

Chapter 10

Summary

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Summary

This report provided fundamental information on agri-food industries in each of eight ASEAN countries from four perspectives: social and economic conditions, linkages amongst FVC-related industries, the supply–demand balance of agri-food products, and the competitiveness of each product in the ASEAN region. Although the statistical data reflecting each country’s conditions is based on various values, several implications emerging from the country reviews overlapped. This chapter summarizes the outputs of all the country-focused chapters to clarify the similarities and differences amongst the agri-food sectors in the eight ASEAN countries.

1. Social and Economic Conditions

Population and Per Capita GDP

- Either a large population or a strong prospect of population and economic growth suggests a considerable potential as a consumption market for agri-food products in Malaysia, Indonesia, Philippines, Viet Nam, and Myanmar. In Viet Nam, this same prospect also implies a growing importance of foreign markets as destinations for their agri-food products in the long-term.
- Although Thailand has a population that is comparatively large vis-à-vis those of other countries in the ASEAN region, and has a certain presence as a consumption market, the country’s poor prospect of population and economic growth suggests a growing importance of foreign markets for its agri-food products.
- By contrast, Lao PDR and Cambodia both have a strong prospect of long-term population and economic growth, but their small populations suggest only a limited potential for their domestic consumption markets. Foreign markets, especially ASEAN countries, where regional integration is in progress, will likely become essential consumption markets for their agri-food products.
- Projections of the population based on the level of per capita GDP show rapid increases in the number of high-income people in all eight ASEAN member states covered in this report. It will thus be necessary to establish a system for supplying agri-food products to match the demand from this rapidly growing upper-income bracket.

The VA of FVC-related Industries

- Amongst six agri-food industries targeted in this report—agriculture, fishing, food and beverages, wholesale trade, retail trade, and hotels and restaurants—the VA of wholesale and retail trade accounted for a notable share of GDP in all eight countries during the periods covered in this report.
- The proportion of GDP due to the agricultural VA was comparatively large in Malaysia, Indonesia, the Philippines, and Viet Nam. Of these countries, only Indonesia and the Philippines also had a large share of their GDP due to the VA of the food and beverage sector.
- While the share of GDP due to a majority of FVC-related industries shrank, that due to the VA of food and beverages gradually expanded in Malaysia, Thailand, Indonesia, and the Philippines.

- By contrast, the proportion of GDP due to the VA of food and beverages decreased in Viet Nam, Lao PDR, Cambodia, and Myanmar, despite the fact that the proportions for many other industries were expanding. The rapid increases in the proportions of GDP due to the VA of agriculture and fishing in Lao PDR, Cambodia, and Myanmar were especially notable.

Destinations of Products in Agri-food Industries

- Interindustry transactions involving product flows from agriculture and fishing to the food-and-beverage industries increased in most of the ASEAN countries analysed in this report, with the exceptions of Viet Nam and Myanmar. Transactions from fishing to the hotel-and-restaurant industries, and from the food-and-beverage industries to the hotel-and-restaurant industries, gradually increased in Malaysia, Thailand, Indonesia, Lao PDR, and Cambodia.
- The Philippines and Myanmar showed a slight increase in their transactions from their food-and-beverage to their hotel-and-restaurant sectors. In Viet Nam, there were no observable transactions from the fishing to the hotel-and-restaurant industries, or from the food-and-beverage to the hotel-and-restaurant sectors.
- Growth in intra-industry transactions within agriculture and the food-and-beverage industries was observable in Malaysia, Thailand, Indonesia, and Cambodia. We can conclude that the FVC was growing steadily in these countries with regard to both interindustry and intra-industry transactions.
- Meanwhile, intra-industry transactions stagnated or were very limited for agriculture and fishing in the Philippines, Viet Nam, and Lao PDR, and for the food and beverage industries in Viet Nam and Lao PDR.
- Interindustry and intra-industry transactions in Myanmar had unique characteristics that set it apart from the other countries targeted in this report. For example, intra-industry transactions were the majority of product flows in the agriculture, fishing, and food-and-beverage industries. The FVC in Myanmar has rapidly expanded with regard to intra-industry transactions, while inter-industry transactions increased only gently.

