
Re-vitalizing the Coconut Industry in Malaysia - Policies and Strategies for Implementation

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The paper covers an overview on the coconut industry in Malaysia in terms of the planted area, production, the industry aspects and exports of products. The challenges faced by the industry are also highlighted and these include: (i) Aging palms; (ii) Low utilization of modern management system and technology, (iii) Declining planted areas, and (iv) Insufficient hybrid seedlings. To meet these challenges, the government has put in place a Coconut Industry Road-Map (2009 - 2015) to provide funds for various short and long term programs and for seedlings production to cater for the various replanting and re-habilitation schemes. The government had allocated a total of about RM71.5 million for the coconut industry based on the Ninth Malaysia Plan, Mid-Term Review and the Economic stimulus package. Based on the short term program (2009-2010), the replanting scheme involves 3,800 ha with MATAG and aromatic (pandan) varieties and the rehabilitation scheme covered 4,000 ha funding assistance. Based on the long term program, the replanting scheme entailed 10,000 ha and the rehabilitation scheme 47,2000 ha. Seedling production is focused on the production of MATAG and aromatic varieties in various locations driven by the Department of Agriculture and the private sector. Besides these activities, the Ministry has also administratively strengthened itself at the regional level as the current focal point for Malaysia in the Asian Pacific Coconut Community (APCC).

The expected impact on the industry would be reflected in terms of increased income from US\$100/month to US\$300/month; increased productivity in terms of yield from an average 3,500 nuts/ha/year (Malayan Tall) to 20,000 nuts/ha/year from MATAG and rehabilitation of Malayan Tall is expected to give yields of 7,000 nuts/ha/year from current yield of 3,500 nuts/ha/year. It is anticipated that the yield increase from these programs will meet 66% of the local demand requirement. The future activities, especially in terms of hybrid seedling development, virgin coconut oil, and other research and development activities that underpin the progress of the coconut sector are also addressed.

Keywords: Coconut, Malaysia challenges, policies, strategies

ROLE OF THE MINISTRY OF AGRICULTURE

Ministry of Agriculture Incorporated (MOA Inc.)

The approach in developing agriculture projects

in the Ministry is governed by the concept of MoA Inc. This concept is also used in the development of the coconut industry. The concept simply means an integrated and holistic approach and concerted effort to ensure success of projects. In this case, the Department of Agriculture (DoA) (including

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Sabah and Sarawak) is the project implementer; the Farmer Organization of Agriculture (FoA) organizes the farmers; the Malaysian Agricultural Research and Development Institute (MARDI) recommends appropriate technologies, the Federal Agricultural Marketing Authority (FAMA) helps in marketing and the Malaysian Quarantine and Inspection Services (MAQIS) provides quarantine control.

Coconut Industry Development Committee

This Committee, set up in the early 2000, is chaired by the Ministry with members from the relevant departments and agencies. The purpose is to coordinate development and to address and resolve issues of the industry, such as, supply/demand, pricing and marketing.

APCC Focal Point

Since the development of the coconut industry is the responsibility of MoA, we rightfully should play a leading role in regional and international organizations. Therefore, in 2008 the Cabinet agreed for this Ministry to be the Focal Point for APCC from 2009. This reflected the commitment of the Ministry in developing the industry.

International and Regional Participation

Besides giving full support for domestic events related to the coconut industry such as this Coconut Conference, the Ministry also supported and participated in regional events such as:

- Roundtable Meeting APCC in Malaysia, 8-9 August 2007, and
- APCC Workshop on Quality Standards of Coconut Products in Bis Tamarin

Hotel, Jakarta, Indonesia 5 - 6 August 2009.

FUNDING

In the first half of the 9th Malaysia Plan (2006 - 2008), an allocation of RM15.6 million was given for various replanting and rehabilitation activities by the government. For the remainder of the 9th Plan period, under the Mid-term Review (2009 – 2010), an additional allocation totaling RM35.9 million has been set aside to develop the coconut industry. More recently, an additional RM20 million was received under the Economic stimulus package (2009 - 2010) thereby totalling RM71.5 million under the 9th Malaysia Plan.

