

AGRICULTURAL TRANSFORMATION

The Evolving Lead of The Palm Oil Industry

Tey Yeong Sheng (PhD)

Universiti Putra Malaysia

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

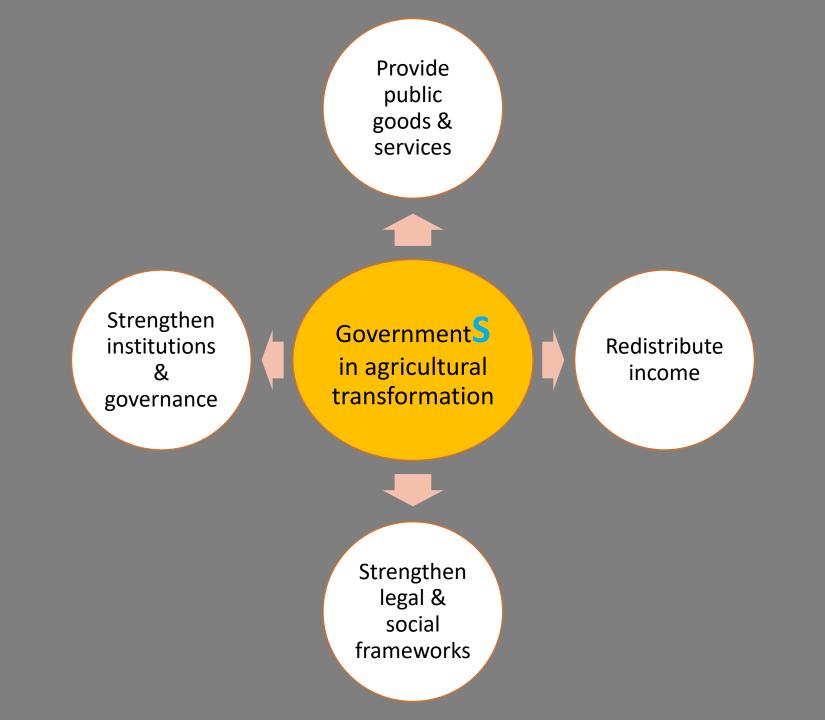
^{*}Low-income countries.

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

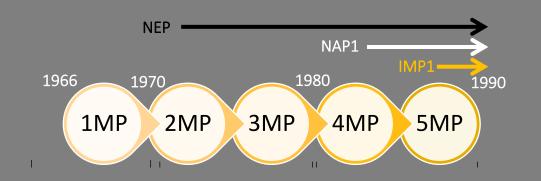
Agricultural transformation: Empowered resource reallocation

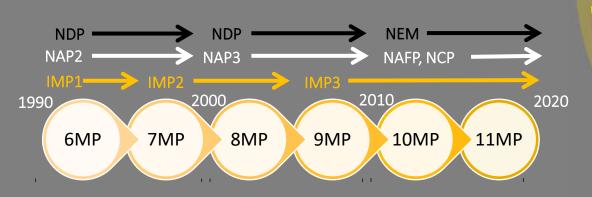
Commodity		RM Million (in 1987 prices)				Avg
	1990	1995	2000	2005	2010	growth
Agriculture	17,308	17,114	18,662	21,585	27,517	2.5%
(Share of GDP)	(16.33)	(10.27)	(8.86)	(8.24)	(7.83)	
Industrial Commodities	12,041	10,980	11,033	13,278	15,521	
Oil Palm	3,350	4,235	5,860	7,915	10,068	9.1%
Forestry and 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	
Food Commodities	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 ⁹	2,635	2,640	3,616	3,830	5,638	
Agro-Based Industry	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	
Total Agriculture and Agro-Based Industry	25,410	28,288	32,246	38,513	49,738	

