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Dormant agriculture sector awakens

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IT is as if a slumbering giant has stirred. It may not be so much a giant leap as a hop, but agriculture is certainly well on the way to regain its former lofty position as the mainstay of the country's economy.

It may not be quite evident now, but the undercurrent of dynamism permeating the country's agricultural sector is palpable.

Various exhortations and statements in the recent past by the top-rung of Government point to greater optimism for agriculture in the country. It is apparent that everybody who is anybody in agriculture is getting their act together to propel the sector into greater prosperity.

How things have changed. Agriculture took a backseat when the country's industrial pursuit rushed headlong in the 1970s and 1980s, as the manufacturing sector led the way in Malaysia's development drive.

Rubber and palm oil ceased to be the main foreign exchange earner while the country's food import bill escalated from RM3.5 billion in 1985 to RM7.7 billion in 1995. Last year it ballooned to a whopping RM13 billion.

The figure is expected to increase exponentially with greater demand for imported foodstuff in the face of growing affluence and more eclectic consumerism of the populace.

It would now appear that the Government is re-emphasising the role of agriculture as a significant player in the nation's economic growth. The Ministry of Agriculture is gearing itself up to nudge the sector from out of the doldrums and into the forefront of national development.

Already its efforts are beginning to bear fruit. The sector exceeded its 2000 national gross output value target of RM13 billion when it recorded a figure of RM15 billion. The ministry has now committed itself to achieve a cumulative output value of RM85 billion by 2005.

Agriculture Minister Datuk Effendi Norwawi has remarked that Malaysia can be a nett food exporter by 2010. His Secretary-General, Datuk Abi Musa Asa'ari, is confident of reaching the target.

"Of course certain foods like wheat, sugar and rice will still be imported. Either we don't have them or we don't grow enough. But we are confident that food exports will exceed imports by RM500 million come 2010. But we are under no illusions that a lot of hard work is required," says Abi Musa.

Perhaps this apparent newfound zeal may be set against the backdrop of the 3rd National Agricultural Policy (NAP3). Launched in 1998, it sets the policy thrust and national strategic directions for agriculture and forestry development up to 2010.

The NAP3 recognises the need to modernise the agricultural sector in order to enhance its productivity, resilience and competitiveness. The policy may in fact prove to be the elixir that will re-invigorate agriculture.

The ministry, however, is aware of the issues confronting the agricultural sector and the challenges in store.

Apart from offsetting the burgeoning import food bill, the ministry will have to deal with the issues of acute shortage of labour and the resulting problems of unworked land or unharvested tree crops in the plantations.

In addition, the problem of idle land in the smallholdings continues to blight the ministry in its effort to increase the hectarage of productive land. Furthermore, there is limited availability of suitable agriculture land, especially in light of competition for land with other economic

sectors.

In a sign of the times, the ministry will also have to grapple with increasing labour cost, leading to higher production costs. With trade liberalisation the byeline these days, this may render Malaysian agricultural produce less competitive in the global market.

Abi Musa, no stranger to agriculture, having previously served as director-general of Fama, is confident that the ministry is well poised to face up to the challenges and boost agriculture into a new era of efficiency and productivity by adopting modern management philosophies.

"The days when agriculture was deemed an activity only for subsistence are over. There is a need for a concerted co-ordinated approach not only within the ministry, but also in tandem with the private sector," he stresses, echoing one objective of the NAP3 - to establish and deepen linkages with other sectors.

Abi Musa is clearly optimistic about the future prospects of agriculture in the country. And he is clear too on what it takes to make it happen - technology, private sector participation, communications, competitiveness and last but not least, the proactive role of the initiators/enablers.

"The ministry is open to any new technologies that may enhance farming practices. These include farm mechanisation and innovative farming methods; how plants and crops may be more efficiently cultivated and harvested."

In effect the move would replace outdated labour intensive agricultural practices with labour saving technology. It would be consistent with the objective of modernising agriculture in the country, as embedded in the NAP3.

"This is where R&D institutions like Mardi comes in," says Abi Musa, alluding to expertise garnered over 20 years by the ministry's research agency. "We would like the private sector to tap Mardi's experience and expertise in agriculture and food production," adds Abi Musa, emphasising the ministry's "open hand" policy of public-private sector collusion.

"We are now working with Bank Negara and the Treasury to draw up incentives to encourage greater participation of the private sector in agriculture and the food industry, employing new technology," says Abi Musa, adding that incentives can also be in monetary forms such as loans and grants.

