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RM1 billion fund for rubber smallholders

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KUALA LUMPUR, Fri. - The Government has approved a RM1 billion fund to provide loans and grants to smallholders hit by the drop in the price of rubber.

Deputy Prime Minister Datuk Seri Abdullah Ahmad Badawi said the decision to set up the fund was reached today at a meeting of the Special Cabinet Committee on Raising The Income of Rubber Smallholders.

He said the Government recognised that the country's natural rubber industry was vital to the economy and that all steps should be taken to ensure the welfare of rubber smallholders.

"We understand that many rubber smallholders in the country have been greatly affected by the drop in rubber prices and that several of them are moving to turn to other industries," he said.

There are an estimated 300,000 rubber smallholders and 800,000 hectares of land available for replanting. About 85 per cent of the land available for replanting belong to rubber smallholders.

Late last month Prime Minister Datuk Seri Dr Mahathir Mohamad announced a RM600 million allocation to assist smallholders. The allocation was one of several measures to sustain the country's growth momentum.

Rural Development Minister Datuk Azmi Khalid said that the RM600 million fund had received hundreds of applications from smallholders.

He clarified that unlike the RM600 million fund which is open to all smallholders, the RM1 billion fund is for rubber smallholders to replant their estates with more rubber trees or with other cash crops.

The special committee comprises representatives from the Rural Development Ministry, Agriculture Ministry, Primary Industries Ministry, Land and Cooperative Development Ministry and the Finance Ministry.

Abdullah also announced that the role and functions of the committee have been expanded to include smallholders in the oil palm, pepper, cocoa, pineapple and other plantations. To reflect this, the name of the committee has been amended to Special Cabinet Committee on Raising The Income of Smallholders (Industrial Crops).

With regard to the billion ringgit fund, Abdullah said, "We hope the plight of these rubber smallholders can be alleviated and that this fund can assist them in overcoming the impact of declining rubber prices."

He urged rubber smallholders to replant their smallholdings with new and better clones and use modern tapping methods.

The Deputy Prime Minister also said that research and development to produce more rubber-based products should be enhanced and that an award would be given for research that successfully resulted in new products.

"Those responsible for successfully creating new products from rubber would also be given the opportunity to participate in the commercialisation of the product."