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For growth balanced and sustainable

SOME of the top corporations in the country are involved in agriculture, or had started out in this sector when the economy was still agrarian in nature and Malaya was under colonial rule. Sime Darby, Guthrie and Golden Hope are some examples. Over the years they have diversified into other sectors, including construction/property and financial services, but agro-based activities remain their core business. And that's how these corporations have been making money year after year.

Not many local companies are following in their footsteps, though. Foreign participation in new and large-scale agriculture projects is also negligible. The Malaysian Institute of Economic Research says most investors prefer to venture into assembly-type processing and manufacturing, property development and services sector. Investors perceive agro-based ventures as rather more risky and this, to a certain extent, is true. Agriculture is dependent on not just economic trends but also the weather and the climate. In the Malaysian context, it is also difficult to access financing for agricultural projects; and suitable land, manpower and markets are other considerations. And although the likes of Sime Darby, Guthrie and Golden Hope were making tonnes of money even during the economic slowdown and the Asian financial crisis, it is generally decided that the returns on agricultural investments are not comparable to industrial investments.

The Agriculture Ministry has long observed the lack of private sector participation in the industry. The National Agricultural Policy 1998-2010 lays down strategies to attract greater participation from this sector but this calls for major initiatives. The Consultative Council on Agriculture, which is being set up and will start work in March, will hold the key to these new initiatives. There is money to be made and opportunities to seize in the agricultural sector but the private sector needs to be told about them and persuaded to take part. Agriculture Minister Datuk Effendi Norwawi said it is his intention to show the private sector that investment in agriculture is "as profitable and exciting" as in other sectors. That the council is to be chaired by Prime Minister Datuk Seri Dr Mahathir Mohamad shows the importance the Government places on the issue. The council wants to see a shake-up in the industry. Malaysian agriculture needs more big companies to participate in big and new projects, and the country hopes to produce more in the class of the plantation and resource-based corporate giants. If it takes new policies and strategies to achieve this, the council will do it. All inherent and structural problems which may have put off the prospective investor will need to be done away with.

The stakes are high. The contributions of agriculture to economic development are very significant but the industry's potentials are not being fully exploited. Malaysia's food import bills continue to increase even during the worst of economic times. Last year the country imported an estimated RM10 billion worth of food products, compared with RM8 billion in 1997. The agricultural sector (including forestry, livestock and fishing) contributed 13.6 per cent to the gross domestic product in 1995 but this declined to 12.3 per cent in 1998 and is expected to drop further to 10 per cent this year. Unless the private sector comes in and take the lead, the importance of the sector and its contributions to the economy will be further eroded and, given its role in the economic development, will have a negative impact on many people's livelihood.

Many of the nation's industries are in fact dependent on the agricultural sector, not least that it remains a steady source of raw materials which are transformed into value-added goods that are then sold worldwide; wooden furniture, latex gloves and the wide range of palm oil-based consumer as well as industrial products are but a few examples. The biggest challenge faced by the sector is perhaps one of image, that it is somehow a less worthwhile activity. Correcting this perception must therefore be very high up on the council's agenda.

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