



E-NEWSLETTER

SARAWAK OIL PALM PLANTATION OWNERS ASSOCIATION

Chairman's Message

Eric Kiu Kwong Seng



I want to express my heartfelt gratitude for the overwhelming support you have shown me in the recent concluded Annual General Meeting.

Your encouragement and trust mean the world to me, and I am honored to continue to serve in this role for Term 23-25.

On behalf of the entire association, I extend a warm welcome to all the elected council members as you join our board.

I am confident that your fresh perspectives diverse experiences, and unique expertise will greatly enrich our decision-making process.

Your contributions will play a pivotal role in shaping the future of our association and advancing our shared goals.

Dear esteemed members,

I am thrilled to announce the upcoming Palm Oil Milling Technology Exhibition and Conference (POMtec) 2023, which will be held on 8 & 9 August 2023 at Imperial Hotel Miri.

This event aims to bring together industry experts, researchers, and professionals to exchange knowledge, showcase innovative technologies, and discuss the latest trends in the palm oil milling sector.

Most importantly, this event holds great promise and undoubtedly bring significant benefits to our association and its members.

I encourage each and every one of you to actively participate in this event, taking advantage of the resources and expertise it offers.

Together, let us leverage the benefits of POMtec 2023 to elevate our association and drive positive change within the palm oil milling community.

Also don't miss the East Malaysian Palm & Lauric Oils Price Outlook Conference & Exhibition organized by Bursa Malaysia Derivatives on 4-5 September 2023 at Imperial Hotel Kuching

HAPPY READING

**SOPPOA
POMtec 2023**
Palm Oil Milling Technology,
Exhibition & Conference

Theme:
Toward Sustainable & Value-Added Business Operation

8-9 August 2023
Imperial Hotel, Miri, Sarawak

EAST MALAYSIA

POC 2023

Palm & Lauric Oils
Price Outlook Conference & Exhibition

4 – 5 September 2023

Imperial Hotel Kuching, Sarawak

Courtesy Call To Deputy Premier & Minister Of Public Health, Housing & Local Government Sarawak On 5 May 23



(Center) YB Prof. Dato' Sri Dr. Sim Kui Hian, Deputy Minister of Public Health, Housing & Local Government Sarawak. (From left) Jeffery Stephen Beti, Plantation Development Manager, Salcra; Dr. Felix Moh Mee Ho, CEO, SOPPOA; Andrew Cheng Mui Fah, Advisor to MD, RSB; Simon Wong Siik Ong, Managing Director, Palmhead; Jeffery Ngieng Hock Yew, Managing Director, Polima Forest Bintulu; Tang Si Lui, Special Assistant to MD, Solid Oil Palm Plantation; Alexi Lawrence Marcel Wan Ullok, Director, Keresa Plantation.

A sudden announcement to increase the quit rent effective Jan 1, 2023 following an approved revision on Jun 16 under Section 30(5) of Sarawak Land Code without public consultation has shocked almost every property owner.

The Land and Survey department said the current rate had not been revised since 1994.

It was reported that the new quit rent rates will increase from 22 sen to RM1.62 per square meter for shophouses; 20 sen to RM1.46 per square meter for other commercial use aside for shophouses and ports, mining, mineral and trace elements use; from 9 sen to 43 sen per square meter for industrial use; office and mixed development use from 5 sen to 23 sen per square meter; for recreational from 3 sen to 12 sen per square meter; oil and gas industry usage at 54 sen per square meter; and other land use from 2 sen to eight sen per square meter.

Based on the revision gazette, a total of 59,710 land titles would be affected or 8 percent from the total of 738,388 registered land titles in Sarawak.

Meanwhile, for commercial plantation land exceeding 100 acres (40.47 ha), the new rate has increased from RM2.50 to RM30 per ha.

The breakdown is RM25 per ha for quit rent, while RM5 per ha is collected by the local government to replace the plantation levy.

"The quit rent revision does not involve land which was abolished in 2016, which are farm land below 100 acres and residential land," said the department.

On a separate occasion, Deputy Premier Datuk Dr. Sim Kui Hian said that "The increase in quit rent for oil palm plantations will improve the revenue of local councils in Sarawak".

He said some of the oil palm plantations used to pay only RM1 mil in quit rent per year.

"But under the new rate, the amount is expected to increase up to RM10 mil annually".

Workshop On Standard Operating Procedures On Pollination Weevil Census, Fruit Set Counting And Hatch And Carried On 17 May 23

BACKGROUND

This workshop was organized by Malaysian Palm Oil Board (MPOB) with the purpose to brainstorm to review and improve the draft of the standard operating procedures (SOP) on oil palm pollinating weevil census, fruit set counting, and hatch and carry which can be used as a guidance for the Malaysian palm oil industry.

INTRODUCTION

The satisfactory fruit set formation relies heavily on sufficient pollination.

In oil palm, pollination involves a transfer of pollen grains from anthesising male inflorescences to the receptive female florets to initiate fruit development.

In young mature palms, this process are largely facilitated by the oil palm pollinating weevil as the abiotic pollination by wind is relatively irrelevant in short palms.

The main biotic pollination agent for oil palm is *Elaeidobius kamerunicus*.

Since the weevil was not native to Malaysia, it has to be imported from Cameron in early 1980s to improve the pollination of oil palm which has brought positive impacts on the Malaysian oil palm industry.

TASKFORCE

In recent years, MPOB received many reports on poor fruit setting in some of the estates in Malaysia, especially in peat soil areas in Sarawak.

To address the issue, MPOB has organized engagements with the industry representatives through the formation of 'The Taskforce on Oil Palm Pollinating Weevil & Fruit Set Formation' in 2016.

The industry representatives are from MEOA, SOPPOA, SDB, TH, universities and experienced experts that meets biannually.

From the meetings, the Taskforce has identified 8 intrinsic and extrinsic factors associated with the satisfactory oil palm fruit formation.

The Taskforce also recommended the need to publish a guide to be followed by the industry in managing pollinating weevils.

