

POLICY PAPER: NATIONAL FOOD SECURITY POST-COVID-19: OPPORTUNITIES AND THREATS TO MALAYSIA

Lee Chun Hung

Background

The Novel Coronavirus (Covid-19) pandemic has sent shockwaves across food security around the world. It has disrupted supply chains that are so vital in assuring food security in many countries. The virus has been plaguing countries across the globe for nearly five months now since an epidemic was reported in the central China city of Wuhan in January before the outbreak became a global health crisis in March 2020. Governments around the world, policymakers, organisations, networks, policy experts have begun to realize that Covid-19 is not just a health crisis, it could also lead to a food security crisis if proper measures are not taken.

Food security simply means the availability of safe, sufficient and nutritious food to maintain a healthy and active life, according to the United Nations' standards.

As we enter 2020, the number of hungry and malnourished people around the world has been on the rise due to violent conflict and climate change in some parts of the world. According to a United Nation report dated July 15, 2019, an estimated 820 million people did not have enough to eat in 2018, up from 811 million in the previous year, which is the third year of increase in a row.¹

The coronavirus pandemic has brought hunger to millions of people around the world. National lockdowns and social distancing measures are drying up work and incomes, and are likely to disrupt agricultural production and supply routes — leaving millions to worry how they will get enough to eat.²

Covid-19 pandemic risks undermining the efforts of humanitarian and food security organisations seeking to reverse the trend of rising hunger around the world. Every major outbreak in recent history, Ebola, SARS, MERS has had direct and indirect impacts on food security, policy experts have started to sound the alarm to governments and policymakers as Covid-19 is afflicting societies around the world. It is important for countries to do their very best in ensuring food security in the Covid-19 era and beyond, before the situation worsens.

On the domestic front, the Covid-19 pandemic has also put a strain on Malaysia's food security. Many countries affected by Covid-19 have imposed lockdown, it has a direct impact on Malaysia's food import. Malaysia imports most of its food from China, India, Thailand, Indonesia and New Zealand, each of these countries has imposed a certain degree of national lockdown to contain the dangerous spread of Covid-19. Government statistics showed the highest amount of import in 2018 were for cereals at RM7. 1 billion, followed by coffee, cocoa, tea and spices worth RM7 billion and feedstock valued at RM5. 9 billion. ³

¹ <https://www.who.int/news-room/detail/15-07-2019-world-hunger-is-still-not-going-down-after-three-years-and-obesity-is-still-growing-un-report>

² <https://www.nytimes.com/2020/04/22/world/africa/coronavirus-hunger-crisis.html>

³ <https://themalaysianreserve.com/2019/11/19/food-import-bill-hits-rm34-2b-as-of-august/>

The country also imported high amounts of vegetables (RM4.6 billion), fish and crustaceans (RM4.1 billion), fruits (RM3.9 billion), meat (RM3.9 billion), sugar (RM3.8 billion) and dairy products (RM3.8 billion).⁴

Malaysia was originally an agricultural country, but we have to rely on imports for a long time to meet domestic demand for main agricultural products, including rice, meat, vegetables and fruits. As far as rice is concerned, in the past three decades, about 30-40% of Malaysia's domestic demand has to rely on imports. Before the 1970s, agriculture was the basis of Malaysia's economic growth. While it remains an important sector, it is struggling to meet the country's consumption demands.

Our main source of proteins such as beef and mutton have only 23.9% and 11.2% self-sufficiency ratio (SSR) in 2018. As many countries around the world are fighting against the threat of Covid-19, economic outputs decline further and the supply chain of agricultural products and corresponding exports were no exception. Despite a multitude of problems, food demand around the world has not decreased. If food imports face problems in the future, social panic in our country will surely intensify.

Our reliance on foreign sources for food supply makes our country's food security more vulnerable as exposed by Covid-19 pandemic. Former Agriculture and Agro-based Industry Minister Datuk Salahuddin Ayub said in a written reply to Parliament that the country's food import bill has risen by an average of 6.5% per year from RM30 billion in 2010 to RM50 billion in 2018.

Government statistics showed the highest amount of import in 2018 were for cereals at RM7.1 billion, followed by coffee, cocoa, tea and spices worth RM7 billion and feedstock valued at RM5.9 billion.

The Pakatan Harapan (PH) government was working to realign the country's agro-food sector before it collapsed by end of February 2020, it was reckoned that demand for food will only increase as our country's population grows.

Covid-19 pandemic that plagued the world also caused workers shortage and disrupted supply chain which affects food security in some countries. Although Malaysia food security is not under threat now, but lockdown in countries where Malaysia mostly depend on critical food supply such as 30% of rice import, it will cause a domino effect that disrupts the overall domestic food system.

Although the current Agriculture and Food Industries Minister Datuk Seri Dr Ronald Kiandee has earlier reassured that Malaysia's food supply is at a sufficient level amid the Covid-19 pandemic, he also reportedly admitted that it remains a work in progress in ensuring that every citizen gets a sufficient amount of food moving forward.⁵

It is not surprising that various parties including Opposition leaders, non-governmental organisation representatives and policy experts have repeatedly cautioned the government to ensure the supply chain remains healthy and take measures to avoid a food crisis in Malaysia. There is much to be done to improve the food security in Malaysia by ensuring its accessibility, affordability and availability for all Malaysians as rightly pointed out by Kiandee.⁶

⁴ <https://themalaysianreserve.com/2019/11/19/food-import-bill-hits-rm34-2b-as-of-august/>

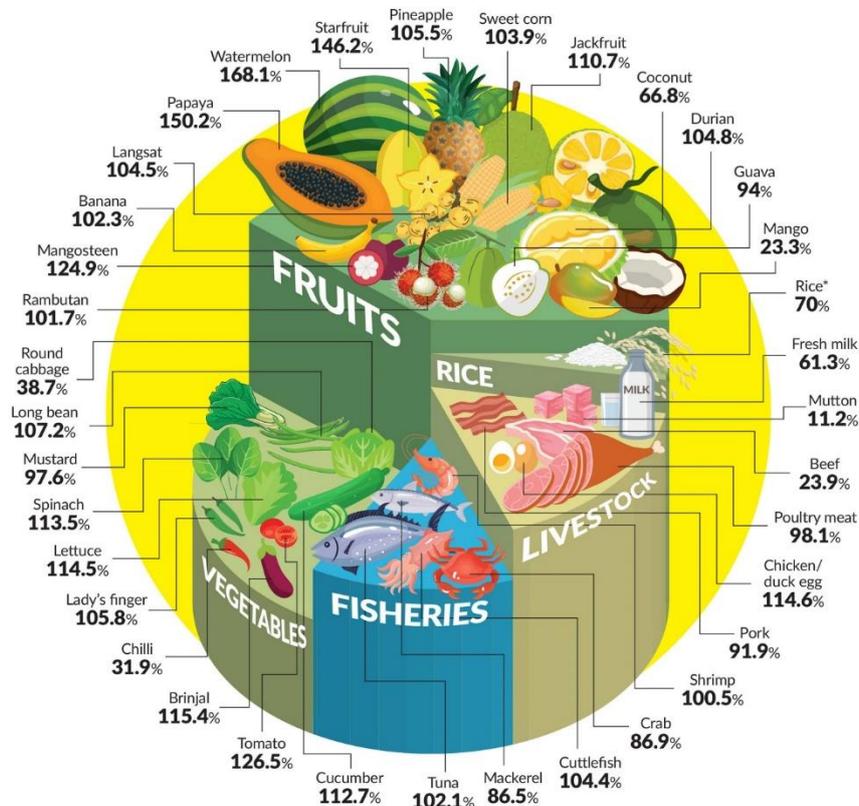
⁵ <https://www.thestar.com.my/news/nation/2020/04/19/food-reserve-plans-in-the-pipeline>

⁶ <https://www.thestar.com.my/news/nation/2020/04/19/food-reserve-plans-in-the-pipeline>

Self-sufficiency ratio (SSR) 2018

22 out of 36 selected agriculture commodities recorded SSR of more than 100% in 2018.

