

AGRICULTURAL TRANSFORMATION

# The Evolving Lead of The Palm Oil Industry

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at

PORAM Annual Forum 2022

# Key takeaways

- Adopt . Adapt . Adept
- **Governance** of sustainable **global** value chains
- Dynamic capacity



# Agricultural transformation

- **A precondition** to economic development
  - National security – food security
  - Social development – poverty reduction

Table 8.1  
Growth of agriculture and GDP in the 1970s

Agricultural growth	GDP growth			
	Above 5 percent		3–5 percent	Below 3 percent
Above 3 percent	Cameroon	Malawi <sup>a</sup>	Bolivia	Liberia
	China <sup>a</sup>	Malaysia <sup>a</sup>	Burma <sup>a</sup>	Nicaragua
	Colombia	Paraguay	Mali <sup>a</sup>	Senegal
	Dominican Rep.	Philippines	Somalia <sup>a</sup>	
	Guatemala	Thailand	Tanzania <sup>a</sup>	
	Indonesia	Tunisia		
	Ivory Coast	Turkey		
	Kenya	Yemen Arab Rep.		
	Korea, Rep. of			
	1–3 percent	Costa Rica	Bangladesh <sup>a</sup>	Burundi <sup>a</sup>
	Ecuador		Central African Rep. <sup>a</sup>	Sierra Leone <sup>a</sup>
	Egypt		El Salvador	Zaire <sup>a</sup>
	Lesotho		Haiti <sup>a</sup>	
		Honduras		
		India <sup>a</sup>		
		Pakistan <sup>a</sup>		
		Sri Lanka <sup>a</sup>		
		Sudan <sup>a</sup>		
		Upper Volta <sup>a</sup>		
Below 1 percent	Morocco	Togo <sup>a</sup>	Angola <sup>a</sup>	
	Nigeria		Chad <sup>a</sup>	
			Congo, Rep.	
			Ethiopia <sup>a</sup>	
			Ghana	
			Madagascar <sup>a</sup>	
			Mauritania <sup>a</sup>	
			Mozambique <sup>a</sup>	
			Nepal <sup>a</sup>	
			Niger <sup>a</sup>	
			Uganda <sup>a</sup>	

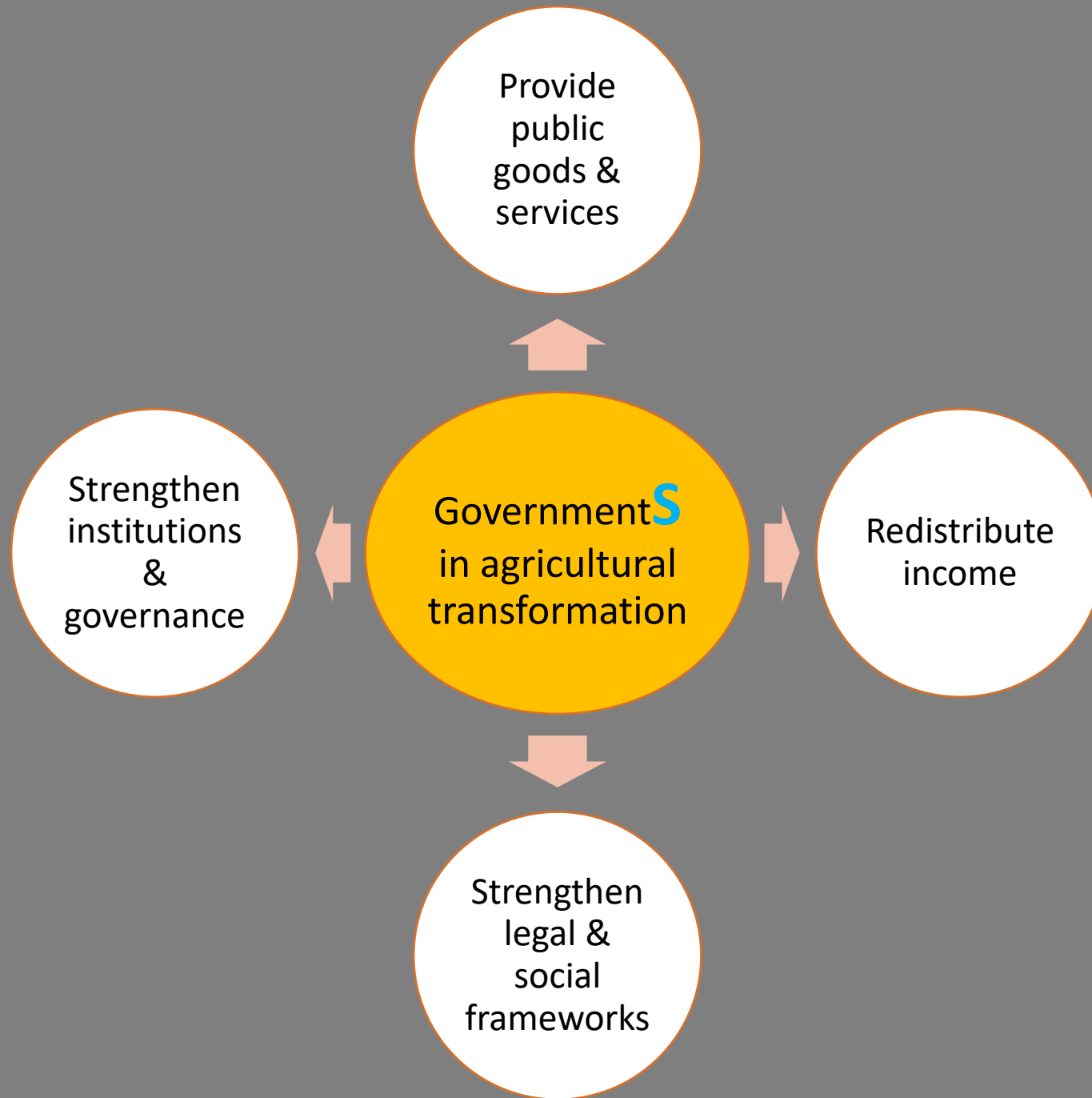
<sup>a</sup>Low-income countries.

