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PALM OIL INDUSTRY AND TECHNOLOGY NEWS

Budget 2025: Plantation Ministry Proposing Initiatives to Strengthen Oil Palm Industry

Swiss Govt Supports Sabah's Jurisdictional Approach for Sustainable Palm Oil

MPOB Ramps Up R&D on Oil Palm Seedlings to Boost Palm Oil Production

Image Caption: Palm Oil Refinery and Fractionation Plant Provided By Myande Group

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Cover Story

Genetic Breakthroughs and Sustainability in Palm Oil: A Conversation with Dr. Tristan Durand-Gasselin of PalmElit

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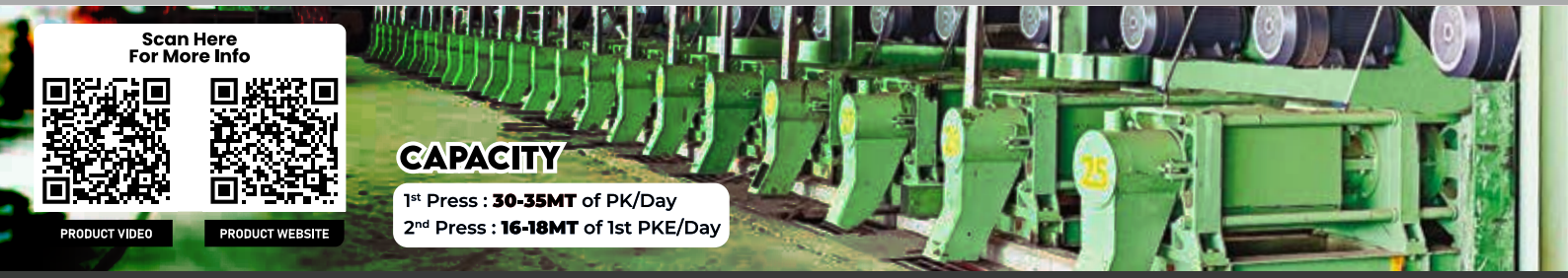

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The Ministry of Plantation and Commodities (KPK) has put forward two proposals to the Ministry of Finance for consideration in Budget 2025. These include a revision of the windfall profit levy (WPL) on palm oil and increased funding for the oil palm replanting program. KPK Minister Datuk Seri Johari Abdul Ghani explained that the review of the WPL is crucial to keep Malaysia's palm oil prices competitive against other producers.

Johari also expressed hope that the government would allocate more funds to the Smallholder Oil Palm Replanting Financing Incentive Scheme (TSPKS), highlighting that smallholders currently manage about 1.5 million hectares of oil palm plantations.

Additionally, Malaysian Palm Oil Board (MPOB) Director-General Ahmad Parveez Ghulam Kadir stated that the tax increase does not pose a significant threat to the competitiveness of Malaysian palm oil in India. Although the hike may affect short-term demand, Malaysia's position as the world's second-largest palm oil producer and its reliable supply give the industry strong potential to maintain its market share.

We will participate in the 14th PALMEX Indonesia 2024, organized by PT Fireworks Indonesia, from October 9 to 11 at the Santika Premiere Dyandra Hotel & Convention in Medan. See you there! On behalf of the editorial team, thank you for your continuous support of Asia Palm Oil Magazine. Stay in touch with us at www.asia-palmoil.com and follow us on Facebook and LinkedIn for more updates

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MPOB Ramps Up R&D on Oil Palm Seedlings to Boost Palm Oil Production

The Malaysian Palm Oil Board (MPOB) is intensifying its research and development (R&D) efforts to produce superior oil palm variants which could boost the nation's palm oil productivity and output without expanding the plantation area.

This effort aligns with Malaysia's commitment to biodiversity and tropical rainforest conservation, following its pledge during the 1992 Rio Earth Summit to maintain 50% of its land under forest and tree cover.

In a statement, MPOB said Plantation and Commodities Minister Datuk Seri Johari Abdul Ghani had visited the MPOB research station in Kluang, where he had the opportunity to observe the Nigerian-based germplasm research plots, a commercial pollination resource center, and the PS 1.1 virescens variant planting plots.

During his tour of the facility on Sept 14, Johari also planted a Clonal Palm Series 3 (CPS 3) seedling, a high-performance oil palm variant which was introduced by the MPOB in 2020.

This elite oil palm variant boasts an 89.7% mesocarp-to-fruit ratio, resulting in significantly higher palm oil yields compared to conventional palm breeds.

Source: theedgemalaysia.com

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SD Guthrie Delivers First Shipment of Palm Oil Fully Compliant with EU's Deforestation Regulation

The shipments arrived at SD Guthrie International Zwijndrecht Refinery in the Netherlands last week followed by another shipment of 16,000 tons at the SD Guthrie International Liverpool Refinery in the United Kingdom.

SD Guthrie Bhd has delivered its first shipments of 40,250 tons of palm oil to Europe and the United Kingdom that is fully compliant with the European Union's Deforestation Regulation (EUDR).

SD Guthrie group managing director Datuk Mohamad Helmy Othman Basha said as an integral part of the food system, the company recognizes the profound responsibility it bears in driving responsible agriculture practices and to fortify resilient supply chains. "We are fortunate to have a small but inclusive supply chain from Papua New Guinea and the Solomon Islands, which has enabled us to map the 17,357 smallholders in our supply chain and consolidate all the information required for EUDR compliance on their behalf.

"This has allowed us to help them navigate the logistical challenges posed by the EUDR and ensure a smooth, successful implementation," he said.

The plantation company said an important aspect of the compliance was the 102,337 hectares (ha) of oil palm plantations and smallholder farms within its supply chain.

"This reflects the company's efforts to build sustainable and resilient sources while enabling small palm oil producers to participate in the EU deforestation-free supply chain.

"Being EUDR-compliant means that detailed polygon maps of all plantations in SD Guthrie's supply chain are available, along with deforestation-free assessment reports that meet stringent EUDR definitions," it said in a statement.

The company said its efforts were supported by comprehensive audit reports documenting compliance with national legislation, International Labor Organization (ILO) standards, and respect for native customary rights.

SD Guthrie partnered with a third-party verifier to assess a forest baseline covering six billion ha, and analyzed around 600,000 ha of its plantations for deforestation risks.

Having established a No Deforestation, No Peat and No Exploitation policy in 2016, SD Guthrie also employs Crosscheck, an online tool that maps its palm oil from source to supply and allows traders and buyers to establish a chain of traceability.

Under imminent EUDR rules, products being exported into the EU including palm oil, soya, wood, coffee, cattle, cocoa and rubber require conclusive and verifiable proof they are not linked to deforestation at any point in the supply chain.

The rule came into effect on December 30 last year.

Source: www.nst.com.my

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Oiltek International Secures New Contracts from Africa, Central America and Malaysia Worth RM19.5 Million

- The new contracts bring its tally of new contracts secured in 2024 to-date to approximately RM152.3 million
- The Group's current order book of approximately RM378.3 million will be fulfilled in the next 18-24 months barring any unforeseen circumstances

SGX Catalist-listed and established integrated process technology and renewable energy solutions provider, Oiltek International Limited ("**Oiltek**" or the "**Company**", and together with its subsidiaries, the "**Group**"), is pleased to announce that its wholly-owned subsidiary, Oiltek Sdn. Bhd., has secured new contracts worth a total of approximately RM19.5 million from Africa, Central America and Malaysia.

The new contracts bring the cumulative new contracts secured to-date in the financial year ending 31 December 2024 ("**FY2024**") to approximately RM152.3 million in value. The new contracts involve the design, fabrication, delivery, testing & commissioning of one new physical refinery plant and one new dry fractionation plant; one new neutralization plant; one new dry fractionation plant; as well as the upgrading and retrofitting of a chemetator refrigerant control system of a texturizing plant.

With the addition of these new contracts, the Group's current order book amounts to approximately RM378.3 million and is expected to be fulfilled over the next 18 to 24 months, barring any unforeseen circumstances.

Mr. Henry Yong Khai Weng, Executive Director and CEO of Oiltek, said, "The new contracts secured are part of our continued business efforts to expand geographically to other markets with emerging prospects and is also testimony to our industry recognition in key markets outside of Asia like Africa and Central America for our reliable, innovative, diversified and comprehensive range of process and engineering solutions. We will continue our efforts to expand our business globally in order to achieve sustainable growth and higher returns to our shareholders."

These new contracts are not expected to have a material impact on the Group's financial performance in FY2024 but are expected to contribute positively to its financial performance in the financial year ending 31 December 2025 ("**FY2025**").

None of the Directors and controlling shareholders of the Company, as well as their respective associates, has any interest, direct or indirect, in these new contracts, save for their shareholdings in the Company (if any).

