



# HOW TO SUSTAIN COCOA PRODUCTION FROM MALAYSIA'S PERSPECTIVE



**WORLD COCOA CONFERENCE 2016**

Barcelo Bavaro Convention Center

Bavaro, The Dominican Republic

**22-25 May 2016**



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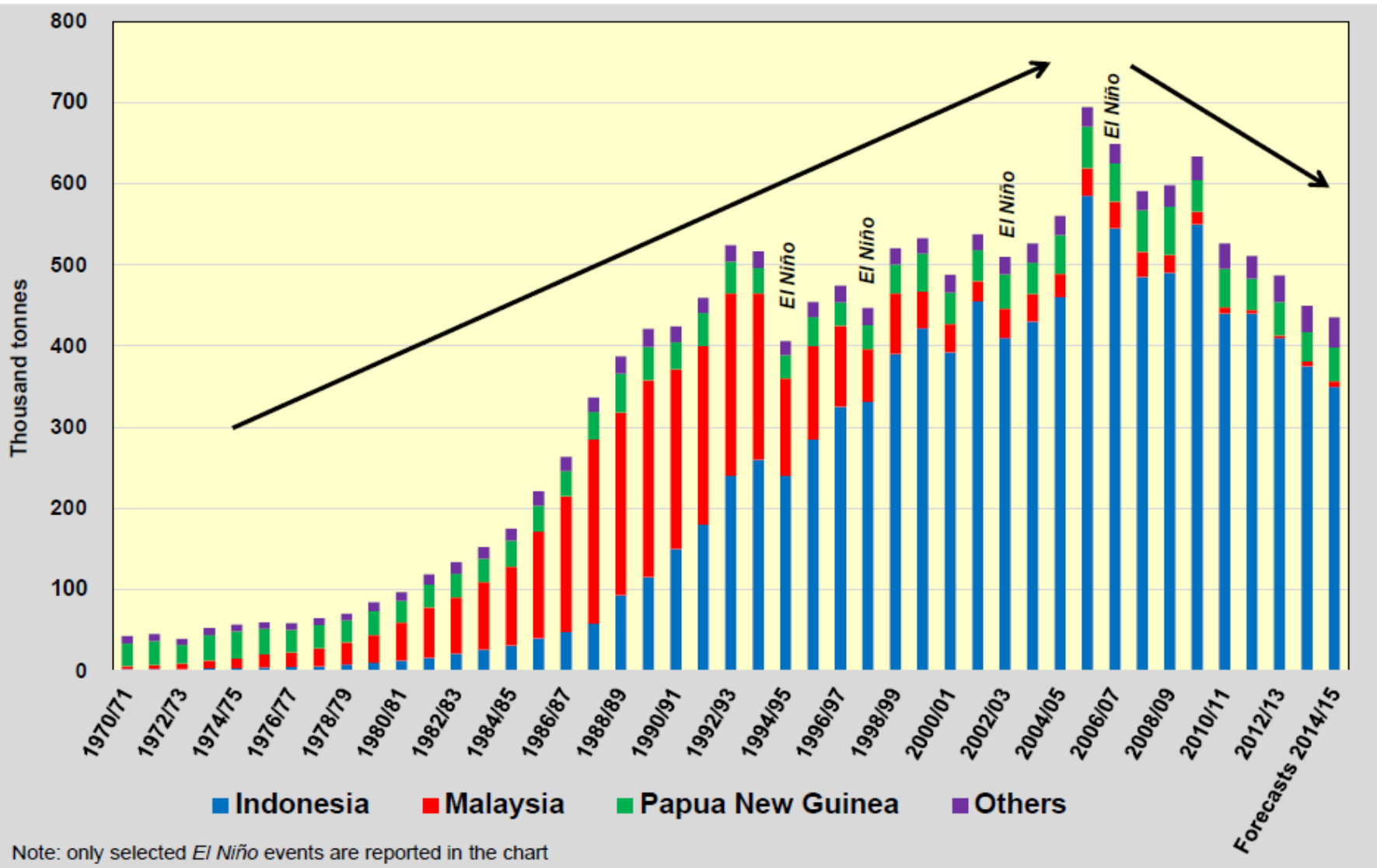
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# What is the future of cocoa production as a sustainable means of livelihood for cocoa farmers? Are cocoa farmers being priced out of cocoa production?