2. Linkages amongst FVC-related Industries

Production and VA Induced by Final Demand

- The increase in final demand in downstream sectors of the FVC, particularly in the food and beverage industries, had notable impacts on the VA of upstream sectors in all the countries covered in this report except Malaysia. This result suggests that interventions into the food and beverage industries do contribute to the development of agriculture.
- The impacts of final demand in downstream sectors of the FVC, such as the hotel-and-restaurant and food-and-and-beverage industries, on upstream sectors were limited in Malaysia. For this reason, direct interventions to increase final demand in agriculture might be more effective than expecting a ripple effect from the hotel-and-restaurant and food-and-beverage sectors.
- The effects of downstream industries on the VA of fishing was notable, given that the market size of fishing is limited in all the countries except the Philippines and Indonesia. In the Philippines and Indonesia, the effects of downstream industries on the VA of fishing was limited, compared with their effects on the VA of agriculture.
- It is suggested that the services provided by the wholesale/retail trade sectors are necessary, but alone not sufficient, to automatically drive the development of the FVC-related industries in all

the countries other than Thailand. The wholesale and retail trade sectors in Thailand can, to a large extent, induce the development of the hotel and restaurant industries. The development of wholesale and retail trade can thus sequentially affect production sectors in the FVC in Thailand.

The Relationship amongst the Number of Employees, Per Capita Compensation, and Production

- Production growth can accompany a rise in per capita employee compensation in many FVC-related industries, particularly in agriculture in all eight countries, as well as the fishing industry in Malaysia, Thailand, and the Philippines.
- The number of employees in the agricultural sector decreased while per capita compensation increased in all countries other than Malaysia. This suggests that an interindustry movement of labourers could be strongly tied to productivity and the efficient development of agriculture.
- The food and beverage industries in Thailand, Indonesia, the Philippines, and Viet Nam, and the hotel and restaurant industries in Lao PDR, Cambodia, and Myanmar, had higher per capita compensation than the other FVC-related industries, and may have been the more attractive sectors in terms of labour absorption. However, the number of employees was actually quite small in these industries, except in Cambodia, and workforce growth was slow in Indonesia and Viet Nam.
- In Malaysia, the number of employees in the agricultural sector increased along with a rise in per capita compensation. That suggests structural characteristics indicating the absence of a labour surplus, in contrast to the situation in most of the other ASEAN states.

3. Supply–Demand Balance of Agri-food Products

Supply–Demand Structure

- Most agri-food products are produced and consumed in the domestic market in Indonesia, the Philippines, Viet Nam, Lao PDR, Cambodia, and Myanmar. In addition to domestic production and consumption, many products are exported by Thailand and Viet Nam, and imported by Malaysia.
- Cereals, vegetables, and oil and sugar crops are typical examples of domestically produced goods, in terms of quantity, in all countries other than Malaysia. In Malaysia, the production of fat and oils exceeded that of all the other products.
- Every country covered in this report except Thailand imported relatively large amounts of cereals. Other major imports included: milk in Indonesia, the Philippines, Viet Nam, and Myanmar; vegetables in Malaysia, Indonesia, and Viet Nam; and sugar in Indonesia, Lao PDR, and Cambodia.
- Products exported in significant quantities included: cereals from Thailand, Viet Nam, Lao PDR, and Cambodia; vegetables from Thailand, Viet Nam, and Myanmar; fat and oils from Malaysia and Indonesia; and fruits and nuts from the Philippines.
- In Malaysia, stimulants and spices were mostly imported for further processing and re-exportation. Myanmar had a high self-sufficiency in milk and high dependency on imports for alcoholic beverages. These are special features that were not observed in other ASEAN states.

Trade Prices and Volumes

- Aquatic products had remarkably high export prices, particularly raw and processed crustaceans in all countries other than Lao PDR and Cambodia. The following aquatic products also had high export prices: processed molluscs from Malaysia, Thailand, the Philippines, and Myanmar;

processed freshwater fishes from Thailand and the Philippines; and processed and raw aquatic animals, nei, from Thailand and Myanmar.