SSR: The extent to which a country's supply of agricultural commodities meet domestic demands. SSR of 100% or more indicates that production is sufficient to meet domestic needs.



*Refers to 2017
Source: Supply and Utilization Accounts Selected Agricultural Commodities Malaysia, 2014-2018 by the Statistics Department (DOSM).

<https://www.thestar.com.my/news/focus/2020/04/19/beefing-up-food-security>

Covid-19 stimulus package: Govt allocates RM1b for food security fund

On March 27, the government had announced a RM1 billion allocation for the national food security fund in a bid to ensure food security during the Movement Control Order (MCO) period. The government reckoned the importance of ensuring that food supply is sufficient during these critical times.

The government stressed that it will continue to assist farmers and fishermen in the form of input assistance for agriculture, livestock farming and fishery to encourage domestic production. Besides, RM100 million was allocated for the development of food storage and distribution infrastructure and integrated planting.

Besides, special funds of between RM100,000 and RM200,000 will be allocated to each farmer and fishermen's organisation to enable them to develop short-term agro-food projects that could produce food within the next three to six months to ensure the food supply is sufficient. The total allocation of funds to be granted to these organisations stood at RM64.4 million.⁷

⁷ <https://www.theedgemarkets.com/article/covid19-stimulus-package-govt-allocates-rm1b-food-security-fund>

	Special Relief Facility (SRF)	Agrofood Facility (AF)	SME Automation and Digitalisation Facility (ADF)
Allocation	RM2 billion	RM1 billion	RM300 million
Objective	Alleviate short-term cash flow problems faced by SMEs adversely affected by the COVID-19 outbreak	Increase food production for Malaysia and for export purposes	Incentivise SMEs to automate processes and digitalise operations to increase productivity and efficiency
Eligibility	Malaysian SMEs adversely affected by COVID-19	Malaysian SMEs	Malaysian SMEs
Purpose	Working capital	<ul style="list-style-type: none"> Capital expenditures Working capital Development of agriculture projects 	Purchase of equipment, machinery, computer hardware and software, IT solutions and services, technology support services and other intangible assets to enhance productivity and efficiency
Financing rate	Up to 3.75% p.a.	Up to 3.75% p.a.	4% p.a.
Maximum Financing Amount	RM1 million per SME	RM5 million per SME	RM3 million per SME
Maximum Tenure	5.5 years, including 6 months repayment period	8 years	10 years
Availability	6 Mar 2020 to 31 Dec 2020	From 6 Mar 2020 onwards	6 Mar 2020 to 31 Dec 2020

<https://www.rsm.global/malaysia/news/bnms-rm33-billion-fund-assist-smes-affected-covid-19-outbreak>

Cabinet Committee on Food Security to be set up

On April 22, Minister of Agriculture and Food Industry Datuk Seri Dr Ronald Kiandee was reportedly said a Cabinet Committee on Food Security, chaired by Prime Minister Tan Sri Muhyiddin Yassin would be established soon to formulate the National Food Security Policy.

There was heightened public concern about the food security amid the Covid-19 pandemic which is giving a serious test on the security and robustness in our country's food supply chains and resources. It is also a wake-up call for our government to improve national food security.

The government stressed that the agro-food sub-sector will be the main focus in the agriculture sector to improve our country's food security and also to help agriculture frontliners to be able to generate higher income in the future. The Committee would also focus on strengthening the food supply chain, improving support and delivery services, enhancing technical knowledge and promoting greater compliance with good agricultural standards and practices.⁸

It was a welcoming sight to notice that the government has agreed it is high time to re-evaluate our country's food security policy as the country braces for an uncertain "new normal" post-Covid-19. In tandem with the setting up of the Committee, a special task force was also to be established to coordinate inter-ministerial efforts between International Trade and Industry, Domestic Trade and

⁸ https://www.bernama.com/en/general/news_covid-19.php?id=1834629

Consumer Affairs and the Agriculture and Food Industry Ministries in a more coordinated and concerted effort to minimise the impact of Covid-19 pandemic on the food supply chain.⁹

Persistent challenges in food security

Before the 1970s, Malaysia’s economic growth was heavily hinged on agriculture. However, despite agriculture remaining an important sector for the country, it is struggling to meet the country’s consumption demands.

Most recent data showed that Malaysia is ranked the 28th out of 113 countries in the Global Food Security Index 2019, ahead of China (35th) and South Korea (29th) but behind Singapore which is ranked first in the world.¹⁰

Global ranking	Country	Overall score	Affordability	Availability	Quality & Safety
=25th	Chile	75.5	80.5	71.3	74.7
=25th	Spain	75.5	82.3	65.9	84.7
27th	Kuwait	74.8	88.1	62.3	75.9
28th	Malaysia	73.8	81.7	67.7	70.6
29th	South Korea	73.6	75.8	71.2	74.9
30th	Saudi Arabia	73.5	86.3	61.8	73.5
31st	Greece	73.4	77.8	64.9	86.0

<https://foodsecurityindex.eiu.com/Index>

In 2017, the country’s self-sufficiency levels for essential food items such as rice stood at 70%, beef (22.2%), mutton (10.2%), fish (92.8%), milk (58.3%), fruits (77.5%) and vegetables (46.6%).¹¹

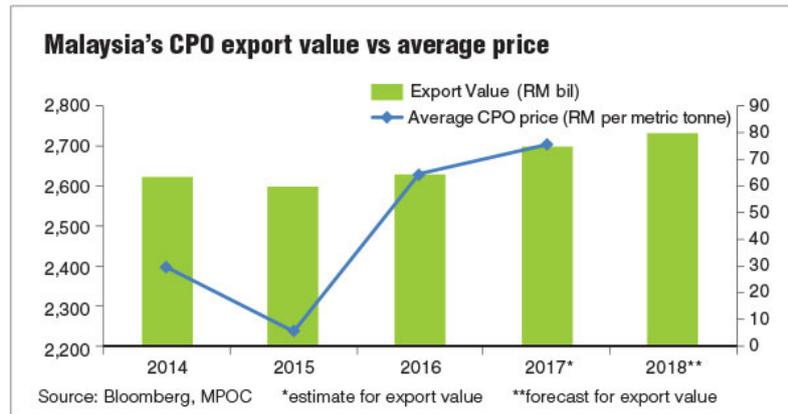
Dr Abdul Shukor Juraimi who is dean of Universiti Putra Malaysia’s (UPM) faculty of agriculture pointed out there are two types of agriculture in Malaysia – plantation and food production. He opined that the country was doing very well on the plantation side, especially with palm oil exports which are valued at about RM70 billion a year. However, we are behind our neighbouring countries on the food production side. Malaysia is still a net importer of rice with self-sufficient level (SSL) hovering around 60%–70%, our country has been importing about 30%-40% of its rice consumption annually for the last 30 years and the country will likely continue to be a net rice importer in the years to come. We also lack fruit (66%), vegetables (40%) and ruminants (29%).