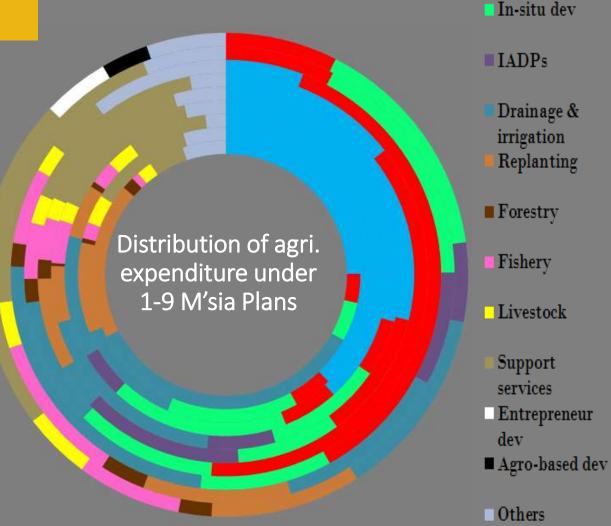
	RM million		
	2000	2005	2010
Agriculture Employment			-
Number ('000)	1,423.0	1,405.7	1,323.8
% of Total Employment	15.3	13.3	10.9
Value Added Per Worker (RM in 1987 prices)	13,115	15,752	21,299
Agro-Based Employment			
Number ('000)	844.0	981.9	1,110.2
% of Total Employment	9.1	9.3	9.1
Value Added Per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





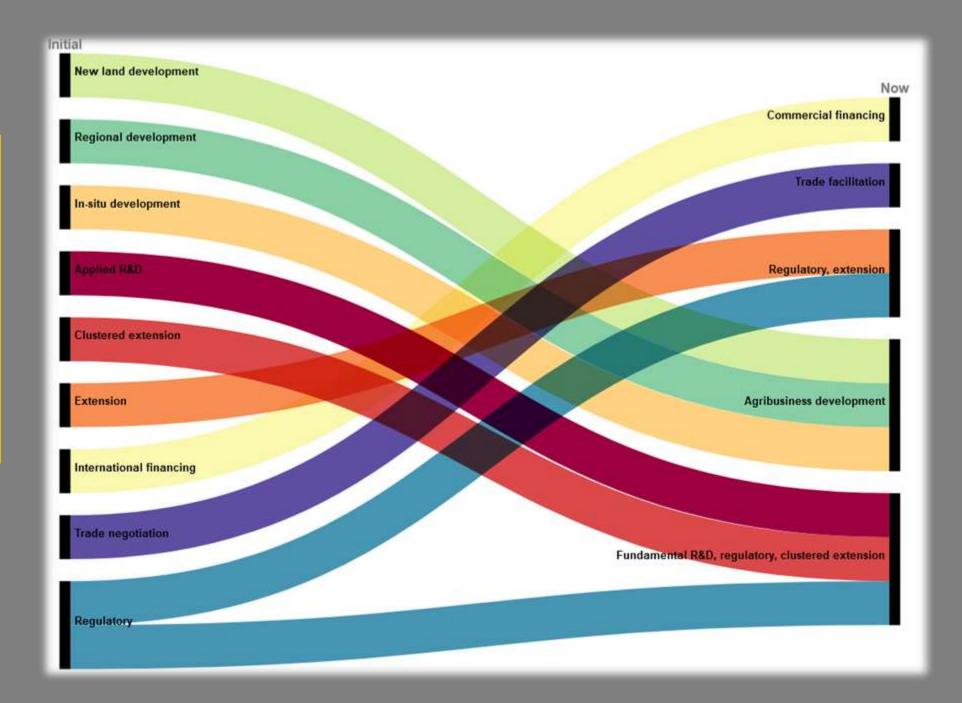


New land dev

■ Regional dev

NEP: New Economic Policy | NDP: New Development Policy | NVP: New Vision Policy | NEM: New Economic Model | NAP: National Agro-Food Policy | NCP: National Commodity Policy | IMP: Industrial Master Plan | MP: Malaysia Plan

