

CH PT 3 THE
COCONUT INDUSTRY IN MALAYA

The coconut industry has been thought of as a smallholding industry. This is so, as the average size of coconut farms is about 3½ acres. Since most of the coconut farms are smallholdings, some 85% of the industry, it is thought that the industry is insignificant. This is an optical illusion and a myth. It is most illogical to argue that since the industry is made up of small farms, then it must be insignificant. This need not necessarily be so.

The two main factors which make public opinion think that the industry is insignificant are: the lack of published information on the industry and the predominating position held by rubber in the economy of Malaya. This chapter is out to assess the importance of the industry to the economy of Malaya.

Cultivated Land under Coconut

Malaya is predominantly an agricultural country. So one way of assessing its importance is to put the total acreage under coconut farms against the total cultivated land in Malaya. Table 8 shows that in terms of cultivated acreage, the coconut industry ranks third in order of significance as a major agricultural crop. Coconut rank third after rubber and rice. In other words, for every 7 acres of rubber farm and 2 acres of padi farm, there is one acre of coconut farm.

Rubber is the mainstay of the economy of Malaya. In recent years, the future of natural rubber is rather dim because of the continued competition from synthetic rubber. There is therefore the need to diversify the economy of Malaya to mitigate its over-dependence on the rubber industry. The Government realises the need to diversify the economy of Malaya to ensure greater stability

and has declared that measures would be taken to diversify agriculture as one of its major economic policy. Such a policy would mean that there would be government assistance to improve the major agricultural crops of which coconut is one.

TABLE 8
Cultivated Area under Crops in Malaya, 1958.
(in thousand acres)

Crops	acres
Rubber	3,481
Rice	909
Coconut	518
Oil Palm	122
Tea	11
Other minor crops	450
Total cultivated areas	5,481

Source: Federation of Malaya, 1961 Official Year Book, Table 23 p.457.

Employment in coconut industry

The importance of the coconut industry can also be assessed in terms of the number of people employed in the industry against the total economically active population in Malaya. How important the coconut industry is as a source of employment?

According to the 1957 Population Censes, the total economically active population is 2,126,000. Table 9 shows that out of the total economically population of 2,126,000, 39,319 people are employed in the coconut industry. In terms of number of people employed, for every 15 people employed in the rubber industry and 10 people in the padi industry, there is 1 person employed in coconut farming. Therefore, from the point of view of coconut industry as a source of employment, the industry is significant.

TABLE 9
AGRICULTURAL EMPLOYMENT, 1957
(in persons)

Crops	Number of People
Rubber	509,476
Rice	479,692
Coconut, Copra etc.	39,519
Palm Oil	11,158

Source: Lee Ming Chong, op. cit., Table 3, p.37.

Contribution to Export Earnings

The significance of an industry may be assessed in terms of its contribution to export earnings. Export earnings are needed to pay for items of imports for local consumption and economic development.

Table 10 shows that the total export of domestic produce is worth \$1,1486 million in 1953. Out of this total export earnings, coconut contributed \$58 million. The \$58 million contribution to total export earnings make coconut the second significant contributors among agricultural crops and third significant contributors for the entire economy of Malaya in terms of its contribution to export earnings. Table 10 shows that for every \$11/- earned by rubber and \$5/- earned by tin, coconut earned \$1/- of export earnings. On this criteria, the coconut industry is a significant industry.

TABLE 10
EXPORT OF DOMESTIC PRODUCTS, 1953
(\$ million)

Domestic Produce	Value	%
Rubber	898	
Tin	351	
Coconut Products	58	
Palm Oil and Kernels	37	
Others	142	
Total	1,486	

Source: IBRD Mission Report on Malaya, 1955, Table 2 p.16

SUMMARY

In the past, the coconut industry has been thought of as an insignificant industry. Such an opinion about the industry is understandable and much of it is due to the lack of attention and study given to the industry, the predominating position held by rubber in the economy of Malaya and the optical illusion that since most of the coconut farms are small, the industry must be insignificant. The facts in the foregoing pages have showed overwhelming obvious, that the coconut industry is a significant industry in Malaya. The myth that the industry is insignificant is therefore shattered.