- The export prices were notably high for raw and processed stimulants from Malaysia, Lao PDR, and Cambodia. The export prices of alcoholic beverages from Malaysia and processed meat from Indonesia also exceeded the prices of many other products.
- Although the trade quantities of high-priced products were generally small, several high-priced products were exported in significant volumes. These included crustaceans from Thailand, Indonesia, Viet Nam, and Myanmar; marine fishes from the Philippines and Myanmar; and stimulants and spices from Malaysia and Lao PDR.
- Similarly, the following products were imported in large amounts, although their prices were high: processed food, nei, including baby food and miscellaneous prepared food in Malaysia, Thailand, the Philippines, Viet Nam, and Cambodia; raw crustaceans and raw stimulants and spices in Viet Nam; and alcoholic beverages in Malaysia.
- The export and import prices of processed products tend to be higher than those of primary products, except for some items (such as eggs, sugar, and several aquatic products) in all countries other than the Philippines and Myanmar. An increase in processing can lead to a rise in the trade prices of many items, while trade in primary products can raise the prices of various items.

4. The Competitiveness of Each Product in the ASEAN Region

Goods Imported in Smaller/Larger Quantities than Estimated Based on Prices: Non-price Competitiveness in the ASEAN Region

- Table A4.3, in Appendix 4, presents a matrix of representative items that are imported in significant amounts by ASEAN countries, considering their prices.
- Various products in the vegetable, livestock, and aquatic categories, as well as processed foods produced by ASEAN member states were exported to other ASEAN states in significant quantities, considering their prices. These products included: vegetable products in the low- and mid-price ranges; livestock products (e.g. dairy products from Thailand and boneless cattle meat from Malaysia); various aquatic products; and processed food (e.g. prepared fat, molasses, and infant food from Malaysia; and refined sugar and short margarine from Thailand).
- It might be beneficial to seek possibilities to develop further export markets for these products. Moreover, research on the causes of such active import demand, including production and sales methods, would help identify pathways toward increasing the sales of other items.
- Research on the characteristics of the goods actively exported by ASEAN countries to other ASEAN countries might also trigger a reconsideration of production and marketing strategies for domestic products that could compete with goods produced by other states in the ASEAN region.

Inter-commodity and Inter-country Comparisons of Land/Feed Productivity

- Appendix 5 provides a brief evaluation of the land and feed productivity of individual agri-food products in the ASEAN countries.
- Vegetable products with notably high land productivity and ratios of the yield were as follows: tomatoes from Malaysia; tea and pepper from Thailand; tropical fruits from Indonesia; minor nuts

from the Philippines; grapes and grapefruits from Viet Nam; citrus fruits from Lao PDR; pepper from Cambodia; and garlic, onions, and minor fresh vegetables from Myanmar.

- Examples of livestock products with high feed productivity and ratios of the yield were as follows: sheep meat from Malaysia; cow milk and pork from Thailand; buffalo and cattle meats from Indonesia; goat and turkey meats and cow's milk from the Philippines; cow's milk and buffalo meat from Viet Nam; cow's milk and goose or guinea fowl meat from Lao PDR; pork and buffalo meat from Cambodia; and pork and hen eggs from Myanmar.
- Although the harvested land areas or the numbers of producing animals for many products mentioned above were small, and were not necessarily increasing, the potential of these products as exports to other ASEAN countries could be high if they became competitive with the same products from those other countries by means of greater physical productivity.
- The number of products that had non-price competitiveness or were differentiated from the products of other countries was considerable in Malaysia and Thailand; middling in Indonesia and Viet Nam; and small or non-existent in the Philippines, Lao PDR, Cambodia, and Myanmar.
- Processed foods from Malaysia and Thailand tended to have non-price competitiveness. In those countries, the processing of agri-food products seems to have contributed to the differentiation of these products and enabled them to avoid competition based on physical productivity. In Indonesia and the Philippines, agri-food products with non-price competitiveness have little comparative advantage in terms of physical productivity, so maintaining or increasing their non-price competitiveness is critically important for their international competitiveness. In the case of Viet Nam, Lao PDR, Cambodia, and Myanmar, as a limited number of items already have non-price competitiveness, that of other products should be actively enhanced.
- For most product groups, weak, non-existent, or even negative correlations were observed between land/feed productivity or ratios of the yield and the extent of harvested land areas or the number of producing animals. Such results show that most of the land and producing animals were simply not allocated to products that had high productivity or competitiveness.