ABOUT OILTEK INTERNATIONAL LIMITED

Oiltek International Limited ("**Oiltek**" and together with its subsidiaries, the "**Group**"), an established integrated process technology and renewable energy solutions provider, specializes in the provision of reliable, innovative, diversified, and comprehensive range of refinery processes and engineering solutions for use across all different sectors of the vegetable oils industry value chain globally. The history of the Group can be traced back to its principal operating subsidiary, Oiltek Sdn. Bhd., which was incorporated in Malaysia on 1 December 1980.

With over 43 years of track record, Oiltek has successfully designed, built and commercialized plants in more than 35 countries across 5 continents. The Group operates three key businesses – Edible & NonEdible Oil Refinery, Renewable Energy, and Product Sales and Trading.

For its Edible & Non-Edible Oil Refinery segment, the Group provides engineering, procurement, designing, construction and commissioning ("**EPCC**") services for edible and non-edible oil refining plants, downstream specialty products and processing plants; upgrading and retrofitting of existing facilities; and turnkey inside-battery-limits ("**ISBL**") and outside-battery-limits ("**OSBL**") infrastructure engineering.

For the Group's Renewable Energy segment, Oiltek provides services for renewable energy industries including EPCC of multi-feedstock biodiesel, enzymatic biodiesel, winter fuel, HVO feedstock (treated and refined POME oil) and palm oil mill effluent ("**POME**") biogas methane recovery plants; upgrading and retrofitting of existing facilities; and turnkey ISBL and OSBL infrastructure engineering which includes environmental solutions and integration into steam and power generation.

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MPOC Calls on EU to Delay the Implementation of EUDR

The Malaysian Palm Oil Council has urged the European Commission to delay the implementation of the EU Deforestation Regulation (EUDR) with the deadline of implementation set for 30th December 2024.

The council said the deadlines is not only unrealistic but also poses significant challenges for small farmers, businesses, and governments worldwide. Without action, it said EUDR risks causing severe disruptions, particularly for smallholders who play a crucial role in sustainable palm oil production.

"The EU Commission must heed the growing calls for a delay to the EUDR. A postponement is the only responsible path forward to protect small farmers, provide stability to businesses, and give governments the time they need to prepare. A chaotic implementation in January 2025 will cause more harm than good," said Belvinder Sron, CEO of MPOC.

Malaysia has consistently highlighted the discriminatory nature of the EUDR, which disproportionately affects developing nations. The rigid December 2024 deadline fails to account for the operational and technical challenges facing palm oil producers, especially smallholders. A range of governments, industries, and experts, both within Europe and globally, have echoed Malaysia's stance, supporting a delay to allow for a more practical and inclusive implementation.

As it currently stands, the EUDR introduces non-tariff barriers that bring excessive administrative burdens. Without clear compliance guidelines from the EU, the regulation risks excluding small farmers from the EU supply chain entirely.

To address these pressing issues, MPOC said the EU must take immediate action by providing meaningful exemptions for smallholders to prevent their exclusion from global supply chains. Additionally, the EU should establish clear and credible criteria to classify sustainable commodities, such as Malaysian palm oil, as "low risk". Recognizing the Malaysian Sustainable Palm Oil (MSPO) standard as a compliance tool under the EUDR would further facilitate market access for sustainable, zero-deforestation palm oil, ensuring that smallholders are not unfairly burdened.

The EU Deforestation Regulation (EUDR) mandates that all imports into the EU, starting from 30th December 2024, meet stringent requirements including geolocation data, polygon mapping, and comprehensive due diligence. These demands MPOC said places a disproportionate burden on smallholders, many of whom lack the technical capacity to comply. Economic analyses estimate that the annual cost of EUDR compliance for the palm oil sector could reach $650 million, with $260 million falling directly on small farmers.

The government's MSPO standard currently already guarantees legality and zero-deforestation commitments, while also supporting small farmers.

Source: www.businesstoday.com.my

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Either Raise the Palm Oil Windfall Profit Levy Threshold or Abolish It, Says Minister Johari

Either abolish the windfall profit levy on palm oil production or raise the threshold to make it worthwhile, the Plantation and Commodities Ministry has told the government.

Its Minister Datuk Seri Johari Abdul Ghani said he had proposed to the Finance Ministry to revise the windfall profit levy (WPL) on palm oil to keep the industry competitive with other producing countries.

He said the ministry had two suggestions: to abolish or raise the threshold of the windfall profit levy on palm oil.

He said industry players and the Malaysian Palm Oil Board (MPOB) have raised concerns over the levy, saying increased costs have made it unfeasible.

"Today, it costs around RM2,800 to RM3,000 to produce one ton of palm oil, and the windfall tax kicks in at RM3,500. With costs already nearing this threshold, the windfall margin is virtually non-existent," he told reporters after the Malaysian Palm Industry Awards Ceremony (AISM) 2023/2024 at (Sept 23).

Currently, a WPL rate of three per cent is imposed on palm oil prices exceeding RM3,000 per ton in Peninsular Malaysia and RM3,500 per ton in Sabah and Sarawak.

He said he also urged the Finance Ministry to reconsider the current tax framework and awaited their response and decision on the matter.

Source: www.thestar.com.my

The performance of the palm oil industry in the first half of 2024, crude palm oil (CPO) production rose to 8.9 million metric tons, compared to 8.1 million tons in the same period last year.

Palm oil and palm-based product exports also increased by 32 per cent during this period, rising from 12.2 million metric tons to 16.1 million tons.

MPOB chairman Datuk Mohamad Helmy Othman Basha has called on industry stakeholders to adhere to regulations and standards to establish Malaysia's palm oil as a global benchmark.

Looking ahead, Mohamad Helmy noted that 2025 will mark the 25th anniversary of MPOB, which has been instrumental in driving technological innovation and regulatory advancements in the palm oil industry.

He reiterated MPOB's commitment to national initiatives, including MSPO Certification, government support for smallholders, and the Agri-commodity Policy 2020-2030, to ensure the sustainable and progressive development of Malaysia's palm oil sector.

Avoid Buying Oil Palm Seed Online, Says Minister

Plantation and Commodities Minister Datuk Seri Johari Abdul Ghani urged smallholders to avoid buying oil palm seeds online. - Pic courtesy of the Malaysian Palm Oil Board

Smallholders have been urged not to purchase oil palm seeds online from unregistered parties.

Plantation and Commodities Minister Datuk Seri Johari Abdul Ghani explained that several unregistered sellers had planted the commodity, but failed to bear fruit.

"If we use the wrong seeds for oil palm, we will only realize the mistake after about three years. Such a mistake happens when they purchase seeds from an unauthorized supplier.

"This is why I always emphasize that smallholders who are replanting these seeds must refer to the Malaysian Palm Oil Board (MPOB)," he was quoted as saying by Buletin TV3.

Johari added that MPOB also has a list of companies that produce and supply seeds, ensuring that the seeds have been fully tested.

"This is why we should not buy seeds online. Nowadays, seedlings are sold online as well.

"So, do not buy them online because we cannot wait three years to realize that a mistake has happened."

He also suggested for MPOB to ensure that seed suppliers are registered.

Source: www.nst.com.my

Analyst Sees Malaysian Palm Oil Trading Between RM3,700-RM4,500 per Ton Until Mid-2025

Malaysian palm oil is likely to trade between RM3,700 to RM4,500 a metric ton from now until June, as demand is expected to be buoyant during the Chinese Lunar New Year and the holy month of Ramadan, industry analyst Dorab Mistry said.

The benchmark palm oil contract for December delivery on the Bursa Malaysia Derivatives Exchange gained RM42, or 1.08%, to RM3,918 ringgit a metric ton as of 0604 GMT on Friday.

"Prices will begin a new bull market in Jan-March 25. The combination of Chinese New Year and Ramadan in the Jan-March quarter is bullish," said Mistry, a director of Indian consumer goods company Godrej International, in a presentation at industry conference Globoil in Mumbai on Friday.

Palm oil consumption tends to rise during the Chinese New Year festivities. Similarly, consumption of edible oils usually jumps during the holy month of Ramadan, due in late February and March next year, as Muslims gather for communal feasts to break their fast.

Demand for vegetable oils from the food and energy sectors is likely to grow by six million metric tons in 2024-25 mainly due to rising consumption in Brazil, India, Indonesia and the United States, Mistry said.

He added factors such as crude oil prices, overall climatic conditions and weather conditions in South America — a leading producer of soybeans — would weigh on palm oil prices.

Any move by India to reduce tariffs later this year or next year would be a key factor in determining palm oil prices, Mistry said.

India last week sharply raised the basic import tax on crude and refined edible oils by 20 percentage points to help protect farmers reeling from lower oilseed prices.

Despite the hike in import duties, India's edible oil consumption is set to grow at a pace of 2% to 3% as cooking oils remain affordable, Sanjeev Asthana, CEO at Patanjali Foods Ltd, a leading importer, told Reuters.

