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Increasing efforts to help shake up agriculture sector

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EFFORTS are being taken to put agriculture in its rightful place in the economic scheme of things in this country and for good reason too, not least after the big role played by the sector in mitigating the effects of the economic crisis of 1997.

The Malaysian Industrial Development Authority (Mida), for one, is stepping up its drive to attract agro-based foreign investors to help expand downstream activities. And to reduce the country's huge food imports, Mida is looking "beyond the large-scale orchards and farms" into ventures such as food manufacturing.

Indeed, the agency is re-thinking all of its policies and strategies, supported by the Agriculture Ministry. This week, newly-appointed Agriculture Minister Datuk Dr Effendi Nawawi announced the formation of a Consultative Council on Agriculture, whose top priority is to increase private sector participation in agro-based industries.

The council, to be chaired by Prime Minister Datuk Seri Dr Mahathir Mohamad, will start work in March to formulate policies and troubleshoot problems in a move aimed at shaking up the industry.

Economists contacted by Business Times welcomed the initiative but they also warned that it is by no means going to be easy convincing the private sector to participate in what has come to be perceived as a industry which offers low yields on investment.

As pointed out by Professor Ishak Shari, director of Developmental Economics at Universiti Kebangsaan Malaysia, the principal challenge is to change the mindset of the private sector.

"There were previous attempts to engage the private sector. Take prawn farming, for instance. It took off for a while but then quickly waned.

"The private sector, given its main motive of making money and fast, is naturally drawn to options which give better and faster returns," he said.

Incentives, on a long-term basis, is not a good idea as it will cost the Government a lot of money in the end, he added.

"There is actually no lack of appreciation of the importance of the agriculture sector. For example, people do recognise that during the crisis, palm oil played a crucial role in helping to keep the economy afloat.

"In any case, there are many issues to look at if development of the sector is to be stepped up. Technical manpower requirements would be among the first.

"Although many routine work can be done by unskilled workers, commercial farming needs technical knowhow and expertise," Ishak said.

The Malaysian education system has unfortunately become very much skewed towards preparing workforce for the industrial and manufacturing sectors, rather than for the farms.

"Due to our over-enthusiasm with manufacturing, we got sidetracked and forgot about agriculture. Even the only agriculture-based university in the country changed its name," he said.

As a result, it has also become very difficult to get young people to work in the sector, Ishak noted.

According to the Manpower Department, there were 2,224 agriculture-related jobs for the taking in October 1999, and only 14 job seekers. The vacancies (agriculture, animal husbandry and forestry work, fishing and hunting) accounted for 19 per cent of the total number of available jobs

in the country then.

Another economist, noting the renewed emphasis on agriculture, said: "The value-added of industrial crops such as palm oil, rubber, cocoa and forestry products is expected to increase from RM11.6 billion to RM13.3 billion between 1995 and 2010, under the Third National Agriculture Policy (1998-2010)".

These crops' development will continue to be encouraged and supported by appropriate incentives, infrastructure, research and development, extension services and human resource development, he said.

In addition, uneconomic-sized smallholding will be reorganised and consolidated into estate-type production units to achieve economies of scale.

"Under the policy, the private sector is also encouraged to develop bamboo and rattan cultivation in degraded forests and idle as well as abandoned land," he said.

By way of food crop estates, not only can the country reduce its huge food import bill but also become a net food exporter. This is important because food is currently the largest foreign exchange outflow item, according to him.

"It has also contributed to a rise in our cost of living because the price of imported goods increases all the time," he said.

As for the smallholders, they should welcome the changes rather than resist them. Factories set up to process the crops can as easily source their supplies from the independent growers as from the big estates, the economist said.

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