



Agriculture & Agro-based Industries

An exclusive report to be distributed with *THE INDEPENDENT*

Transcription of the Interview with:
YB Datuk Seri Haji Noh bin Omar
Minister of Agriculture & Agro-based Industry

WORLD REPORT: Brief introduction on the Ministry of Agriculture & Agro-based Industry. What are your main policies that you've put in place since your arrival a few months ago?

YB DATUK SERI HAJI: The Ministry of Agriculture and Agro-based Industry will continue with the policy of ensuring a continuous and sustainable supply of food products for domestic consumption and export. We want to increase the agricultural sector's contribution to national income earnings as well as to maximise the income of producers.

To achieve these objectives, my main focus is to strengthen the Ministry's mechanism in project implementation. I have proposed the establishment of the Agriculture Development Council in every Parliamentary Constituency and it has been approved by the Cabinet in April this year. These councils will ensure that the needs and views of the local community are factored in when projects are implemented and for the local leaders to be involved in the monitoring of government projects. In this way we can ensure that projects implemented by the government are fully utilised by the people and we get maximum value for the allocation used.

I am trying to improve the delivery system so that the target group is assured of prompt and efficient services. My officers must be able to offer the best

technical advice to farmers, and the inputs the government provides to farmers such as fertilizers must meet the specifications required.

I am also looking into how to encourage the youth to participate in agriculture and agro-based activities. Most of our farmers are aging farmers with many aged 60 years and above. The country needs more graduates and younger people to modernise the sector. For this purpose we have introduced a comprehensive Agriculture Entrepreneurs Scheme which will not only provide training but also funding, land, marketing and other necessary assistance to this group.

Another important aspect is for the agro-food sector to be efficient and effective in meeting the needs of the market. To be able to meet this objective, we must have a good and reliable information system. Any information system, whether at national, state or district level, must be able to deliver the right information to the stakeholders at the right time. We are currently working on the implementation of an integrated ICT system that enables all the players in the agro-food industry to access and share information such as production, price and technology. This programme will allow for greater transparency which will assist farmers in producing products that the market requires resulting in better utilisation of resources and more stable prices of agricultural products in the market.

WORLD REPORT: Access to more and better markets is key for the sector's survival. Ten years ago, Malaysia was holding about 40% of the food reserves in Singaporean supermarkets, today it is around 15%. Why is Malaysia losing market share and to whom?

YB DATUK SERI HAJI: Although it is true that Malaysia is losing in terms of market share, our export quantity and value for fruits and vegetables to Singapore have remained quite stable since 2001. Currently Malaysia still ranks among the top 3 suppliers in the Singapore market.

There are several reasons for the reduction of the market share of Malaysian products in Singapore. Firstly, because of greater competition from other countries through improvement in technology. For example, Malaysia used to be the most important supplier for Singapore for leafy vegetables. However, with the advancement in cooling technology, leafy produce can be sourced from other countries such as China, and this has given greater competition to Malaysian produce.

Secondly, Singapore has been investing heavily in neighbouring countries to ensure the availability of a sufficient supply of food. They have significant reverse investments in agriculture especially in Indonesia and in Vietnam.

Lastly, our exporters are now more selective and they will sell to markets that offer the best terms. We are also expanding into new and traditional markets such as the EU and China.

WORLD REPORT: What tools, agencies and policies is the Ministry putting in place to ensure Malaysian agriculture better access to higher yield markets?

YB DATUK SERI HAJI: To gain better access to higher yield markets, Malaysia is currently undertaking various initiatives. For one, we're offering products that satisfy the needs and requirements of the local market we export to. We have been conducting market studies to understand fully the consumers taste and preferences and translating it into the products that Malaysia is offering. Next, we're complying with market regulations especially on Sanitary and Phytosanitary (SPS) requirements related to food quality and safety issues in order to gain market access. We're also increasing our competitiveness, especially in terms of the pricing of our products since we have to compete with other countries that offer similar products. However, in many cases we also build niche markets by branding our products so that prices can be differentiated. Another initiative the ministry has underway is to develop marketing channels by strengthening linkages between Malaysian exporters and distributors in the importing countries. Additionally, we're promoting the products to increase

consumer awareness and market penetration. This is done through our participation in exhibitions in importing countries. And lastly, we're ensuring consistency in supply in terms of quantity and quality.