The Government has now provided a 100 per cent allowance on capital expenditure to encourage food production on a large scale for export and import substitution purposes like prawn farming and floriculture.

In addition, agricultural entrepreneurs would be given an income tax exemption of 85 per cent of statutory income or an investment tax allowance of 80 per cent for a period of five years.

He stresses that success depends on "conviction of effort". The farmers, smallholders, fishermen, policy makers and the public and private sectors must enter the fray with faith and conviction - that there IS a future in agriculture.

"But agriculture is not like manufacturing where production may be planned and predicted. Its success is influenced by such vagaries as the weather, floods, diseases, soil suitability, etc. It does not provide immediate returns. But what is important is the will to do it properly and to have patience.

"Perseverance is a virtue, especially in agriculture. Practitioners just can't put up their hands and say 'No, we give up, we can't do it'.

"In fact, our services are open to all - from the humble smallholder to the giant agricultural concerns, whoever has land. We can advise and assist the smallholder who is saddled with neglected rubber land, for instance, on how to convert his plot to new crops; armed with the proper

business plans.

"We view all of them as entrepreneurs. We offer them our services - technical, consultative and advisory, even financial if necessary. Our officers are ready to help. The era of 'keeping to ourselves' is over," says Abi Musa.

The ministry is conscious of the critical role the private sector plays in making agriculture a success. A council on agriculture, comprising the public-private sector representatives and chaired by Prime Minister Datuk Seri Dr Mahathir Mohamad, meets annually to, among others, deliberate and steer the course of agriculture industry.

Abi Musa points to developed countries such as the United States, France or Australia, where agriculture has flourished and continues to flourish even under the onslaught of industrialisation. The farming community there remains a powerful lobby group, illustrating the influence they wield on national affairs.

Mindful of the target it has set itself as a nett food exporter by 2010, the ministry is exploring all avenues in its over-arching objective to increase national food production and reduce imports. For example, it is encouraging the big oil palm plantation groups to integrate livestock farming in the estates as a means to offset beef imports (which currently stands at 80 per cent of the nation's total requirement).

The ministry has proactively engaged other ministries with the financial, material and human resources to participate in agricultural ventures. It has contributed its expertise to the Ministry of Youth in its "youth in agriculture" projects, where groups of five youths each are given about 8.1 hectares of land per group for them to work on and manage.

It has collaborated with the Ministry for Women's Affairs to assist single mothers to set up and run small food industries, backed by Mardi's expertise. It is also now discussing with the Ministry of Defence to engage retired armed forces personnel in agricultural activities, including livestock breeding and aquaculture.

In another effort to promote agriculture in the country, the ministry has signed memoranda of understanding with the State Governments to run what is known as Permanent Food Production Parks - agricultural/food production schemes on land provided by the State.

A multi-agency task force headed by the Agriculture Ministry manages the park. Proper business plans are drawn up based on careful studies pertaining to the types and quantities of crops and marketing strategies.

The ministry realises that the promotion of agriculture is dependent on good inter-sectoral communications; to create awareness and convince potential investors and practitioners of the profitability of agriculture, especially under the renewed drive.

"We are talking to everyone now - the individual farmers, politicians, bankers, entrepreneurs and plantation groups," says Abi Musa, underlining the determination to fully promote agriculture.

"And we must be able to compete. Production cost has to be cut and more efficient methods practised. Mechanisation has to be employed more extensively and we need to consolidate farmlands for economy of scale," says Abi Musa.

Indeed the implementation of the agreements under the World Trade Organisation and the Asean Free Trade Area (Afta) has underscored the need for Malaysian agricultural exports to be more competitive, especially with regional players such as Thailand and Indonesia. Main export commodities such as rubber and palm oil face increasing competition from emerging lower cost producers and discriminatory tariff and non-tariff barriers.

The ministry and its 12 agencies, however, are all set to tackle the enormous challenges facing it. As Abi Musa puts it, agriculture activities

ranges from "the mountains to the ocean", alluding to hill-farming right down to deep sea fishing, each presenting peculiar challenges in themselves.

"Much need to be done. We can compete if we offer quality produce. The produce must be properly packaged and we must employ pragmatic marketing strategies. For that to happen, all 12 agencies must work in unison, complementing each other's role.

"We are also collaborating with the universities to produce more graduates qualified to undertake modern agricultural practices," says Abi Musa.

Going by him, the ministry appears to be on track to success. However, the toil has only just begun. The task is to keep the momentum going.

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