This guide should provide guidelines to address the problem on fruit set formation induced by low pollinating weevil population.

In addition, to increasing the awareness among the oil palm estates on the importance of preservation of oil palm pollinating weevil population in the field as well as the frequent monitoring of oil palm fruit set formation.

STANDARD OPERATING PROCEDURES

The scope of discuss in this meeting covered the below:

1. Oil Palm Pollinating Weevil Census

- Objective: To estimate the pollinating weevil population in the field
- Measurement in three levels
 - i. Adult weevils/Spikelet
 - ii. Adult Weevil/Hectare
 - iii. Pollinator force at anthesising female inflorescence

2. Fruit Set Counting

- Objective: To estimate the fruit set formation levels in the selected study plot within the estate
- Distinguishing differences between fertile fruitlets (those with a complete fruit set) and parthenocarpic fruitlets

3. Oil palm Pollinating Weevil Hatch & Carry

- Objective: Supplementing the weevil populations in areas identified to have low weevil population
- 1-3 box for every 25 hectares
- Requires maintenance and steady supply of post-anthesising male inflorescences.

OUTCOME OF WORKSHOP

The comments and inputs by all invited panel members will be used to improve the quality of the SOPs to be published and can be beneficial to the Malaysian oil palm industry players.



Sesi Dialog YAB Menteri Perladangan Dan Komoditi Bersama Industri Agrikomoditi On 18 May 23

INTRODUCTION

In his opening remark, YAB Minister announced the promotion and appointment of Datuk ad Zaidi Mohd Karli as a new sec-gen of the Ministry of Plantation and Commodities (KPK).

He informed that this dialogue called to serve three purposes namely:

1. To obtain suggestions for improvement to advance the National Agricommodity sector;
2. To obtain input/suggestions from the industry for the 2024 Budget; and
3. Obtaining input and feedback for proposed priority areas that need special attention under the 12th Malaysian Plan.

SUMMARY OF YAB MINISTER'S REMARKS

1. Oil Palm Sector

1.1 Current Achievements

The oil palm industry is one of the industries that contributes significantly to the economic and social growth of the country.

In 2022, the value of palm oil exports has recorded an increase of RM29.38 billion (27.1%) to RM137.89 billion compared to RM108.52 billion in 2021.

In 2022, the oil palm industry has contributed as much as 3.06% to the total Gross Domestic Product (GDP).

1.2. Challenges of the Oil Palm Industry

The main issue at the upstream level of the oil palm industry is production constraints due to lack of land and manpower. Production at the upstream level is highly dependent on foreign workers since most of the first generation of smallholders are old or no longer tending their gardens.

The downstream level of the palm industry faces non-tariff challenges and obstacles as well as negative perceptions of palm oil. The perception that palm oil is unsustainable and unsafe is often used by movements from developed countries fighting for the environment, food safety and workers' rights.

In addition, the implementation of various international regulations on sustainability such as the European Union Deforestation Regulation (EUDR) will limit access to the

international market and will also be a major challenge for the development of the Malaysian oil palm industry.

1.3. Hope for the Palm Industry

The Malaysian oil palm industry market has great potential to be developed with the existence of strategic cooperation led by the industry to increase trade or investment in the country's oil palm industry.



The industry together with the Government needs to implement a public-private partnership to explore new business models as well as strategies that suit the current situation to attract foreign investors who can further boost the development of the oil palm industry in Malaysia.

This approach is simultaneously able to drive productivity growth in the oil palm industry while also meeting market demands regarding oil palm sustainability, high value activities of the oil palm industry as well as the widespread adaptation of mechanization and automation in the oil palm industry.



Photo taken on 8 May 2023 during the Stakeholders Preparatory Session on the Dialogue with YAB Minister on 18 May 2023 at Ministry of Plantation and Commodities.

The meeting was chaired by the Undersecretary Tn Severinus (BISS) with representatives from SOPPOA, MEOA, MPOA, MBA and POMA.

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2. Biofuel and Biomass Sector

2.1. Biofuel and Biomass Industry Background

The National Biodiesel Program is a three-pronged initiative of the Government which is to expand the economic generation of palm downstream products, reduce the country's dependence on fossil fuels and reduce the rate of greenhouse gas (GHG) emissions.

The implementation of the B20 Biodiesel Program in the transport sector and the B7 Biodiesel Program in the industrial sector nationwide is expected to reduce GHG emissions by 3.88 million metric tons of carbon dioxide equivalent per year (CO₂eq/year).

For the year 2022, the export value of biodiesel increased to RM2,068.74 million compared to 2021 which was RM1,886.33 million.

KPK is also developing a National Biomass Action Plan that includes five (5) sectors (plantation, agriculture, animal husbandry, fisheries and forestry) and is expected to be completed in 2023.

Systematic use and processing of Agricommodity biomass into products with added value (value-added) will be able to generate new income and empower the cyclical economy for the National Agricommodity Sector.

In addition, KPK is also committed to encouraging the installation of biogas capture facilities in palm oil mills throughout Malaysia.

This trapping facility not only contributes to increasing the sustainability of the oil palm industry, but the use of biogas has great potential in producing a sustainable source of biofuel as well as generating additional income for the country.

Until December 2022, as many as 135 out of a total of 450 palm oil mills throughout Malaysia have installed biogas capture plants.

2.2. Challenges of the Biofuel and Biomass Industry

Efforts to maximize the potential of Agricommodity biomass to accelerate the transition phase from linear to

circular economy approach in the Agricommodity Sector may be interrupted due to the issue of difficulty in obtaining raw materials at reasonable prices.

In addition, the cooperation between the Government and the private sector in the field of research and development of the biofuel and biomass industry that is lacking can delay the Government's efforts to accelerate the development of the country's biofuel and biomass industry.

Therefore, this collaboration needs to be improved accordingly.

2.3. Hope for the Biofuel and Biomass Industry

The biofuel and biomass sector in Malaysia has a wide potential to be explored.

Existing policies can be supplemented to ensure the continued development of the country's sustainable biofuel and biomass industry.

Strategic collaboration will continue with various related parties in the biofuel and biomass industry.