WORLD REPORT: What more needs to be done in terms of marketing and distribution?

YB DATUK SERI HAJI: In terms of marketing and distribution, we are developing collecting centres and Food Terminals (TEMAN), which are wholesale distribution centres that can facilitate importing countries to obtain continuous and safe supply of agriculture produce. Two Food Terminals will be operational by 2010.

We need also to strengthen and improve the efficiency of the supply chain by providing market infrastructure and to give farmers access to up-to-date and reliable market information through the use of ICT. Continuous efforts should also be made to increase the competency of our exporters, farmers and agro-based entrepreneurs in marketing and understanding markets. We should continue to improve the marketability of our products through branding and improvements in product presentation utilising the latest technology.

WORLD REPORT: Malaysian fruits are world famous. The papaya cultivated here is considered the best in the world thanks to the crossbreeding of pollination. How much effort is the country putting into R&D? Where have you been most successful?

YB DATUK SERI HAJI: In 1972, MARDI started a backcross-breeding programme for developing new improved varieties of papaya. After 15 years of research, the Eksotika Malaysia was officially released in 1987. This new variety weighing about 600g each had red flesh colour and excellent fruit qualities. Another improved variety, Eksotika II, was released in 1991. Both these Eksotikas are generally recognised as two of the best quality papayas in the world at present.

The availability of these Eksotikas generated much interest in the commercial cultivation of papayas in Malaysia, as there was much demand for them overseas, especially in Singapore, Hong Kong and later China and Europe.

To sustain and improve our world exporter ranking, MARDI is focusing continuous research efforts to cater to the increasing new demands of the papaya industry in developing new varieties with long fruit shelf life and resistant to major diseases, adopting Good Agricultural Practices (GAP) in its cultivation, environment-friendly pests and disease management, and post harvest handling needs for sea and air shipments to lucrative overseas markets. Our research success in developing these component technologies has been responsible for making Malaysia a major player in the international papaya trade.

WORLD REPORT: Organic foods are highly appreciated in the UK and they are also expensive, so the yields for the farmer are obviously very interesting. The State of Kedah, through Agro Kedah, has identified organic produce as key for its agriculture industry's future. At national level, what is the Ministry's position regarding organic foods? What measures are you taking to further develop the sector?

YB DATUK SERI HAJI: The Ministry fully supports and encourages farmers to be involved in organic farming. There is a growing niche market for organic produce in Malaysia, especially among consumers who have health problems or those who are want foods free of chemicals and pesticides.

The Ministry, through the Department of Agriculture (DOA), is actively involved in transferring the latest technology in organic farming to farmers. We have started an organic farming promotion programme and offer an accreditation scheme called the Malaysian Organic Scheme (SOM). This Scheme started in 2003 and accreditation is awarded to farms involved in organic farming that comply with the Malaysian Organic Standard, MS 1529:2001.

As household incomes increase we can expect a growing demand for organic produce. The Ministry will continue to provide extension and advisory services to farmers who venture into organic farming.

WORLD REPORT: Agro-based industries are key to adding value to the produce, to making the sector sustainable and also essential to driving the country from a medium-income economy to a high-income economy. Please tell us more about the status and general wellbeing of the Malaysian agro-based industry.

YB DATUK SERI HAJI: Under the Ninth Malaysia Plan (2006-2010) the agro-based industry is given greater importance in order to add value to the products marketed and to increase the farmers' income. There is a strategic intent to shift from commodities to high value processed products. New policies for the food sector will be centred on innovation-based product development focussing on sustainable production, quality and safety, functionality of food products and providing end-to-end services along the supply chain.

Currently almost 70% of our produce is sold fresh and unprocessed. We need to ensure a larger proportion of our products are processed. Many of our food producers are still micro enterprises and we need to do more to upgrade the equipment, facilities and technology that they use. We are putting in place the necessary incentives and expertise to encourage the agro-food producers to upgrade the quality of their products through practicing Good Manufacturing Practices (GM), Quality Assurances Programme (QAP), Hazard Critical Control Point (HACCP), ISO and other International Quality Standards.