The government has been working towards reducing Malaysia’s rice import, currently at 30%, so that the food security of the country will be less dependent on imported food products which could be sensitive to many factors such as weather, geopolitical stability, bilateral relations and logistics as well as a price war. At the moment, Padiberas Nasional Bhd continues to import rice from major rice exporting countries such as Thailand and Vietnam with little disruption despite the Covid-19 pandemic.

⁹ <https://www.thestar.com.my/news/nation/2020/05/02/national-food-security-policy-set-up>

¹⁰ <https://foodsecurityindex.eiu.com/Index>

¹¹ <https://themalaysianreserve.com/2020/01/31/focus-on-local-food-production-reduce-imports/>



<https://www.theedgemarkets.com/article/palm-oil-export-revenue-poised-hit-rm80b-2018>

There are many persisting challenges to food security in Malaysia and the Covid-19 outbreak further highlights the flaws in existing system that lead to disruption of international supply of food produce and foodstuff, produce that could not be exported but could not be redirected to domestic market, and profiteering by middlemen. It is therefore imperative for the Malaysia to review its agricultural policies and strategies to improve our food security including reducing the reliance on the middlemen system. One example is that Malaysia has the potential to cultivate paddy responsibly, productively and still achieve better income for farmers, yet the country is still importing rice from a number of countries.

a. Harder to cultivate food crops compared to plantation

Growing and maintaining food crops is harder compared with oil palm. It requires a lot of manpower as the turnover rate is high. A lot of fertilisers and pesticides needed by the farmers and most of these products are imported, which are getting expensive due to the weak ringgit.

Currently, there are one million hectares of land in the country being cultivated for food crops compared with five million hectares for palm oil. Only 28% of the population is involved in agriculture and they are on average 60 years old. Moreover, plantations are a lot easier to maintain compared to food crops and prices are relatively stable. So many have quit planting food crops and switched to plantations.

b. Pests and diseases

Pests and diseases are also common and persistent problems that affect food production. Dr Abdul Shukor Juraimi said that local farmers have to deal with blast disease (rice), moko disease (banana) and fusarium disease (tomato), among others.¹²

c. Growing population

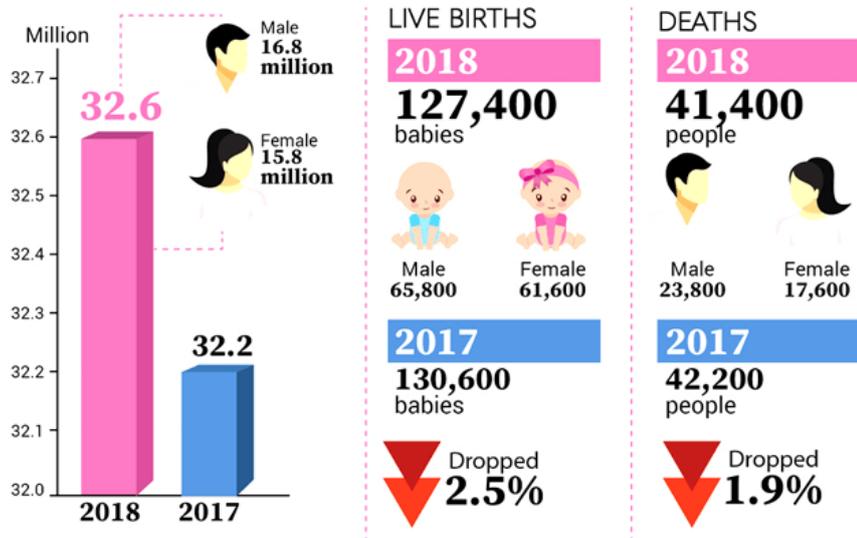
Growing population is also one of the factors that challenge our food production capability and may put a test on Malaysia's food security. Malaysia only has a population of 23 million in 2003, but now our population has climbed to 32.6 million.¹³ The government has been trying to maintain the food production capability and capacity as well as the self-sufficient level (SSL) with the growing population, but it remains a challenge.

¹² <https://www.theedgemarkets.com/article/agriculture-addressing-food-security-malaysia>

¹³ <https://www.thestar.com.my/business/business-news/2019/05/15/malaysias-population-increased-to-32pt29m-in-q1/>

MALAYSIA POPULATION REPORT

FOR Q4 2018



Source : Department of Statistics Malaysia | Bernama Infographics

<https://www.theborneopost.com/2019/02/13/malysias-population-stood-at-32-6-million-in-q4-2018/>

d. Rapid urbanisation

Urbanisation has proceeded rapidly in Malaysia over the last decade, the demand and supply of food balances also witnessed significant structural changes as a result. On the domestic front, rapid urbanisation has placed more pressure on the current food production systems, food quality and safety as well.

It is predicted that Malaysia's urban population will increase to 75 per cent in three years. Rapid urbanisation is pulling poverty and food insecurity into cities, given the fact that urban dwellers are actually net food buyers and depend largely on cash income to access food. It is a huge challenge for the government to ensure food security with rapid urbanisation by producing and distributing quality and affordable food.¹⁴

e. Climate change and resource constraints

Climate change also possesses a challenge for all sectors, especially agriculture and some related sectors which are very dependent on natural resources. Climate change would negate the advantage from biotechnology improvement, it is still a key factor in agricultural productivity and indirectly determining the level of food security of the country. Rice paddies production in Malaysia, as in other parts of the world, is extremely vulnerable to weather changes and extreme conditions such as drought and flooding. Given such a situation, the government was forced to maintain a level of protectionism concerning our rice industry to better ensure food security for the country.¹⁵

f. Low levels of mechanisation and automation

Some of the causes for the food sector's underperformance are underinvestment in agricultural research by government, small scale farms with a low level of technology, agro-