CHALLENGES TO THE COCONUT INDUSTRY

The major constraint faced by the coconut industry is the low supply of raw materials such as oil, copra, wood, shell and husks as a result of:

- Aging coconut palms: the average age of Malayan Tall is 55.1 years with average production of 4,000 nuts/ha/year;
- Decline in planted areas;
- Low utilization of modern management system: almost 95% of growers are smallholder;
- Low utilization of technology;
- High production cost; and
- Insufficient MATAG seedlings to fulfill demand.

COCONUT INDUSTRY ROAD-MAP 2009-2010

To address these challenges, the current focus

is on increasing productivity to elevate smallholder earnings and to fulfill local demand and export potential. Two major programs are implemented to achieve these goals. These are:

■ *Replanting*

Focus will be on replanting old and unproductive Malayan Talls with the high-yielding hybrid such as MATAG, which can produce up to 25,000 nuts/ha/year. Replanting of the aromatic variety (Pandan) is also encouraged under this program to cater for the demand for fresh coconut drink. Assistance will be given on clearing planting areas, building drains and fences and agricultural inputs to encourage replanting coconut palm. For the period 2009-2010, approximately 2,407 ha will be replanted.

■ *Rehabilitation*

Under this project, existing areas with Malayan Talls will be rehabilitated to ensure yield increase from 3,500 nuts/ha/year to 7,000 nuts/ha/year. Assistance is provided to help repair drainage, to give agricultural inputs and integration with other crops to increase income for the smallholders. For the period 2008-2009, approximately 1,375 ha will be rehabilitated.

COCONUT INDUSTRY REVITALIZATION PROGRAMS

Short-Term Program

During the 9th Malaysia Plan (2006-2010) USD 6.8 million was allocated for replanting (2,800 ha) and rehabilitation (600 ha). During 2006-2007 a total 1,887 ha was replanted and

47.5 ha rehabilitated.

Under the Mid-term Review of the 9th Malaysia Plan (2009-2010) the Government allocated a total of USD 10 million to revitalize the coconut industry. About 3,800 ha were replanted and 2,750 ha rehabilitated.

Long-Term Program

The Government had agreed to allocate USD 44 million under the 10th Malaysia Plan (2011-2015) for revitalizing the coconut industry. During the period, 10,000 ha will be replanted and 55,000 ha rehabilitated.

Seedling Production

To ensure this revitalization program a success, adequate seedlings are needed. Few steps were taken to increase supply of seeds.

Pagoh Agriculture Centre

This MATAG seedling Centre has a capacity of producing 50,000 seeds/year on a 20-ha. This Centre is estimated to increase production to 100,000 seeds/year beginning of 2009 with extra budget for hiring more workers.

Lekir MATAG Seedling Nursery

Opened in 2008 with an area 20 ha. This nursery is estimated to produce MATAG seedlings beginning of 2013 with a capacity of 150,000 palms/year.

Pandan Seedling

Productivity will be increased to 100,000 palm/year starting 2011 via Parit Botak, Johor and Teluk Bahru, Perak Agriculture Centre.

CONCLUSIONS

The replanting and rehabilitation schemes are expected to have the following impacts on the

coconut industry of Malaysia:

- Increased coconut smallholders' income from USD100/month to USD 300/month through mixed cropping and mixed farming.
- Replanting of the MATAG hybrid to increase nut production per tree per year from 3,500 to 20,000 nuts/ha/year.
- Rehabilitation of Malayan Talls to increase production from 3,500 to 7000 nuts/ha/year.
- Production of 259 million nuts from existing palms for the period 2006-2008.
- Production of 496 million nuts from 2009-2015 to meet local demand of 66%.



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