

# CHAPTER 1: Introduction to Potential Agricultural Crops



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Students will be able to:

1.1 Know commodity concept

1.1.1 Commodity definition

1.1.2 The role of commodity in nation's economic  
and development





# Commodity Definition

A commodity is a basic good used in commerce that is interchangeable with other goods of the same type. Commodities are most often used as inputs in the production of other goods or services. The quality of a given commodity may differ slightly, but it is essentially uniform across producers.



# Characteristics of commodities

## Standardization

Commodities are standardized products, meaning that a specific quantity and quality can be traded universally without any difference in quality between one unit and another.

## Interchangeability

Commodities are interchangeable, or fungible, meaning that units of the commodity are equivalent regardless of their source.

## Marketability

Commodities are traded on various markets around the world, ensuring liquidity and facilitating the buying and selling of large quantities of these goods.

## Basic Goods

Commodities are usually raw materials or primary agricultural products that can be processed and sold in a refined form.





# Agriculture Commodities

Agricultural commodities are raw products derived from farming and agricultural activities. They are fundamental to the global food supply and play a crucial role in the economy of many countries. These commodities are typically grown and harvested for food, fiber, fuel, and other uses.



# Types Of Agricultural Commodities



## Fruits and Vegetables

Mango  
Pineapple  
Tomatoes  
Potatoes



## Grains and Cereals

Wheat  
Corn (Maize)  
Rice  
Barley



## Sugar and Sweeteners

Sugarcane  
Sugar Beet  
Honey



# Types Of Agricultural Commodities



## Beverage Crops

Coffee

Tea

Cocoa



## Fibers

Cotton

Wool



## Livestock

Cattle

Poultry

Swine

Sheep and Goats



# Role Of Commodity In Nation's Economic And Development

## Economic Growth

**Revenue Generation:** Countries rich in natural resources, such as oil, minerals, and agricultural products, often rely heavily on these commodities for income.

**GDP Contribution:** The extraction, production, and export of commodities contribute directly to a nation's Gross Domestic Product (GDP)..

## Trade and Balance of Payments

**Exports:** Exporting commodities can improve a nation's trade balance and generate foreign exchange earnings.

**Imports:** Conversely, countries that import commodities essential for their industries and consumption can face trade deficits if they rely heavily on foreign sources.

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## Employment and Job Creation

**Agriculture and Mining:** These industries provide employment opportunities, particularly in rural areas, and can reduce poverty.

**Value Chain:** Employment is also generated throughout the value chain, including processing, transportation, marketing, and sales of commodities.





# Role Of Commodity In Nation's Economic And Development

## Food Security and Social Stability

**Agricultural Commodities:** Ensuring a stable supply of food commodities is crucial for food security. This has direct implications for social stability and public health.

**Livelihoods:** Many people, especially in developing countries, depend on agriculture and related commodities for their livelihoods.

## Infrastructure Development

**Investment:** The revenue from commodities can be invested in infrastructure development, such as roads, ports, and utilities, which are essential for economic development.

**Energy and Utilities:** Commodities like oil, natural gas, and coal are crucial for energy production. A stable supply of energy is fundamental for industrialization and overall economic development.

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## Environmental and Sustainable Development

**Resource Management:** Sustainable management of natural resources ensures long-term economic benefits and environmental conservation.

**Renewable Resources:** Investment in renewable commodities, such as solar energy, wind power, and sustainable agriculture, supports environmental sustainability and long-term economic resilience.



Students will be able to:

1.2 Explain potential agriculture crop in Malaysia

1.2.1 Potential agriculture crop

1.2.2 Commercial prospect of potential  
agriculture crop







# Potential Agriculture Crop In Malaysia

Malaysia's diverse climate and rich soil make it an ideal location for cultivating a variety of agricultural crops.

## Oil Palm (*Elaeis guineensis*)

Oil palm is one of Malaysia's most significant crops, contributing substantially to the country's GDP and export revenues .

## Rubber (*Hevea brasiliensis*)

Rubber has been a traditional crop in Malaysia, particularly in Peninsular Malaysia. The crop grows well in areas with high humidity and temperatures ranging between 24°C and 28°C.

## Tropical Fruits

Malaysia's climate is conducive to the cultivation of a wide range of tropical fruits, many of which have strong domestic and international markets. E.g: Durian, Mango, Pineapple





### Rice (*Oryza sativa*)

Rice is a staple food in Malaysia, primarily grown in the states of Kedah, Perlis, and Kelantan. The crop requires a warm climate, abundant water, and fertile soils.

### Vegetables and Herbs

High-value vegetables and herbs have increasing potential, especially with the growth of controlled environment agriculture such as greenhouses and hydroponics. E.g: Chili, leafy greens, herbs

### Banana (*Musa* spp.)

The crop requires warm temperatures, high humidity, and well-drained soils. E.g: Pisang berangan, pisang raja





# Commercial prospect of potential agriculture crop

1

## Oil Palm

Palm oil in the food industry, cosmetics, and biofuel production.

Export Markets:

Major markets include China, India, the European Union, and Pakistan.

2

## Rubber

Use in tires, medical devices, and various industrial products.

Export Markets:

Significant markets include the United States, Japan, and the European Union.

3

## Tropical Fruits

High demand for fresh fruit and processed products

Export Markets:

Japan, China, and the United States.





# Commercial prospect of potential agriculture crop

4

## Rice

For domestic consumption.

### **Domestic Market:**

Main focus, with potential niche export markets.

5

## Vegetables and Herbs

Local demand for chili, and exporting processed chili products (like sauces).

Domestic and Regional Markets:  
High demand within Malaysia and neighboring countries.

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## Banana

High local consumption

### Export Markets:

Middle Eastern countries, China, and Singapore.



# Answer All The Questions

1

- a. What are the key characteristics that define a commodity?
- b. Explain the role of commodities in a nation's economic and development process

2

- a. Identify and describe the potential agricultural crops in Malaysia.
- b. Discuss the commercial prospects of oil palm and rubber as potential agricultural crops in Malaysia.

3

- a. What are the major export markets for Malaysia's tropical fruits?
- b. Explain the domestic and regional market potential for vegetables and herbs cultivated in Malaysia.





# Suggested Further Reading

1

Crop Statistics Booklet (Food Crops Sub-Sector). (2023). Jabatan Pertanian Malaysia, Kementerian Pertanian Dan Keterjaminan Makanan.

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3

Rozhan, A. D. (2022). Overview of Agriculture Sector durinh the 11<sup>th</sup> Malaysian Development Plan (2016-2020). Retrieved from <https://ap.fftc.org.tw/article/3010>