The combination of views and experiences of all stakeholders is certainly able to contribute in providing multiple benefits and improving the country's biofuel and biomass industry as a whole.

KPK in an effort to expand the National Biofuel Program to the maritime and aviation sectors in line with the National Agricommodity Policy 2021-2030 (DAKN2030).

Various pilot projects and engagement sessions will continue to be held with stakeholders.

KPK also hopes that the National Biomass Action Plan that is being developed will be a guide to all stakeholders in moving the National Biomass Industry that is capable of bringing high return and investment value to the State.

In order to encourage the installation of biogas capture facilities in palm oil factories throughout the country, KPK will play a more active role in coordinating regulatory issues related to the management of palm effluent waste with relevant Government agencies.

Follow Up Meeting With Deputy Minister Of Energy & Environmental Sustainability Sarawak On 25 Aug 23



We were delighted to secure a meeting with the Deputy Minister of Energy and Environmental Sustainability Sarawak.

Our last meeting with Dr. Hazland was on 5 October 2022.

During this meeting, we have had the chance to present our association's perspectives, concern, and initiatives related to Clean Air Regulations 2014.

We were also informed that the federal government is in the process of handing over matters related to Sarawak's

environmental management back to the state through devolution under the Malaysia Agreement 1963 (MA63).

With the devolution of power Sarawak can not only gain control of matters related to the environment, but also be responsible for managing scheduled waste.

The whole process is expected to be completed by August 2014.

On the side note, Dr. Hazland has offered himself to present a special topic at the coming POMtec 2023.

Sesi Interaktif Banci Ekonomi 2023 Oleh Jabatan Perangkaan Malaysia Sarawak On 15 Jun 23

Department of Statistic Malaysia (DOSM)

DOSM has been established in 1949 (74 years ago) under provisions Statistics Ordinance 1949 and at that time known as Bureau of Statistics. Bureau of Statistics has changed its name to Department Statistics Malaysia in 1965 and operating below provisions of the Statistics Act 1965 (Revised 1989)

In addition, DOSM is responsible for collecting, interpreting and disseminate timely statistics. Data sources main DOSM is data collection through census and weekly, monthly, yearly and follow-up surveys specific needs. In addition to that, currently DOSM is in the direction of using administrative data in production of national statistics.

The Interactive Economic Census 2023

This session was organized by DOSM Sarawak with the themed Economic Statistics of Sarawak State Transformation Catalyst Sarawak on 15 June 2023 at CIDB Kuching.







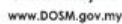

The objective of this session is to create publicity and promoting the Implementation of the 2023 Economic Census, as well as improve statistical literacy and be able to explain the importance of economic statistics and socio-economic related indicators up to the granular level that can be the heart of more specific and specific planning.



In addition, this session is expected to strengthen ties cooperation between DOSM and industry players as well as related agencies and organizations in giving disclosure about roles, services and products.

In the government formulate policies to ensure sustainable and inclusive national growth sector, the collection of quality statistics is highly visible important nowadays in measuring achievement development of a country.

This year, a large-scale census is being conducted implemented by DOSM which is the 2023 Economic Census for the year reference 2022.

KEMENTERIAN EKONOMI JABATAN PERANGKAPAN MALAYSIA				INDIKATOR EKONOMI TERPILIH				       			
Indikator (Pertumbuhan Tahunan YoY%)	2020	2021	2022	Indikator (Pertumbuhan Tahunan YoY%)	2020	2021	2022	Indikator (Pertumbuhan Tahunan YoY%)	2020	2021	2022
PERTANIAN				PEMBUATAN				PERKHIDMATAN			
Pengeluaran kelapa sawit				Indeks Pengeluaran Perindustrian - Pembuatan	-2.7%	9.5%	8.2%	Indeks volum Perkhidmatan (tanpa kewangan)	-8.0%	1.6%	14.4%
Buah tandan segar	-2.1%	-5.7%	3.7%	Nilai kerja pembinaan	-19.4%	-5.0%	8.8%	Indeks volum perdagangan borong & runcit	-6.1%	2.3%	14.3%
Minyak sawit Mentah	-3.6%	-5.4%	1.9%	Harga keluli	0.1%	3.9%	54.1%	Pengeluaran kenderaan (MAA)	-15.3%	-0.5%	45.8%
Minyak Isirong Sawit	-3.8%	-6.1%	3.0%	Harga simen	2.8%	1.6%	3.9%	Indeks KLCI	2.4%	-3.7%	-4.6%
Pengeluaran Getah Asli	-19.6%	-8.7%	-20.1%	Indeks Harga Pengguna	-1.2%	2.5%	3.4%				
PERLOMBONGAN DAN PENGKUIARIAN											
Indeks Pengeluaran Perindustrian - Perlombongan	-8.9%	0.9%	2.8%								
Pengeluaran petroleum mentah & kondensat	-8.6%	-7.3%	-2.9%								
Pengeluaran gas asli cecair	-7.6%	6.3%	6.3%								
Harga minyak mentah - Brent (USD/Brent)	-33.9%	66.5%	41.7%								
Harga minyak mentah - WTI (USD/Brent)	-31.0%	72.9%	38.9%								



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Economic Census 2023

The Economic Census is conducted by DOSM every five years.

The first economic census was held in 2000. Meanwhile, the last census was held in 2016.