Mistry said US soyoil futures would continue to benefit from brisk biodiesel demand.

Source: theedgemalaysia.com

Import Tax Hike Not a Threat to Malaysian Palm Oil

Malaysia's palm oil sector remains well-positioned to maintain its foothold in India, despite a recent 20 per cent increase in import tax.

According to Malaysian Palm Oil Board (MPOB) Director-General Ahmad Parveez Ghulam Kadir, the tax hike is not a significant threat to the competitiveness of Malaysian palm oil in the Indian market.

While the increase may impact short-term demand, Malaysia's status as the world's second-largest palm oil producer and its stable supply give the sector a strong potential to retain its market position, Ahmad Parveez told Business Times.

"Palm oil is expected to continue a top choice due to its widespread use in cooking, especially in the HORECA (hotel, restaurant, and catering) sector in India.

Malaysia's palm oil sector remains well-positioned to maintain its foothold in India, despite a recent 20 per cent increase in import tax. According to Malaysian Palm Oil Board (MPOB) Director-General Ahmad Parveez Ghulam Kadir, the tax hike is not a significant threat to the competitiveness of Malaysian palm oil in the Indian market.

"Therefore, at this point, the tax increase is not considered a major threat to the competitiveness of Malaysian palm oil in the Indian market," he said.

On average crude palm oil (CPO) prices, Ahmad Parveez said MPOB is optimistic it will remain stable this year given that the increase in India's import taxes also includes other edible oils.

"Therefore, CPO prices are expected to still be traded in the range of RM3,900 to RM4,200 per ton. This current projection is also maintained based on several other factors, such as stable demand from other markets such as China and the European Union, as well as the potential increase in the use of Indonesian biodiesel, which should continue to curb the overflow of palm oil stocks in the global market," he added.

Meanwhile, SD Guthrie Bhd said the import tax hike has minimal impact on the company, adding that there is continued demand for its products.

The company said India remains a key market for its CPO and refined, bleached, and deodorized (RBD) palm olein.

"As consumption in India grows, the company's robust supply chains will meet that demand. Palm oil remains an essential part of India's edible oil sector and will continue to see healthy growth in the market," it added.

As one of the world's largest certified sustainable palm oil producers with a presence in over 100 countries, about 30 per cent of the company's output is exported to India, and the bulk of it is CPO.

Source: www.nst.com.my

Budget 2025: Plantation Ministry Proposing Initiatives to Strengthen Oil Palm Industry

The Ministry of Plantation and Commodities (KPK) has submitted two proposals to the Ministry of Finance to be considered for inclusion in Budget 2025, namely a revision of the windfall profit levy (WPL) on palm oil and additional allocations for oil palm replanting program.

KPK Minister Datuk Seri Johari Abdul Ghani said the WPL review is necessary to ensure the country's palm oil prices remain competitive compared to other producing nations.

"I have submitted the proposal to revise the WPL for inclusion in Budget 2025. It is one of the main requests from industry players," he told reporters after attending the 2023/2024 Malaysian Palm Oil Industry Awards (AISM) here.

Johari also hopes that the government would consider additional allocations for the Smallholder Oil Palm Replanting Financing Incentive Scheme (TSPKS) to be included in the budget, noting that nearly 1.5 million hectares of oil palm plantations are currently managed by smallholders.

"Last year, the government allocated RM100 million for TSPKS 2.0, 50% of which as grants and 50% as loans.

"However, I believe more funding will be needed for oil palm replanting to ensure our future exports are not affected," he said.

Budget 2025 is scheduled to be presented in the Parliament by Prime Minister Datuk Seri Anwar Ibrahim on Oct 18.

Source: theedgemalaysia.com

Proposal to Revise Palm Oil Windfall Tax Pending MOF Feedback — Plantation Minister

The Plantation and Commodities Ministry (KPK) presented a proposal to the Ministry of Finance (MOF) to revise the windfall profit levy (WPL) on palm oil in the country.

KPK Minister Datuk Seri Johari Abdul Ghani said his ministry is now awaiting a response and decision from the MOF on the matter.

"Palm oil industry players have approached me and the Malaysian Palm Oil Board (MPOB), expressing concerns that the WPL may no longer be relevant, as production costs have risen.

"In the past, producing one tons of palm oil cost around RM1,800, but this has now increased to between RM2,800 and RM3,000," he told reporters after the Malaysian Palm Industry Awards Ceremony (AISM) 2023/2024.

He said the WPL needs to be reviewed to ensure it remains relevant and to encourage further investment in the sector.

"This is what industry players have been asking for since I became minister of KPK nine months ago. They are calling for a government review of the WPL," he said.

On July 6, Johari said KPK would collect data on costs across the palm oil industry before proposing any WPL revisions to the MOF ahead of Budget 2025.

Previously, KPK had assessed the issue raised by industry stakeholders and held discussions with relevant parties.

Currently, a WPL rate of 3% is imposed on palm oil prices exceeding RM3,000 per tons in Peninsular Malaysia and RM3,500 per tons in Sabah and Sarawak.

In his speech earlier, Johari highlighted the performance of the palm oil industry in the first half of 2024.

Crude palm oil (CPO) production rose to 8.9 million metric tons, compared to 8.1 million tons in the same period last year.

Palm oil and palm-based product exports also increased by 32% during this period, rising from 12.2 million metric tons to 16.1 million tons

On oil palm replanting, Johari emphasized the importance of using high-quality seedlings certified by the MPOB.

"These seedlings have the potential to produce more fruit bunches with a higher oil extraction rate. They also grow into shorter trees, which makes harvesting easier," he said.

He added that replanting at a rate of four per cent annually is crucial for boosting sustainable palm oil production.

Source: theedgemalaysia.com

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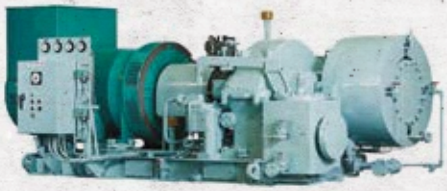

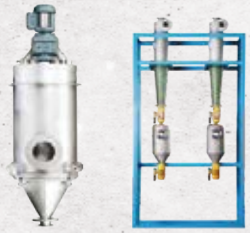

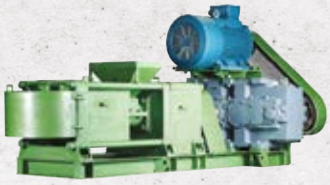

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Indonesia Cuts Palm Oil Levy to Be Competitive, Boost Exports

This is expected to add pressure on benchmark palm oil futures, which have fallen over 10% locally since April.

The world's biggest grower set the crude palm oil levy at 7.5% of the reference price, according to a decree posted on the finance ministry's website.

The new rule, effective from Sept 21, will cut the duty to US$63 per ton from US$90 for September.

The levy for processed palm products will be between 3% and 6%.

The changes will help the Southeast Asian nation to become more competitive than neighboring Malaysia, the second-largest producer.

That could add further pressure on benchmark palm oil futures, which have fallen more than 10% in Kuala Lumpur since a high in April.

Indonesia collects an export tax and an additional levy on palm exports.

The levy, which is utilized to fund replanting programs and provide biodiesel subsidies, was previously set every month in US dollars.

The reference rate – a weighted average based on palm oil prices – is set every month by the trade ministry to calculate export duties.

Source: www.freemalaysiatoday.com

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India Hikes Import Tax on Palm Oil, Other Edible Oils by 20% to Help Oilseed Farmers There

India has hiked the import tax on palm oil and other edible oils by 20%, a move seen as helping local oilseed farmers.

The basic customs duty on crude palm oil (CPO), soybean oil and sunflower oil has been increased from zero to 20%, and from 12.5% to 32.5% for refined products.

Together with India's agriculture infrastructure and development cess and social welfare surcharge, the effective rate of import duty on crude oils will go up from 5.5% to 27.5%, and from 13.75% to 35.75% for refined oils.

An Indian trade group had sought an import duty hike on edible oils to support "remunerative prices" for local oilseed farmers.

Facing pressure from farmers in the soybean-producing states of Maharashtra, Karnataka and Madhya Pradesh, the federal government earlier approved soybean procurement at the state-fixed minimum support price of 4,892 rupees (US$58.30 or RM250.88) per quintal (100kg). Wholesale prices of soybean had fallen between 3,200 and 3,700 rupees in August, according to reports.

India is the world's top importer and second largest consumer of edible oils.

In its fiscal year of 2022-23 (April-March), India imported 16.5 million tons of edible oils, with domestic production providing only 40% to 45% of the country's total requirements. Its consumption of oils and fats was about 27.2 million tons in 2023, and the share of palm oil in it was 36%.

India imported 2.83 million tons of palm oil from Malaysia in 2023, accounting for 18% of total Malaysian palm oil exports. Its other palm oil suppliers are Indonesia and Thailand.

