

MPOB News

RM 294 Million Allocated for Sabah and Sarawak Oil Palm Smallholders

The Ministry of Plantation Industries and Commodities (MPIC) has allocated RM 294 million for smallholders in Sabah and Sarawak to replant or to plant new areas with oil palms in 2014. This initiative, under the government's National Key Economic Area (NKEA), will involve a total of 35 000 ha. Sabah has been allocated 5000 ha while Sarawak 30 000 ha under this initiative.

MPIC will provide assistance of RM 9000 per hectare to cover costs, seedlings, clearing and also for fertilisers.

"We are also looking at the other challenges in the oil palm industry, such as issues on fertilisers, mills and also the dependence on foreign workers," Datuk Amar Douglas Uggah Embas, the Minister of Plantation Industries and Commodities said after launching the Malaysian Palm Oil Board (MPOB) Complex at Kota Kinabalu Industrial Park (KKIP), on 16 December 2013. A total of 230 graduates of the Institute of Malaysian Plantation and Commodities (IMPAC) from Sabah received their diplomas and certificates after successfully graduating from various programmes under IMPAC.

The setting up of the Complex would help the industry to move towards good agriculture practices. Realising the importance of competitive human capital in order to carry the national transformation programme, the ministry set up IMPAC in 2010.

The newly launched MPOB Complex, costing RM 4.6 million, would be an information centre for industry players seeking more information or the latest developments in the oil palm industry. Also present at the event were Dato' Wan Mohammad Khair-il Anuar Wan Ahmad, Chairman of MPOB; Datuk Jainab Ahmad Ayid, Minister of Community Development and Consumer Affairs; Datuk Noriah Kasnon, Deputy Minister of MPIC; Datuk Bolkiah Ismail, Assistant Minister of Infrastructure Development; and Datuk Dr Choo Yuen May, Director-General of MPOB.

Waste to be the Alternative Sources of Fuel

Cement Industry Malaysia (CIMA) Ltd will lead the installation of an integrated alternative fuel combustion system using used tyres and waste biomass in the country.

Mohd Yusri Md Yusof, Managing Director of CIMA, said that the technology from Taiheiyo Engineering Corporation (TEC), Japan allows CIMA to utilise used tyres and waste biomass such as palm kernel shells and empty fruit bunches as alternative sources of fuel.

The system is able to reduce the consumption of non-renewable energy resources, such as coal, thereby reducing carbon dioxide emission significantly by as much as 30%. It can inhibit the formation of chlorine and sulphur coatings but indirectly allows cement producers to use alternative fuels as heat for clinker production.

"The system is also installed to detect sulphur that can be obtained in limestone, coal and chlorine. So, it is very practical to use recyclable materials. In addition, the carbon dioxide emission is reduced," Mohd Yusri said at the opening ceremony of the installation of alternative fuel combustion system integrated cement plant in Bahau, Negeri Sembilan recently.

The successful implementation of the technology is the result of cooperation between Japan and Malaysia through a memorandum of understanding signed in 2012 between the New Power and Industrial Technology Development Organisation (NEDO), MPOB and the Malaysian Rubber Board (MRB).

Meanwhile, Datuk Seri Nurmala Abdul Rahim, the Secretary-General of the Ministry of Plantation Industries and Commodities, said that the Malaysian government has identified biomass as one of the growth areas that will generate income from waste. Therefore, the National Biomass Strategy in 2020 outlines the framework and the potential of biomass to create activity-based economy with a higher added value.

Launch of Biodiesel in the Eastern and Northern Regions and Peninsular Malaysia

Datuk Amar Douglas Uggah Embas, the Minister of Plantation Industries and Commodities, at the launch of Palm Oil Biodiesel in Eastern and Northern Regions and Peninsular Malaysia, said the government plans to enforce the mandatory use of B5, which is a blend of 5% palm oil biodiesel and 95% petroleum diesel, for all diesel vehicles nationwide beginning 1 July 2014. Also present at the launch on 18 March 2014 in Kuantan was Dato' Sri Adnan Yaakob, the *Menteri Besar* of Pahang.