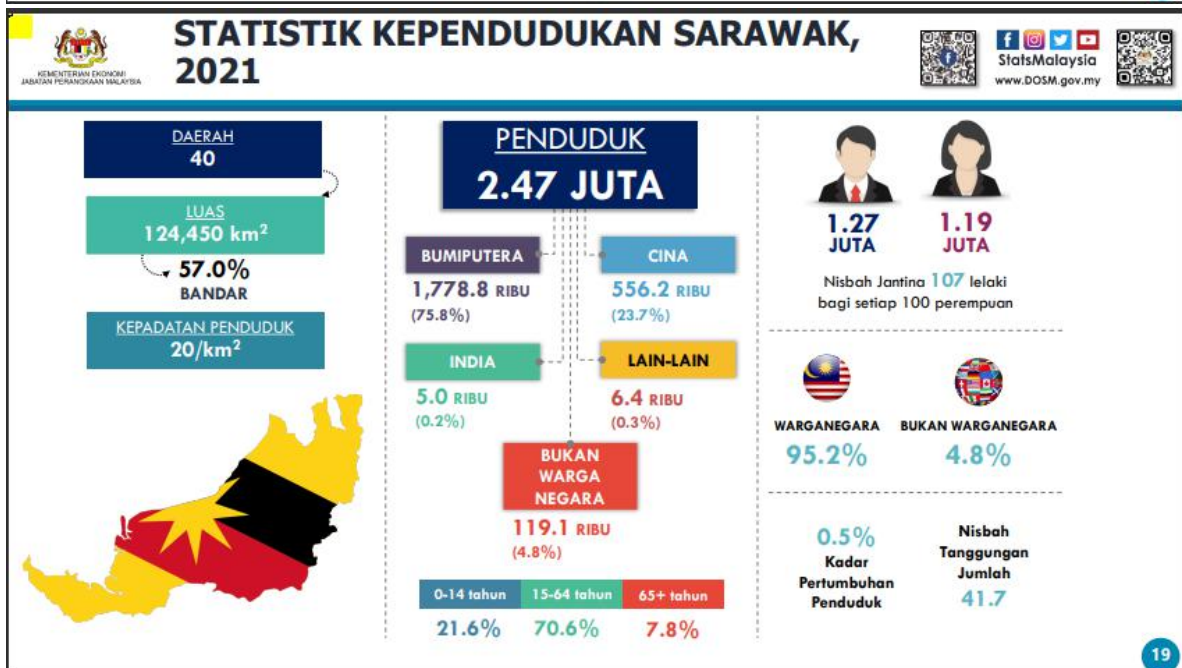
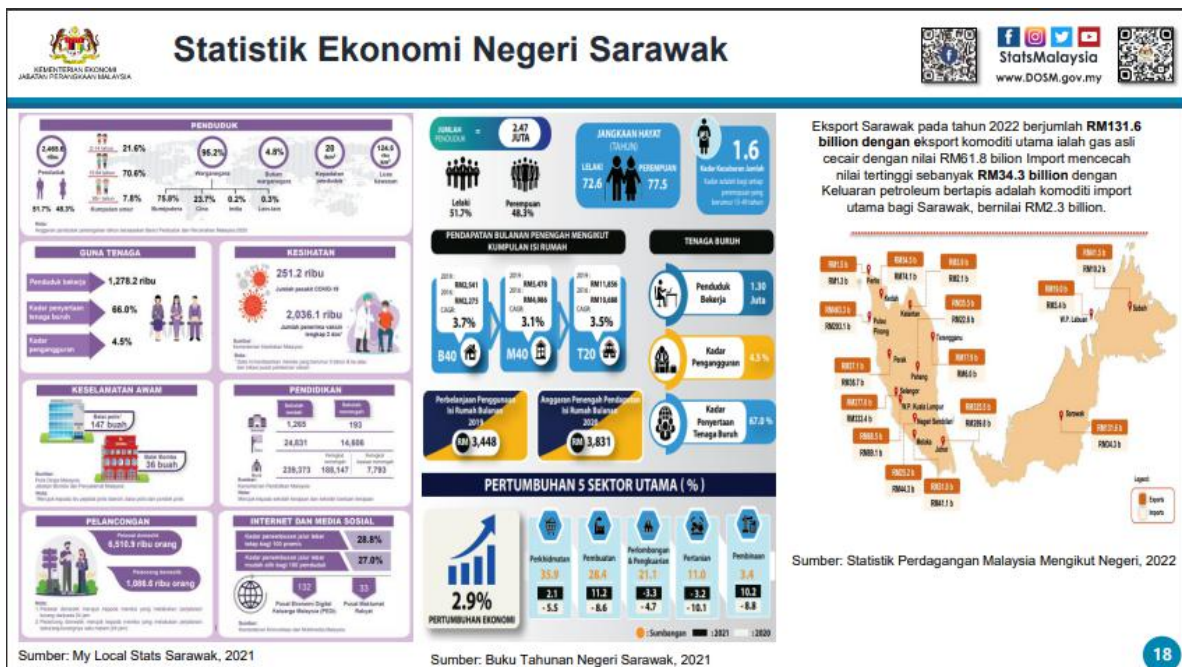
The implementation of its fifth census should be carried out on in 2021 but has been postponed due to the spread of COVID-19 that hit the country in March 2020.

This year, DOSM will conduct the Economic Census 2023 which aims to collect information on organization for the reference year 2022.

The economic census, will again covers all business establishments and non-profit organizations in Malaysia, includes all economic sectors namely agriculture, manufacturing, construction, mining, and quarrying and services.

According to DOSM, Economic Census 2023 is able to provide economic statistics up to the district level that can help the government to make more effective and strategic planning.

Other than that, the Economic Census 2023 can provide comprehensive statistic for the formation of national development policy and identifying new source of economic growth.





Courtesy Call To YAB Deputy Prime Minister On 18 Jun 23



1 Low Yield

Sarawak has the biggest peat land.

In view of the various constraints in developing the midland and hinterland areas as well as the need to bring about an inter-regional development balance, commercial plantation development was focused on peat land.

To date, about 45% of 1.62 mil hectares of the oil palm planted in Sarawak is on peat soil.

Peat soil is formed by the accumulation and decomposition of organic materials. It is classified as marginal soil for agriculture as it has low fertility, prone to flood, low acidity and so on.

All these characteristics have directly and indirectly impact on the productivity of oil palm on peat soil.

The MPOB statistic concurred that not only the FFB yield from Sarawak is lower than the National average, the OER is also significantly lower.

2 Windfall Profit Levy (WPL)

For the background, the earlier WPL levy rate of 1.5% was in place for Sarawak and Sabah growers because they are obligated to State Sales Tax of 5% and 7.5% respectively.

