

27/10/1998

Aid to reduce food imports

FOOD is basic as it is essential. As a nation, we spend a lot of money on imported food. Last year the estimate was RM11 billion. This includes the bill for items such as beef and maize. The latter is also used as feed for poultry. As revealed by Prime Minister and First Finance Minister, Datuk Seri Dr Mahathir Mohamad in his Budget presentation last Friday, the value of maize import for 1997 was RM619 million. That of cattle, RM438 million. This is an expense that can be curtailed, if not averted totally, if we produce more of both.

Time was when the nation was 80 per cent self-sufficient in beef. But since the late 1970s the cattle population had decreased dramatically. And we became heavily dependent on livestock and frozen beef imports from Thailand, India, Australia and New Zealand.

Maize was never a staple food on our tables. And we never cultivated much of it. But we had over the years acquired a taste for the golden corn just as we acquired a taste for fast foods, especially of the imported varieties. Thanks to the expansion of the fast food sector, breeding of poultry expanded vastly over the last two decades. Poultry requires feed which means maize. Because we do not produce much of this food, the country is dependent on imports.

True, the cost of maize and beef imports is only one tenth of the country's total food import bill. But of all the items, we could easily eliminate these two varieties of food. Agricultural agencies have researched plans to foster the rearing of cattle in rubber and oil-palm estates. One has also developed a hardy species of maize that could grow well in our climate and in our soil.

Given these facts, it is no wonder that the Government has decided to provide budgetary incentives for the rearing of cattle and the cultivation of maize, both on a commercial basis. As Dr Mahathir explained the active involvement of the corporate sector to undertake agriculture on a commercial basis is necessary. But the Government also is cognisant of the fact that large-scale food production has inherent risks. This is the reason why companies are more keen in commercial crops such as oil palm and cocoa and less inclined to venture into food production.

Thus, the Government has decided to provide incentives to encourage large enterprises to invest in food producing ventures. Thus losses incurred in the production of approved food items, initially, cattle and maize, would be allowed to be deducted from the profits of companies in the same group for the purpose of corporate tax. This incentive, known as group relief, is allowed for food and feed production only. They will be granted to applications that are submitted before the end of 1999.

Hopefully this budgetary measure would prod companies already involved in the agricultural sector to expand and venture into food production. These companies have the basic infrastructure and the expertise. They should take the lead in food production. As Dr Mahathir said, the destiny of Malaysia lies in our own hands. We cannot be forever dependent on imported food. We should reduce our dependence. If the incentive of the Government does result in companies venturing into food production which nets more cattle and more maize, perhaps the authorities should extend the list to more items, including fruits. That would be the way to cut our food imports.

(END)