India imports soyoil and sunflower oil from Argentina, Brazil, Russia and Ukraine.

India's palm oil imports from Malaysia in August totaled 321,952 tons, including 305,122 tons of CPO and 14,800 tons of refined, bleached and deodorized (RBD) palm olein, according to industry data.

Palm oil's share in the country's total vegetable oil imports of 1.53 million tons last month was 52%.

Source: theedgemalaysia.com

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RHB: Indonesia's Tax Changes Could Weaken Malaysia's Palm Oil Edge

Malaysia's competitiveness for downstream palm oil products is expected to decrease due to the change of Indonesia's crude palm oil (CPO) and refined palm oil export tax policies, said RHB Research.

Malaysia's competitiveness for downstream palm oil products is expected to decrease due to the change of Indonesia's crude palm oil (CPO) and refined palm oil export tax policies, said RHB Research.

The Indonesian government has, with effect from Sept 21, 2024, abolished export tax rates based on a graduated scale and put into place a fixed 7.5 per cent export tax rate for CPO.

The research house said with this change, Indonesian pure planters will be able to benefit from higher effective CPO prices.

"While the edge that downstream refiners in Indonesia have would widen further, and Malaysia's competitiveness for downstream products would decrease," it said in a note.

In general, RHB Research said all Indonesian planters should benefit from this change in tax structure, given the higher effective CPO prices achievable with the lower export duties, and the wider tax advantage downstream planters would have.

This, it said, together with the revision in Domestic Market Obligation ceiling prices by 12 per cent to IDR 15,700/liter (from IDR 14,000) in mid-August, would help Indonesian planters record higher effective average selling prices (ASP).

For 2025, based on RHB Research's estimated RM3,800 per ton CPO price assumption, this change would improve earnings of the Indonesian and SGX-listed planters by RM116 per ton.

Hence, the firm said the earnings impact is likely to be in the range of 6.0 to 12 per cent per annum, depending on forward sales strategies and percentage of local sales

"Overall, we remain 'Neutral' on the sector. We make no changes to our earnings forecasts for now."

The firm's top pick in Indonesia is PP London Sumatra Indonesia (LSIP), while Malaysia picks remain a mix of pure and integrated planters like SD Guthrie, IOI Corp Bhd, Johor Plantations Group Bhd, and Sarawak Oil Palms Bhd.

Source: www.nst.com.my

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MPOB Achieves 70% Mapping of Oil Palm Smallholders in Nationwide Plantation Coverage Project

The Malaysian Palm Oil Board (MPOB) has successfully mapped around 70% of independent smallholders, as part of its project to chart oil palm plantation coverage across the country.

MPOB director general Datuk Ahmad Parveez Ghulam Kadir noted that the data, accessible via the MPOB GeoPALM Portal, includes 85% of organized smallholders and 88% of estates in Peninsular Malaysia.

By leveraging remote sensing technology and geographic information systems (GIS), he said the MPOB is able to monitor plantations nationwide, providing valuable insights for the industry.

"The mapping project, done in collaboration with the Malaysian Space Agency (MYSA), has covered most areas, with Sabah's update expected by year-end," he told Bernama.

In line with the EU Deforestation Regulation (EUDR), Ahmad Parveez said the MPOB has developed geolocation and polygon data for licensed oil palm growers, a key requirement for accessing the EU market.

"This effort involved close collaboration with geospatial data agencies, such as the Department of Survey and Mapping Malaysia (Jupem), the Sabah Lands and Surveys Department (JTU), and the Land and Survey Department Sarawak (Landas), to ensure accuracy and reliability of the geolocation data and polygon maps generated for plantations," he explained.

The MPOB's GeoPALM Portal has been showcased at several international forums, including the Roundtable for Smallholder Inclusion for EUDR Requirements, and the 1st Focus Group Discussion on EUDR Compliance.

Ahmad Parveez also highlighted that efforts are being intensified in collaboration with the state governments of Sabah and Sarawak, to ensure that all oil palm growers in these regions meet the stringent standards of the EUDR.

He noted that stakeholders and smallholders have responded positively to the geo-mapping initiative, stating, "MPOB greatly appreciates the continued interest and support from all stakeholders and looks forward to providing further updates, as they become available".

MPOB is spearheading the project to map oil palm plantation coverage, in line with the National Agri-Commodity Policy (DAKN 2030).

Key objectives include capping the national oil palm planted area at 6.5 million hectares, banning new planting, tightening regulations on existing oil palm on peatlands, restricting the conversion of Permanent Forest Reserve (PRF) for agricultural activities, and making official plantation maps publicly accessible.

Ahmad Parveez pointed out that Indonesia is preparing for EUDR compliance by developing a National Dashboard for Sustainable Commodity Data.

This initiative aims to improve the traceability of key commodities, such as palm oil, to align with EUDR standards.

He emphasized the collaborative efforts between Indonesia and Malaysia through the Joint Task Force, underscoring a unified regional approach to effectively address the challenges posed by the EUDR.

Source: theedgemalaysia.com

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Swiss Govt Supports Sabah's Jurisdictional Approach for Sustainable Palm Oil

Left to right: Julia Majail, Director of JASPO; Datuk Frederick Kugan, Chief Conservator of Forests of Sabah Forestry Department; Sernam Singh, Secretary of Natural Resources; Ralph A. Stamm, Counsellor, Deputy Head of Mission; Charlotte Hermanns, Embassy's Policy Officer; Lee Ka Han, Project Manager for Sabah of UNDP Malaysia, Singapore and Brunei Darussalam.

The Embassy of Switzerland in Malaysia conducted a significant visit to Kota Kinabalu on September 12 and 13, engaging with key stakeholders driving the Sabah Jurisdictional Approach for Sustainable Palm Oil (JASPO).

JASPO aims to promote sustainable palm oil practices, balancing economic growth with environmental conservation with social equity.

Implemented by the United Nations Development Programme (UNDP), the Green Commodities Programme Phase III funded by the Swiss State Secretariat for Economic Affairs (SECO) supports Sabah's ambition to become a sustainable palm oil producer on a global level through capacity building and accelerating collaborative processes under the initiative.

The delegation, led by the Embassy's Deputy Head of Mission, Ralph A. Stamm met with representatives from Natural Resources Office and Sabah Forestry Department, the JASPO Secretariat, Forever Sabah, WWF-Malaysia and Sawit Kinabalu, to discuss collaborative efforts in enhancing sustainable practices in the palm oil sector.

"Switzerland is committed to promoting sustainable development globally. We see the Sabah Jurisdictional Approach as a pioneering initiative driven by local actors to make the production of palm oil sustainable at the scale of a whole state," said Ralph A. Stamm.

"We support this collaboration among very different stakeholders with the goal of improving the lives of workers, farming families and their communities while protecting forests and vulnerable ecosystems."

The Sabah state government, represented by Sernam Singh, the Secretary of Natural Resources Office, emphasized the importance of stakeholder collaboration.

"JASPO is a testament to Sabah's commitment to sustainability. Engaging with diverse stakeholders ensures that our palm oil industry can thrive while protecting our unique ecosystems and respecting the rights of local communities," he stated.

Industry players also expressed their commitment to JASPO.

Nazlan Mohamad, General Manager Sustainability of Sawit Kinabalu noted, "Sustainable practices are not just a moral obligation but also a business imperative. JASPO is a framework that aligns economic growth with environmental stewardship. We are committed to being part of this positive change."

The visit culminated into discussions where stakeholders shared their insights and outlined future steps to enhance the efficacy of the Sabah JASPO Initiative. The Embassy of Switzerland in Malaysia and UNDP, reaffirmed its commitment to supporting Sabah's efforts through effective collaborative action, technical assistance, capacity building, and fostering international partnerships.

As Sabah moves forward with its jurisdictional approach, the multi-stakeholder collaboration is set to pave the way for a sustainable future in palm oil production, ensuring that the state's palm oil sector is future-proofed for generations to come.