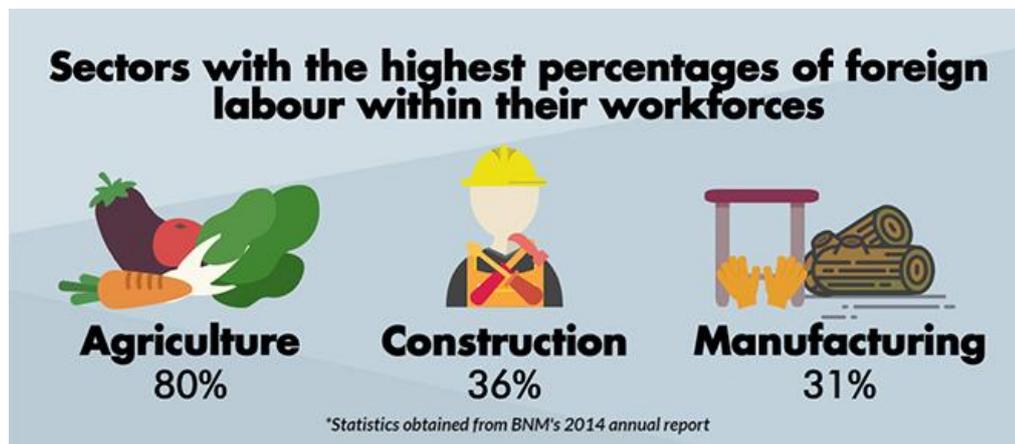
¹⁴ <https://www.theborneopost.com/2018/02/13/huge-challenge-to-ensure-food-security-with-rapid-urbanisation/>

¹⁵ <https://www.tandfonline.com/doi/full/10.1080/1943815X.2015.1112292>

entrepreneurship, climate change, and depleting resources. The previous PH government set up a special unit to boost agricultural investments. It was agreed that the way forward is to transform Malaysia into high tech, a modern farming country so we want to transform the agriculture sector, apply mechanisation and use big data.¹⁶ However, Malaysia's farming was still very much labour-intensive.¹⁷

g. Dependency on foreign workers

The agriculture sector is said to have employed the biggest share (27% in 2017) of documented foreign labour in Malaysia, although it has been declining over the years. Besides, many more undocumented foreign workers are employed in the agriculture sector. The easy availability of cheap foreign workers who are willing to take 3D (demeaning, dirty and dangerous) jobs not only depresses agricultural wages, it also disincentivises investment in agricultural mechanisation, discourages youthful participation in agriculture and depresses working conditions for the entire labour force in Malaysia.¹⁸ In 2019, the previous PH government reduced the extension levy for foreign workers after an outcry from the agriculture sector in a short-term measure to tackle the shortage of agricultural workforce, which speaks the heavy dependency on foreign workers in the agriculture sector.



<https://www.theborneopost.com/2017/02/12/the-foreign-worker-dilemma-2/>

h. Monopolies and oligopolies

Privatisation in food production in recent years has led to many institutions and companies move from the public to the private sector. More import permits and government-organised subsidies being directed to major players in the industries which have led to food monopolies and oligopolies. The privatisation policy has caused Malaysia to become more dependent on and dominated by a few politically-connected or influential food monopolies or oligopolies.

The consolidation and monopoly of the rice industry under Bernas has always been controversial. The rice industry was under the control of a single government-linked company – Bernas before it was eventually sold to private hands. Farmers are obligated to accept higher 'deductions' on padi sold by them to rice millers, which increased from 14-17% in the 1970s to

¹⁶ <https://www.malaymail.com/news/malaysia/2019/02/26/agriculture-ministry-sets-up-special-unit-to-boost-agrofood-investments/1727091>

¹⁷ <https://www.theborneopost.com/2012/04/15/malaysia-a-farmers-market/>

¹⁸ <https://www.theedgemarkets.com/article/malaysian-agriculture-success-much-be-desired>

more than 20% recently. Local rice farmers can only cater for about 70% of domestic needs and the situation is not helping much in improving food security.¹⁹

i. Weak ringgit

The ringgit depreciated to its weakest point against the US dollar so far on March 16 at 4.3047 as weaker crude oil prices heaped pressure on the Malaysian currency.²⁰ The weakening ringgit against the US dollar is also complicating the situation further as most of our food is imported. The ringgit is over 20% weaker to the greenback compared to five years ago.

Statistics produced by the Ministry of Agriculture and Agro-based Industry show an increase in food imports from RM38.8 billion in 2013 to RM51.3 billion in 2017. A yearly average increase of 7.2% was seen during these five years. Malaysia is lacking in its self-sufficiency level, and as a result, the country has experienced a rising deficit in its food trade. In 1990, the country's food trade deficit stood at RM1.1 billion, which rose to RM8.5 billion in 2006 and RM18.6 billion in 2018.²¹



<https://www.xe.com/currencycharts/?from=USD&to=MYR&view=5Y>

j. Middlemen

Besides, the role of middlemen in the food value chain also needs to be scrutinized. Malaysia Competition Commission (MyCC) in its report “Market Review on Food Sector in Malaysia under the Competition Act 2010” pointed out that the bargaining power of farmers is generally low due to their dependence on middlemen and limited price transparency.²² Many farmers who are not well off depend on middlemen for financial support in assisting them to purchase the inputs required for production and overcome uncertainty during the production period.

As a result, middlemen take a huge unreasonable cut disproportionate to the service that they provide, and they control the prices. Therefore, farmers remain poor, while the consumers have to pay more for the goods received. The government must take measures to provide services

¹⁹ <https://www.theedgemarkets.com/article/cover-story-time-act-food-security>

²⁰ <https://www.theedgemarkets.com/article/ringgit-weakens-past-430-against-us-dollar-oil-drag-despite-us-rate-cut>

²¹ <https://themalaysianreserve.com/2020/01/31/focus-on-local-food-production-reduce-imports/>

²² <https://www.mycc.gov.my/market-review/final-report-market-review-on-food-sector-under-competition-act-2010>

offered by middlemen such as transport logistics, storage and marketing at a reasonable price so that farmers stop relying on middlemen and subsequently lower food prices.

k. Unsustainable subsidy mechanism

Agricultural subsidies have often been abused for political advantage or patronage which is counterproductive to agriculture production and progress. Almost half of the Ministry of Agriculture's total budget over the years which was approximately RM1.8 billion in 2019 has gone to various rice subsidies, but there were no major improvements so far. The subsidies received have disincentivised crop diversification and little progress in raising productivity.

Table 6.2. The total amount of government expenditure on rice and paddy incentives and subsidies, 2014 – 2016 (RM m)

Programme	Actual Expenditure (m RM)		
	2014	2015	2016
Paddy Price Subsidy (<i>Subsidi Harga Padi</i>)	480	497	400
Fertiliser Subsidy (<i>Subsidi Baja Padi Kerajaan Persekutuan</i>)	457	389	400
Increase in Paddy Production Incentive (<i>Insentif Peningkatan Hasil Padi</i>)	80	-	-
Paddy Production Incentive (<i>Insentif Pengeluaran Padi</i>)	573	563	490
Rice Price Subsidy (<i>Subsidi Harga Beras</i>)	512	520	-
Certified Seed Subsidy (<i>Subsidi Benih Padi Sah</i>)	67	68	60
Hill Rice Fertiliser Subsidy (<i>Subsidi Baja Padi Bukit/Huma</i>)	-	20	39
Total Expenditure on Subsidies and Incentives (A)	2,168	2,057	1,389
Domestic rice production (m MT) (B)	1.84	1.77	1.76
Subsidy per kg of rice (RM/kg) [(A)/1000] / (B)	1.18	1.16	0.79
Total Expenditure for MOA (C)	4,422	3,954	3,385
Percentage Spent on Subsidies [(A)/(C)] x 100	49.0%	52.0%	41.0%

Sources:

(A) Sum of actual expenditure on paddy-related special programmes for B.21 Ministry of Agriculture and Agro-based Industries in Appendix 1: Operating Expenditure (pg. 117, 130-131, 126) of Federal Government Financial Statements (2014, 2015, 2016), Accountant General of Malaysia (1990-2017) (Accessed 24 October 2018)

(C) Actual expenditure of the total for B21. Ministry of Agriculture and Agro-based Industries in Appendix 1: Operating Expenditure (pg. 118, 132, 128) of Federal Government Financial Statements (2014, 2015, 2016), Accountant General of Malaysia (1990-2017) (Accessed 24 October 2018)

http://www.krinstitute.org/assets/contentMS/img/template/editor/20190409_RiceReport_Full%20Report_Final.pdf

A recent Auditor-General's report revealed that thousands of deceased paddy farmers including those who had passed away more than a decade ago continue to receive subsidies of RM57.92 million between 2016 and 2018.²³ The report also pointed out problems such as subsidy targeting, provision of poor quality paddy seedlings and delays in fertiliser distribution.²⁴

²³ <https://www.thestar.com.my/news/nation/2019/12/03/subsidies-were-paid-to-dead-farmers>

²⁴ <https://www.malaymail.com/news/malaysia/2019/12/02/a-gs-report-farmers-subsidy-and-incentive-scheme-poorly-managed/1815263>

I. Lack of quality seeds and breeds

As in the past, Malaysia did not emphasize on the seed production other than for rubber, oil palm and rice but relies mostly on imported seeds. Until 2012, Malaysia was importing 90% of the vegetables, 95% of the corn, and 100% of the melon consumed in the country. As a result, Malaysia is now facing certain limitations towards the development of the seed industry

Local seed production is low and is unable to meet local demand because the local inbred varieties are incapable to compete with superior imported hybrid varieties. There is also a lack of mandatory seed quality control system. The seed industry is also hampered by unorganized information as various agencies involved in the seed industry do not coordinate their functions. As a consequence, there is an inefficient manner of sharing information, which has led to ineffective planning, monitoring and evaluation of the seed industry. An inadequate number of trained personnel and lack of emphasis on agricultural research funding in the seed industry is also a prolonged problem. The seed industry is also suffering from a lack of private sector involvement as traders are more interested in trading.²⁵

m. Lack of private investment and funding

The previous PH government was encouraging private firms and government-owned companies such as Khazanah Nasional Bhd to invest in large scale fruit and vegetable farming to reduce Malaysia's food import bill which almost reached RM60 billion. It was noted that major companies were only focusing on large scale oil palm and rubber plantations leaving the revenue potential of fruit and vegetable farming largely overlooked.²⁶ Mahathir's long-time adviser Daim Zainuddin has also talked about the revival of Malaysia's long-neglected agriculture sector, saying that agriculture should be made attractive that ventures into agriculture have to be profitable. Daim suggested that in fact, the country should venture into smart farming involving the use of better technologies, adding that a new one-stop agency should be implemented to steer Malaysia into the field. But he also cautioned that success cannot be expected overnight.²⁷

MOA's Direction 'Priorities and Strategies 2019 - 2020'

On February 14, 2019, the Agriculture and Agro-based Industry Ministry unveiled a five-point plan geared towards ensuring national food security and boost revenue in the agriculture sector. The roadmap focused on food security, rural economic development as well as spurring domestic investment and international trade, among others, aims to free farmers, fishermen and livestock breeders from the shackles of poverty.²⁸

The then PH government aimed to achieve the five-point mission in ensuring that the agricultural industry would become more competitive via the implementation of 18 strategies and 51 initiatives. First, the PH government outlined efforts to modernise and increase agricultural production to ensure supply stability and the country's food prices by stressing on the paddy, ruminants as well as fisheries sub-sectors.

²⁵ <https://www.davidpublisher.com/Public/uploads/Contribute/586c55c26a897.pdf>

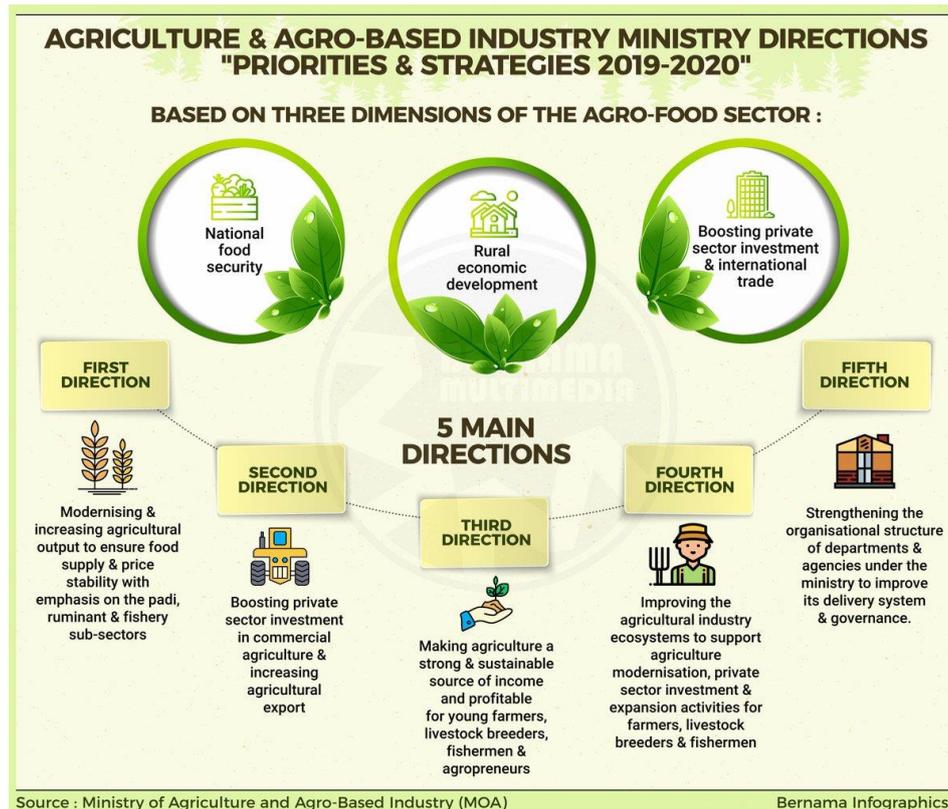
²⁶ <https://www.freemalaysiatoday.com/category/nation/2019/10/27/govt-wants-khazanah-private-firms-to-invest-in-large-scale-vegetable-farming/>

²⁷ <https://www.asiasentinel.com/p/malaysia-smart-farming>

²⁸ <https://www.nst.com.my/news/nation/2019/02/460273/agriculture-and-agro-based-industry-ministry-unveils-five-point-plan>

The second point was to spur private sector investment in agriculture commercially and increase agricultural trade export. While the third point was to make agriculture a solid, sustainable and profitable revenue source for farmers, livestock breeders, fishermen and young agropreneurs.

The PH government on the fourth point also aimed to improve the agricultural industry ecosystem to support agriculture modernisation, domestic private sector investment and expansion activities for farmers, livestock breeders and fishermen. The roadmap concluded with the fifth point stressing on the PH government's commitment to strengthen the organisational structure of the ministry's departments and agencies to improve the delivery system and administration.



