



*Permanent Mission of*  
**Malaysia**  
*to the United Nations*

**STATEMENT BY MS. ZALWANI ZALKAPLY, REPRESENTATIVE OF MALAYSIA ON AGENDA ITEM 62:  
AGRICULTURE DEVELOPMENT AND FOOD SECURITY AT THE SECOND COMMITTEE OF THE 64<sup>TH</sup>  
SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY, NEW YORK, 22 OCTOBER 2009**

Mr. Chairman,

Malaysia would like to associate ourselves with the statement made by Sudan on behalf of G77 and China and Indonesia on behalf of ASEAN.

2. We would like to thank the Secretary General for a comprehensive report on Agriculture Development and Food Security. The findings of the report are timely especially at this time when our collective attention is focused on the continuing food crisis, as demonstrated by the convening of the World Summit on Food Security from 16 to 18 November 2009 in Rome.

3. In the interest of time, I will not dwell on the gravity and enormity of the challenges of agriculture development and food security, which we are all too familiar with.

4. Rather, I would like to immediately delve into the report that we have before us. We agree with one of the main thrusts of the report, which is, ensuring food security requires that we address the short-term and long-term aspects of the food crisis by employing a single comprehensive strategy. However, we believe that the report should also have addressed the fundamental problem facing policy-makers, namely how best to balance competing interests between, among others:

- 4.1 The short-term and the long-term commodities;
- 4.2 Promoting the agricultural sector and the industrial sector; and
- 4.3 Increasing agricultural production and climate change considerations.

5. I wish to highlight the following issues in this connection:

5.1 One. In democratic societies with periodic elections based on a fixed time period, there is always a tendency to favor short term considerations over long term ones. The example of food subsidies is one case in point. Food subsidies are almost always economically inefficient over the long run. In most cases, the more efficient long term solution would be to use resources devoted to subsidies to promote agriculture production using the latest technologies and techniques. However, many governments will find it difficult to remove food subsidies given the risk of social unrest and electoral defeat.

5.2 Two. Most of the developing countries have invested massive amount of capital to promote the industrialization. Indeed, to become industrialized is synonymous with being developed, leading to the neglect of the agricultural sector. The promotion of the industrial sector has resulted in massive social changes, such as population transfer from the rural to urban areas. This means that to reverse this process by promoting agricultural production now requires financial resources for not only this purpose, but also to address the cost of social transition arising from having to again change the economic structure of our societies.

5.3 Three. The report fails to situate the issue of strengthening the agriculture sector within the broader framework of promoting economic growth and social progress. As an example, the report envisages that developing countries would only act as producers of raw commodities, as was the situation in the past. It does not refer to the need of developing countries to be involved in down stream activities, where the greater value is added.

Mr. Chairman,

6. We would also have liked the report to more vigorously address the issue of speculation and the financialisation of commodity trading, and its impact on food prices. Malaysia would like to note that the most recent Trade and Development Report by UNCTAD devoted an entire chapter on the financialisation of commodity markets. I would like to highlight what we believe are the main findings of the chapter :

6.1 Firstly, financialisation of commodity trading appears to have increased price changes that are unrelated to market fundamentals;

6.2 Secondly, the evidence suggests that greater involvement of financial investors in commodity markets has increased price volatility; and

6.3 Thirdly, the greater impact of oil price movements on food prices may have been due to the financialisation of commodity future trading.

7. A hunger crisis is the most direct manifestation of the food crisis. The report stated and I *quote* **“one in three developing country children under 5 years of age – a total of 178 million children suffers stunting owing to chronic under nutrition and poor quality of diet”**. We therefore must not lose sight of the larger socio economic impact of hunger. Hunger will result on lower levels of educational attainment which in turn would have long lasting effects on future generation.

Mr. Chairman,

8. On our part, the Malaysian government has also allocated USD 1 billion to be distributed through 14 stimulus packages available, to help transform traditional farmers into modern farmers. Out of that amount, to date, about USD 560 million has been distributed. More recently, the government recently has allocated an amount of USD 1 million to supply modern equipment either for free to the plantations or farmers through matching grants.

9. The measures have yielded results. For example, in observance of World Food Day recently, the International Food policy Research Institute (IFPRI) released its report reflecting a detailed progress in reducing hunger world wide. Malaysia was listed as one of the countries with the largest percentage of improvements in our Global Hunger Index (GHI) along with Kuwait, Tunisia, Fiji and Turkey.

Mr. Chairman,

10. Malaysia remains committed in our endeavors to create food stability and stimulate agriculture development. We believed that efforts to elevate the agriculture sector must involved thrust towards the involvement of the second generation. We also believed that in order to ensure the sustainability of the agricultural industry, it has to be managed more effectively through knowledge.

Thank you.