

The Assessment of Comparative Advantage of the Non-Ruminant Subsector through Policy Analysis Matrix (PAM) in Peninsular Malaysia

Ismail AbdLatif^{1*}, Abu Hassan M. I.², Zuliana Zainal Abidin¹, Golnaz Rezai¹, Juwaidah Sharifuddin¹ and Zainalabidin Mohamed¹

¹Department of Agribusiness and Information Systems, Faculty of Agriculture, Universiti Putra Malaysia, 43400 UPM Serdang, Selangor, Malaysia

²Department of Economics, Faculty of Economics and Business, Universiti Malaysia Sarawak, 94300 Kota Samarahan, Sarawak, Malaysia

ABSTRACT

The objective of this study was to assess comparative advantages of the non-ruminant subsector in selected states of Peninsular Malaysia. The study analysed livestock production, namely chicken meat and eggs in three states i.e. Negeri Sembilan, Perak and Selangor. This study used a Policy Analysis Matrix (PAM) to determine whether non-ruminant products have a comparative advantage for production under commercial, medium or small scale farm size. The study demonstrated that Malaysia has a strong comparative advantage in the production of chicken meat compared to the production of eggs. Chicken meat produced on a commercial scale has a DRC ratio of 0.24 while eggs produced on a medium scale have a DRC ratio of 0.26. Both farms have a comparative advantage because their ratio implies that the value added per unit of product is larger than the value of domestic resources used to produce in that unit. According to Tsakok (1990), the level of comparative advantage of each subsector is greatest if the DRC ratio is close to zero. As a result, broiler farms on commercial scale with a DRC ratio of 0.24 have a higher degree of comparative advantage compared to layer farms on a commercial scale with DRC ratio of 0.71 .

ARTICLE INFO

Article history:

Received: 5 January 2015

Accepted: 7 May 2015

E-mail addresses:

ial@upm.edu.my (Ismail AbdLatif)

miahassan@feb.unimas.my (Abu Hassan M. I.)

anzainalabidin@gmail.com (Zuliana Zainal Abidin)

rgolnaz@upm.edu.my (Golnaz Rezai)

juwaidah@upm.edu.my (Juwaidah Sharifuddin)

zam@upm.edu.my (Zainalabidin Mohamed)

* Corresponding author

Keywords: Comparative advantage, PAM, chicken meat, eggs, farm size

INTRODUCTION

The Tenth Malaysia Plan (10MP) spelt out policies to increase food production. The government has been promoting and revitalising the agriculture sector to become a