<https://twitter.com/bernamadotcom/status/1096010390415147010>

In general, the roadmap aimed to make agriculture a key contributor to the country's economy and freeing agriculture players from the B40 category as well as ensuring food security. The five points in the roadmap were meant to serve as a key aspect of the strategy and approach in the government's bid to help farmers, breeders and fishermen. It was also stressed that the roadmap did not contradict or overlap the National Agro-Food Policy, it sought to complement the policy instead.²⁹

However, the PH government collapsed at the end of February 2020 with little progress to the plan. It remains to be seen whether the new Perikatan Nasional (PN) government would pick up from where PH left off when the country return to normalcy. However, current Minister of Agriculture and Food Industry Datuk Seri Dr Ronald Kiandee announced on April 22 that a Cabinet Committee on Food Security, chaired by Prime Minister Tan Sri Muhyiddin Yassin will be established soon to formulate the National Food Security Policy.

²⁹ <https://www.theborneopost.com/2019/02/15/five-objectives-put-forward-in-roadmap-to-ensure-food-security-agricultural-revenue/>

Political succession makes possible the re-evaluation of previous policy, while political competition encourages programmatic differentiation, it is not surprising that PN government might prefer the continuation of policy laid down by previous PH government with some tweak. Nevertheless, the most important part is that the people would like to see tangible and progressive results from government efforts to improve food security and increase the revenue of the agriculture sector in a post-Covid-19 environment.

Covid-19 threatens Malaysia's food security

The hard lesson that Malaysia must learn from the current Covid-19 pandemic and the current Movement Control Order (MCO) is that food security should not be taken for granted. The pandemic exposed how unprepared our food systems and there are inadequacies and shortcomings in many aspects in the food systems that have been overlooked or failed to be addressed despite highlighted for many years by on the ground stakeholders and experts. The gap between the governance concept and actual implementation on the ground needs re-evaluation and improvement from the PN government to improve our food security.

Although there is no several lack of food supply in the country, MCO has made it difficult for the people to buy essential items, shops were almost always out of stock, and even at some point unsold produce were thrown away by farmers who refuse to pay additional transportation costs to redirect the stock.

Food security has been given renewed attention after the world is plagued with the Covid-19 pandemic and reels from fears of paucity in food supplies. Malaysia was ranked 28th in 2019 in the Global Food Security Index (GFS) which comprised 11 countries. It was a big improvement after climbing up impressively from the 48th spot in 2018 due to the government's commitment to ensuring food stockpile and reduction of imports as well as diversification of crops.

However, the Covid-19 pandemic has again put a stern test on Malaysia's food security. The government and food industry players must act and work together to ensure the country is not threatened by food insecurity. The government must promote, protect and improve reliable, safe and affordable food production and supplies. This includes making emergency responses as well as to plan for longer-term solutions to support recovery and build resilience in our food systems.

Any effective response to improve food security in post-Covid-19 requires examining on how to restructure national food systems. It is prerequisite to understand how the Covid-19 pandemic affects the food security of our country so that we can devise comprehensive and effective measures to enhance food security of Malaysia.

a. Transportation and economic restrictions disrupt food systems

Majority of Malaysian consumers rely on markets for food supplies. However, global lockdown and MCO on the domestic front with business closures are affecting the movement of commodities and products to consumers with dense urban and semi-urban areas more likely to be affected. Malaysia's food systems constituted by a wide range of small and medium enterprises, they are providing production, processing, marketing and food services including food vendors and restaurants. Their inability to operate will greatly affect food access throughout the country.

b. Export bans and border closures make things worse

The imposition of an export ban by major suppliers such as Vietnam suspended rice export in March 2020 to ensure food security of its country amid fear of Covid-19 pandemic mirrored the

2007-08 global food crisis which stemmed from a shortage of staple food stocks such as rice, corn and wheat followed by export bans by major suppliers. Trade restrictions would result in higher food prices that could lead to serious food insecurity in some parts of the world, Malaysia is not exempted due to our low level of SSL in rice production.

Fortunately, there is no global food supply shortage from Covid-19 pandemic in 2020, but panic buying and food hoarding by consumers have put a strain on food supply chains, this was made worse with the implementation of MCO and temporary suspension of some sectors in food systems. Some major staple food suppliers such as Vietnam, Thailand, Cambodia have already placed or are considering export restrictions as part of policy responses towards Covid-19 pandemic, Malaysia which is import-dependent should take this opportunity to review and improve its food security.

c. Job losses economy-wide reduce the food purchasing power

The six-week MCO has put a strain on the economy, the number of people reporting the loss of jobs and seeking aid under Socso's Employment Insurance Scheme (EIS) has risen substantially in March even before the MCO to contain the spread of Covid-19 was implemented.³⁰ It was also reported that almost 50% of self-employed Malaysians are out of work after the MCO was imposed due to the Covid-19 outbreak, according to a survey by the Department of Statistics.³¹ The Malaysian Institute of Economic Research (MIER) estimated that around 2.4 million Malaysians could lose their jobs due to the Covid-19 crisis.

The loss of jobs and income due to MCO is causing financial hardship for many Malaysians and with it their ability to buy food and other necessities. The reduced food purchasing power will affect the food security of the nation with the poorest the hardest hit.

d. Future agriculture production threatened by lack of labour, services and inputs

Planting of the 2020 secondary season paddy crop will take place from March to May.³² It is the beginning of the major agricultural production season amid the Covid-19 pandemic. However, businesses in the food systems such as seeds, fertilizers, mechanization services and livestock feed are constrained in their abilities to deliver the supplies or services needed on time. Farmers may struggle to yield agricultural outputs and subsequently unable to pay for inputs and services.

Labour shortages also cause problems due to movement restrictions, border closures or worker illness as Malaysia agriculture is still very much a labour-intensive. Delayed planting and will result in production decline for the coming cropping season, which would be prolonging and deepening the impact of the Covid-19 pandemic on food security.

e. SMEs for food production and post-farm services face financial ruin

The private-sector-led agriculture growth through small and medium enterprises (SMEs) took a direct hit from the economic shutdowns and mandated Covid-19 control in MCO. Although the government had rolled out RM260 billion stimulus package, the country is still weathering its worst economic recession in history with deep downturns due to the Covid-19 pandemic and MCO. Finance Minister Tengku Zafrul reportedly said the country haemorrhaging RM2.4 billion

³⁰ <https://www.thestar.com.my/news/nation/2020/04/03/job-losses-surged-in-march-but-all-is-not-lost>

³¹ <https://www.thestar.com.my/news/nation/2020/04/09/mco-almost-50-of-self-employed-malaysians-lost-their-jobs-survey-finds>

³² <http://www.fao.org/qIEWS/countrybrief/country.jsp?code=MYS>

daily from economic recession impacting the nation's income.³³ Food SMEs are reportedly staring at the brink without government support amid Covid-19 lockdown with many facing a low cashflow problem, low demand, uncertainty, short of raw materials supply, delays, unsustainable business costs and many more.³⁴ Delays in deliveries of essential agricultural inputs will have the reverberating effect on food supplies for many months to come. The problem is now compounded with economy-wide job losses and incomes due to Covid-19 pandemic and MCO.

