

## POLICY AND STRATEGY

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### PLANNING FOR NATIONAL ECONOMIC GROWTH THROUGH AGRICULTURE

Policy and planning, which encourages robust growth in the agriculture sector will improve the welfare of the majority of the people. It provides economic growth and improved living standards.

Traditional systems do not provide a higher living standard. Further, by international standards, there is a growing level of poverty in PNG. Population pressures are also placing considerable strain on our traditional system and people are vulnerable to poverty.

Government's principal role in economic development is to create the appropriate environment that will enable people to mobilise their own resources to achieve increasing living standards.

There should be stronger and more diversified food and livestock sector. Also there should be opportunity to use agricultural skills as the means of entry into cash economy.

Medium Term Development Strategy (MTDS) is expected to create this environment, which focuses on basic education, health care, infrastructure, law and order and on increasing the opportunities for the private sector.

There is a clear need to revitalise agricultural research and extension and strengthen farmer-training programs.

As we enter the new millennium, the agricultural sector will remain as the principal focus of our planning policies.

### Recommendations

1. Revitalise agricultural research and extension and promote development of agricultural business through improved marketing, processing and export.
2. Identify and devise ways and means to infuse technology into subsistence agriculture. It is strongly recommended that the production base be diversified to basically improve food security and nutrition of the people where applicable.
3. Every effort should be made to make investment in grain and livestock sector to greatly enhance overall food security and cut down on high import bills. Special attention needs to be directed toward stock feed production as no fewer than four mills already exist in the country and they are at present supplied with raw materials from overseas.

### AGRICULTURE TRADE

Trade provides market outlet for goods and services. In 1998 agriculture trade value was K1.02 billion with the market share of 27.5% in total export. Agriculture sector is one of the sectors where PNG has comparative advantage. Traditional cash crops contributed 12% but declining; erratic economic growth, low productivity, high cost, protection, higher tariffs on inputs are the major contributing factors. Topography, debt, land tenure, poor infrastructure, poor support services and small markets are other factors.

There is growth potential in agriculture trade. Efficient mobilization of resources and credit are required. In the recent past trade policy was outward looking or export oriented.

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As a member of WTO and APEC, PNG has committed itself to reap the benefits of the multinational open trading system. For this purpose there is a need to improve market access, reduce domestic support and export subsidies.

There is also a need to satisfy quality and phytosanitary standards. Pacific Island countries are mobilizing and consolidating regional support and resources.

The Small and Medium Enterprise policy of 1998 calls for action to increase market access, human resource development, infrastructure, information and technology input.

This is complemented by the National Investment Policy, which promotes business environment for greater investment and business growth.

PNG should analyse market trends, needs, demands, challenges and opportunities and decisions of its market strategies, if benefits are to be realised.

Recommendation concentrate in areas where we have comparative advantage, reduce cost of production, improve quality and diversify the export base and the market.

## TRANSPORT

The problem of road transport was highlighted as a major impediment in the production and marketing of agricultural produce. The problem starts from the farm gate to the market and continues on to the point of consumption.

In 1990 to 1999 funds made available for maintaining national roads were only 32% of the estimated requirements. The maintenance of both provincial and national roads too is facing a major funding problem.

### Recommendation

That government should look at alternative modes of transport for agricultural, forestry, min-

ing, livestock and passenger travel. For this purpose the government has no option but to consider rail road construction initially in areas where it is conducive to do so. Development of railroad system would generate considerable employment not only in initial construction but also in their running and maintenance.

## AGRICULTURE AND THE BOUGAINVILLE PEACE PROCESS

Agriculture is the main source of food and cash income in Bougainville. Before 1989, Bougainville was the largest cocoa-producing province in the country and had some of the largest commercial coconut plantation and was also a major copra producer.

Village based cocoa and copra production was additional to subsistence agriculture, vegetable, fruits and meat which were also sold. As the crisis spread and intensified agriculture production declined and exports ceased. An entire generation of young people have since grown up with no agricultural experience or formal education. This affected food security.