- Cocoa production would only be sustainable if the price of the cocoa beans offered by the buyers is above the cost of production.
- We believe cocoa production still can give a better living standard to the farmers especially in Malaysia with the current price stabilization and cocoa production system.
- Cocoa farmers in Malaysia received a good prices under the Domestic Marketing Support Service and this has encouraged them to produce good graded beans such as SMC 1.
- In Malaysia, cocoa production system are highly intensive and utilizing all possible natural inputs such as mulching, ensuring moisture retention and organic matter nutrient recycling, optimum photosynthesis of cocoa plants with 75% light intensity and using leguminous shade plants that enrich soil by air-nitrogen fixation and applying mineral nutrients where there are determined deficits.

# Asia-Pacific production: Country contribution



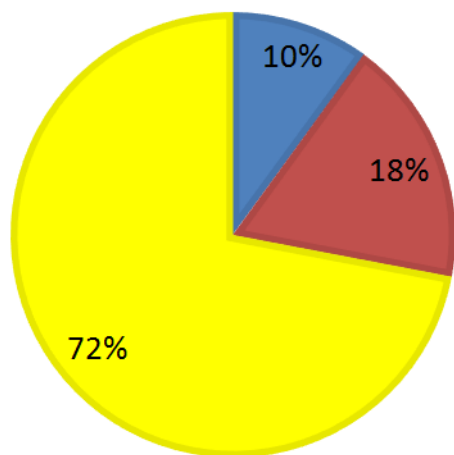