Policy recommendations

The post-Covid-19 pandemic period could be an opportunity for Malaysia to undertake reforms on food security. The government decided to set up a Cabinet Committee on Food Security as announced by Minister of Agriculture and Food Industry Datuk Seri Dr Ronald Kiandee was a right move and should be given priority and commitment to ensure its progress and implementation.

Although food access is not an issue for most Malaysians, food affordability remains a very serious problem that requires immediate attention and improvement. Malaysia's economy spirals from weakening ringgit against the US dollar and our continued dependence on import foods remain a concern for our food security moving forward.

It has been reported that our food imports for 2019 have hit almost RM60 billion annually, which is certainly too high for a country with a population of 32 million people.³⁵ According to reports, Malaysia's food import bill ballooned from RM10.5 billion in 1998 to RM51.28 billion in 2017, while food exports increased from RM6.15 billion in 1998 to RM31.84 billion in 2017.³⁶ Our food trade balance deficit is very obvious.

Being heavily integrated into global value chains, Malaysia is heavily dependent on exports and imports for its existence. Even worse is a trend worsening in the food and beverages trade balance over the period 1989-2019. While our self-sufficiency rate on rice has fallen from its peak of 86% in 1975, we have become import reliant on several other food items since 1989, including vegetables and beverages.³⁷

Malaysia is not in a food security crisis presently, but Malaysians have become poorer and the current pattern of food imports is not sustainable. The government needs to review food import and distribution system, including Approved Permits and import permits and review the pricing too which involves the middlemen and food monopolies and supply oligopolies as import licenses only awarded to a handful of politically-linked importers.

The government may need to devise a wide-ranging food security policy so that the people can have access to healthy and diverse diets as well as ensuring food safety with better quality.

According to a comprehensive paper titled "Achieving Food Security For All Malaysians" by Khazanah Research Institute (KRI) written in 2019 by Jomo Kwame Sundaram, Tan Zhai Gen and Jarud

³³ <https://www.nst.com.my/news/nation/2020/05/589338/malaysia-facing-worst-economic-recession-its-history>

³⁴ <https://salaamgateway.com/story/malaysian-food-smes-staring-at-the-brink-without-government-support-amid-covid-19-lockdown>

³⁵ <https://www.nst.com.my/news/government-public-policy/2019/10/533540/dr-m-farmers-must-change-mindset-and-diversify>

³⁶ <https://www.straitstimes.com/asia/malysias-food-security-for-thought-the-star-columnist>

³⁷ <https://www.thesundaily.my/opinion/malaysia-needs-a-pandemic-production-act-DC2253603>

Romadan Khalidi, it was suggested that concrete steps will have to be taken for the country to improve food security.³⁸ Below are four policy recommendations that should be considered:

a. Reconsider Malaysia's commitment to achieving rice self-sufficiency

The current official commitment to achieving 70% rice self-sufficiency by 2020 in the *Dasar Agromakanan Negara* and the longstanding preoccupation with rice self-sufficiency is due to a limited and distorted interpretation of what 'food security' implies. Therefore, food security can be more effective, efficiently and cost-effectively ensured by various means, such as reliable long-term supply contracts and diversification of supply sources for particular food items. This has been done by many other countries and should be considered and implemented as appropriate for Malaysia. The current policy of increasing rice production for self-sufficiency has not secured national food security. Ultimately, an optimal food security policy for the country will also need to ensure affordable food prices.

b. Alternative policy options to strengthen national food security and improve farmers wellbeing

Reconsideration of food security policies must also consider alternative employment, crops and income opportunities for those engaged in farming, especially rice farmers. Serious consideration of such options must include transition plans and costs as well as their medium to long-term viability for improving farmers welfare and population nutrition due to the dietary diversity of food consumption in the country. The government will need to comprehensively assess the risks, costs and benefits of alternative policy options for the economy and the environment, especially for consumer and farmer welfare. This will help in formulating optimal use of government funds to help farmers thrive while ensuring the wellbeing of needy consumers.

c. Multifaceted food security policy to ensure healthy, diversified diets for all

More work on the supply chains of different food items needs to be done. Food security policies should also be oriented to address malnutrition beyond 'dietary energy undernourishment', especially to address micronutrient deficiencies and diet-related noncommunicable diseases, including those associated with obesity and overweight. Food security should also be concerned with ensuring the availability, accessibility, affordability and consumption of healthy food. Excessively or inappropriately processed foods have severely compromised the nutritional value of food consumed. Healthy living may also need other interventions besides ensuring that foods required to overcome micronutrient deficiencies are consumed by all. The related food security problem of utilisation is directly linked to nutrition, the subject of a companion report

d. Food safety should get much greater policy consideration

Food safety is just as important in ensuring food security. Food unsafe for human consumption, even if abundant, can cause poisoning as well as gastrointestinal and other diseases, including cancers. Unsafe practices, especially in the use of harmful chemicals in food production, not only endanger consumer food safety but also threaten the occupational health and safety of food producers. Food safety is greatly neglected in food policy discourse.

38

http://www.krinstitute.org/assets/contentMS/img/template/editor/Discussion%20Paper_Achieving%20Food%20Security%20for%20all%20Malaysians.pdf

Food security in the face of Covid-19 pandemic that is posing unprecedented challenges on a global scale. Malaysia can draw experience from the international response to past crises and the Covid-19, which shows the importance of coordinated crisis response and great focus on effective interventions to ensure food security remains robust and healthy amid the health emergency or crisis. The government can build on the successful experience in strengthening private-sector-led and sustainable market systems as a foundation for advancing further food security of Malaysia.

a. Support food crisis response teams at the national level

Experience from previous global crises highlights the importance of a coordinated effort to gather technical, political and economic leaders and experts to support government-led responses in ensuring food security of the country in time of crisis. Coordination, swift action and data analysis are important in reducing the impact of the Covid-19 pandemic on food systems of the country as well as establishing priorities for monitoring the delivery of emergency assistance and intervention as well as planning for the upcoming production season or recovery.

b. Stabilize food markets and reduce price volatility

The government should advocate for the removal of export restrictions and free movement of agricultural commodities and inputs at the global, regional and national level during an emergency or crisis. The government should draw data to identify areas of concern, maintaining bilateral and multilateral discussion with neighbouring countries, especially major suppliers to ensure a continued flow of agricultural products so that food markets can be stabilized. It is also advisable for the government to provide production incentives to farmers, assistance in supply trucks logistics and also crackdown on food price profiteering. Priorities also should be set towards funding safety net programs, keeping domestic agricultural trade flowing and minimizing the failure of businesses in agro-food sectors, especially SMEs.

c. Provide immediate food relief while preserving the jobs in agro-food sectors

The government can provide funding and technical advice to transfer emerging best practices in safety assessment and protocols that will allow local food markets and other enterprises to reopen by supplying different kinds of foods safely during MCO. This will help ensuring the business can stay in business and continue to employ workers. Transfer of practical innovations and technical assistance to SMEs to help them adjust business models and products to stay in business during a health emergency, such as the use of electronic vouchers, contact-free food delivery options and payment, repurposing kitchens and school feeding programs.

d. Ensure land preparation, planting and production for coming agricultural season not delayed

The government can support crisis response teams to facilitate the use of data and analysis to forecast crop and livestock system needs and work with the private sector to identify and address constraints so that agricultural input, transport and marketing needs can be met. Financial and technical assistance should also be provided to ensure safe movement of agricultural inputs and provide agricultural services as well as to maintain the operation of critical farming and livestock to prevent food insecurity.

e. Improve a better, healthier and connected food systems

The Covid-19 pandemic despite its negative impacts, it also provides an opportunity to kickstart a heightened effort to improve our food systems after reviewing and experiencing its

weaknesses and shortcomings at first hand. It is necessary and opportune to transform our food systems into more climate-resilient, healthier and digitally connected.