Source: World Bank (1982, p. 45).

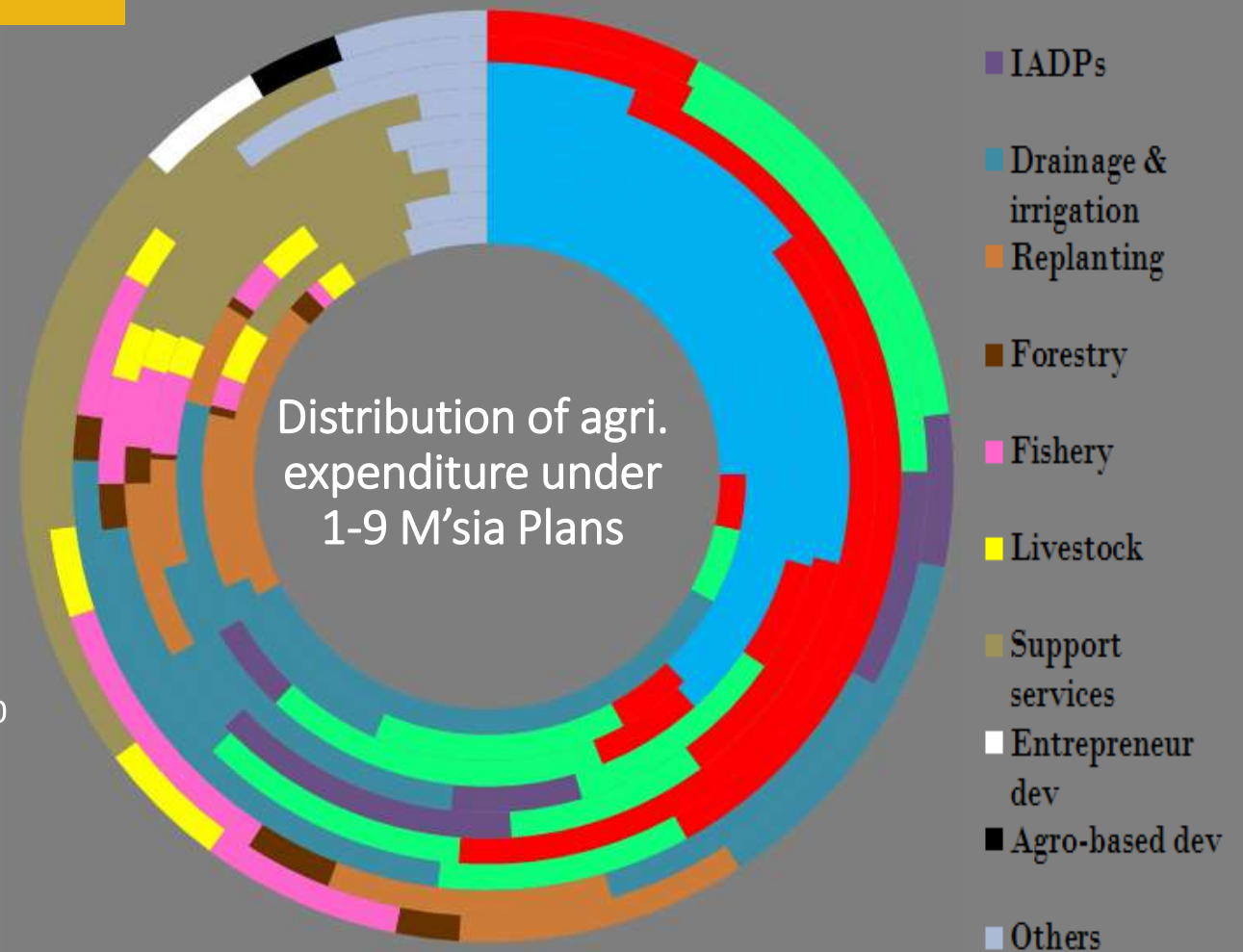
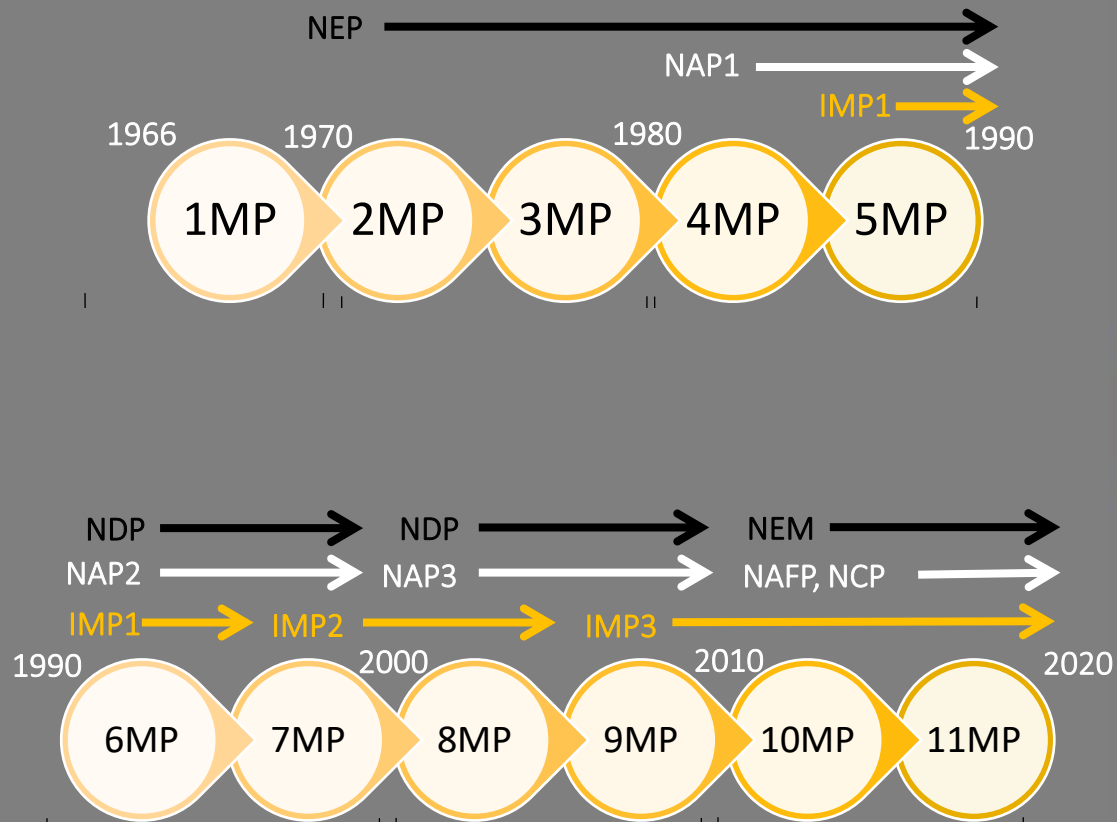
# Agricultural transformation: Empowered resource reallocation