Effective 1 January 2022, the government decided to double the levy rate in Sabah and Sarawak from 1.5% to 3% to match the rate with the West Malaysia.

The revision also saw the raise of the threshold of the WPL for Sarawak and Sabah from RM3,000 to RM3,500 per ton of CPO while RM2,500 to RM3,000 for West Malaysia.

The simulation study (Table 1) used to evaluate the WPL rates found that there is no significant effect on the total WPL payment when the CPO price is below RM4,000 for Sarawak and Sabah.

However, Sarawak and Sabah growers are bound to paying higher WPL when the price of CPO is above RM4,000 per ton.

On the other hand, the raised of levy rate and threshold have resulted the West Malaysia growers to pay less WPL even when the price of CPO is as low as RM3,800 per ton.



From the simulation result, it is obvious that the revised WPL has benefited the West Malaysia growers, which may also be seen as if the East Malaysia is subsidizing the opportunity losses by the West.

3 Clean Air Regulation 2014

The palm oil industry is the most regulated sector in Malaysia, having 25 different licenses from producing seeds all the way to exporting.

In addition, this industry requires to conform to around 60 other laws and regulations both domestically and internationally.

In terms of environmental aspects, palm oil industry in Malaysia is subjected to the environmental compliance through EQA 1974.

One of the three(3) environmental regulations affecting the palm oil mill operation which has received much attention recently is the Environmental Quality (Clean Air) Regulations 2014.

On average the smoke emission by palm oil mill contents more than 1,000 mg/m³ of particulate matters (PM).

The Clean Air Regulations 2014 that came into force on 5 June 2014 limit PM level to be less than 150 mg/m³.

This can be improved by installing an air pollution control system (APCS) at palm oil mill.

There are several technologies available in other industries of which the electrostatic precipitator (ESP) has found to be the most efficient to reduce the PM emission to certain levels.

However, there are setbacks of ESP not only it is expensive (around RM3.5 per installation), its efficiency is reducing over times and high maintenance costs.

Recent MPOB survey results suggested that the implementation of 150 mg/m³ for PM enforced by DOE needs to be relooked and restudied as the efficiency of APCS is still questionable over times.

4 Export Duty

Palm kernel oil (PKO), extracted from the soft part of the seed, is a coconut oil substitute and general used for non-edible purposes such as formulation of soaps, cosmetics and detergent.

In 2022, Sarawak produced 376,000 tons of CPKO.

The lack of domestic market has failed to attract potential investor to set up oleochemical plant in Sarawak.

As a result, the PKO producers have to export all the CPKO related products to either West Malaysia or internationally.

With an export duty kept flat at 10%, the CPKO produced in Sarawak losses its competitive edge.

Therefore, the CPKO Export Duty Exemption Quota is essential to Sarawak CPKO producers.

5 Research & Development (R&D)

Oil palm first started in West Malaysia 1917.

Almost all the promotion and development of the palm oil industry in Malaysia originated from West Malaysia.

This includes R&D on seeds all the way to value-added products.

Sarawak started oil palm cultivated in late 1960s, but only embarked on peat soil planting in early 1990s.

The planting materials in peat soil were of the R&D products from West Malaysia which were mainly tested on mineral soil.

While these planting materials give comparable yield in mineral soil estates in Sarawak, their suitability of peat soil need further R&D which is still much lacking.

Nevertheless, the R&D should not only confine to planting materials on peat soil.

A more serious, committed and localized R&D for Sarawak is much needed in all areas including fruit set formation.





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6 Labor Shortage

Almost 80% of the total workforce employs in oil palm plantation is made up of foreign worker.

Since March 2023, Sarawak government has given green light for plantation to hire Bangladesh, Nepal, India and the Philippines on top of Indonesia.

In May 2023, some of Malaysia's largest palm oil producers have decided not to hire workers from Bangladesh because of concerns over exploitative practices during recruitment at the source country.

Oil palm growers in Sarawak may seem to hold back the hiring Bangladeshi workers until transparency in recruitment process is achieved.

At the meantime, the oil palm growers in Sarawak has also suggested the government to consider Timorese as their culture are closer to Indonesian.

7 Pests and Diseases (P&D)

Oil palm is prone to the threat by a variety of P&D.

In West Malaysia and Sabah, bagworms remain the major insect pest and followed by the rhinoceros beetle in replanting areas.

While in Sarawak, termite, bunch month and the newly emergence rat species, *Sundamys muelleri*, are serious problem.



Earlier, the basal stem rot causes by *Ganoderma* sp., the most devastating oil palm disease in Malaysia was only observed during replanting.

However, a growing number of *Ganoderma* attack that causes mid or upper stem rot were reported in younger palm in Sarawak.

These major P&D have caused serious economic losses to plantation and country.

8 Rise of Cost of Production

The cost of production in Sarawak is almost 15% to 20% higher than West Malaysia attributed to higher logistic costs and additional taxes.

In 2014, the cost of production for a ton of CPO was in the region of RM2,000.

Over the years, the cost of production has increased dramatically to RM3,100 per ton CPO in 2022.

With the current CPO price of around RM3,800 to RM4,000, there is no windfall profit for oil palm growers in Malaysia.

9 Palm Oil Mill Capacity

Prior to construction of palm oil mill, it is imperative for investor to determine the size or capacity of the palm oil mill according to the requirement.

There are few factors to be taken into consideration such as costs, utilization and flexibility which are directly affected by operating time, throughput and fruit availability.

In the last 15 years, palm oil milling capacity of 45 to 60 ton of FFB per hour was common.

As the planted hectareage expands, a bigger processing capacity such as 90 to 120 ton of FFB per hour becomes more economically viable to operate.

The increase of palm oil milling capacity can be achieved by either upgrading the existing facility provided with sufficient allowances, or to construct a totally new plant especially for new project.

There are few government agencies involve in the issuance of palm oil mill licence for operation. Namely,

- i. DOE – to endorse processing capacity of palm oil mill
- ii. State land agency – to approve land related matters
- iii. MPOB – to approve annual processing capacity for palm oil mill for subsequent operation

What tricky is that the annual processing capacity authorize by MPOB is much lesser than the actual capacity of the palm oil mill.