Source: ICCO 2016



# Asia-Pacific cocoa production: Situation in 2014/2015

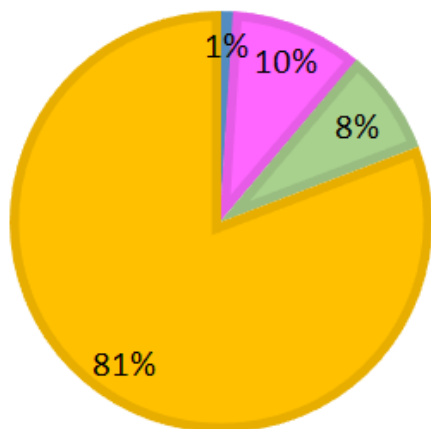
Production: regional distribution

■ Asia & Oceania ■ America ■ Africa



Production: Asia-Pacific Region

■ Malaysia ■ PNG ■ Other ■ Indonesia

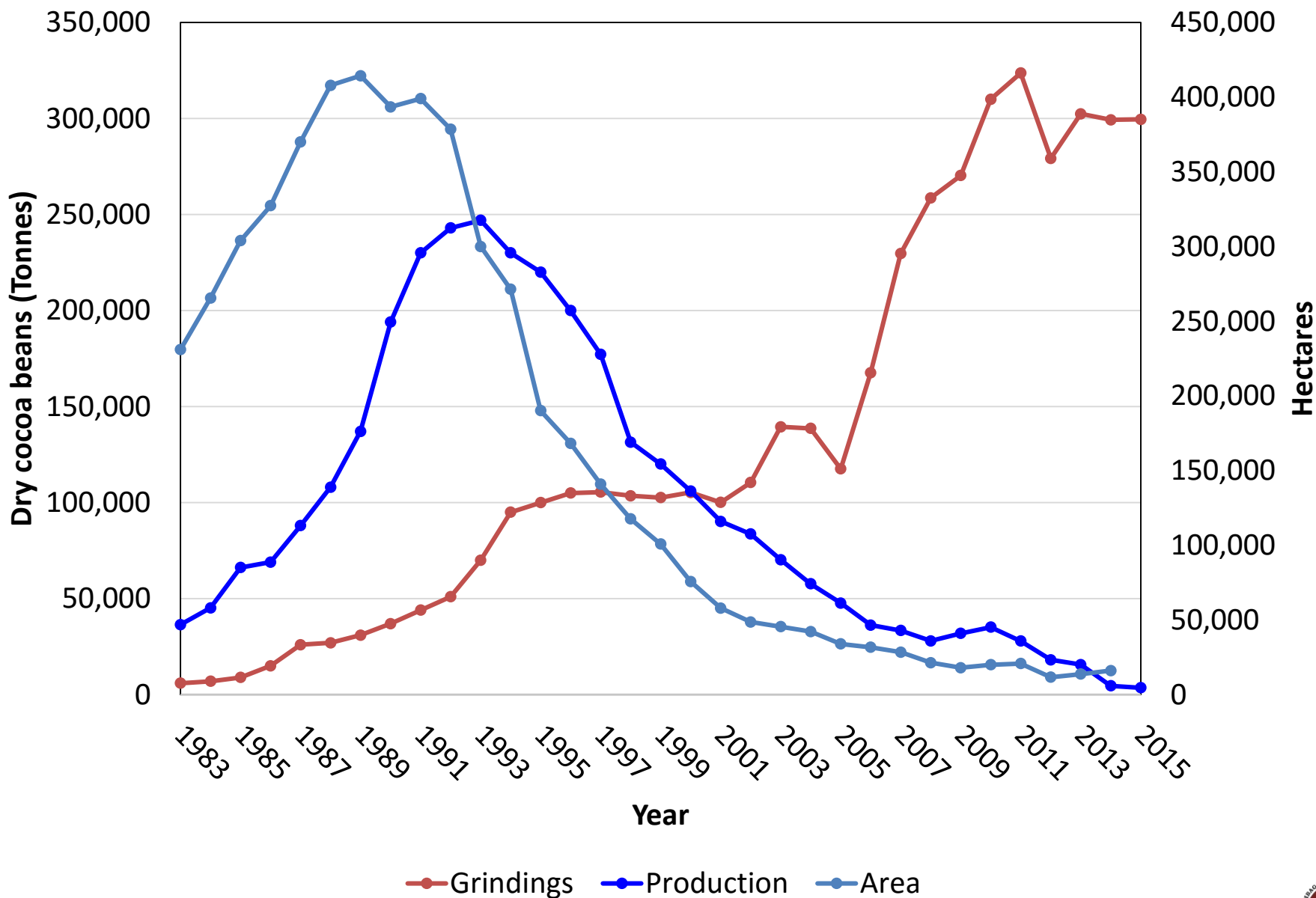


Cocoa production, in thousand tonnes

|                        |     |
|------------------------|-----|
| Indonesia              | 350 |
| Papua New Guinea       | 42  |
| India                  | 16  |
| Malaysia               | 6.5 |
| Vietnam                | 6   |
| Philippines            | 5.5 |
| Solomon Islands        | 5   |
| Vanuatu                | 2   |
| Sri Lanka              | 0.5 |
| Thailand               | 0.4 |
| Fiji                   | 0.1 |
| Other Asia and Oceania | 1   |

Source: ICCO 2016

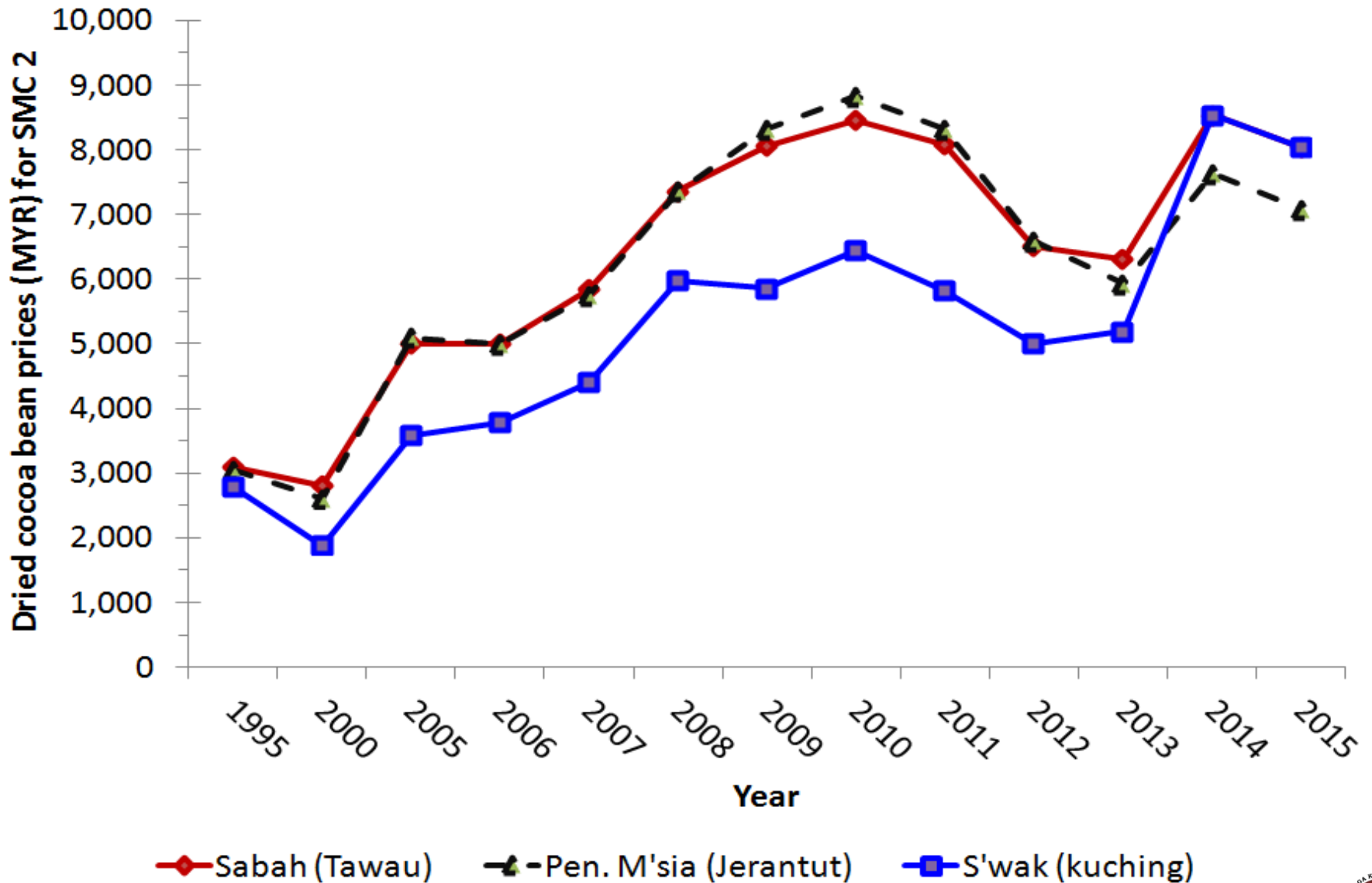
# COCOA AREA, PRODUCTION AND GRINDINGS IN MALAYSIA