Source: www.theborneopost.com

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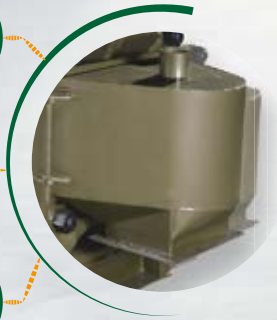

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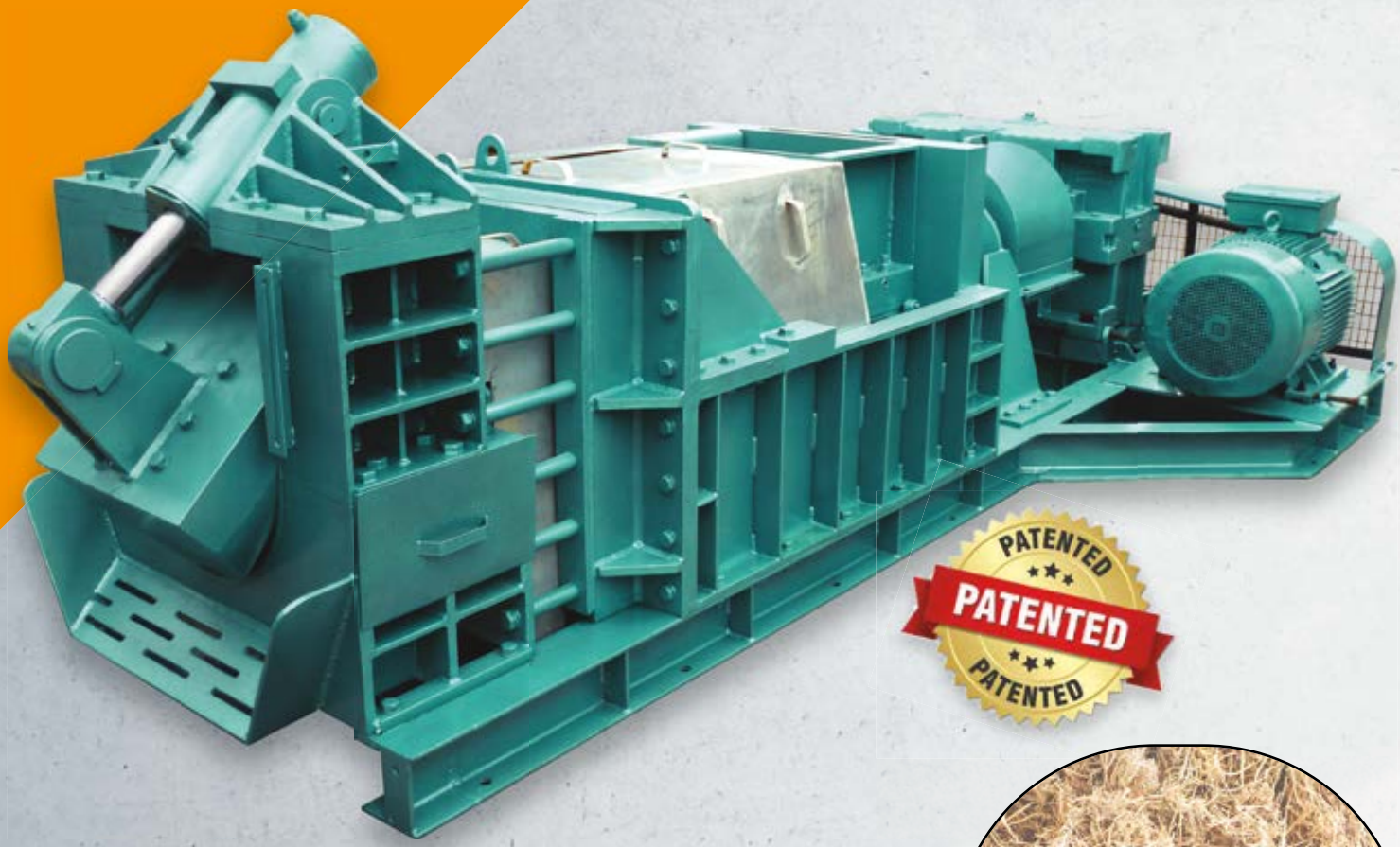

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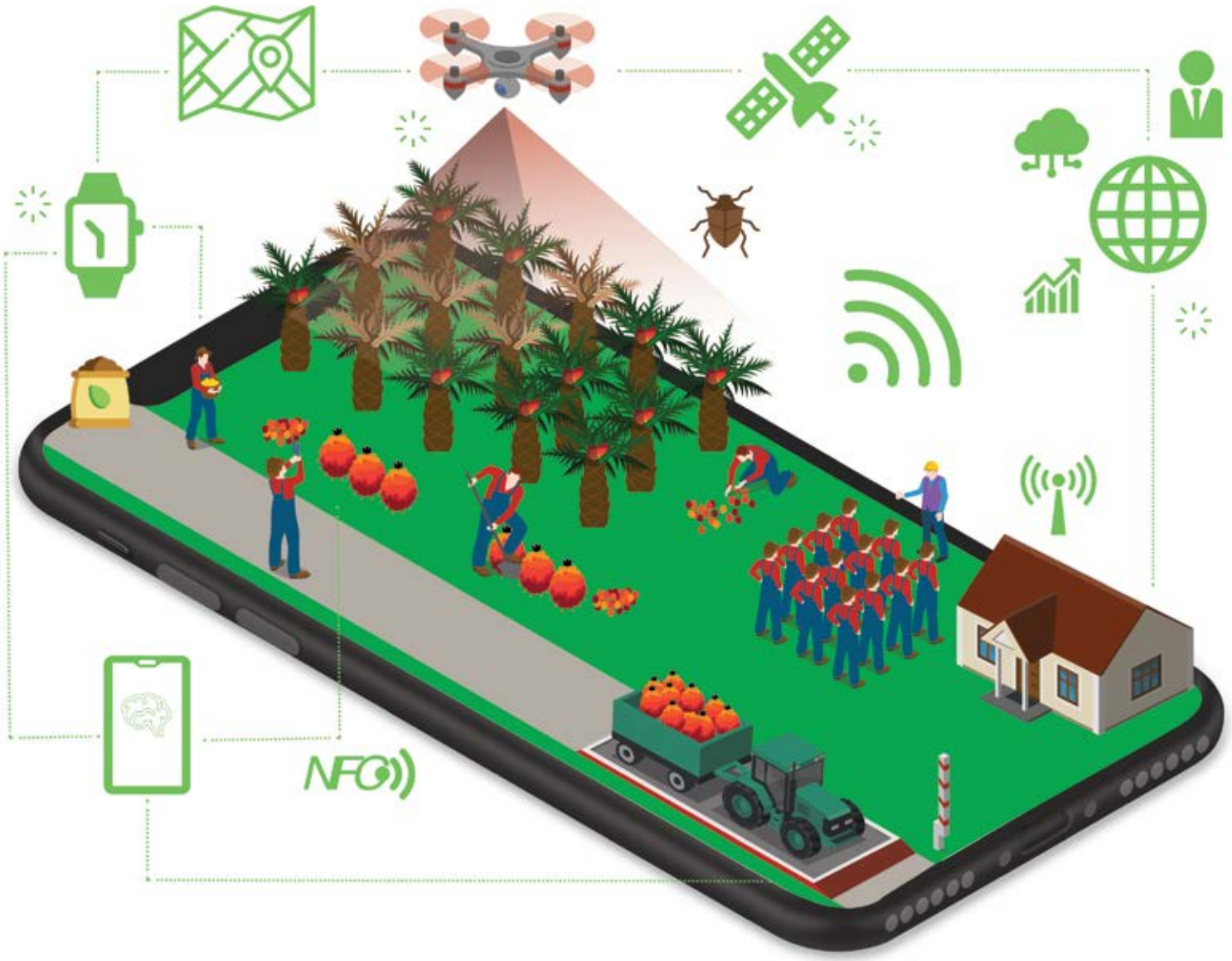
Transforming Oil Palm Plantations with Digital Innovations: A Case Study Using PMMP



In the constantly evolving landscape of agribusiness, oil palm plantations face numerous operational challenges. The demand for higher efficiency, improved productivity, and cost-effective operations necessitates innovative solutions. This case study explores how PMMP (Plantation Micro Macro Program) has revolutionized the management practices of a typical oil palm plantation, enhancing productivity and yield through digital transformation.

The subject of this case study is a large oil palm plantation situated in Labis, Johor, covering an expansive 12,000 hectares. The plantation comprises 14% immature and 86% mature trees, with 33% being prime mature trees. The estate processes its Fresh Fruit Bunches (FFB) in its own palm oil mill, striving for optimal output and quality.

Despite possessing extensive experience and evolving operational practices, the plantation consistently fell short of its yield and productivity targets. The primary issues included the overwhelming paperwork required for estate operations and the subsequent reduction in field supervision, leading to inefficiencies in managing the workforce and ensuring the quality of harvested FFB.

