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MoA Inc yields many dividends

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TWO years after its inception, Ministry of Agriculture Incorporated, better known as MoA Inc, is now a well-tested concept for efficient project management that has since landed 151 applications for agriculture incentives worth RM5.4 billion.

"This is very good news for several reasons," says Agriculture Secretary-General Datuk Abi Musa Asa'ari Mohamed Nor, one being that the figure is a "quantum leap" in comparison with applications worth RM5-6 million the ministry used to pull in previously.

"It is a huge amount and is extremely good for us. The 10-year tax break from the day the company makes profit is one of the main attractions," he said.

Another plus point for MoA Inc, which was officially launched on Jun 23, is that the pleasing figure is only a piece of the good-news pie as it does not reflect private sector interest in agriculture as a whole.

"You must remember that these are only the people who have applied for incentives; there are many more who open their farms and do not apply, perhaps because of tax reasons," he said.

Following aggressive promotions since 2001, the ministry has courted the private sector with incentives, the availability of credit facilities at low interest rates and its new MoA Inc concept, styled with a corporate feel.

He said the promotions had been successful, with the last factor being one of the main reasons private powerhouses such as the PNB Group were also getting involved in agriculture.

He said the ministry was in various stages of discussions with the powerhouses of agriculture in the country, such as United Plantations, Golden Hope and Felda and Felcra, companies and statutory bodies with land and able to implement projects in a commercial way.

From palm oil and cattle-integrated farming in Felda and big-scale fruit production for Golden Hope, he said, the response to the ministry's efforts had been positive.

"We constantly have discussions with them and now they have their own projects pertaining to agriculture, some with large-scale commercial food production. I must say at this point of time that the collaboration with the powerhouses looks very, very bright because they know that the ministry is serious about (attracting the private sector) and we are doing everything in a very professional way," he said.

How are these successes attributed to the professionalism of MoA Inc?

He said any MoA Inc project was "thoroughly integrated", complete with marketing plan, expert advice from all its 13 departments and agencies and planning at every stage, from pre-production to distribution.

There was even a manual for MoA Inc, he said, launched two months ago by Agriculture Minister Datuk Effendi Norwawi in front of all the ministry's officers.

"We told them how the projects in the ministry are being handled, how all projects will go through a standard procedure and will have the input of various agencies and departments relevant to the project. Whenever we undertake an Moa Inc project people can rest assured that all variables are taken care of," he said.

What were the variables?

He said in an agriculture project one must never think in terms of

"production only".

There had to be planning for the whole value chain, from pre-production to harvesting, post-harvesting to logistics and marketing to distribution, he said.

The manual was launched to ensure all department and agencies of the mammoth ministry knew the entire process well, to ensure the success and viability of MoA Inc.

Indeed, during interviews with staff of different departments of the ministry, many of them talked about MoA Inc with clarity and gusto, saying the concept had permeated through all levels.

On the heels of the manual comes the ministry's "new objective" based on a target set in the National Agriculture Policy (1992-2010) to address the RM6 billion deficit in the balance of trade.

Abi Musa said the new goal, called the Balance of Trade (BOT) mission, was to address the fact that the country's food BOT was in favour of imports (RM13 billion) while exports were about RM7 billion yearly.

"If we do not do anything about this deficit, by the year 2010 the deficit can come up to more than RM20 billion. So there is a need for us to intervene and correct this," he said.

He said MoA Inc had therefore embarked on a comprehensive exercise to remedy the situation and came out with a masterplan of achieving a net surplus of RM2 billion in food production.

"It is not that much but to achieve that by 2010 is not going to be an easy thing. Our projects are now geared to achieving that target, to produce enough so we become a net food exporter," he said.

The masterplan identifies the commodities the ministry is limiting itself to, since there are around 73 types of vegetables and 120 types of fruit in Malaysia and there is a need to concentrate on the "ones that can really make money".

These money-making crops are fruits such as papaya, pineapple, watermelon and mango, coincidentally the ones that have also been targeted under the ministry's Malaysias Best seal.

"The important thing is the BOT mission is MoA Inc's goal; we need a long-term target. The ministry needs this and the private sector does too," he said.

Part of the BOT mission is to convince private companies that they can contribute to the agriculture sector and be an all-round food producing powerhouse, such as Nestle and Del Monte.

He said both companies were great examples as they were companies that handled food production in all aspects of the value-chain worth billions yearly.

"We are trying to encourage the big timers to do that, because they have the capacity and resources such as farms and factories," he said.

He said the MoA Inc encouraged companies to venture into agriculture, such as Sime Darby's commercial ventures into hydroculture technologies and aeroponics, but urged them to work together with the ministry.

It was much better, he said, if the companies came to the ministry first so they could collaborate right from the start and work out aspects such as export plans.

"We can help them get market access (to other countries).

The ministry was in the position to help, especially with its international division that has been "strengthened" and made bigger.

Also created especially for the private sector was the Private Sector Agriculture Council set up in 2001 to listen and talk to private companies and their participation in agriculture. "It is a serious thing to us and the Prime Minister (Datuk Seri Dr Mahathir Mohamad), who is also concerned about this, chairs the council every year. On top of that our departments

have their business councils where businessmen are constantly in dialogue with the ministry," he said, adding that every day was a "Meet the Customers Day" for the ministry.

Of the 151 applications for incentives, 101 have been approved with a value of RM841.67 million. The sector with the highest investment value among the applications is cultivation of crops, which amounts to RM467 million, followed by aquaculture (RM339.67 million) and livestock breeding (RM35 million).

He said there was a big potential in fisheries and many private companies were showing interest in this sector as well as livestock and dairy production.

The ministry also set up the Agro Tech Park in Cameron Highlands where people could come and see how crops such as strawberries, tomatoes and capsicum were produced in a commercial way using intensive farming styles and the latest technology.

"Let's say the normal production of tomatoes is 18 tonnes, but here you can easily talk about 100 tonnes because of the intensive farming practised. There are many companies who want to come in and we will help them in identifying the technology that can be used."

Besides new additions such as the BOT mission and the strengthened international division, he said, the ministry was also conducting International trade and Industry Ministry (Miti)-style promotions to attract the private sector, such as its micro-level seminars nationwide.

While before the seminars were about agriculture in general and its benefits, targeted at around 400 people in one seminar, the new micro-level ones are focused on sectors such as fisheries.

On top of these efforts to woo private investors comes the importance MoA Inc places in social contribution to the nation, such as looking after its farmers and the environment.

An example of this is its 10-tonne project for padi farmers and efforts to get them to supplement their income with crop farming, livestock or aquaculture production.

Although Malaysia produces 65 to 70 per cent of its domestic consumption of rice and imports the rest, the emphasis is on giving better returns for padi farmers and ensuring they do not depend too much on padi.

"It is more of a social concern; we want them to have other money-earning activities such as the Thai padi farmers do. However, if we succeed in the 10-tonne project we can increase the level of production so that we cover all of our domestic consumption of rice as well," he said. He also said alongside getting the private companies into lucrative sectors such as fisheries, the ministry also ensured this did not get in the way of marine resources conservation.

While the ministry was trying to build better infrastructure for processing fish products in ports such as Tok Bali in Kelantan and Tanjung Manis in Sarawak, he said, equal importance was placed on controlling fishing licences, apparatus and fishing times to ensure Malaysia would have "sufficient fish till kingdom come".