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Malaysia's agricultural cooperatives need to evolve

The Star, Malaysia

MALAYSIA'S food import bill has been consistently increasing over the years – it neared RM80bil this year, according to the Malaysian Technology Development Corporation. This raises concerns about our food security and vulnerability to global supply disruptions and price volatility.

The government has launched various initiatives to address such challenges. The National Agrofood Policy 2021-2030 for one aims to develop a sustainable and resilient agrifood sector. The following are my suggestions for achieving this.

I believe cooperative farming is one model to look into. This would involve establishing cooperatives made up of B40 (lower income) farmers to pool resources and share profits.

We can also promote vertical farming, hydroponics, and rooftop gardens for community farming in cities. Allocating underutilised government or idle private land for farming through leasing schemes can help, as well as encouraging private sector participation through CSR tax deductions. And simplifying permits for urban farming must be done.

Training and capacity building is important. Government-NGO partnerships can be deployed to train B40 farmers in sustainable and organic techniques.

And we must not forget digital literacy. Teach farmers to use apps for weather forecasts, market prices, and e-commerce. Create mentorship programmes pairing smallholders with successful agropreneurs.

Market access and supply

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chain integration are critical. Connect farmers to supermarkets, restaurants, and suburban and urban farmers' markets – even the school feeding programme. Develop apps for B40 farmers to sell produce directly too. Enable them to add value, for example by turning surplus into jams, dried goods, etc.

There should be research partnerships with universities for high-yield, low-cost farming solutions. When it comes to start-up costs, banks like AgroBank can offer tailored loans. A policy on social protection and safety nets

is needed here, as well as crop insurance schemes.

Effective monitoring and impact assessment are crucial. Establish feedback loops through regular community consultations to refine programmes.

We do have long-standing farming cooperatives in the country but they present multiple challenges that must be addressed if they are to thrive.

For instance, many cooperatives suffer from poor leadership and weak management skills. Decision-making is often centralised, with limited participation

from members. Cases of political interference have eroded trust over the years. Many join only to access government grants or subsidies.

These co-ops mostly focus on primary production rather than venturing into value-added processing and branding. This limits their competitiveness and bargaining power. A lack of diversified income streams is a concern, alongside a heavy dependence on government support.

Many co-ops have not adapted to modern agribusiness practices, or invested in technology adoption and digital marketing. They remain traditional in their operations and business structures.

Also, agricultural co-ops in Malaysia tend to operate in silos rather than forming strategic alliances. This limits economies of scale, market negotiation power, and knowledge-sharing opportunities.

We need to strengthen their governance and leadership. Improved financial management by co-op leaders is critical as well as pushing through participatory decision-making and accountability. We must foster a culture of democratic participation and profit-sharing based on contributions, not just subsidies.

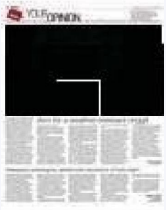
Co-ops need to venture into downstream activities like food processing, ecopackaging, branding, and digital marketplaces. Incentivise entrepreneurial initiatives within cooperatives. Provide seed funding schemes tied to performance milestones.

Other ways to expand include agritourism, ecofarming experiences, and specialty product branding. Encourage co-ops to form federations by commodity type or region. This allows bulk procurement of inputs, collective marketing, and lobbying strength.

To thrive, Malaysia's agricultural cooperatives need to evolve from subsidy-driven collectives to entrepreneurial, value-adding, digitally-connected, and member-driven enterprises.

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SUMMARIES

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