

Taking Agriculture to a Higher Plane

Policy alone is not enough to make the agricultural sector globally competitive; a vision needs to be put in place to push the country to the forefront as a major environmentally-friendly food producer.

With agriculture as one of the five major economic thrusts that will be given priority under the East Coast Economic Region (ECER) announced by the Prime Minister recently, the sector is, once again, put under the limelight. This latest initiative by the government is indeed timely and pertinent as, for agriculture to take its rightful place in economic development, its real contribution to national development must be recognized by decision makers.

Despite the decline in its relative contribution to the economy, agriculture continues to be accorded high priority in national development planning. This is partly because the incidence of relative and hard-core poverty within this sector still remains significant, especially among padi farmers, coconut and rubber smallholders, fishermen and other agricultural workers.

As agriculture continues to be an important source of income and livelihood for a majority of the rural population, its growth is seen as vital for rural development and reducing the rural-urban disparity. With poverty eradication remaining an important national objective, the agriculture sector, thus, becomes a targeted sector. But agriculture can no longer be a social economic instrument for rural development alone. Rather, it should complement the changing global landscape in the food and fibre trade. It is, therefore, important for the promotion of rural prosperity because we can no longer accept the migration of the rural poor to cities as a solution for rural poverty. This rural-urban drift should be reversed.

The importance of agriculture to the economy can also be observed from our high food import bill which amounted to RM13.4 billion in 2006. Besides human food, even animal and fish feed were mostly imported, further adding to the high import content of locally-produced

chicken and farm-bred fish. While this is acceptable in times of prosperous growth, it clearly leaves a bad taste in the mouth during a slowdown. Questions arose as to our capability and capacity of producing our domestic food resources. Despite an abundance of land resources and thousands of plant species, and the availability of a variety of animal husbandary, the high food import shows that the production of these food resources needs to be looked at in a more ambitious way. Reverting to import-substitution and protection is not the way to deal with insufficient food production. Policies should be aimed at making the food industry more export-oriented through productivity gains and better products.

Posing great potential, the agricultural sector is also confronted with challenges, both domestic and abroad. For one, the agriculture of today must be competitive; it must produce value-added products, be environmentally sustainable and respond to the growing demand for processed convenience foods and organic products. Against this backdrop, agricultural development must ensure a balance between food security and a protected environment. Agriculture in the new era will be increasingly multi-functional, heterogeneous, complex, knowledge-driven, technology-driven, market-oriented and adapted to available resources. The key factors driving this sector will be the application of biotechnology and information technologies, as well as the globalization of markets, knowledge, education and consumer preferences.

The need for change in the agricultural sector is, therefore, inevitable. While the National Agriculture Policy (NAP3) and the Ninth Malaysia Plan are good instruments to promote the sector, its performance is still a shade below that of the manufacturing and services sectors. Policy alone is not enough to make this sector globally competitive and Malaysia is fast losing her comparative advantage in agricultural production. A vision needs to be put in place to push the country to the forefront as a major environmentally-friendly food producer that does not undermine the renewable base of agricultural wealth, diminish biological potency of the land or displace genetic diversity through the mindless and non-sustainable use of chemicals. The ECER and the Northern Corridor Economic Region (NCER) can provide the key to unleash the full potential of the agricultural sector in the country, if all systems go!

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