All the 3877 petrol stations in the country will be selling B5 from the day of the launch. Subsequently, the national palm oil biodiesel consumption is expected to rise to 500 000 t a year. The B5 project, implemented in the central region encompassing Putrajaya, Melaka, Negeri Sembilan, Kuala Lumpur and Selangor on 1 June 2011 was expanded to the southern region covering Johor on 22 July 2013. Annual consumption of palm biodiesel in the two regions 1556 petrol kiosks is 150 000 t.

B5 was later extended to the eastern region comprising Pahang, Terengganu, Kelantan and in February, raising the annual consumption of palm oil biodiesel by 34 938 t and reducing the annual diesel consumption by 40.4 million litres. In addition, the final phase of B5 programme will be implemented in Sabah, Sarawak and Labuan. The government will mandate the use of a blend of 7% palm oil biodiesel and 93% petroleum diesel called B7 by January 2015. The government is also getting feedback from the Japan Automobile Manufacturers' Association, Malaysian Automotive Association, vehicles manufacturers, SIRIM Technical Committee and the Malaysian Biodiesel Association.

HIGHLIGHTS OF CONFERENCES, SEMINARS, MEETINGS AND COURSES

Palm Oil Economic Review & Outlook Seminar 2014

The Palm Oil Economic Review & Outlook Seminar was held in Kuala Lumpur on 23 January 2014. Officiating the Seminar, Datuk Noriah Kasnon, the Deputy Plantation Industries and Commodities Minister, said that the Malaysian palm oil industry is expected to improve on its performance in 2014 compared to 2013. This is supported by expected higher production and stronger demand from export destinations, and the use of biodiesel.

Meanwhile, Datuk Dr Choo Yuen May, the Director-General of MPOB, informed the Seminar participants that the crude palm oil production is expected to increase to 19.5 million tonnes due to the recovery in the fresh fruit bunch yield performance, coupled with the increase in new mature areas coming into production and the assumption of normal weather. The crude palm oil price is expected to be firm this year, due to

increasing palm oil demand from major importing countries. The continued crude palm oil price discount vis-à-vis soyabean oil and rapeseed oil, although may narrow slightly, will help to boost the demand for palm oil.

Palm oil ending stock level is expected to range between 1.6 million tonnes and 1.8 million tonnes at the end of 2014, taking into consideration the expected higher production, strong export demand and increased use of biodiesel.

On the implementation of the B5 biodiesel programme to stabilise the crude palm oil price and to reduce domestic palm oil stocks, the government will continue with the B5 implementation to promote the use of palm-based diesel as fuel in the country. The government plans to move forward with the B7 and B10 biodiesel programmes in the near future.

Oil Palm Smallholders Seminar

A seminar for oil palm smallholders in Mukah, Sarawak was held at the Menara Pehin, Setia Raja, Sarawak on 27 March 2014. It was officiated by Datuk Amar Douglas Uggah Embas, the Minister of Plantation Industries and Commodities.

In his opening remarks, the minister said that the government expects the palm oil industry to generate RM 178 billion in revenue by 2020 and this could be achieved through higher productivity and greater palm oil-based activities in the downstream sector. The industry's strong growth over the past 50 years had played a crucial role in the country's vibrant economic growth, he told about 300 oil palm smallholders in Mukah at the seminar organised by MPOB.

He also said that the government, via MPOB, had implemented various initiatives and strategies to increase the fresh fruit bunch harvest to 26 t ha⁻¹ average by 2020. Efforts are also directed towards further developing the downstream sectors. The government also recognises the roles played by smallholders, regardless of whether they are individual farmers or part of a group under the sponsorship of government agencies. The smallholders are responsible for 40% of the total oil palm planted areas in the country.