WORLD REPORT: With large producers getting even bigger through mergers and bilateral agreements, small producers face an uncertain future. How important is agriculture to overcome rural poverty? What role do entities such as FELDA & FELCRA play? And, what is being done to help and to protect small producers from the big players?

YB DATUK SERI HAJI: The incidence of poverty in Malaysia is higher in the rural areas (7.7%) than in the urban areas (2.0%). It is very much associated with the agriculture community with the incidence of poverty at 10.3% as compared to other sectors like mining (2.2%) and manufacturing (1.8%). Agriculture and rural development, therefore, hold the key to poverty reduction and have been used by the government to raise the incomes of poor farmers since 1970s.

The Prime Minister has directed agencies like FELDA and FELCRA to become the country's food warehouse by encouraging their settlers to plant vegetables and fruits around their houses and where there are idle lands. This is also one of the strategic actions to develop mixed food zones during replanting of industrial tree crops through intercropping with cash crops. This project will increase food production, generate additional income for the settlers and will ensure greater utilization of our land resources.

To help and protect the small producers, the government provides agriculture inputs such as seed, planting materials, fertilizer and animal feed. Soft loans are also provided as the government acknowledges the lack of funding as one of the problems faced by the smallholders. Assistance is also provided to increase marketing capabilities particularly in the areas of product development and market promotion. Through our contract farming programme, farmers are guided by the Federal Agriculture Marketing Authority (FAMA) on the type of products and the time of produce to ensure consistent supply to the buyer and reasonable prices to the producers.

WORLD REPORT: Plantations and the exploitation of land always raise important environmental concerns. The audience of *The Independent* is well known for its stance on green issues. We would like to give you the opportunity to convey your environmental policy and influence British public opinion.

Does the country have enough mechanism to enforce environmental policy?

YB DATUK SERI HAJI: As agriculture is an important sector that contributes to the Malaysian economy, we need to develop our agricultural sector in a sustainable manner. In terms of policy, Malaysia has a comprehensive National Agricultural Policy, which we are now in the process of strengthening and reviewing. In our current agriculture policy, resources – particularly land, water and agricultural inputs – must be managed and utilised in a sustainable manner.

To achieve this objective, several regulations have been enacted to ensure that activities in the agricultural sector will be sustainable to minimise the negative impact on the environment. For example, we have a regulation that agriculture activities cannot be done on slopes more 25°. We also have very comprehensive regulation on the usage of pesticides and other chemicals.

We are also developing green technology to be utilised in developing our new agriculture areas. For example, we have introduced new technology in managing agriculture activities on peat soil to ensure sustainable agriculture and to minimise the negative impacts on the environment.

Under the 2010 Budget recently announced by the Prime Minister, a National Green Technology Centre will be established to formulate and implement a green technology development action plan. The agriculture sector will be included in the formulation of this plan. In addition, soft loans will also be provided to companies employing green technology.

I must admit that more can be done to improve the enforcement of the many regulations we have to protect the environment. Apart from enforcement, we are also educating the farmers and fisherman that their livelihood depends very much on them taking care of the environment so that agriculture is sustainable and they can continue to reap returns from agriculture.

WORLD REPORT: Fisheries are also part of the Ministry's responsibilities. With world demand rising it is also a very interesting sector to invest in and develop. Please share with us your views on the sector's current status and on its future.

YB DATUK SERI HAJI: The fisheries sector is an important contributor to national food security, employment generation and foreign exchange earnings. The fisheries sector plays an important role as a major source of income for rural folks in coastal fishing communities.

The Ninth Malaysia Plan (2006-2010) has formulated an ambitious plan to increase the production of fish in the country. A substantial increase is from aquaculture production, which is targeted to grow by 21% per annum. The production will be private sector-driven, with the government providing supporting services through an improved delivery system.

In a move to develop the aquaculture industry, the Department of Fisheries has initiated the Aquaculture Industrial Zones (AIZ) involving the development 39 zones, located throughout Malaysia that will be used for the culture of various types of high value aquatic species. End-to-end support services along the supply chain, such as fish seed production, feed mills, fish processing plants and other supporting industries, is being developed. Through this programme we hope to increase our export of fish to international markets.