Committee II - Expansion of Trade
(Tokyo)

TRADE IN AGRICULTURAL PRODUCTS

Synopsis of Non-Tariff Measures for the Protection of Agriculture or in support of Incomes of Agricultural Producers

MALAYA

I. NATIONAL AGRICULTURAL POLICIES

A. General Objectives

The economy of the Federation of Malaya is dependent on agriculture, which together with forestry and fisheries, accounts for about 40 per cent of the gross national production. The rubber industry occupies the most important place in Malayan agriculture and economy as a whole, employing about one-third of the agricultural labour force and contributing over 13 per cent of the gross national production. Rubber accounts for more than half of the export earnings. Next to rubber, rice covers the largest area of cultivated land, but production is insufficient to meet domestic needs.

The essential objectives of the Government agricultural policy are to raise efficiency of production of major export crops, especially rubber, to increase domestic production of rice largely through extension of irrigation and improvement of yield per acre, and to diversify agriculture as well as to reduce dependence on imports. Agricultural development concentrates heavily on rubber replanting. No production targets have been established.

Of the total public development expenditure of M$1,009.5 million provided for in the Five-Year Capital Expenditure Plan (1956-1960), some M$236 million, or 23.4 per cent, have been devoted to the development of the agricultural sector. Nearly two-thirds of the planned expenditure in the agricultural sector is for replanting and new planting of rubber. More than one half of the remainder is for irrigation and drainage.

1 Prepared by the secretariat.

B. Special Measures

Rice is the only agricultural product covered by price policy measures. Since abolishing the comprehensive controls on rice trade in 1949, the government, as a residual buyer, has offered to purchase padi from producers at a guaranteed minimum price. The purpose of the minimum price is not so much to support the incomes of padi producers at any given level or to act as an incentive, but to protect the padi cultivators against sudden drops in the padi prices. In fact, the Government has fixed its guaranteed minimum prices somewhat below the level at which it has anticipated the local rice market would settle down. As the local price of padi depends largely on the prices of imported rice, the level of the guaranteed minimum price must take the latter into account.

The Government purchases padi through the Government mills, which are very few in number, and through licensed private mills. The Government also buys rice from the same mills at prices established in relation to the guaranteed minimum prices of padi. The Government purchases in 1951-54 were very small. The reason for the limited amount of Government purchases of local padi seems to be the higher prices offered on the market. However, the recent increases in the minimum price have narrowed the margin between it and free market prices, leading to an increase in the Government purchases of local padi.

Consequently, the minimum price scheme has offered some effective support to growers in recent years. It can be roughly estimated that Government purchases accounted for more than one-third of the sales off farms of local padi.

Rationing and consumer price control of rice were continued for several years after 1949, partly because rice was in short supply, partly to keep down the cost of living of urban populations and plantation workers, and partly to prevent the diversion of food supplies to the anti-Government Guerilla troops operating in the country. Rationing has been gradually eliminated as security conditions have improved, and only small areas are now affected by it. The subsidization of retail prices of rationed rice by the Government was discontinued in 1954.
In order to ensure a proper rotation of Government stocks, importers of rice have to purchase from the Government stocks at a fixed price of M$25.55 per picul (60.48 kg.), an amount equal to one-third of the amount they import.

II

SUBSIDIES

(Including all forms of income and price support)

Producer price guarantee for rice has been described in Section I B.

For rubber, replanting subsidies are granted by the Government to estates at the rate of M$400 per acre paid in cash, and to smallholdings at M$600 per acre paid partly in kind (selected planting materials, fertilizers, etc.) and partly in cash. The scheme of subsidizing smallholders' rubber replanting was initiated in 1953, and some 167,000 acres were replanted during the following five years (1953-57). The target for 1960 is 500,000 acres.

In order to mechanize farm operation, tractors and implements are made available at subsidized rents or purchasing prices.

Distribution of fertilizers for padi is subsidized. The amount of the subsidy corresponds to 50 per cent of the price. The Government also grants financial support to co-operatives.

III

COST OF PROGRAMMES AND FARM NET INCOME

A. Total cost of Government support programmes for each of the last three years

[To be furnished by the Government of the Federation of Malaya]

B. Farm net income for the same years (if not available, total value of farm production)

[To be furnished by the Government of the Federation of Malaya]
IV

MIXING REGULATIONS

No such regulations are in force in the Federation of Malaya.

V

STATE-TRADING OPERATIONS

(Including private enterprises enjoying special privileges)

[To be furnished by the Government of the Federation of Malaya.]

VI

IMPORT RESTRICTIONS

[To be furnished by the Government of the Federation of Malaya.]

VII

MEASURES WHICH TEND TO REDUCE OR REMOVE THE NEED FOR NON-TARIFF MEASURES OF PROTECTION OR SUPPORT

[To be furnished by the Government of the Federation of Malaya.]