

TIME TO RE-FOCUS ON COCOA

The Sabah government should consider encouraging more cocoa cultivation to take advantage of the steady upward trend in global demand and prices among other factors.

Agronomist, plant nutritionist and former Deputy Director-General (Research) and Research Fellow of the Malaysian Cocoa Board, Dr. Lee Ming Tong said although cocoa areas in Sabah have shrunk significantly, it still has the largest cocoa planted area in the country.

In 2008, there were 19,976 hectares under cocoa cultivation in Malaysia, of which 8,073 hectares were in Sabah, 6,362 hectares in Peninsular Malaysia and 5,521 hectares in Sarawak. As its peak in 1989, Malaysia had 414,236 hectares of cocoa with about 50% of which or 205,260 hectares was found in Sabah. Cocoa's loss is oil palm's gain.

The production of dried cocoa beans in 1990 reached a peak of 145,000 tonnes in Sabah representing 58.7% of the national production of 247,000 tonnes. In 2008, Sabah produced 5,474 tonnes of dried cocoa bean which was 20% of the national total at 27,955 tonnes.

Dr. Lee, now a consultant with state-owned POIC Sabah Sdn Bhd was responding to statement this month by government officials on the buoyant mood in cocoa.

Malaysian Cocoa Board Director General Datuk Dr. Azhar Ismail said (Daily Express Jan 12, 2010) the good price of cocoa beans (about RM10, 000 per tonne) may renew planters' interest in cocoa. The production cost of cocoa beans was estimated at between RM3, 000-RM4, 000 per tonne.

Dr. Lee names four reasons for returning cocoa to its glory days, and a four-pronged strategy to achieve the objective.

The first reason is price. Cocoa beans has been fetching consistent RM5,000-RM6,000 per tonne since 2002 and shot up to around RM10,000 per tonne in 2009.

The second reason is there is sufficient evidence to show that cocoa can be profitably cultivated in Sabah, and history of past successes supports this view.

"Our own research has produced high-yielding planting materials and we have developed advanced planting technologies and farm management systems that guarantee high PEQ (productivity, efficiency, quality) and bean yields of 2 to 3 tonnes per hectare," Dr Lee asserted. "At these levels of productivity cocoa planting is profitable even when bean prices are low."

The third reason, according to him, is the fact that Malaysia is recognized as the global cocoa grinding hub but it does not produce enough beans to feed the grinding plants.

"We have to import large quantities of beans in order to keep our grinding plants occupied. We need to address this large disparity to save the hundreds of millions of ringgit we lost in foreign exchange and to sustain the cocoa grinding industry.

In 2008, the cocoa industry processed 323,653 tonnes of cocoa beans into cocoa paste, cocoa butter, cocoa cake and cocoa powder, chocolate, beverages and other food and non-food cocoa products. This represents an increase of 360% in grinding volume as compare to the grinding of 70,000 tonnes of cocoa beans in 1990.

Due to the shortage of locally produced cocoa beans, Malaysia imported 523,926 tonnes of dried cocoa beans mainly from Indonesia at a value of RM3.93 billion in 2008. In the same year, the earning from the export of cocoa products was RM3.29 billion.

“Any increase in local production of cocoa beans will strengthen the competitiveness and sustainability of Malaysian cocoa grinding industry,” said Dr Lee

The forth reason according to him is Sabah becoming overly dependent on one crop, that is oil palm, and this is coming under increasing and determined scrutiny in the importing countries.

“A revival of the cocoa planting industry will play an important role along with the oil palm and rubber industry under the crop diversification policy for sustainable economic development.”

According to the International Cocoa Organization (ICCO), the global demand for cocoa grew around 3% per annum. This provides excellent opportunity for further growth in Malaysia’s cocoa planting industry.

The Malaysian cocoa grinding industry consists of 11 grinding plant licenses including two of them issued for Sabah, which are located in Tawau District. Increasing local production of cocoa beans in Sabah would pave the way towards establishing a consistent supply of cocoa beans for the development of a sustainable cocoa downstream industry, in tandem with the Sabah Industrial Master plan for economic development in the state.

In order to ensure success in increasing local production of cocoa beans, Dr Lee said that both the public and private sector could play an important role with the government to take the initiative in the setting of strategies and its implementation.

The strategies should seek to

- Strengthen the promotional campaign to enhance a greater awareness among the target groups on the true economic potential of investment in cocoa cultivation and its requirement;
- Encourage the private sector in particular the plantations, grinding companies and land development agencies to participate actively in cocoa cultivation;
- Provide additional incentives for investment in cocoa cultivation; and
- Make available suitable land specific for cocoa cultivation

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Please direct inquiries to Dr Lee Ming Tong
088-272261 (office hours)
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