# Cocoa Planting Area and Participants under Malaysia Plan Program

| Region       | 7 <sup>th</sup> M'sia Plan<br>(1996 – 2000) |              | 8 <sup>th</sup> M'sia Plan<br>(2001 – 2005) |              | 9 <sup>th</sup> M'sia Plan<br>(2006 – 2010) |               |
|--------------|---|--------------|---|--------------|---|---------------|
|              | Acreage<br>(Ha)                             | Participants | Acreage<br>(Ha)                             | Participants | Acreage<br>(Ha)                             | Participants  |
| Sabah        | 460   | 461          | 1,000                                       | 886          | 4,588                                       | 3,801         |
| Sarawak      | 272   | 271          | 603   | 661          | 5,803                                       | 5,756         |
| Pen. M'sia   | 268   | 344          | 409   | 480          | 2,247                                       | 2,429         |
| <b>Total</b> | <b>1,000</b>                                | <b>1,076</b> | <b>2,012</b>                                | <b>2,027</b> | <b>12,638</b>                               | <b>11,986</b> |

# Cocoa bean prices in Malaysia



## What model of cocoa farming should be encouraged to accelerate the development of the cocoa sector, and to modernize cocoa growing?

- Cocoa Farming - Malaysia in the direction to **COCOA CLUSTER PROGRAM**, Integration with other commodities and also high income crops.
- We also plan to have complete clonal planting with high yields and specific flavor throughout Malaysia.
- Besides that, some research activities are focused on mechanization to overcome the labour shortage.



# MALAYSIA COCOA CLONES

- Introduction
- Clones Technical Information
- Class I Clones

53

6

KKM 22                      MCBC 10  
MCBC 1  
PBC 123  
QH 1003  
MCBC 8

- Class II Clones

17

|         |         |         |
|---------|---------|---------|
| BR 25   | KKM 1   | KKM 4   |
| KKM 5   | KKM 19  | KKM 25  |
| MCBC 9  | PBC 112 | PBC 137 |
| PBC 139 | PBC 221 | QH 22   |
| RP 1    | MCBC 11 | MCBC 12 |
|         |         | MCBC 13 |
|         |         | MCBC 14 |