Common Challenges

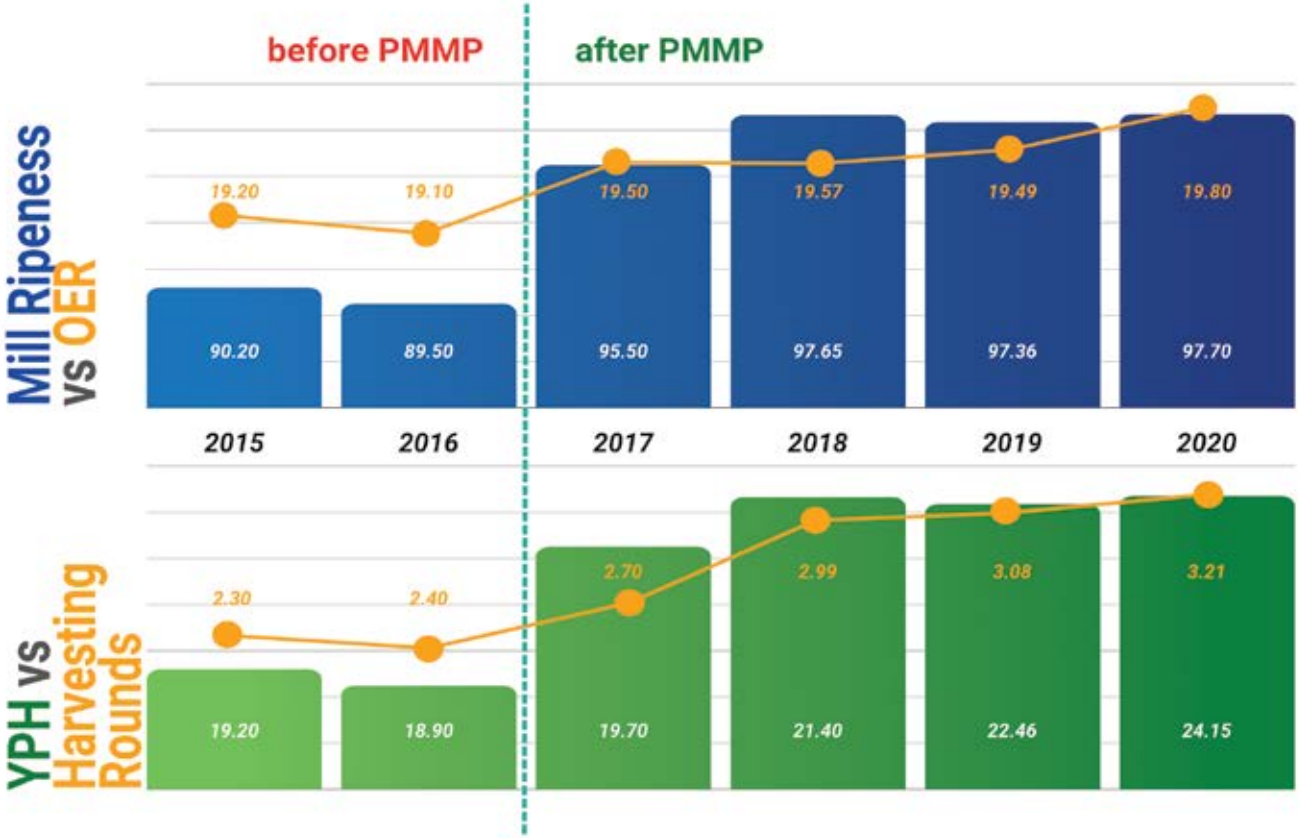
The plantation faced significant hurdles in its day-to-day operations:

1. **Administrative Burden:** Excessive paperwork and documentation consumed valuable time that could have been spent on-field supervision
2. **Operational Costs:** Managing the estate with minimal operating costs while maximizing the productive use of the workforce was a persistent challenge
3. **Yield and Quality:** Consistently achieving desired yield and productivity targets, particularly in ensuring FFB were harvested at optimal ripeness, was difficult

Business Process Improvement: The PMMP Solution

PMMP for Palm Oil Estates offers a comprehensive digital solution to these challenges. The platform digitizes all estate operations, creating a seamless, mobile system that serves as a single source of truth for all key activities. Here's how PMMP transformed the plantation's operations:

1. **Digitization and Transparency:** PMMP provides a front-end system that records all activities with photo proof and GPS location stamps, ensuring data accuracy and transparency
2. **Operational Efficiency:** By implementing behavioral management tools, PMMP enhances the efficiency of the estate team, enabling timely and informed decision-making
3. **Focus on Key Activities:** The platform steers the workforce to focus on critical tasks such as Harvesting, Field Inspection, and Loss Recovery, ensuring these activities are performed optimally



Measurable Results

The implementation of PMMP has yielded tangible improvements in various operational metrics. The estate has seen significant enhancements in Oil Extraction Rate (OER), ripeness of harvested fruit, Yield Per Hectare (YPH), and the number of harvesting rounds

Key Metrics:

- **Mill Ripeness:** Improved from an average of 90.20% in 2015 to 97.70% in 2020
- **OER:** Increased from 19.20% in 2015 to 19.80% in 2020
- Yield per Hectare: Rose from 19.20 tons in 2015 to 24.15 tons in 2020
- **Harvesting Rounds:** Enhanced from 2.30 rounds in 2015 to 3.21 rounds in 2020

These improvements underscore the effectiveness of PMMP in transforming operational behaviors and achieving higher productivity and yield.

Return on Investment

The financial impact of implementing PMMP is substantial. Within 12 months, the plantation realized a remarkable return on investment of 728%. This significant ROI highlights the value of digital transformation in enhancing the operational efficiency and profitability of oil palm plantations.

The case study of this oil palm plantation demonstrates the profound impact that digital solutions like PMMP can have on agribusiness operations. By digitizing estate activities and focusing on key operational behaviors, PMMP has enabled the plantation to overcome traditional challenges, achieve consistent productivity improvements, and secure a substantial return on investment. This success story serves as a testament to the potential of digital innovations in transforming the agricultural sector, paving the way for more efficient and profitable operations.

About PMMP

PMMP (Plantation Micro Macro Program) is a cutting-edge digital solution designed specifically for the unique challenges of plantation management. By providing a mobile-based, transparent, and efficient system for recording and managing estate activities, PMMP helps plantations optimize their operations, improve yield and quality, and achieve their productivity goals.

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OIL PALM SEEDS - CIRAD INSIDE

Genetic Breakthroughs and Sustainability in Palm Oil: A Conversation with Dr. Tristan Durand-Gasselin of PalmElit

Dr. Tristan Durand-Gasselin
CEO of PalmElit, France

Academic degrees:

- PhD from the Ecole Nationale Supérieure d'Agronomie de Montpellier (1984)
- Agronomy diploma from ENSA Montpellier (1980) (Master-level degree)
- Master from the Faculty of Sciences, Montpellier in physiology and plant nutrition (1980)
- Student Listener for Master on "Genetic Resources and Plant Breeding" at INA PG (1993)

Brief career highlights:

Most recent positions:

- Since Jan 2015: CEO of PalmElit, a company dedicated to Oil Palm Breeding
- March 2009-Dec 2014: Scientific Director of PalmElit (Oil Palm Breeding)
- January 2004-February 2009: Head of the CIRAD "Oil Palm Breeding" Research Unit

40 years experiences in oil palm mainly for:

- Breeding
- Breeding for resistance to disease
- Tissue culture

Many:

- Audits for scientific policy & research management
- Scientific and technical support visits (in Africa, Latin America and Asia)
- Also, Member of different Advisory Committees
- Numerous papers & communication

1. What inspired the founding of PalmElit, and how has the company evolved over the years?

PalmElit is a simplified joint stock company jointly owned by CIRAD and Sofiprotéol, with its headquarters located near Montpellier, France. Building on the legacy of IRHO (established in 1941) and CIRAD (founded in 1984), PalmElit has been leading CIRAD® oil palm seed genetic improvement and marketing programs since its inception in 2009.

Its breeding programs are powered by a team of 64 PalmElit and CIRAD researchers, engineers, Ph.D. students, and technicians. In addition, PalmElit is supported by a network of 8 partners, including a public institute and 7 private companies, dedicated to the selection, production, and marketing of CIRAD® oil palm seeds. This collaboration spans across Africa, America, and Asia, with over 1,600 hectares of field trials and 8 seed gardens.

PalmElit offers seeds designed to ensure consistent income for both family farms and agro-industries. The seeds are genetically enhanced to meet the expectations of key stakeholders across the supply chain.

For growers, the seeds deliver high yields, even in less-than-ideal climatic conditions, while offering improved resistance to major diseases and moderate vertical growth, which extends plantation lifespan and simplifies harvesting. For processors and the agri-food industry, the seeds offer a higher oil extraction rate, produce oil with market-specific characteristics, and lower acidity. All seed traits, which vary based on genetic origin, undergo rigorous selection to ensure quality and performance.

2. Can you share any details about PalmElit's R&D efforts and how they contribute to the company's growth, and also benefits the Thailand's palm oil industry?

Thailand's palm oil industry mirrors the global palm oil sector in many ways but stands out due to its heavy reliance on smallholder farmers. Despite this distinction, the industry faces the same core challenges—higher yield and increased income are sought, alongside the critical need for security against devastating diseases. Farmers, whether in Latin America, Africa, or Asia, share this common concern. A single disease can obliterate an entire plantation.

In Latin America, the most destructive disease, namely bud rot, fortunately hasn't spread to Africa nor Asia. However, Africa faces its own threat in the form of fusarium wilt. Although this disease is harmful, it has been managed through breeding for quite some time. In Asia, we've recently developed several strains (or cultivar) that show partial resistance to Ganoderma, a major challenge in the region.

