



E-NEWSLETTER

SARAWAK OIL PALM PLANTATION OWNERS ASSOCIATION

Chairman's Message

Eric Kiu Kwong Seng



Dear Members,

The past two months have been exciting for SOPPOA.

Foremost, we have successfully organized the inaugural Palm Oil Milling Technology Exhibition and Conference (POMtec) 2023 on 8 & 9 August. The response was overwhelmed. I must take this opportunity to congratulate Ir. Tian Foon Howe and his working committee members together with our CEO, Dr. Felix Moh, for their hard work in making the event a success.

On 4 & 5 September, SOPPOA also actively participated in the East Malaysia Palm and Lauric Oils Outlook Conference and Exhibition (emPOC) 2023 which was held for the first time in Sarawak by Bursa Malaysia Derivatives. The event provided opportunities for oil palm producers to network and share knowledge on topics related to palm oil supply chain and most importantly focused on sustainability.

A full physical Council Members meeting was held for the first at SOPPOA office since the pandemic. This mode of meeting should be encouraged in the subsequent meetings as it provides more interaction to the members.

As you all know, MPOB and SOPPOA meet annually to discuss issues related to R&D. The secretariat has proposed that instead of normal roundtable meetings, this year MPOB-SOPPOA R&D meeting would be organized based on mini-forum format to encourage more participation from member companies. A detail would be circulated once the program is finalized.

Last but not least, I wish to recommend you to read a document that was published by Credit Suisse (September 2015) entitles "Fat: The New Health Paradigm". The document analyses in depth the ecosystem of fat, looking at the 5 types of fats (saturated fats, monounsaturated fats, omega-6 fatty acids, omega-3 fatty acids and hydrogenated oils or trans-fats), the main fat-rich foods and who produces them, and the price of fat and fat intake requirements. The medical research on fat, the perception about fat of doctors, consumers and health officials, the healthcare costs of fat-related diseases (e.g., obesity, metabolic syndrome), and the fat trade are discussed. The evolution and forecast of fat consumption are also described. A full document may be downloaded from soppoa.org.my

Happy reading!



Stakeholder Engagement On EUDR With European Commission Organized By On 31 Jul 23

INTRODUCTION

Malaysian Palm Oil Council (MPOC) had organized a joint engagement session between the European Commission and Malaysian palm oil industry stakeholders at Sheraton Hotel, PJ on 31 Jul.

According to the MPOC's CEO, the meeting was an effort to better understand the concerns and challenges faced by Malaysian palm oil industry stakeholders in respect to the European Union Deforestation Regulation (EUDR).

The EUDR requires that products of the commodities included in the regulation which includes palm oil may only be placed on, or exported from, the EU market if:

- i. They are deforestation-free,
- ii. Have been produced in accordance with the relevant legislation of the country of production,
- iii. Are covered by due diligence statement.

The regulation provides a cut-off date for deforestation (and forest degradation) to occur of 31 Dec 2020. In other words, commodities shall not have been produced on land that has been subjected to deforestation (or forest degradation) after 31 Dec 2020.

Ms. Belvinder further informed that the joint mission between Malaysia and Indonesia to Brussel recently in May resulted in the formation of a Joint Task Force between Malaysia, Indonesia and the European Commission. One of the objectives of this Taskforce is to review and discuss the implementation methods of EUDR in a pursuit that EUDR should not become an impediment to trade between our countries.

However, there remains significant concerns among the companies and smallholders of the commodities impacted by EUDR, as there has been limited opportunities available for them to engage directly with the European Commission.

This is particularly true for the Malaysian palm oil industry, due to its complex supply chain which creates a challenging situation in the preparation of the due diligence statement information, as well as traceability requirements especially for the many smallholders in this country that may require financial assistance.

With the presence of Dr. Schomaker and her colleagues in this engagement session, it was hopeful that they can help clarify the uncertainties in EUDR's interpretation and implementation to the Malaysia palm oil industry stakeholders.