For example, a palm oil mill with capacity of a 60 ton of FFB per hour is able to process about 374,400 ton of FFB yearly.

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However, it is not uncommon that the approved processing capacity of the palm oil mill is only 150,000 to of FFB yearly.

This has resulted in the constraint of operation as palm oil mill operation has to operate within the approved processing capacity to avoid penalty.

In order to operate beyond the approved processing capacity for any existing palm oil mill, a written approval for increasing of processing capacity must be obtained from MPOB from time to time based on the following

criteria for OER that

- i. To continuously having OER 19% and above,
- ii. For palm oil mill having OER <19%, the formula of $OER + KER \geq 23.5\%$

Nevertheless, as highlighted in other section, low FFB yield and OER experienced in Sarawak has adversely affected the qualification to apply for increase of processing capacity for majority of palm oil mills to cater the increase of crop especially during the peak season.



Sesi Penerangan Dan Dialog Guna Tenaga Agrikomoditi On 19 Jun 23



1 INTRODUCTION

The purpose of the Ministry of Plantation and Commodities to hold this session was to enable industry in the sector of Agricommodity to obtain the latest information and developments especially regarding employment issues involving foreign workforce.

2 EXTRACT OF DPM SPEECH

According to DPM, the Covid-19 pandemic has caused unbearable losses to the world economy.

In Malaysia, the Agricommodity sub-sectors have suffered serious shortage of workers.

During that period, the government has taken various initiatives including implementing the Pelan Kelonggaran Penggajian Pekerja Asing (PKPPA) that to some extent succeeded in overcoming the labor shortage issue in all the sectors including the plantation sector.

The agricommodity sector especially the oil palm plantation industry is heavily dependent on foreign workforce, being more than 75% of the total workforce are foreign workers.

The government realizes that continued over dependence on foreign workers will give negative impacts in the long runs.

In this respect, the government has set many strategies to encourage industry players including smallholders to utilize modern mechanization technologies that not only can lighten the workload, but also help to increase productivity and income.

He told that the Information & Dialog session on Agricommodity Energy Use 2023 has been planned to be held in 4 zones namely Eastern Zone, Southern Zone, Sabah and Sarawak.

The session will involve speakers from the Council of Anti-Trafficking in Persons and Anti-Smuggling of Migrant (MAPO), Immigration Department, Department of Labor, Malaysian Palm Oil Board (MPOB) and Fair Labor Association (FLA).



► From..13

Malaysia's move to Tier 2 Watch List of US' Trafficking in Persons report has positive impact on trade sector

KUCHING (June 19): Malaysia's listing on the Tier 2 Watch List of the US State Department's annual Trafficking in Persons (TIP) Report 2023 has a positive impact on the country's trade sector and counters negative perceptions related to the issue of forced labor in the country.

Deputy Prime Minister Datuk Seri Fadillah Yusof said it reflected the cooperation and efforts of all parties in ensuring that Malaysia implements good practices to tackle issues of human trafficking, migrant smuggling, forced labor as well as the implementation of enforcement.

"Also in foreign countries, farming activities are part of the family business, so when they go down (to the farm) sometimes the children are brought along so it is quite common... as long as we don't abuse and force small children (to work). These are the things that we need to explain to them," he told reporters after attending the dialogue session on energy use in Agricommodity here, today.

The minister of plantation and commodities said to ensure that allegations regarding labour issues are resolved bilaterally, Malaysia is establishing cooperation and engagement sessions, especially with the United States.

According to him in 2021 and 2022, Malaysia was in the Tier 3 Watch List with the assessment of the report covering aspects of prevention, prosecution and protection of workers in relation to labor matters.

On June 16, Home Minister Datuk Seri Saifuddin Nasution Ismail, when announcing the TIP report, said the government would increase efforts in prosecuting and convicting civil servants found involved in human trafficking or forced labor activities.

He said that the matter was a priority for the government as it was part of the 15 recommended improvements submitted in the TIP report. – Bernama

KEDUDUKAN TIER NEGARA ASEAN (2010 – 2023)

No	NEGERA	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1	Brunei	TWL	TWL	2	2	2	2	2	2	2	2	2	2	2	2
2	Camodia	2	2	2	2	2	2	2	2	2	2	2	2	2	2
3	Indonesia	2	2	2	2	2	2	2	2	2	2	2	2	2	2
4	Laos PDR	TWL	2	2	2	2	2	2	2	2	2	2	2	2	2
5	Malaysia	TWL	TWL	TWL	TWL	2	2	2	2	2	2	2	2	2	2
6	Myanmar	2	2	2	2	2	2	2	2	2	2	2	2	2	2
7	Philippines	TWL	2	2	2	2	2	2	2	2	2	2	2	2	2
8	Singapore	TWL	2	2	2	2	2	2	2	2	2	2	2	2	2
9	Thailand	TWL	TWL	TWL	TWL	2	2	2	2	2	2	2	2	2	2
10	Vietnam	TWL	TWL	2	2	2	2	2	2	2	2	2	2	2	2

Palm oil industry players urged to act together to improve workers' welfare

KUCHING (June 19): Concerted efforts in improving employee welfare are needed from all palm oil industry players to ensure the sustainability of the industry, said Deputy Prime Minister Dato Sri Fadillah Yusof.

Fadillah, who is also Plantation and Commodities Minister, said although the industry now shifts towards automation and mechanization, developing its human capital still plays a fundamental role in strengthening its position in the whole supply-chain process.

He said without qualified talents, the industry would not be able to anticipate, especially when addressing the emerging challenges.

"We need industry players, all parties involved in this process must work together, to promote and implement positive and responsible business practices.

"Industry players also need to take proactive steps in making sure that procedures pertaining to labor welfare matters are in compliance with all laws and regulations," he said when met after launching the Information & Dialogue session on Agrocommodity Energy Use 2023 at a hotel here today.