Commodity	RM Million (in 1987 prices)					Avg growth
	1990	1995	2000	2005	2010	
<b>Agriculture</b>	17,308	17,114	18,662	21,585	27,517	2.5%
(Share of GDP)	(16.33)	(10.27)	(8.86)	(8.24)	(7.83)	
<b>Industrial Commodities</b>	12,041	10,980	11,033	13,278	15,521	
Oil Palm	3,350	4,235	5,860	7,915	10,068	9.1%
Forestry and Logging	5,194	4,139	3,055	3,016	2,761	
Rubber	2,634	2,129	1,868	2,264	2,554	
Cocoa	863	477	250	83	138	
<b>Food Commodities</b>	5,267	6,135	7,629	8,308	11,996	
Fisheries	1,534	1,964	2,493	2,389	3,875	
Livestock	1,098	1,531	1,520	2,089	2,483	
Other Agriculture <sup>9</sup>	2,635	2,640	3,616	3,830	5,638	
<b>Agro-Based Industry</b>	8,102	11,174	13,584	16,928	22,221	10.9%
(Share of GDP)	(7.64)	(6.71)	(6.45)	(6.46)	(6.33)	
Vegetable and Animal Oils & Fats	1,036	1,203	2,526	3,639	5,614	16.8%
Other Food Processing, Beverages & Tobacco	2,642	3,504	4,010	4,790	6,333	
Wood Products including Furniture	1,776	3,030	2,934	2,972	3,761	
Paper & Paper Products, Printing & Publishing	1,116	1,888	2,293	2,640	3,275	
Rubber Processing & Products	1,532	1,549	1,821	2,887	3,238	
<b>Total Agriculture and Agro-Based Industry</b>	25,410	28,288	32,246	38,513	49,738	