While methods like using Trichoderma or other agricultural practices can delay the impact of Ganoderma for six months to a year, the disease inevitably resurfaces. The most effective long-term solution is developing disease-resistant plant material. Unfortunately, no one has yet achieved complete resistance to Ganoderma. The best we have so far is moderate or partial resistance, which helps but doesn't offer full protection, which have to go hand in hand with some agricultural practices such as debulbing.

3. How does PalmElit differentiate itself in the market from its competitors?

We are active across three continents, collaborating with partners in Asia, Africa, and Latin America. I believe we are one of the few companies in this unique position. While some of our competitors operate globally, only three or four are present everywhere. This broad presence is one of our key strengths, allowing us to address the specific needs of each region.

For instance, as companies from Asia are now entering Africa and, to a lesser extent, Latin America, our extensive experience in Asia will be invaluable in these regions. However, one of the biggest challenges we face is combining Ganoderma resistance with resistance to fusarium or Bud Rot which is not an easy task. Each region has its own unique climate and humidity levels, so the approach to managing Ganoderma varies depending on the specific conditions of the area.

4. What are some of the biggest challenges PalmElit has faced, and how were they overcome?

One of our biggest challenges is developing disease-resistant palm oil varieties. This is a monumental task that requires a long-term approach since we don't have quick solutions or molecular markers to address these issues. Another significant challenge is combining resistance to diseases that cannot be controlled by chemicals, leaving us to rely solely on genetics.

The process is complex due to the limited types of palm oil seeds. Essentially, we combine different genetic traits from various seeds—mixing traits from A and B to create C. Palm oil evolves from one generation to the next, but this cycle takes a minimum of 10 to 15 years. Success in this field not only demands scientific expertise but also a bit of luck, as it's still difficult to predict which new oil palm variety will show resistance to Ganoderma.

5. How does the company approach sustainability and corporate social responsibility in its operations?

Sustainability is a key priority for us, and we view it as a valuable opportunity to deepen our understanding of our customers, particularly in Africa. We are actively working with our customers to guide them toward a better grasp of sustainable practices. However, we also face certain challenges, especially in regions of Africa that have endured decades of civil unrest, where agricultural development has stalled.

This presents a complex dilemma that we strive to address in the most effective way possible. Our efforts involve close collaboration with governments, companies, and customers, creating a unique opportunity for growth. While the palm oil industry in many regions outside of ASEAN is already well-advanced in sustainability with regulations like RSPO, ISPO, and MSPO, we are still working to comply with various government regulations across different countries to fully achieve sustainability goals.

6. Referring to the current palm oil market situation, do you have any advice you would like to share with industry players?

We recently completed a long-term outlook on the palm oil market for the next 15 years, which highlighted a critical concern: the world will face significant challenges if there is a shortage of vegetable oil. The rising demand for biofuel is projected to outpace the supply of vegetable oil in the future. This presents a major challenge for governments developing biodiesel policies, as they will likely encounter difficulties meeting these demands.

Looking ahead, Africa and Latin America hold substantial potential for development, and they will need to be key areas of focus if we are to increase vegetable oil production. However, to truly meet future demand, we must also consider other annual oil crops such as rapeseed (canola), sunflower, and soy. Improving their production will be challenging, and any gains may be limited.

While it's impossible to predict the future with certainty, current trends suggest that vegetable oil prices, including palm oil, will remain high, which is promising for the industry. Our message to Thailand is to keep planting and increasing production, as the global demand for vegetable oil is expected to remain strong for at least the next 10 to 15 years.

Building the Future: An Insight into VC Engineering's Cleanroom Solutions

An Interview with Ir. Ts. Ong Mum Fei, Director of VC Engineering

Ir. Ts. Ong Mum Fei (Vincent)

Director of VC Group of Company

Education Background & Years: Bachelor's Degree in Mechanical Engineering (graduated in 2005)

University: Kolej Universiti Teknologi Tun Hussein Onn

1. VC Engineering was established in 2010, and it has more than 20 years of experience in semiconductor and other industries. Please walk us through the company's history and milestones.

VC's journey initially began in Europe & China where our directors were heavily involved in cleanroom projects for the European & Chinese semiconductor industries. In 2015, when we came across a Taiwanese company that wanted to set up its facilities in Malaysia, we saw a gap in our local market. We seized the opportunity by setting up our first office in Simpang Ampat, Penang. The first 3 years of our local operations were made successful by mostly semiconductor projects, after which we started venturing into other industries with increasing demand for cleanroom services such as pharmaceutical, life science, food & beverages, automatic, palm oil, etc. Our clients have continued to grow over the years and to date, we are proud to say that we have completed over MYR300m worth of projects across Malaysia, Singapore, and Indonesia.

2. Can you discuss recent innovations or advancements in the company's product portfolio in the palm oil industry?

Recent advancements in our food grade's architectural materials include modular construction, which enhances efficiency and flexibility by allowing cleanroom expansions without rebuilding. We also utilize Building Information Modeling (BIM) to create detailed digital representations, improving collaboration and identifying issues before construction begins, thus optimizing building performance. Additionally, our research into prefabrication systems aims to streamline processes and reduce timelines by manufacturing components off-site. In the palm oil industry, we recognize the unique needs of each stage of the process, requiring different room types and approaches. While the broader construction industry continually evolves with new technologies, our focus remains on tailoring solutions to meet the specific requirements of our customers in the palm oil sector.

3. What are the key products or technologies that drive the company's revenue, and how does the company prioritize investments in innovation for the palm oil industry?

Our key products and technologies driving revenue in the palm oil sector include advanced food-grade architectural materials and specialized modular construction techniques tailored for palm oil processing environments. We prioritize substantial investments in research and development, focusing on software and machinery that enhance our team's capabilities. Given the unique requirements of each palm oil project, our expert engineers are crucial in customizing solutions to meet specific client needs. We invest in upskilling our teams through ongoing training and by acquiring cutting-edge tools and software to ensure they can deliver exceptional results and innovate effectively in the palm oil industry.

4. How does the company build and maintain strong relationships with customers, including OEMs, distributors, and end-users?

The nature of our business gives us a significant competitive advantage in that we can work very closely with our clients on every project that we secure because the cleanroom industry is not a 'one size fits all'—every client of ours has their own specific needs and preferences, and every cleanroom is not the same. A customer-centric approach is what works for us; all the challenges that come with prioritizing our clients' needs help us focus on delivering high-quality services and providing reliable solutions that eventually build trust and foster long-term relationships. We also strive to maintain open and transparent communication with our clients and distributors, which is key to maintaining strong relationships because clear and timely communication helps us address issues promptly and ensures alignment on expectations from all parties. Besides incorporating clients' feedback into our continuous improvement actions, we also offer responsive after-sales support and services to help our clients resolve any issues which includes technical support and troubleshooting guidance.

5. How does the company manage risks related to supply chain disruptions, market volatility, and regulatory changes?

To minimize the impact of supply chain disruptions, we simply diversify our suppliers and work with at least three or more vendors, especially for the more critical components. It would be very dangerous and risky for us to rely on only a selected few because we can never predict what is going to happen to the market. Natural disasters, geopolitical issues, supplier insolvencies—any of this happens and we'd have to be prepared for a big dent in our project progress. When COVID-19 hit for the first time, we were extremely lucky and mostly unaffected by it due to our niche nature and concentration on critical products; in our case, it was the pharmaceutical industry. It helped us sustain ourselves while other semiconductor projects alike took a rather big hit. COVID-19 has taught us a lot—we have learned to be more agile and flexible in managing our supply chain and operations so that our company can respond quickly to the constantly changing market conditions and unforeseen disruptions. We also make sure that we are always up to date when it comes to regulatory changes, which is very crucial because we do work with overseas suppliers as well.

6. Share with us on the company's goal and plan to be a complete EPCC.

Our main goal is to become one of the leading cleanroom construction companies in Asia and to become a complete EPCC (Engineering, Procurement, Construction, and Commissioning) entity, we aim to enhance our capabilities in delivering comprehensive services that cover the entire lifecycle of a project. Our team plays an important role in this and we will continue to develop and assemble teams of skilled professionals with the necessary competencies and expertise to handle complex EPCC projects and develop efficient project delivery processes to ensure projects are completed on time, within budget, and meet quality standards. We also aim to expand our services by offering a wider range of services such as project management, technical support, and consultancy to address various client needs and solutions.

