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WHITE PEPPER SUPPLY IN MALAYSIA

Wong Swee Kiong

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Wong Swee Kiong

Faculty of Social Sciences
UNIVERSITI MALAYSIA SARAWAK

Introduction

While both Malthus and Ricardo viewed agriculture as impediments to economic progress, Mill and Marshall argued that the effects of diminishing returns to land could be offset and thus agriculture is an impetus rather than an impediment to economic progress (Johnson, 1993). In Pingali's (2010) argument, different approaches would be operationalized based on the stage of development to tap the agriculture's potential as a driver of overall economic development. For instance, it could be small holder inclusion in agricultural commercialization and/or reducing rural-urban income gaps for agriculture to play its role in development in the emerging economies (Pingali, 2010). Thus, depending on the stages of development of a country, sensitive interventions by government are required if agriculture is to play its optimal stimulative role in economic development (Timmer, 1992).

Malaysia is one of the developing countries that depend greatly on international trade of agriculture commodity for its economic development. Pepper, the King of Spices, is planted in Malaysia mainly for export market. Malaysia is currently the sixth largest pepper producer and the fifth largest pepper exporter in the world. Malaysia exports approximately 90% of its pepper produced in the country. Most of the pepper produced in Malaysia is in the form of black pepper and white pepper though there is some green pepper produced in Malaysia recently. Sarawak is the biggest pepper producer state in Malaysia. Thus, Sarawak Pepper has been used as the trade name for all pepper produced and exported from Malaysia. Although the export earnings from pepper produced in Malaysia is infinitesimal in the total gross domestic product (GDP) or Malaysian

national income, pepper has been and is still an important political cash-crop particularly in the state of Sarawak in Malaysia. In fact, a lot of pepper farmers in Malaysia depend solely on pepper cultivation as source of income. The fluctuation of pepper prices thus would play a crucial role in affecting the income level and thus the standard of living of these pepper farmers. Although more black pepper is produced than white pepper due to the less cumbersome processes involved in producing black pepper, white pepper always fetch comparatively higher price as compared to black pepper either in the domestic or in the international markets. Table 1 below shows the average price (domestic) differentials between black and white pepper in Kuching, Sarawak between 1969-2009 which is very much influenced by the pepper prices in the international market.

Table 1: Pepper Price Differentials Between Black and White Pepper in Malaysia

Year	Average Price (in RM) of:		Price Differentials	
	Black Pepper	White Pepper	RM	%
1969-1970	1,741	2,380	639	36.70
1971-1980	2,557	3,693	1,136	44.43
1981-1990	4,868	6,744	1,876	38.54
1991-2000	6,995	10,429	3,434	49.09
2001-2009	5,978	9,757	3,779	63.22

This paper discusses the domestic supply of white pepper in Malaysia which had always been neglected by researchers whom normally focussed on black pepper. How could the cultivation of white pepper in Malaysia play a role in uplifting the standards of pepper farmers in Malaysia? It is important to examine the major determinants of domestic supply of white pepper in Malaysia so that appropriate policies and strategies could be devised to help pepper farmers in Malaysia to improve their standards of livings in the process of development.