic direction to enhance national food security, strengthen the trade balance of agricultural products within the crop subsector and improve the livelihoods of agrofood entrepreneurs.

Increasing domestic production of important crops including chili, ginger, cabbage, coconut and mango that have not yet reached 100% self-sufficiency ratio (SSR) is one of the initiatives. Export-focused production programs, on the other hand, concentrate on products like durian, jackfruit, watermelon, papaya, banana, mangosteen, rambutan, pineapple and tomato that already achieved SSR higher than 100%.

In response to the increase of export markets, the Department of Agriculture actively promotes these agricultural products abroad. Agreements with China for the market entry of jackfruit and fresh durian indicate continuous efforts. The Department is also discussing the finalisation of mangosteen exports to Australia and South Korea.

The overwhelming demand for Malaysian durian, which is noted for its distinct texture, sweet taste, aroma and niche market, has had a significant impact on the annual growth in durian export value. Over five years, from 2019 to 2023, the value of durian exports climbed by 254%, totalling RM1.09 billion. Malaysia's durian exports to the rest of the globe were worth RM1.51 billion in 2023. Overall, durian provided 62% of the country's fruit export value in 2023, totaling RM2.43 billion. The durian export value is expected to rise to RM1.80 billion by 2030.

ACHIEVEMENTS OF KEY CROPS IN THE SUBSECTOR

Rice Commodity:

Rice production has shown a declining trend, with the average yield decreasing from 3,797 kg/hectare in 2012 to 3,577 kg/hectare in 2022. The total area under rice cultivation has also decreased from 684,545 hectares to 637,935 hectares over the same period.

The reduction in average rice yield and the shrinking area of rice cultivation have affected the self-sufficiency ratio (SSR) for rice, which has declined from 63.0% in 2012 to 62.6% in 2022. To meet local rice demand, Malaysia relies on imported sources. The volume of rice imports has increased from 657.8 thousand metric tonnes in 2012 to 1,112.5 thousand metric tonnes in 2022.

The rice sector has a number of problems in increasing domestic rice production, including climate change, pest and disease attacks, urbanization-related agricultural

area loss, workforce shortages and high production costs. These issues can be minimized by ongoing government support, such as the Large-Scale Smart Paddy Fields (Smart SBB) program, which promotes the use of contemporary, commercial-scale technologies. Additionally, the use of "Rice Check" is being strengthened to ensure proper paddy crop management. Malaysia's rice industry aspires to increase and sustain production levels, reduce reliance on imports and assure long-term food security through ongoing efforts and technology-based initiatives.

Vegetable Commodity:

The vegetable industry in Malaysia has shown positive growth from 2012 to 2022. Vegetable production increased moderately, with a compound annual growth rate (CAGR) of 1.3%, reaching 1,366,604.7 metric tonnes in 2022. Domestic consumption of vegetables also grew, with a CAGR of 2.1%, indicating consistent demand for local vegetables. Despite a slight decline in productivity (CAGR of -0.7%), overall vegetable consumption rose from 1,334,291.2 metric tonnes in 2012 to 1,677,068.5 metric tonnes in 2022.

In terms of international trade, there was a notable increase from 2012 to 2022 in the import volume of local vegetables, with a CAGR of 5.1%, while imports of temperate vegetables grew at a CAGR of 3.0%. Additionally, exports of local and temperate vegetables also increased, with a CAGR of 3.3% and 3.2%, respectively. The growth in both import and export trade reflects greater supply and demand for both international and domestic markets.

The self-sufficiency ratio (SSR) for local and temperate vegetables showed a decline from 2012 to 2022, mainly due to increased imports. The SSR for vegetables fell from 51.3% to 45.4%. Despite the challenges such as climate change, labor issues, and rising production costs, the growth in import and export value and domestic production indicate the potential for further development of Malaysia's vegetable industry.

Fruit Commodity:

The fruit industry in Malaysia has experienced remarkable growth between 2012 and 2022. Fruit production increased by 1.57%, with the highest production recorded in 2022 at 1,827,992 metric tonnes. Demand for local and temperate fruits also grew, reflected in import growth rates of 2.9% and 1.9%, respectively.

Exports of local and temperate fruits showed a growth rate (CAGR) of 0.17% and 4.41%, respectively, during the 2012-2022 period.

Overall, the SSR for fruits showed a slight decrease from 79.2% in 2012 to 77.1% in 2022, indicating that demand for imported fruits remains high to meet domestic needs.

AGRICULTURAL CENSUS 2024 AS A CATALYST FOR TRANSFORMING THE CROP SUBSECTOR

The Agricultural Census 2024 will be conducted to obtain a comprehensive, relevant, and timely structure and characteristics of the agriculture sector, encompassing crops, livestock, fisheries, forestry and logging for agricultural holdings (business entities, institutions, and households). In the crop subsector, comprehensive information on types of crops, cultivation methods, technology use and production output will form a critical foundation for more effective agricultural policy planning, implementation and monitoring.

For the crop subsector, the scope of the Agricultural Census 2024 will cover 73 crop activity classifications, including vegetables, fruits, cash crops, industrial crops, and floriculture. An estimated 1.6 million agricultural holdings among stakeholders and industry players will be involved in this census, assisting the government in collecting high-quality and comprehensive data for the inclusive and competitive development of the crop subsector.

The findings from the Agricultural Census 2024 will empower farmers through best agricultural practices, market opportunities, and available support to enhance productivity and competitiveness. This will also enable more efficient land management, effective water management and the expanded use of modern agricultural technologies.

CONCLUSION

The achievements of the crop subsector in the agrofood industry show positive growth, supported by various initiatives under the National Agrofood Policy 2021-2030 (NAP 2.0). This subsector is on a solid path to continue contributing to the national food security. In this regard, the crop subsector must be prepared to face various global challenges to optimize productivity with limited land resources, increase farmers' income and ensure a secure supply of food for the nation.