But as peace process initiated since late 1997 the trend has been reversed and cocoa and copra production is increasing. Cocoa fermentaries and copra driers are being repaired. Village based agriculture is gradually recovering. New crops are introduced. More needs to be done to reach the pre-conflict status of agriculture. Agriculture is therefore, integral to restoration and development in Bougainville.

Agriculture redevelopment requires active participation by business and the community and requires wider consultation and support. The dialogue to buy back privately owned plantations and their distribution to traditional landowners should be pursued.

The cocoa and coconut extension agency is rehabilitating and planting more than 9 million cocoa and 100,000 coconut trees.

European Union, AusAid and UNDP are providing funding support to promote agriculture development, infrastructural needs, education, and access to finance.

#### Recommendation

That the above effort be vigorously pursued. In addition to cash crops the food crop sector should also be revitalised by bringing improved varieties of seed and planting materials.

## AGRICULTURAL INCENTIVES

### SUSTAINABLE CREDIT

The point was made that the attainment of any form of sustainable agriculture credit will depend on the macro-economic and political stability in the country. Such a situation might be conducive in bringing interest rates down, and encourage credit facilities to play a major role in rural development.

While the setting up of a farmer's bank was proposed, there were also concerns that the inability of the farmers to manage business profitably made rural lending schemes wary of lending to farmers. The privatization of rural development bank as a private profit making company was welcomed.

#### Recommendation

That good training was required to create awareness amongst farmers about their responsibilities as borrowers. DAL should make submission for 20-30 million Kina to boost SACS seed money.

## MARKETING, AGRO-INDUSTRY AND QUALITY

Marketing of food products must initially target the local markets where there are business opportunities. Transportation of agricultural prod-

ucts, especially food items, faces many problems. And this results in produce not reaching the markets on time and in a satisfactory state leading to heavy losses. Therefore, the need for improving transportation and market access for food crops cannot be over emphasized.

There are ample opportunities for down-stream processing of many agricultural commodities produced locally. These must be investigated and strategies and action plans needs to be formulated and implemented.

There are concerns on the possible impact of Genetically Modified Organisms and Food on local Agriculture, environment and human health under the current trade agreements.

#### Recommendations

##### a. Research

The agricultural policies need to be designed to revitalize and enhance research, extension and development, increase food production to attain food security and reduce dependence on imports.

While it is essential that a well planned and well supported agricultural research has been and shall continue to be required for the optimum development of agriculture sector in PNG, this activity must cater for the needs of food crops, fruits, vegetables and livestock. It was recognized that considerable amounts of exotic fruit species exist in agricultural research stations in PNG. And that they should be utilized to promote fruit industry development.

##### b. Extension

It was recognized that the agricultural extension system in PNG has collapsed, although commodity extension schemes are functioning well for tree crops. Therefore highest priority be accorded to establish a national collaborative extension and network develop-

ment scheme coordinated by DAL, involving all sectors of agricultural industry.

### c. Training

Training and introduction of appropriate technology should be promoted. Training and support for women in food production and processing is fully supported.

### d. Information

The importance of authoritative information in all activities of the agriculture enterprise was recognized. It was appreciated that there was the need to fund and staff the DAL's Printing and Publication Unit and bring out its publications regularly. The need for DAL to provide up to date statistical information on agricultural production, imports and exports of all commodities was also emphasized. The use of transistor radios and mobile phones hooked to an agriculture channel also needed to be explored.

### e. Marketing

The need to develop infrastructure such as feeder roads, national roads and marketing facilities was recognized. In addition it was observed that facilitation to transport and infrastructure of perishable produce need to be put in place and required urgent attention.

### f. Down-Stream Processing

In doing down-stream processing it was necessary to focus on domestic market because at this point in time it is difficult to compete with overseas products. The scope for such down-stream processing of tree crops, root crops, grain crops, vegetables, fruits & nuts need to be exploited fully.

### g. Biotechnology

PNG is a member of WTO & APEC, ratified GATT and CBD and will ratify an International Biosafety Protocol. Concerns in relation to the impact of Genetically Modified Organism

(GMOs) and food (GMF) on agriculture, the environment, and human health have been expressed. A National Biosafety Guidelines and National Biosafety Committee need to be set up to deal with imports causing biosafety concerns. This should protect public and national interest and foster a better position for PNG in the world markets.