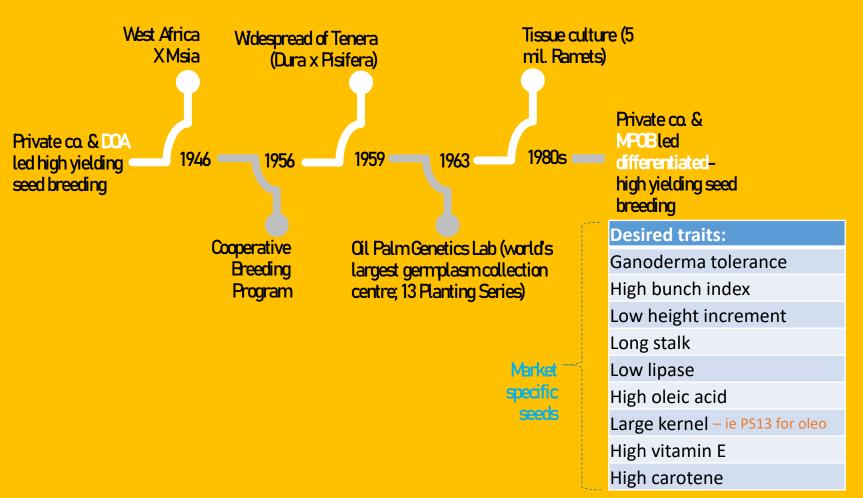
Institutions & governance: Dynamics

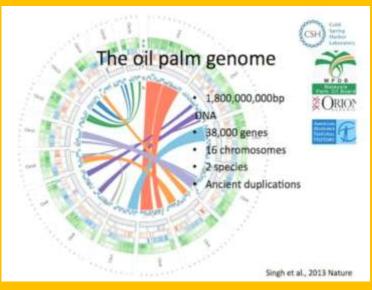


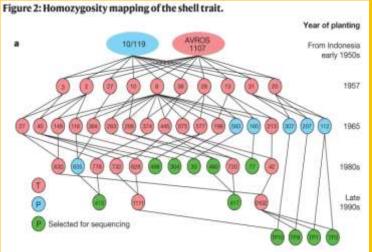
Palm oil leads agri. transformation: Vertical & horizontal value chain integration

MI		LDA* MEOMA	PORIM* PORAM* PORLA*		MPOC* MPOB MPOA		MPOCC CPOPC	
	Organized smallholders	Land development			Sabah & Sarawak + cooperative	Commercialization		
Supply base	Independent smallholders		Crop substitution			Concerted extension	SPOCs	
nS	Estates & 1 st processing stage	Crop substitution	Malaysianization		Regionalization	Internationalization	Accreditation	
	Get it moving		ng Sui	Surplus Integration		Industrialization		
	3 rd processing stage	Edible oil manufacturing		Specialty fats & oils	Healthy specialty fats & oils	Healthy fat & oil derivatives		
Value adding base	2 nd processing stage		Basic refining	Fractionated refining				
Value a	3 rd processing stage			Basic oleochemicals	Oleochemical derivatives			
	3 rd processing stage					Biodiesel		