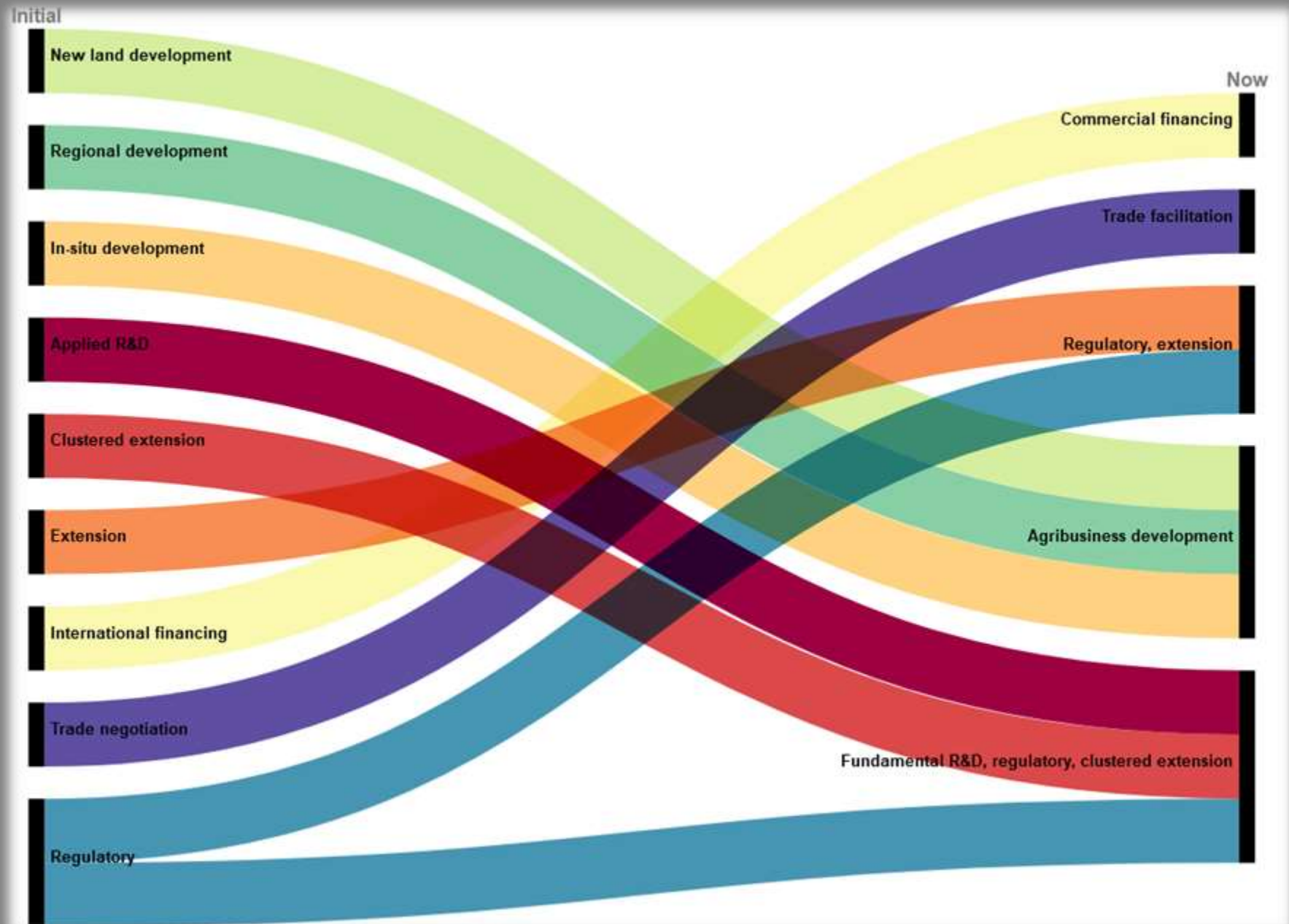
	RM million		
	2000	2005	2010
<b>Agriculture Employment</b>			
Number ('000)	1,423.0	1,405.7	1,323.8
% of Total Employment	15.3	13.3	10.9
Value Added Per Worker (RM in 1987 prices)	13,115	15,752	21,299
<b>Agro-Based Employment</b>			
Number ('000)	844.0	981.9	1,110.2
% of Total Employment	9.1	9.3	9.1
Value Added Per Worker (RM in 1987 prices)	16,107	17,002	19,688
<b>Total Employment in Agriculture and Agro-Based Industry</b>	2,267.0	2,387.6	2,434.0
% of Total Employment	24.4	21.9	20.3