To prevent unsafe imports and protect National Agriculture Development, there is need to pay attention to non-tariff barriers to trade, such as biosafety and quarantine measures and food standard requirements.

### h. Quality Control

Continued government support is recommended for NAQIA to exercise quality control on exports and imports and to prevent introduction of pests, diseases and weeds.

## TREE CROP INDUSTRIES

Major tree crop industries (Oil Palm, Coconut, Coffee and Cocoa) face similar constraints to increase production and profits although the extent of the problems varies with individual industry.

Extension and research undertaken by the different industries to improve productivity and quality have produced a positive impact on the performance of the respective industries. All commodity Boards are committed to improve and maintain these services to the producers.

Major problems are poor road condition, land disputes and the associated social issues.

Current local rubber production is not adequate to supply the needs of the existing factories in PNG. Further development of this industry is expected to generate employment and export revenues of up to US\$60 million per annum.

Despite the existence of vast potential for spice development in the country the industry has not

been able to progress due to a range of issues, which require attention at all levels.

### General Recommendations

1. Road maintenance and transport facilities are a major limiting factor. As recommended earlier, the development of railroad transport system should be given top priority.
2. All the above industries require financial support to strengthen their extension services as recommended earlier.
3. The need for greater research activity was recognized. It is recommended that consideration should be given to strengthening young scientist cadet scheme with a view to direct national scientists into agricultural research.

### Specific Recommendations

#### Cocoa

That governments at National, Provincial and Local level provide support, funds and other resources to:

- a) acquire and redistribute run down cocoa plantations
- b) extend seed capital for a credit scheme
- c) assist with the Board's quality improvement programme
- d) assist with the Board's downstream processing programme.

#### Coconut

That the Board:

1. Improve its corporate functions, its efficiency and accountability;
2. Strengthen coconut research and development in PNG;
3. Promote coconut downstream processing, and coconut product and by-product utilisation;

4. Promote participation of growers and producers in industry affairs; and
5. Seek and secure government budgetary support for a national coconut rehabilitation and redevelopment programme in 2001.

#### Rubber

Government should provide funding to rehabilitate and expand rubber industry in the existing as well as new areas of PNG. Funding should also be provided for the retooling of the rubber factories at Gavien and Cape Rodney Rubber Schemes.

#### Spices

1. The existing policy directives on spices and essential oils be recognised with the view to fully developing a viable spice industry.
2. The Spice Industry Development Plan and develop programmes and projects to be endorsed and implemented.
3. The Spice Industry Board's development budget for its full establishment and operation for the 2001 financial year be funded.
4. The NDAL's PIP of Alternative Crops Expansion and Diversification Programme be resurrected and funded to become the SIB's extension programme.

#### LIVESTOCK INDUSTRY

In recent years cattle industry showed a decline due to many problems, which should be addressed by all concerned. Remove excessive import tariffs and give same concessional advantage to all sectors. Supplementary paddock feeding using PNG produced agricultural by-products will be adopted to improve cattle production. Although beef is cheaper than chicken, this does not reflect in sales. There is a need to have strict quarantine system to maintain the animal health status in PNG. Develop appropri-

ate technologies in pasture improvement, stock management and supplementary feeding for small farmers and provide skills and business training.

### Recommendations

1. Recognise the development of the supplementary paddock feeding system and encourage the utilization of PNG produced agro-industrial by-products (copra meal, oil palm kernel cake and molasses) to supplement pasture to finish and improve carcass quality and hence profitability.
2. That DAL, NAQIA, NARI and LDC collaborate with the industry and other stakeholders to improve the marketing of domestic beef through aggressive advertising and product merchandising.
3. That NDAL, PDAL and NAQIA prepare annual budgets to control disease and pest outbreak and maintain strong quarantine protocols.
4. The industry seeks a facilitative and supportive role from NDAL and other government agencies for research, technology development, skills development and business training.
5. That NDAL develops strategies to increase domestic meat production to reduce dependence on lamb flaps and other cheap imports.
6. That NDAL prepare a NEC submission to reduce the tariff on agricultural inputs.