Ensuring food security in a crisis goes beyond these policy recommendations. There are also some other suggestions that worth being studied and adopted to complement and better the results. Among them such as expand and improve emergency food assistance and social protection programs; give smallholder farmers support to both enhance their productivity and market the food they produce, also through e-commerce channels; keep the food value chain alive by focusing on key logistics bottlenecks; address trade and tax policies to keep the global trade open and finally it is also equally important for the government to manage the macroeconomic ramifications.

Covid-19: Overview on food protectionism in ASEAN

By mid-April, the rapid spread of Covid-19 cases in Southeast Asia has exposed the region's divisions on food security, particularly as rice-growing nations move to lock up supplies of the staple.

In Thailand, the world's second-biggest rice exporter, a curfew imposed on April 3 is driving consumers to hoard rice for fear of a prolonged stay-at-home order. Meanwhile, Vietnam, the third-largest exporter, imposed a rice export ban on March 24, with Cambodia the following suit. Vietnam's decision came as no surprise that the decision followed the Prime Minister's statement at a cabinet meeting on the imperative of ensuring food safety amidst the complicated developments of the Covid-19 pandemic.³⁹

Such actions by major rice growers in the region have raised concerns in importer nations and prompted senior officials from the Association of Southeast Asian Nations members to hold an urgent meeting to seek ways of securing food supplies in the 10-nation regional bloc ASEAN.

It was reported later that all ASEAN nations agreed to keep their trade open to allow all members access to goods, particularly good. However, it was also stated that each country should have their right to take any action to secure their food security s Vietnam did. It was concluded that more time is needed to reach an agreement.⁴⁰

Meanwhile, PricewaterhouseCoopers (PwC) report warned that ASEAN'S food security could well be jeopardised if governments do not protect the broader supply chain accordingly. To ensure the food security of ASEAN communities, the report commissioned by Food Industry Asia (FIA) suggested that collaborative and concerted efforts are required between the food industry and governments to keep supply chains open and minimise disruption of food manufacturing and distribution.⁴¹

On March 27, Malaysia's Ministry of Agriculture and Food Industry told Reuters that the country has enough rice to last two and a half months, two days after Vietnam suspended exports to feed its people amid the COVID-19 epidemic.⁴²

On April 27, ASEAN country leaders reaffirmed their commitments to ensure food security and smooth regional food trade in the ASEAN Special Summit on Covid19.⁴³ The ASEAN+3 leaders agreed to

³⁹ <https://e.vnexpress.net/news/business/industries/vietnam-suspends-rice-exports-to-ensure-food-security-4074377.html>

⁴⁰ <https://www.foodnavigator-asia.com/Article/2020/04/27/Can-t-fight-COVID-19-alone-ASEAN-leaders-call-for-urgent-collaboration-in-food-security-and-open-trade>

⁴¹ <https://themalaysianreserve.com/2020/04/13/aseans-food-security-at-stake-if-supply-chain-disruptions-persist/>

⁴² <https://www.channelnewsasia.com/news/asia/coronavirus-malaysia-food-supply-rice-vietnam-12583380>

⁴³ <https://asean.org/joint-statement-special-asean-plus-three-summit-coronavirus-disease-2019-covid-19/>

remain committed to keeping ASEAN markets open for trade and investment after the summits, as well as to enhance inter-and intra-regional cooperation.⁴⁴

Suggested government responses

As we learned from previous crises and experiences, governments can overcome the risk of food shortage or high prices with the support of each other, financial institutions and the United Nations as well as important non-state players. Stimulus packages can be introduced to stabilize the agriculture sector.

On a global and regional level, governments should conduct transparent dialogues with businesses, technical agencies, academia, and civil society to address emerging risks. It is important to build on existing global mechanisms such as the Committee on World Food Security to prevent a full-blown food crisis. Such platforms or entities enable policy discussions and a sharing of guidance tools. Above all, government leaders and officers must promote stability, transparency, accountability, the rule of law, and non-discrimination in framing food regulatory standards and frameworks.

It is also equally important that governments set up or strengthen social-protection mechanisms or social safety net to protect and help the most vulnerable in society during a difficult time. The elderly, handicapped, pregnant and breastfeeding women, infants and school children and even prisoners who rely on feeding programs are most susceptible to food insecurity, they should be prioritised in any government interventions.

It is only natural and entitled and understandable for all governments to increase the resilience of their food systems, especially in a health emergency such as Covid-19. Coordinated and targeted efforts should be made to strengthen the management of markets and building food redundancy or stockpiling to prevent supply-chain disruptions, it would help ensure that food systems remain healthy during a crisis.

The activities of food production, storage, distribution, processing, packaging, retailing and marketing of food should continue to be supported for operation. The business should be encouraged to keep innovate and adjust to the new environment during and after the pandemic. There must also be protected in place for food workers and prevent workforce shortage.

However, it is important to note the importance of keeping food security and smooth regional food trade in ASEAN as no country can stand alone in overcoming health emergency and food insecurity at a global level which affects ASEAN region as a whole. ASEAN governments must show solidarity and ensure supply chain connectivity and smooth flow of goods especially agriculture commodities.

Conclusion

During the Covid-19 pandemic, the world's immediate focus was on health and containing the spread of Covid-19, including Malaysia. However, the economic shutdown and restricted movement pose a grave risk to food supply, production, and livelihoods which may trigger food insecurity as a side-effect from the Covid-19 pandemic.

⁴⁴ <https://www.foodnavigator-asia.com/Article/2020/04/27/Can-t-fight-COVID-19-alone-ASEAN-leaders-call-for-urgent-collaboration-in-food-security-and-open-trade>

These impacts will be particularly severe in low-income countries, where most of the world hungry reside, and as much as half of all employment is agriculture-related. Malaysia is an import-dependent country for food supplies, the Covid-19 pandemic exposes weaknesses and shortcomings in our food systems which must be addressed by the government. The government has made the right move to set up Cabinet Committee on Food Security, but a lot more need to be done in coming years to improve our food security, the government strong leadership and swift action are needed to improve it.

Ensuring food security goes beyond the scope of discussion here. It is also no less important in ensuring the future sustainability of food production and consumption against the background of deterioration of agricultural land and climate change which are impacting crop yields and food availability. The government must come out with a coherent and comprehensive national food policy to address these challenges, which are part and parcel of food security. If appropriately conceived and implemented, it would improve our food systems and in turn better food security for all Malaysians.

June 2020

//END