# Expansionary agri. dev. policies: From palm oil to diversification

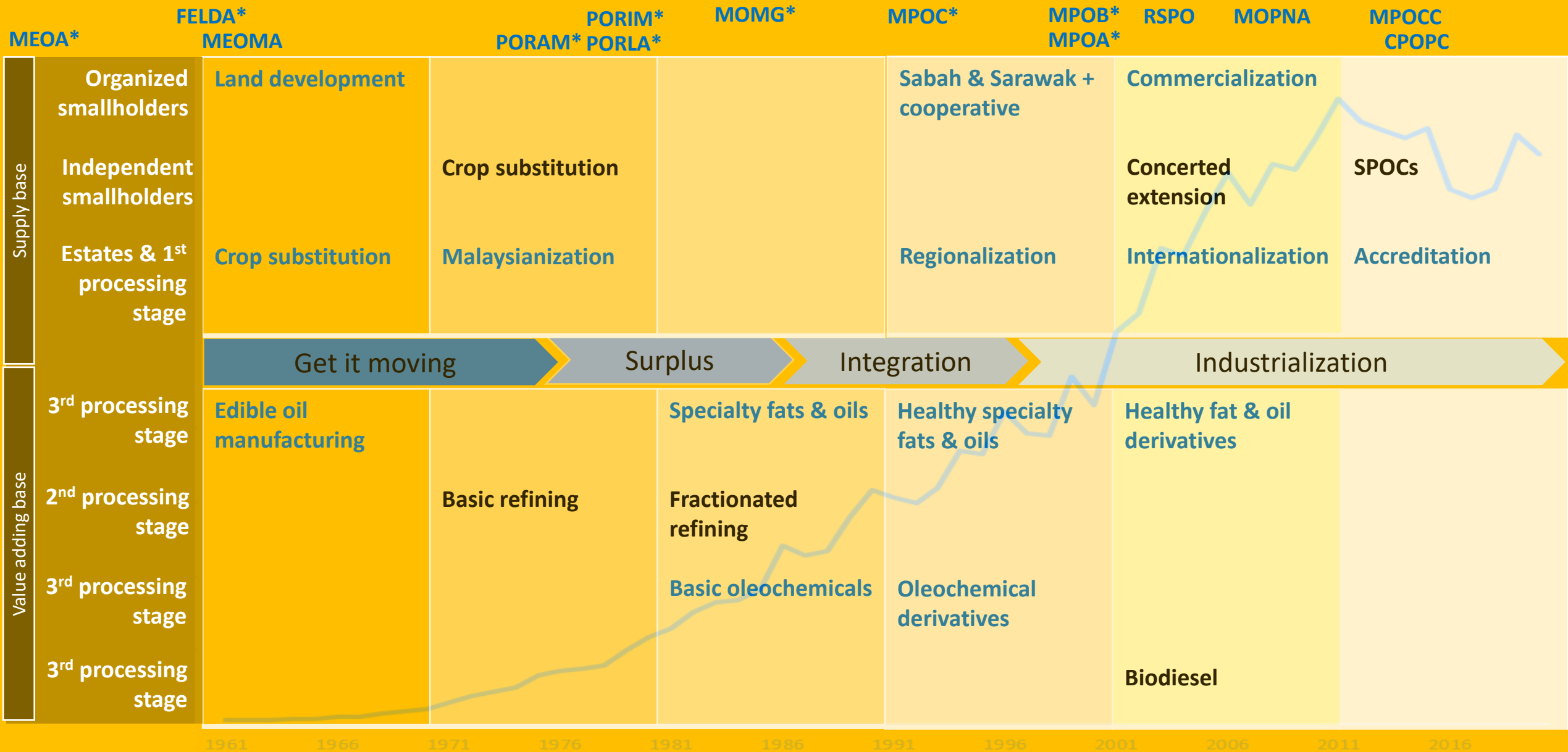


# Institutions & governance: Dynamics



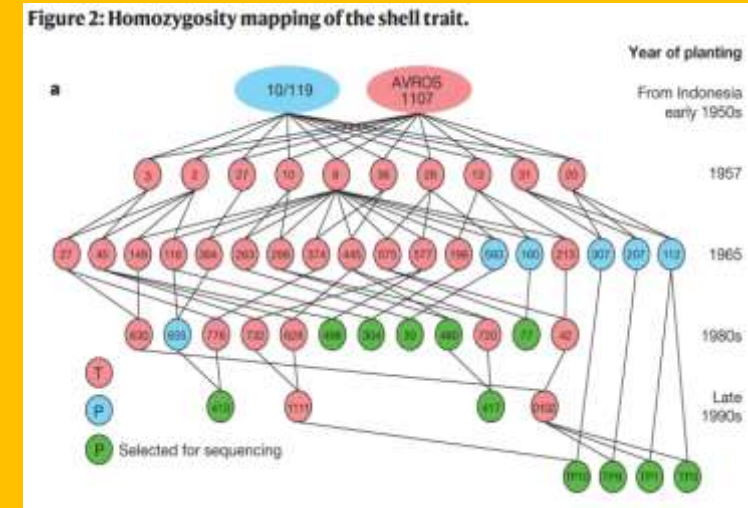
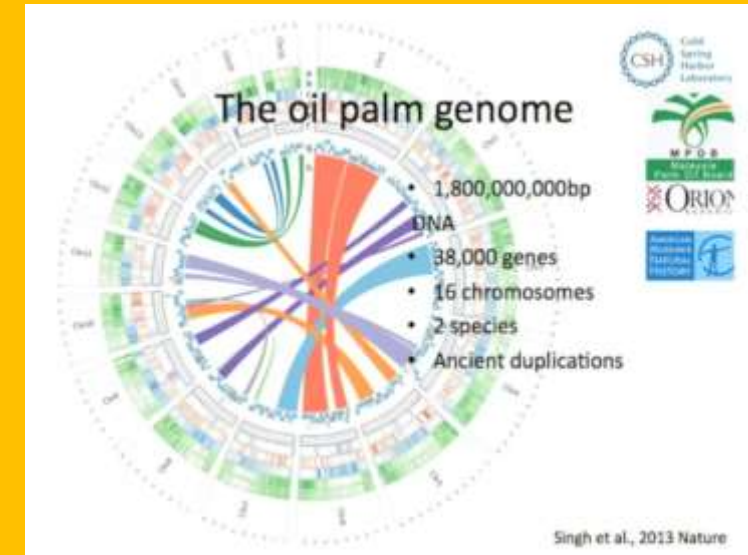
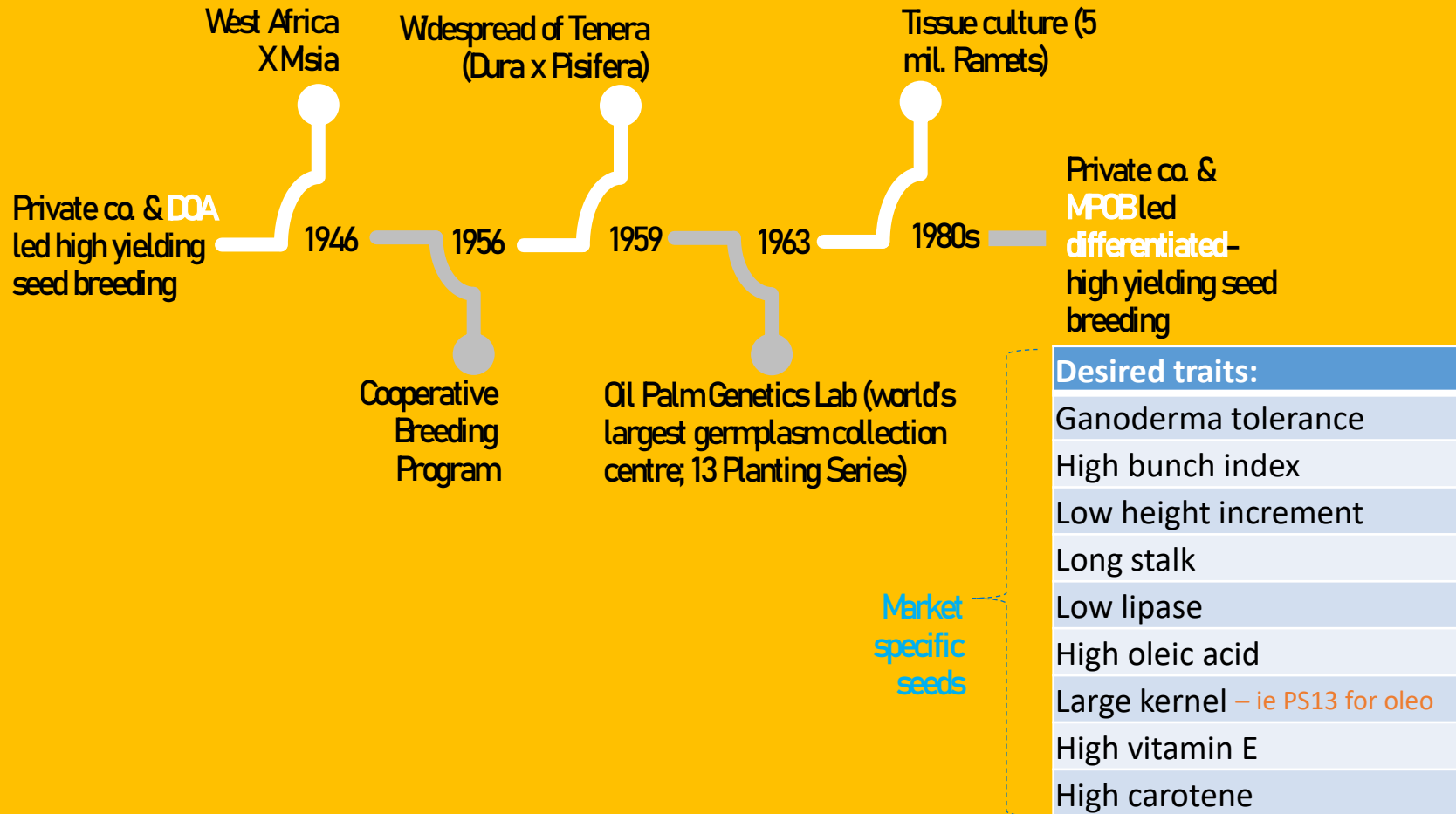


