

Given our determination and capacity to work hard and to do better, we can look to the future with confidence. My Government has been privileged to have been given the opportunity to provide the lead. As we celebrate the eleventh year of Merdeka, we rededicate ourselves to this mission and invite all Malaysians in every walk of life similarly to rededicate themselves to this task of developing our country into a happy and prosperous land for ourselves and our children.

THE FRUITS OF RESEARCH

GREAT STRIDES IN PRODUCTION AND PROCESSING OF RUBBER

The growing importance and the vital role of research and development in the field of natural rubber were stressed by Tun Abdul Razak at the opening of the Second International Conference on Natural Rubber at the Dewan Tunku Abdul Rahman in Kuala Lumpur on 29th August, 1968. More than 500 scientists including 200 from overseas attended the conference.

At this particular phase of the development of the natural rubber industry, when so much has been said and written about its problems and prospects. I consider it opportune, refreshing, and decidedly reassuring that you the scientists and technologists from so many countries who have for so many years worked so closely in this field of natural rubber research should decide to get together to take counsel and hold discussions on your research covering a wide range of subjects connected with natural rubber.

To my mind this conference provides a good opportunity for you to examine the many promising developments that have taken place as a result of your researches in the natural rubber industry and also the challenges posed by its competitor, the synthetic rubber industry, so that you can make an objective assessment of the innate strength of the natural rubber industry which, in turn, will assist in mapping out the strategy for future development and your research. We, therefore, look forward with keen interest to your findings and deliberations which, I am sure, will be fruitful and useful.

I need hardly emphasise the paramount importance which Malaysia attaches to all the aspects of research carried out to increase the output and quality of natural rubber. We have a great stake in the natural rubber industry.

About a total of 4.9 million acres or some 60 per cent of the total cultivated land area in the country is under rubber cultivation. The investment in this industry runs into some hundred million dollars and accounts for a significant percentage of total investment in Malaysia. Notwithstanding progress in agricultural and industrial diversification in recent years, about a third of the total labour force still depends for employment in this industry. Around 20 per cent of the gross domestic product is accounted for by the rubber industry.

In 1966, the export earnings from the rubber industry represented 38 per cent of the total export earnings. In terms of government revenue, the rubber industry continues to make an important contribution, both in income tax and export duties. The measure of our dependence on rubber industry is therefore clear and very great.

It is on account of this dependence and more directly the vast benefits that Malaysia has derived from research in natural rubber that this country owes a great debt of gratitude to you and the many other scientists in this field who are not able to be here with us.

Talking as a layman to a group of scientists, there is perhaps no need for me to expand on the very substantial value of your research work to the rubber industry. It suffices to say (that the great and continuing advances that have been made in the tree yield, in efficiency in terms of field practices of planting and tapping and, more recently, the big steps forward that have been taken in consumer oriented research in processing to present our rubber to best advantage, all testify to the extent and wide range of the fruits and achievement of research.

Malaysia, as I said, has taken advantage of this research to strengthen the economic viability of her rubber industry. Without these researches the rubber industry could not have hoped to enjoy the pre-eminent position that it has in the economy of Malaysia today and, no doubt, in the years to come. But, at the same time, there is little doubt that the present state of the rubber

industry has been brought about by the conscious efforts made by the industry and the government to transfer the new technology and research to the ground.

In this process. Malaysia as an emerging developing country has to meet some problems and I would like to refer them to you this morning because they have a relevance not only to other developing countries in their efforts to modernise the natural rubber industry but, in general, to any effort of modernising the agricultural sector of the economy. In this respect, I am glad that Dr Bateman in his introductory remark has pointed to two important factors, namely, small-holders' involvement in the rubber industry and the readiness of the industry to finance its own research and promotion efforts.

The smallholders sector accounts for over 50 per cent of the total acreage under rubber cultivation and with its output of 400.000 tons per year, that is about two-fifths of the total production. It has been found essential to get the full participation of the smallholders in modernising the entire rubber industry. This, of course, has posed a host of problems. How do you persuade this smallholder to replant with high-yielding clones when the decision itself involves cutting his present source of income and tightening his belt in the expectation that after about five to six years he can expect to increase the yield of his newly replanted trees. This problem is accentuated in cases where the only source of cash income is derived from the ageing rubber trees. The estates with their financial reserves have been less exposed to problems of this nature, although it was equally a hard decision for them to invest in replanting when the long-term prospects for natural rubber were uncertain.