- Class III Clones

19

|         |         |         |
|---------|---------|---------|
| BAL 209 | BAL 244 | DESA 1  |
| KKM 2   | KKM 6   | KKM 15  |
| KKM 17  | KKM 26  | KKM 27  |
| KKM 28  | MCBC 2  | MCBC 4  |
| MCBC 6  | MCBC 7  | PBC 159 |
| PBC 179 | QH 37   | QH 326  |
| QH 1176 |         |         |

- Class IV Clones

11

|         |         |         |
|---------|---------|---------|
| KKM 3   | MCBC 3  | MCBC 5  |
| PBC 130 | PBC 131 | PBC 140 |
| QH 186  | QH 240  | QH 441  |
| QH 968  | QH 1287 |         |

# MCB's Cocoa Clones

## MALAYSIAN COCOA BOARD 1<sup>ST</sup> SERIES CLONE FEATURES



**MCBC 1 MCBC 2 MCBC 3 MCBC 4 MCBC 5**

## MALAYSIAN COCOA BOARD 3<sup>RD</sup> SERIES CLONE FEATURES



**MCBC 10**

**MCBC 11**

**MCBC 12**

## MALAYSIAN COCOA BOARD 2<sup>ND</sup> SERIES CLONE FEATURES



**MCBC 6**

**MCBC 7**

**MCBC 8**

**MCBC 9**

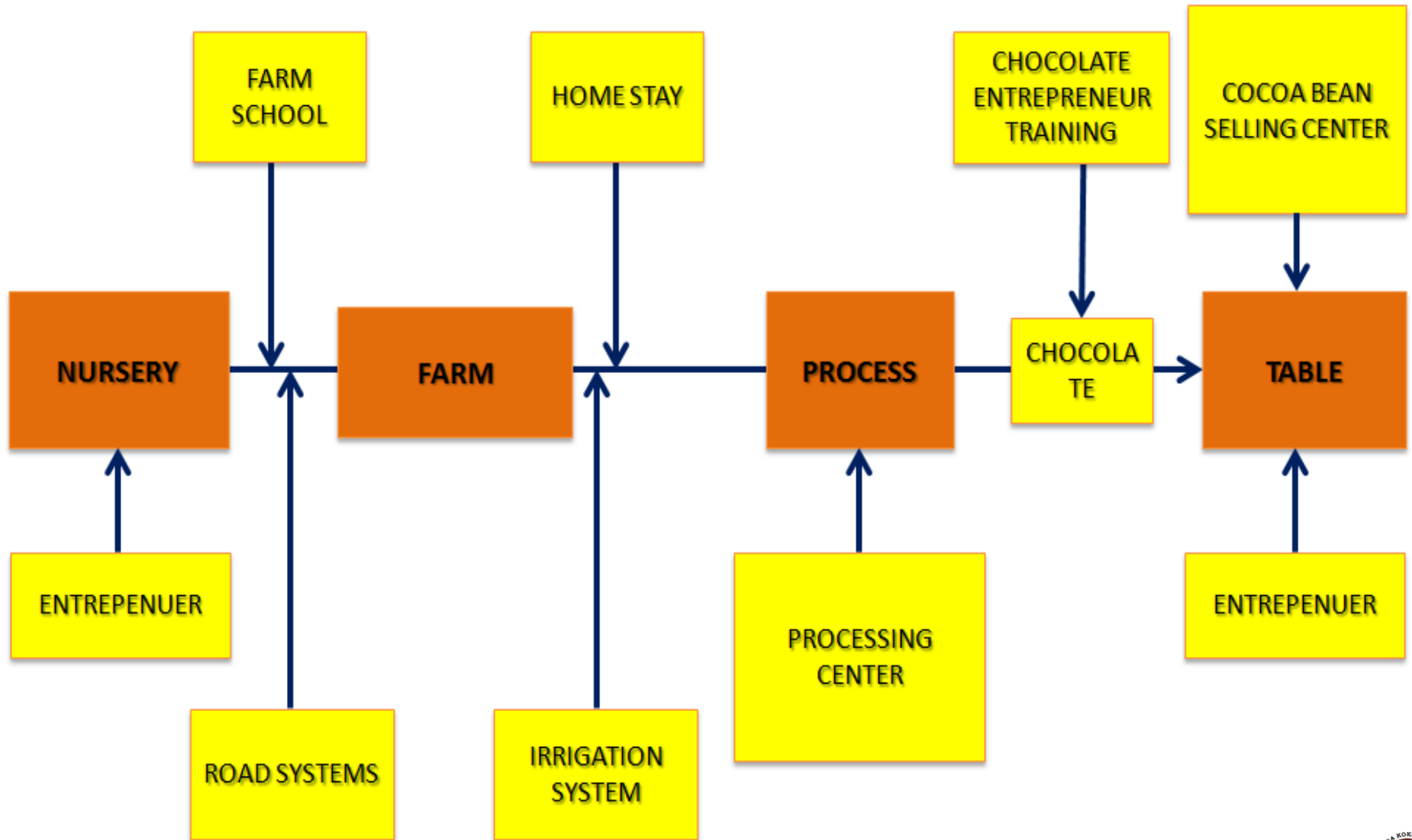


**MCBC 13**



**MCBC 14**

# Concepts of Cocoa Cluster: FARMS TO TABLE



**How do you see the increasing interest in relatively large commercial cocoa plantations / estates? Can there be mutually beneficial partnership arrangements between smallholder farmers and estates, including through contract farming?**

- Based on Malaysia experience, the impact of farmers on increasing production is very slow and it is difficult to achieve its peak production back in year 1990.
- We're welcome the private company to get involved in contract farming.
  - Mutual agreement between grinders and farmers on buying certain volume of dry cocoa beans at higher price from farmers.
  - Grinders take the initiative to run the cocoa farm (estate).
- However, privates involvement in contract farming in Malaysia is still low due to prices risk, labor problem and managing cocoa is more intensive compared to palm oil and rubber.

# How conducive is the institutional and policy framework under which cocoa farmers operate?

- Malaysia has implemented the National Commodity Policy Action Plan on cocoa industry from 2016 to 2020.
- The policy has 8 strategies to assist cocoa farmers in Malaysia to achieve higher income.
- The 8 strategies are;
  1. Increase productivity and competitiveness of bean production.
  2. Increase an awareness on cocoa planting
  3. Strengthen R&D&C program.
  4. Strengthen downstream industry and supporting network industries
  5. Encourage involvement of small medium industries entrepreneur in processing and production of cocoa products
  6. Increase competitiveness and cocoa based products in the market.