# Palm oil leads agri. transformation: Vertical & horizontal value chain integration



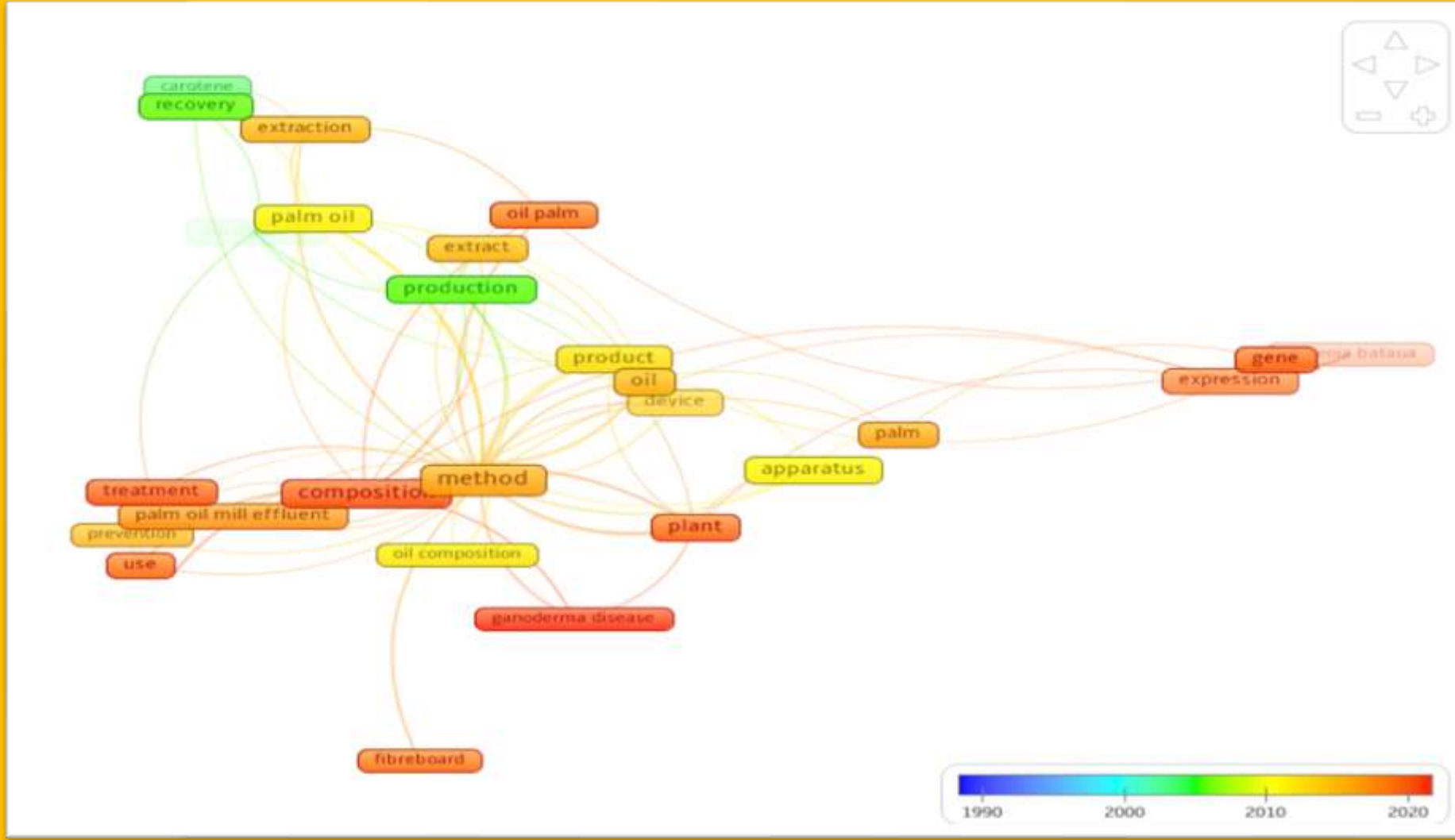


# Public-private participatory partnerships: Chips for value chain development



Code of Good Nursery Practice for Oil Palm Nurseries

# The lead: Innovations as (semi-)public goods & services



Source: Tey et al. (2022)