Fadillah said while it is the government's duty to provide safety of the employees, the industry also needs to take a look at how the current welfare has affected their employees' performance.

According to him, improving employee welfare should not be seen as a burden but rather as an advantage as it could help to repair Malaysia's image amidst allegations and negative perception linking palm oil cultivation to deforestation.

He said adopting a pragmatic approach will not only increase employees' well-being but also the growth of business.

"If we take care of the welfare of the workers, their productivity will definitely encourage more economic growth because when they work in a good and positive work environment, they will be able to improve productivity and this will generate revenue for the company.

"And these are the commitments that all industry players need to have," he added. – The Borneo Post

► Cont..15



► From..14

The Council of Anti-Trafficking in Persons and Anti-Smuggling of Migrants (MAPO)

The Malaysian government enacted a special law, the Anti-Trafficking in Persons and Anti-Smuggling of Migrants Act or ATIPSOM (2007), which was enforced in 2008.

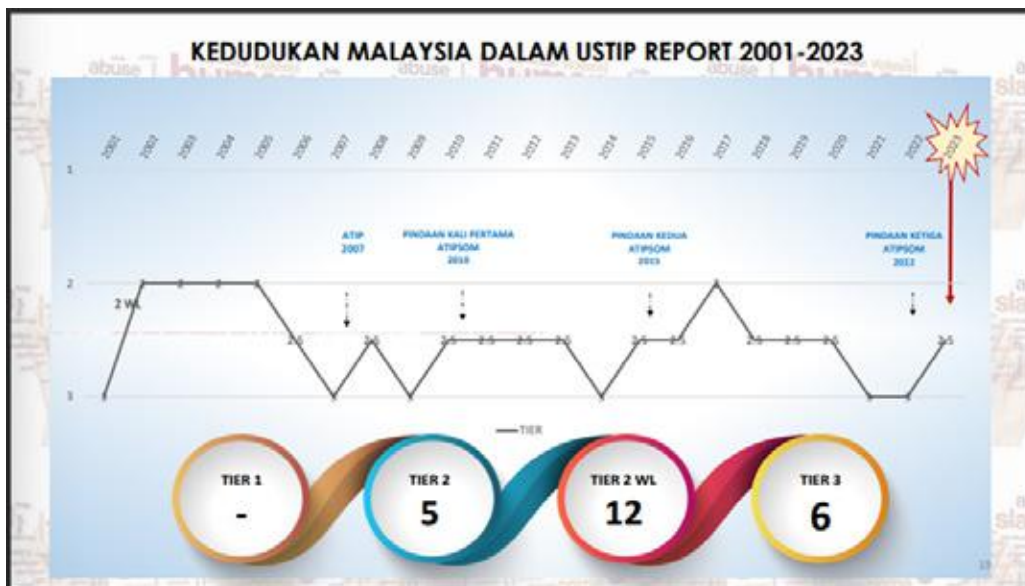
In accordance with the ATIPSOM Act, the government established the Council for Anti-Trafficking in Persons and Anti-Smuggling of Migrants (MAPO) to, among others, coordinate the implementation of the Act.

MAPO is tasked with formulating policies and programs to prevent and combat the crime of trafficking in persons and smuggling of migrants in Malaysia.

It also functions and acts inclusively as the council's membership consists of various ministries, enforcement agencies and other organizations, including the relevant NGOs.

Five committees have been formed to support the implementation of the council's functions, namely the Legislation Committee, Enforcement Committee, Victim Care and Protection Committee, Media and Publicity Committee and a special Committee to Oversee the Issue Of Labour Trafficking.

The five enforcement agencies empowered to enforce the ATIPSOM Act are the Royal Malaysian Police, Immigration Department of Malaysia, Malaysian Maritime Enforcement Agency (MMEA), Royal Malaysian Customs Department and Department of Labour, including the Department of Labour Peninsular Malaysia, Department of Labour Sabah and Department of Labour Sarawak.



RINGKASAN LAPORAN JNAS 2023

“Kerajaan Malaysia tidak memenuhi sepenuhnya piawaian minimum dalam penghapusan perdagangan orang namun menunjukkan usaha yang signifikan”

15 PERKARA PENAMBAHBAIKAN

- 8 Pendakwaan & Penguatkuasaan
- 3 Perlindungan Mangsa
- 4 Pencegahan

- 1 peningkatan bilangan kes pemerdagangan orang yang disiasat
- 2 pendakwaan dan sabitan lebih ramai perjenayah pemerdagangan orang
- 3 mendakwa penjawat awam yang bersubahat/ salah guna kuasa
- 4 mengenalpasti lebih ramai mangsa
- 5 menyediakan peruntukan bagi kempen kesedaran di ladang-ladang kelapa sawit
- 6 meningkatkan latihan kepada penguatkuasa, pegawai undang-undang dan pegawai pelindung
- 7 peningkatan bilangan mangsa yang mendapat kebenaran bergerak bebas (KBB)
- 8 peningkatan bilangan mangsa yang diberikan Kebenaran Bekerja (KB)
- 9 peningkatan jumlah peruntukan untuk rumah perlindungan

9 ASPEK POSITIF

6 ASPEK NEGATIF

- 1 kurang pendakwaan dibuat terhadap penjenayah buruh paksa di sektor perladangan kelapa sawit dan industri sarung tangan getah
- 2 tidak menggunakan prosedur operasi standard (SOP) secara menyeluruh dalam mengenalpasti mangsa pemerdagangan orang
- 3 tidak dapat mengenalpasti mangsa sehingga mangsa tersebut ditahan dan dihantar pulang ke negara asal
- 4 kelewatan dalam proses pendakwaan
- 5 kekurangan proses koordinasi dan integrasi antara agensi
- 6 kekurangan kemudahan yang diberikan terhadap mangsa sehingga mangsa warganegara asing tidak mahu untuk terus berada di Malaysia bagi menuskan proses perundangan

► Cont..16



► From..15

Fair Labor Association (FLA)

The Fair Labor Association (FLA) is a non-profit collaborative effort of universities, civil society organizations, and businesses.