  7. Strength the supporting and extension institutional framework.
  8. Strengthen the human capital.

## What more can the government and the private cocoa and chocolate companies do to improve the current situation faced by farmers?

- Malaysia government will provide infrastructures / facilities to farmers who are interested to involve in cocoa cluster program (Farm to Table).
- Chocolate company will deal directly with the farmers group that produced 'unique flavor' to ensure the farmers received good price and increase their income.

# Farmer Nursery Development Program



**Nursery**  
**Mr. Nasaruddin Abdullah**  
**Sarikei, Sarawak**

**Nursery**  
**(Mr. Teo Chun Hon)**  
**Kg. Damak, Jerantut, Pahang**



# Processing Centres for Farmers Program (Wet Bean Fermentation & Drying Centres)



**PPK Kg. Togop Darat  
(Mr. Kemboung Luntau),  
Ranau**

**Mini PPK Pulau Sebatik  
(Mr. Sarulla Mamma),  
Tawau**





# Technology Transfer Program



**Field practical (Pruning Technology, Pest & Disease management)**

**Field practical session (Budding Technology)**





# How can cocoa farmers unite and speak with one voice at national and international levels and form a strong trade partner?

- MCB has assisted the farmers to form a cooperative and farmers association.
- The role of the cooperative is to help their farmers in generate income for the farmer's family member by creating jobs opportunities such as running the nursery, providing training as entrepreneurs in homemade chocolates and others.
- Meanwhile the farmers association will be set-up in each region to ensure the farmer's voice can be heard by the grinders related to farmer's welfare and opportunity for trade partnership.
- For example, Cocoa Manufacturing Group meeting in Malaysia will be attended by manufacturing companies and also farmers representative from the Association to voice out the issues related to farmers in cocoa.

# Cocoa Farmers Cluster System



- ✓ Established in 1995
- ✓ Lead by a leader
- ✓ Membership between 10 - 50 cocoa farmers.
- ✓ Support the MCB TOTE program and activities.
- ✓ CFC is expected to;
  - ✓ Develop team-work.
  - ✓ Jointly address common cocoa production problems as a team.
  - ✓ Disseminate and adopt new cocoa technology and techniques.

# CFC Meeting

## Pen. M'sia

## Sabah

## Sarawak





*Thank You*  
**TERIMA KASIH**



*Malaysia Cocoa – Naturally Nutritious, Deliciously Healthy*

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