Malaysian Palm Oil Board

200

Univ Malaysia Teknologi

12

Malaysian Palm Oil Board Mpob

71

Sime Darby Plantation Berhad

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Univ Putra Malaysia

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Univ Sains Malaysia

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Univ Malaya

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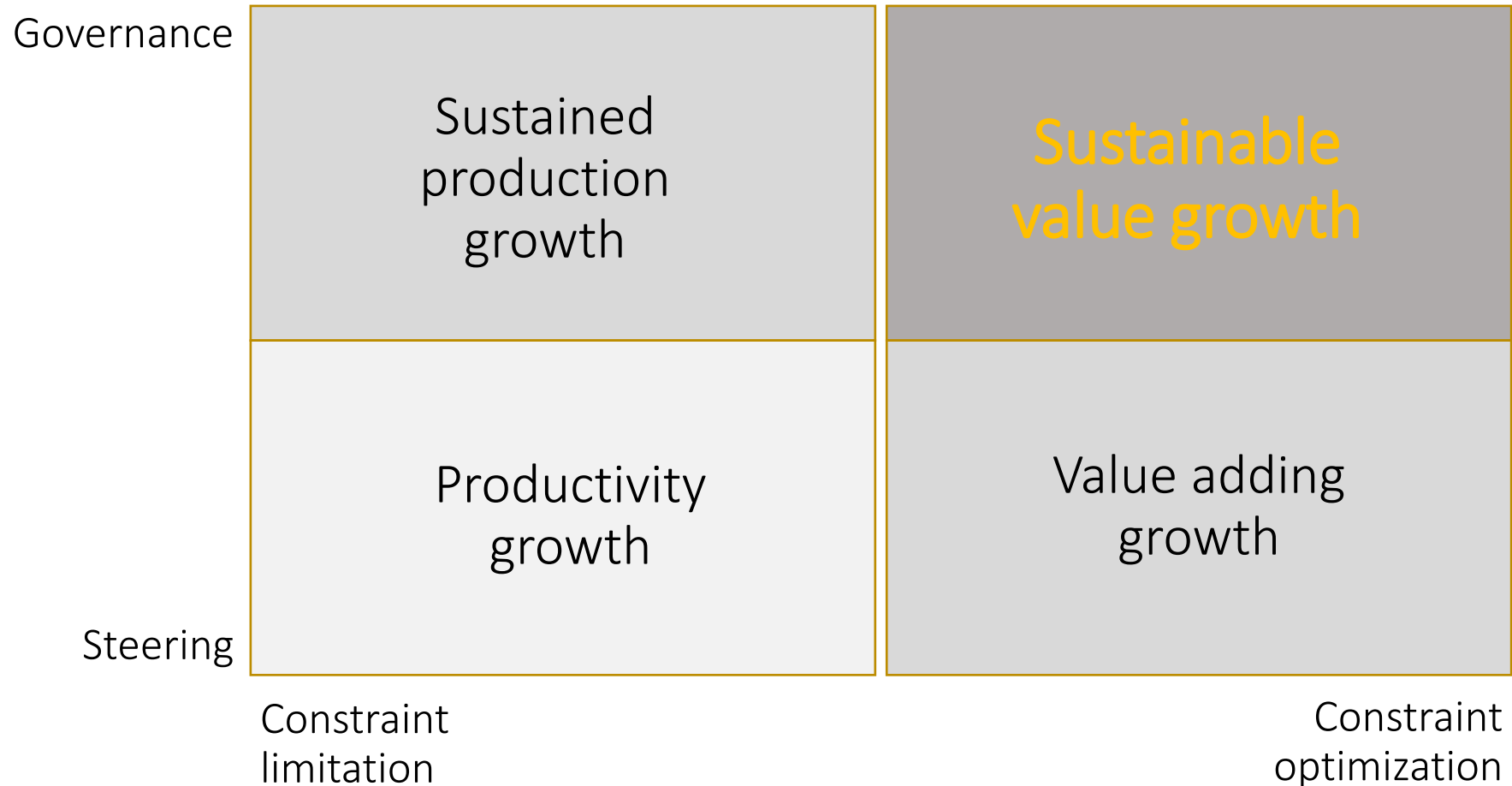
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Evolving lead:

From the public-driven to the private-driven **global value chains**

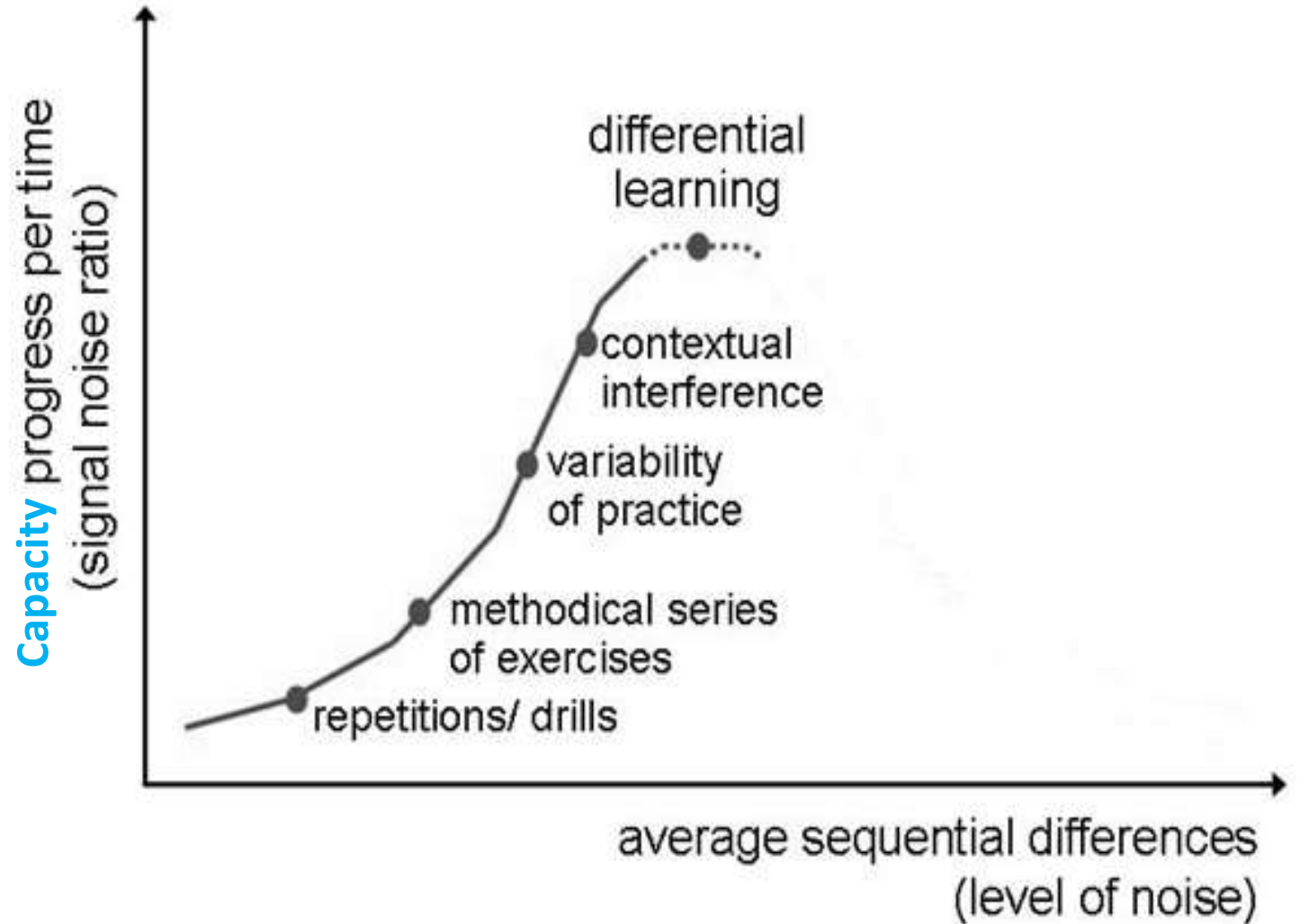




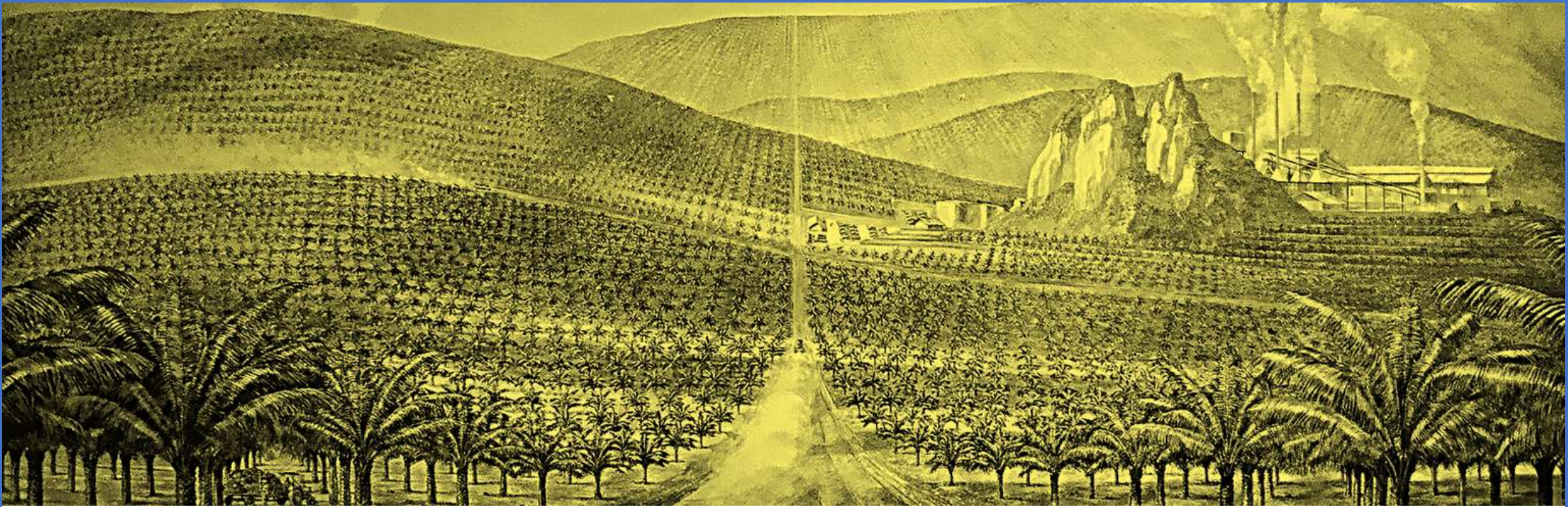


# Conclusion: Dynamic capacity

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