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Oil Palm Biomass A Better Option Malaysia's Energy Source

The New Energy Transition Roadmap, NETR, has identified biomass as a source of energy for the country. Biomass includes wastes from agriculture and the dedicated biomass crop. Agricultural wastes include those from the rice industry, natural rubber, and the oil palm business. Wastes from the palm oil industry dominate in volume. Other biomass crops include algae, kenaf, seaweed, and other energy crops. Algae attracts the most interest. The oil from algae is a potential raw material to produce biofuel including the sustainable aviation fuel, SAF. Japan has been reported to invest heavily on algae cultivation. They partner Sarawak Energy to grow algae. PETRONAS is also collaborating with a Japanese partner to produce SAF from algae.

But the oil palm biomass, mainly the empty fruit bunches, EFBs, has attracted much investor interest. Every year, about 20 million tons are available. The National Biomass Action Plan provides the roadmap to develop this new biomass business. There are those in the world not comfortable with the meteoric rise of the palm oil industry. We now hear of another attempt to undermine the oil palm biomass. A recent report from the UK says the burning of the EFBs can lead to higher carbon emission. This is another nonsensical claim lacking in the science. This again goes to show that enemies of palm oil will resort to anything to discredit the wonder crop. The fact is for a palm oil producing like Malaysia, biomass is much better option than even solar since the import element is almost zero. It is more inclusive economically because the ultimate value would trickle down to the oil palm farmers.

There are many reasons why biofuels are considered a better option than solar energy. Biofuels have a higher energy density. This makes them suitable for applications requiring a compact, high-energy source, such as in aviation, shipping, or heavy machinery. They can be stored and transported easily, providing a continuous and reliable energy source. Solar energy cannot match this. Although solar energy can be stored in batteries, current battery technology is less energy-dense than biofuels, making long-term or large-scale storage more challenging.

Biofuels can often be used in existing internal combustion engines with minimal modifications, allowing for a smoother transition from fossil fuels. This is particularly advantageous in sectors like transportation. Solar energy typically requires significant infrastructure changes, including the installation of solar panels and battery storage systems. Biofuels can provide power on demand, making them a more reliable option for applications that require continuous energy. Biofuels are produced from organic materials, including agricultural waste, dedicated energy crops, and even algae. This production can take place in areas unsuitable for solar panels or can utilize waste materials that would otherwise be discarded. Solar panels require large areas of land. In areas where land is scarce or expensive, biofuel production is more feasible. Biofuel production can be scaled up or down more easily, and the fuel can be transported to where it's needed. This flexibility makes biofuels a good option where energy needs fluctuate. Solar energy production is location-dependent and requires specific conditions to be most effective. It may not be as scalable in regions with limited sunlight.

When produced sustainably, biofuels can be carbon-neutral, as the carbon dioxide they emit when burned is roughly equivalent to the carbon dioxide absorbed by the plants used to produce them. They can also utilize waste products, reducing overall environmental impact. Solar energy is also carbon-neutral in operation, though the production and disposal of solar panels have environmental impacts. However, once installed, solar panels provide clean energy for decades with minimal additional environmental impact. Biofuels might be considered a better option than solar energy where high energy density, ease of storage, infrastructure compatibility, and continuous power generation are critical. Solar energy, while okay for stationary and renewable power generation, has limitations in terms of energy storage and land use that make biofuels more suitable, especially in transportation and heavy industry. Clearly, new energy from oil palm biomass is a better option for Malaysia. Building a robust oil palm biomass industry is a priority.

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Small Farms the Key to Malaysia's Palm Oil Sustainability — Siti Dina Razman Pahri

Supporting Malaysia's smallholder farmers with technology and policy can ensure a sustainable palm oil industry.

Despite intense pressure to meet regulations and competition from its neighbors, Malaysia maintains its position as the world's second-largest palm oil producer.

Smallholder farmers form a critical backbone in Malaysia's palm oil industry.

According to the Malaysian Palm Oil Board, in 2023, smallholder farmers dominated 26.4 per cent of the total area, a slight increase from 26.2 per cent in 2022.

There are more than 300,000 oil palm smallholder farmers in Malaysia. These farmers typically manage less than 40 hectares of plantation and have shown remarkable resilience towards sustainability challenges.

Unlike farms owned by large corporations or the state, smallholder farmers have the opportunity to independently manage, harvest and sell their fresh fruit bunches.

Despite contributing significantly to the palm oil sector, smallholders often operate on the margins.

Research has revealed these farmers often face hurdles such as limited access to finance, technology and markets. Government policies, while aiming to support smallholders, often fall short of addressing their specific needs.

For smallholder farmers, social wellbeing is not just a concept, but a crucial aspect of their lives. It's the ability to lift themselves out of poverty and maintain a stable, long-term source of income.

Their adaptation and survival in the face of social challenges are not just critical factors in shaping the industry's landscape, but also in protecting their wellbeing.

Various factors impact the social wellbeing of oil palm smallholder farmers, including limited access to resources and technology, lack of capital, fluctuating oil palm prices, and small limited plantation areas.

They often rely on assistance such as seeds, fertilizers and agricultural techniques, and require continuous training in good farm management practices to combat environmental challenges such as climate change and disease

International trade requirements such as the European Deforestation Regulation have posed extra challenges for smallholder farmers. They must fully comply with the traceability requirements which include high compliance costs, administrative burdens and reduced market access.

To navigate globalization and digitization challenges, Malaysia needs stronger policies and strategies to revolutionize the industry. It is crucial to priorities the specific needs of oil palm smallholders to facilitate their successful certification attainment under the Malaysian Sustainable Palm Oil Certification Scheme.

A sustainable future

There have been several successful interventions which have improved the palm oil industry's sustainable development while positively impacting smallholders' livelihoods.

These include tailored support and guidance, the adaptation to mechanization and technology transfer to enhance efficiency and productivity and the availability of affordable and accessible credit options.

For example, the implementation of the Tunjuk Ajar Nasihat Sawit program has significantly strengthened the relationship between agencies and smallholder farmers.

The program is designed to assist farmers in achieving and maintaining the Malaysian Sustainable Palm Oil certification, a crucial step towards sustainability.

Successful farmers who acquire Malaysian Sustainable Palm Oil certification through this program can benefit from financial assistance, technical support, continuous guidance, safer practices, guaranteed rights, increased income and generated profit.

Extension services from government agencies which offer technical expertise, guidance on selecting suitable alternative crops and support transitioning to diversified agricultural practices also play an important role.

For instance, farmers can benefit from programs such as the Crop Integration Scheme and the Livestock Integration Scheme, which aim to promote sustainable and diversified farming practices within the oil palm industry.

Mechanization has significantly advanced agricultural practices by employing specialized machinery for fertilizing, spraying, pruning and harvesting in higher yields. However, one of the primary obstacles is the cost of acquiring the necessary agricultural mechanization and technology.

The Internet-of-Things can efficiently provide real-time data for monitoring environmental parameters such as temperature, soil moisture and precipitation.

Precision farming, a modern approach to agriculture, involves the use of drones equipped with cameras and sensors and digital mapping. This can help farmers monitor and manage their farming practices more effectively, including detecting diseases and implementing short and long-term solutions.

A local plantation company, SD Guthrie invested nearly RM100 million (US$21.3 million) into developing robots and machines to take over non-harvesting jobs such as spraying pesticide or monitoring fruit and yields. However, these robots are not fully autonomous and skilled workers are still needed to control and operate the machines.

Smallholder farmers form a critical backbone in Malaysia's palm oil industry. — Picture by Farhan Najib

Mobile applications could enable farmers to easily access and monitor market information, weather forecasts, and the latest updates related to oil palm plantations

It is essential to introduce additional incentives to change the mindset of oil palm smallholder farmers to become adept technopreneurs who are constantly attuned to the rapid digital advancements in improving their sustainability performance.

As the leading oil palm producer, Indonesia has been using digitization toolkits to encourage and promote the implementation of sustainable farming practices. This strategy focuses on deforestation-free methods and entails cooperation between large corporations, smallholders and NGOs.

Malaysia has recently introduced more incentives for farmers to enhance production. These incentives are not just financial aids; they recognize farmers' vital role in the palm oil industry.

Studies have shown that the economic incentives offered by affiliated parties depend on the location of oil palm plantations and the attitudes of smallholder farmers towards credit loan offers. Establishing a cooperative can benefit both parties by financing, training, and expanding the market for fresh fruit bunches.

The palm oil sector has the potential to become a promising income source, attracting the younger generation's interest and reducing dependency on foreign labor.

By establishing training centers and institutions and creating opportunities for the younger generation to continue their education, the industry can significantly enhance its appeal and ensure reasonable returns based on their skills or academic qualifications, fostering a sense of growth and renewal.

The palm oil industry offers extensive employment opportunities across the entire production chain, creating an inclusive environment beyond plantation work. Diverse roles are available, including positions in research, farm management, safety and health and downstream activities.

These opportunities are open to women, young people and local communities, providing a broad spectrum of potential employment options within the industry. As 2030 approaches, Malaysia needs a dynamic framework to manage social challenges for oil palm smallholder farmers. — Creative Commons by 360info

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