The situation called for the formation of a bold and imaginative plan to be introduced to encourage and intensify replanting. The replanting programme, involving both estates and smallholders, which was started in 1953 by the Government and the industry provided the answer. The financial outlay necessary for the replanting has been financed by the industry itself by the levy of the replanting cess. Today, as a result of the research efforts in increasing tree yield brought about by the replanting programme, over 80 per cent of the estate acreage and about 60 per cent of the smallholdings have been replanted. Malaysia, therefore, on its own initiative has made great strides in the application of the fruits of research.

But, apart from replanting, the Government itself has consciously promoted the full application of the science and technology of the rubber industry to some new planting that has been carried out. I refer to the 120,000 odd acres which have been planted under rubber in the Federal Land Development Authority schemes. These schemes have been undertaken as part of our National Envelopment Plan.

The research that you have made possible has given an impetus to our efforts in increasing the income and standard of living of our rural people. Firstly, the revenue contribution from rubber has been partly responsible in providing the where-with-all to finance our overall development programme.

If you were to go to the countryside and see the progress that we have achieved in rural development in terms of the amenities that we have been able to provide and the opportunities that we have been able to generate in increasing their income and standard of living I think, you would gain a new perspective of the value of your work to the economy of Malaysia.

Secondly, and more directly, the increase in income which is realised when high yielding rubber trees become tappable, given reasonable prices, illustrates how your research efforts are tied up with the aspirations of hundreds of thousands of smallholders and estate workers scattered all over the country.

Bearing all this in mind, I think, the Government itself has cause for satisfaction in the success of our replanting and new planting schemes. It has played a useful role in promoting the wide application of the fruits of research. The Government's own rural development programme is also designed to bring the advantages of the new processing methods, again the product of research, to the smallholders. This has been brought about by two main developments.

With the technical assistance of the Rubber Research Institute of Malaya Smallholders Advisory Services and the financing by loans and grants from the Government, over 500 Group Processing Centres have been established to cater specifically for the smallholders by improving the quality of their processed rubber and thereby giving them a higher return.

A second development which is of recent origin but holds even greater promise in increasing the income of the smallholder has

been the establishment of central processing factories. The Rubber Research Institute's Smallholders Advisory Service has been responsible for this extension of the application of research to smallholders. With the successful establishment of the two central factories at Meru and Rantau, the Rubber Research Institute of Malaysia has now shown that smallholders' rubber is capable of being processed by centrally utilising the heveacrumb process. The success of these two factories has encouraged the government to take a decision to set up more of these factories and in fact the Rubber Research Institute Smallholders Advisory Service is busily engaged in promoting the establishment of more of these factories.

Malaysia can, therefore, expect more of smallholders' rubber to be processed and marketed under the Standard Malaysian Rubber Scheme and this in turn would make its contribution to the viability of the entire rubber industry and the income of the rubber smallholders.

The Government fully realises that all these great strides in the production and processing of rubber have been rendered possible by the research activities undertaken by the Malaysian Rubber Fund Board and its dependent research unit, the Rubber Research Institute of Malaya. We are, therefore, particularly grateful to these research organisations and to you all.

In fact, the very success of the efforts in rubber research and the application of this research in both the estates and smallholders' sector have encouraged Government to explore the establishment of another research body—the Malayan Agricultural Research Development Institute—to address itself to research in the problems confronting all other agricultural commodities in this country, apart from rubber and pineapple.

The second feature which illustrates again the readiness of the industry to help itself is the industry itself in financing the research on natural rubber. From the cess of one cent per pound of all rubber exported from the country, as much as two per cent of the gross earning on rubber in Malaysia is currently being made available for research development and extension services. About S21 million a year is thereby raised. This is indeed unique for an emerging developing country and what is even more striking is that the research financed by this way also maintain a research establishment, the Natural Rubber Producers Research Association,

in the United Kingdom to carry out research on new uses of rubber I am informed that this unit has made tremendous progress in expanding the usage area for natural rubber and it has been able to provide technical assistance to factories in many advanced countries.