Public-private participatory partnerships: Chips for value chain development

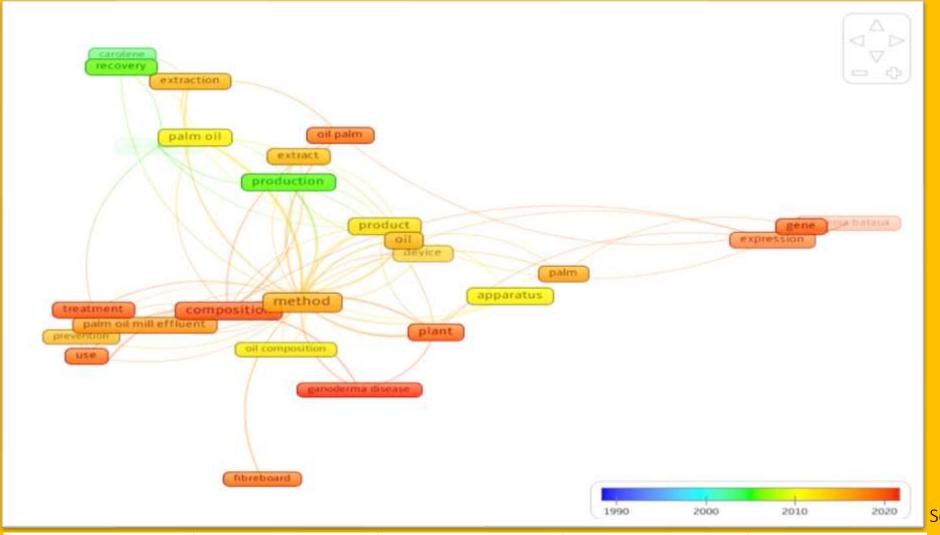






Code of Good Nursery Practice for Oil Palm Nurseries

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



Source: Tey et al. (2022)

Malaysian Palm Oil Board Malaysian Palm Oil Board Mpob Univ Putra Malaysia Univ Malaya Sime Darby Malaysia Berhad 71 200 36 14 20 Univ Malaysia Teknologi Sime Darby Plantation Berhad Univ Sains Malaysia Univ Malaysia Tech Univ Malaysia Pahang 12 12 10

Evolving lead: From the public-driven to the private-driven global value chains

Governance Sustained production growth Value adding Productivity growth growth Steering Constraint Constraint limitation

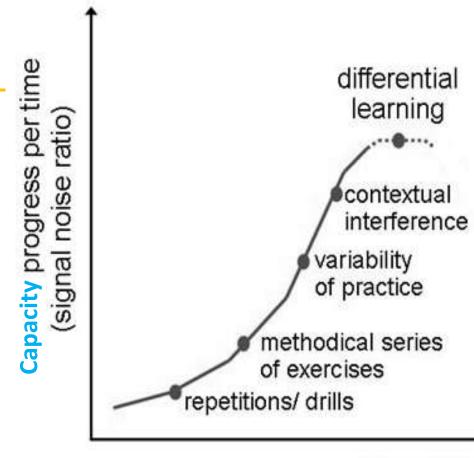
optimization

Evolving lead in sustainable value growth: From certified sustainable production to jurisdictional verified sustainable elaborations

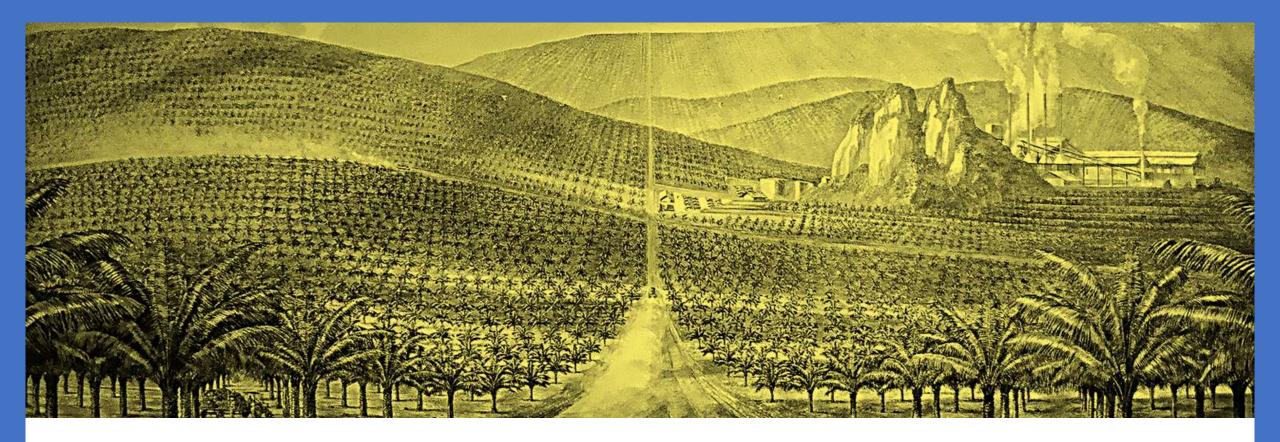


National Agricommodity Policy 2021-2030

Conclusion: Dynamic capacity



average sequential differences (level of noise)



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