

## CHAPTER I - INTRODUCTION

The oil palm is comparatively a new tree crop in the Federation of Malaya. It is of African origin and has proved itself favourable to the soil and climate of Malaya. The crop is mainly an estate crop. Very few smallholders plant the crop due to the high overhead costs involved in installing the factory and the processing equipment. As a result of this it is no surprise to see that almost the total acreage of oil palm is in the hands of estate owners.

Oil Palm has been recommended as one of the crops that can ensure agricultural diversification of the economy. Malaya's dependence on rubber has made the economy very unstable. Moreover, the present trend in the price of rubber makes the rubber industry very unstable. Thus various institutions such as the Ford Foundation, the International Mission for Reconstruction and Development and the 2nd five year planning board have mentioned the importance of the oil palm as a crop that would enable agricultural diversification.

Thus with such an outlook there seems to be a bright future for the oil palm industry in Malaya. Its favourable stable prices and the faster rate of maturity makes it the crop that has to be considered most next to rubber.

### a) Object of Study:

The study shall be entitled "The Malayan Oil Palm Industry - The Present and Future Outlook". It is aimed at bringing out the outlook of the oil palm industry - both present and future. A study of the present outlook is aimed at showing the existing state of the industry - its consumption and production patterns and the like. An analysis of the future outlook is aimed at showing the future position of the industry - its future production and consumption and its position among the other tree crops in the country.

### b) Methodology

#### Steps:

- (1) An introduction of the history, growth and the importance of the oil palm industry to Malaya.

- (2) An analysis of the production of oil palm products - its methods, acreage and output.
- (3) An analysis of the consumption of oil palm products - its uses, foreign consumption and local consumption, prices and marketing methods.
- (4) Projections of future production and consumption - the future conditions of the industry; and the role of the government in helping the industry.
- (5) Conclusion - A summary of the present features, some recommendations and an assesement of the future position of the industry.

c) Method of Research:

There has been no definite method of research. Data has been collected from many sources, Such as books, journals and various institutions connected with the oil palm industry e.g. Ministry of Agriculture, Department of Statistics and the Commonwealth Development Corporation. The data collected has been on such topics as present production, consumption, methods of estate production, exports and the like. Analysis of the present trends are made from such data. The forecasts and projections into the future are based on the present data. Such forecasts includes methods such as the use of trends. Forecasts on future production and consumption will be given the main emphasis.

d) Sources of Material:

The main sources of data are from Journals such as the Malayan Agricultural Journals, Federation year books and the like, Department of Statistics, Ministry of Agriculture, Commonwealth Development Corporation and various oil palm estate establishments.