Again, by the financing of the rubber research cess Malaysia also provides technical advisory services to consumer countries throughout the world through alternate units of Malayan Rubber Fund Board. It is proposed that these research and development activities will be further enhanced, strengthened and expanded.

The self-help principle which was earlier referred to by Dr Bateman has been a feature of both the country's and the industry's efforts to modernise and rationalise the natural rubber industry. The smallholders, the estates and the country as a whole have shown their abounding and abiding faith that science and technology vigorously applied can sustain a viable industry even in an emerging and developing country so that it is able to face all fair and reasonable competition.

Unfortunately, the natural rubber industry cannot be said to face only competition which can be described as "fair and reasonable". This is really the crucial problem facing the natural rubber industry. Our great and growing concern is that our tremendous efforts dating back many years to help ourselves will be undermined and destroyed by external pressures outside our control. I refer, of course, to the nature of synthetic competition.

All those who have been connected in one way or another with rubber industry would recall events which led to the sudden and swift fall of natural rubber prices in the second half of 1967. This, of course, aroused grave concern in natural rubber producing countries and they attempted at several international meetings to highlight the severe impact on their economies and suggested certain lines for remedial action.

In diagnosing the problem, one factor has stood out as being largely responsible for the decline in prices, and this is the detrimental influence of excess capacity of certain general purposes synthetic. The unreasonable growth of synthetic rubber facilities without due consideration to the overall supply demand position has adversely affected prices for both natural and synthetic products.

In this connection, there is no doubt that there is a price relationship between both natural and synthetic rubbers and in the words of a large synthetic producer himself in addressing the International Synthetic Rubber Producers' meeting in Geneva early this year and I quote—

"There can be no doubt that synthetic rubber is exerting a decisive influence on natural rubber prices. As long as there is an excessive supply of natural and synthetic rubber—and this will be the case during the next few years—the synthetic rubber prices will tend to depress the natural rubber prices and conversely, the reduction of the natural rubber prices will lead to a more rapid dropping in prices of synthetic rubber. "From statistics available, natural rubber cannot be said to be in excess supply. Synthetic rubber on the other hand is acknowledged in such a position

Apart from the problems brought about by the excess capacity of synthetic rubber, the rubber industry is also faced with competition, which can hardly be described as either fair or reasonable, arising from restricted marketing practices and tariff barriers and other protective measures taken against the natural rubber industry. On many recent occasions Malaysia has referred to the unfair nature of the competition and I do not propose to expound on this theme on this occasion. I would like, however, to reiterate on the basis of our record in helping ourselves to meet the challenge of synthetic rubber competition that Malaysia is not looking for charity.

The natural rubber industry solely operated in developing countries has a right to seek and obtain fair play in its competition with synthetic rubber in the markets of developed countries. This is all that Malaysia seeks.

On the other hand, Malaysia and the other natural rubber producing countries do not want to be forced to the wall by unrestrained competition from the synthetic rubber industry. If this should happen, in my capacity as Minister of National and Rural Development in this country, I can only refer to the dire implications that this would have to the development efforts of natural rubber producing countries and also to the millions of smallholders and estate workers whose very livelihood depends on the industry.

It would also be a pity for yet another reason. There is room for both natural rubber and synthetic rubber to co-exist. In a

world that is becoming increasingly inter-dependent, it is surprising and indeed paradoxical that there should be a wasteful vying of abilities and resources between natural and synthetic rubbers.

Instead of this. I think, it would be profitable for both the natural and synthetic rubber industries to consider and promote how each of these rubbers could play a complementary role. I am, therefore, particularly happy to hear that some aspects of the synthetic rubber industry would be discussed at this Conference. In this context I should think that this gathering of research workers can identify relevant areas for future research so that there are fields of co-operative endeavour between both the natural and synthetic rubber industries.

Before I conclude. I would like once again to pay my warm tributes to your efforts in the field of research in the natural rubber industry which have brought the industry to such a high standard of efficiency and of high quality.

The upsurge of Malaysia is tangible and visible all around us every day, the feeling of forward impetus is part of our daily life. Each and every one of us has an active part to play in giving reality to all our aspirations and efforts, both in the present and in the future.

— *Tun Razak in opening the Malaysian Progress Exhibition in Kuala Lumpur on 15th December, 1965.*