It was established in 1999 and evolved out of a task force created by President Bill Clinton following a series of child labor and other sweatshop scandals involving major apparel and footwear brands. The apparel and footwear companies and labor and human rights groups involved in the initial task force formed a loose organization known as the Apparel Industry Partnership (AIP) in 1996. In 1999, the AIP's charter document was amended to establish the FLA.

FLA presented a topic on What It Means By Mandatory Rights Due Diligence (HRDD). The concept of HRDD was established in 2011 by the UN Guiding Principles on Business and Human Rights (UNGPs).

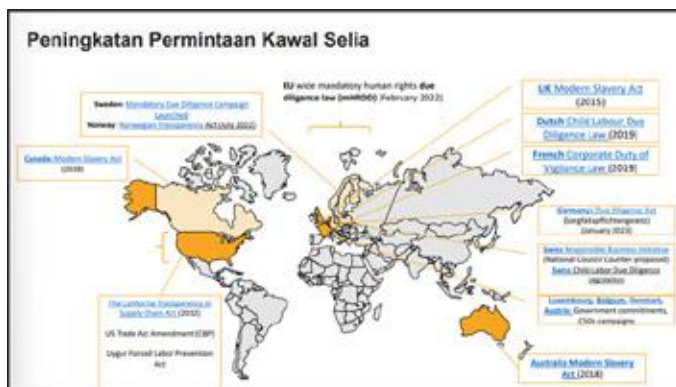
It is a risk management tool for organizations. It is a process organization should carry out to identify, prevent, mitigate and account for how they address actual and potential adverse human rights impacts in their own operation, their supply chains and other business relationships.

While this process was voluntary at first, increasingly HRDD s being mandated by governments, starting in some European nations.



HRDD becomes mandatory when countries and regions require businesses by law to identify human rights or environmental risks throughout their operations and effectively prevent those risks from occurring. According to the UNGP, there are 6 essential components for organizations to meet their responsibilities to respect human rights are:-

1. A policy commitment to fulfil their responsibilities to respect human rights,
2. Assess actual and potential human rights impacts,
3. Integrate and act upon the findings,
4. Track how impacts are identified, prevented and addressed,
5. Communicate on how the impacts are addressed by the organization,
6. Processes to ensure remedy for any adverse human rights impacts the organization causes, or to which it contributes.



Kesan perundangan EU terhadap Syarikat Malaysia

<p>1 Semua pemiagaan yang ditubuhkan di EU atau aktif di EU harus dilindungi oleh undang-undang HRDD</p>	<p>Pembeli anda di EU/USA/Australia dll. akan meminta sistem HRDD tersebut.</p>
<p>2 Skop perundangan harus digunakan pada hubungan pemiagaan merentas rantaian nilai penuh syarikat</p>	<p>Anda perlu melabur dalam pemetaan rantaian bekalan penuh bukan sebagai projek tetapi sebagai aktiviti berterusan</p>
<p>3 Perundangan harus mengelakkan pendekatan "tanda kotak", dan kebergantungan pada audit</p>	<p>Pemilihan dan audit tidak lagi mencukupi. Anda perlu melabur dalam sistem pengurusan pencegahan.</p>
<p>4 Memastikan penglibatan pihak berkepentingan yang bermakna</p>	<p>Anda perlu meningkatkan penglibatan pekerja dan penglibatan dengan organisasi masyarakat sivil yang mewakili pekerja.</p>
<p>5 Wujudkan mekanisme keberterjawab yang boleh dipercayai</p>	<p>Anda perlu melakukan pemprofilan pekerja, menilai agensi pengambilan, mempunyai mekanisme aduan, dan wujudkan sistem untuk menangani isu dalam operasi sendiri dan rantaian bekalan hulu dan sistem lata hingga kebekun kecil</p>





Educational Workshop: Crude Palm Oil (CPO) Price Risk Management On 20 Jun 23

Educational Workshop:
**Crude Palm Oil (CPO)
Price Risk Management**

Bursa Malaysia Derivatives and SOPPOA are pleased to invite you for the **Educational Workshop on CPO Price Risk Management**, happening on **20th June 2023** at the esteemed **NU Hotel Bintulu** in Sarawak.

This workshop is specially curated to provide you with invaluable insights into the world of Crude Palm Oil (CPO) futures contracts. Discover alternative methods to transact physical CPO and gain a comprehensive understanding of effectively managing price fluctuations using CPO futures contracts.

Don't miss this opportunity to join your peers and gain new ideas for accelerating business growth through effective price risk management.

Please note that this workshop is by invitation only, and seats are limited. We encourage you to respond promptly to ensure your participation in this knowledge-packed event. To secure your spot, kindly RSVP by clicking below button:



Time	Agenda
8:00am	Registration open
9:00am	Update on the MSPO Certification Scheme
	Speaker: Mr. Tan Chee Yong Manager, Technical, Outreach & Extension Service, Malaysian Palm Oil Certification Council (MPOCC)
9:30am	An alternative way to transact physical CPO using CPO futures contract
	Speaker: Mr Ryan Long Hian Yee Senior Vice President, Head of Product and Market Development Bursa Malaysia Derivatives Berhad
11:00am	Break
11:30am	Manage price fluctuation with CPO futures contract
	Speaker: Mr Ryan Long Hian Yee Senior Vice President, Head of Product and Market Development Bursa Malaysia Derivatives Berhad
12:30pm	Q&A
1:00pm	Lunch and networking session

Price risk management plays a crucial role in mitigating the impact of market volatility of our industry.

By implementing appropriate risk management strategies, we can minimize potential losses protect our businesses, and enhance our overall resilience.

To support our members in this endeavor, we have jointly collaborated with Bursa Malaysia Derivatives (BMD) to provide a workshop specifically focused on price risks management for CPO.

Organised by



Co-organised by



Furthermore, our members also exposed to the potential benefits of establishing a dedicated Futures Exchange for CPO (FEPO).

Such an exchange would provide a regulated platform for price discovery, hedging, and efficient trading of CPO derivatives.