In addition, it was hopeful that the dialogue can also assist in proposing possible pathways or partnerships to obtain technical or financial assistance from the EU for smallholders who face difficulties in meeting the EUDR requirements.



MPOC: UK's CPTPP ENTRY IS AN OPPORTUNITY FOR MALAYSIAN FARMERS

The U.K.'s formal accession into the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) was finalised on 16 July. The agreement will open new opportunities for businesses, investors, and exporters from Malaysia.

MPOC applauds the elimination of tariffs and barriers to trade that are a key part of this agreement. The zero tariff level for Malaysian palm oil will help lower food prices for U.K. consumers and support over 400,000 small farmers across Malaysia who cultivate palm oil to provide income for their families and rural communities.

The U.K.'s Secretary of State for Business & Trade, Rt Hon Kemi Badenoch MP, is correct to state that "*palm oil is a great product*", and MPOC welcomes this recognition of Malaysia's sustainable palm oil sector.

Ms Belvinder Kaur Sron, CEO of the Malaysian Palm Oil Council (MPOC) said:

"Malaysia is proud to supply high-quality, sustainable palm oil to the U.K. market. The agreement reached with the U.K. on zero palm oil tariffs allows an opportunity for Malaysian palm oil exporters and investors to expand further into the U.K. market."

"Malaysian companies and industry associations are leading the way in driving sustainability in the palm oil sector. The Malaysian Sustainable Palm Oil (MSPO) certification standard is one of the largest mandatory certification standards for agriculture anywhere in the world. Our farmers and companies are rightly proud of this world-leading track record on sustainability."

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"It is to be hoped that other markets can follow the U.K. example of a constructive and fact-based approach to palm oil regulation."

Malaysia is also a world leader in forest conservation as confirmed by the recent World Resource Institute (WRI) data. Malaysia has made a binding international commitment to maintain 50% of land as forest area – one of the highest in the world. A cap has also been placed on new oil palm planting in Malaysia, to guarantee forest protection. The revised MSPO scheme, implemented in 2022 which includes a no-deforestation cut-off date of 31 December 2019, reflecting the continuous commitment in producing CSPO.

These commitments, paired with successful domestic efforts to effectively eliminate deforestation, have been key drivers of Malaysia's success.



MALAYSIA EXCELS AS A SHINING DEFORESTATION 'SUCCESS STORY'

MALAYSIA and Indonesia can be considered examples of "success stories" in deforestation, according to a research manager from the Washington-based Global Forest Watch (GFW).

"They have been (success stories) for a number of years now, ever since the 2015 fires (linked to the El Niño)," revealed GFW senior geographic information system research manager Liz Goldman.

"We're really seeing government and corporate actions coming together to have a positive influence there," she was quoted as saying in a report by UK's The Guardian on the progress of deforestation throughout the world.

Among others, the report said falling deforestation rates in Indonesia, Malaysia, Colombia and Brazil could help efforts to combat climate change and protect biodiversity.

In this regard, Goldman said existing data indicated that Malaysia and Indonesia have made strides where deforestation was concerned.



The article also quoted Arief Wijaya, programme director for the World Resources Institute in Indonesia, who acknowledged that government efforts to better protect forests have produced results.

NO MORE A CULPRIT

He said the palm oil sector in Indonesia and Malaysia – the world's top producers of the commodity – were no longer major drivers of deforestation.

OIL PALM TREE PLANTATION

According to The Guardian report, Wijaya urged caution on the European Union's (EU) new deforestation law which bans imports of commodities grown on land deforested after 2020.

He said the law may fail to recognise the progress made by countries where deforestation is concerned.

Previously, GFW, an online platform which allows for near real-time monitoring of forests, observed that there was a sharp drop in forest loss in both Malaysia and Indonesia since 2017.

GFW has also said that Malaysia reduced primary forest loss by 70% between 2014 and 2020. The key reasons for this include a commitment to a "No Deforestation, Peat and Exploitation" (NDPE) policy which bans new deforestation and development of peat lands.

In Malaysia, efforts to ensure better sustainability of the industry through the establishment of the Malaysia Sustainable Palm Oil (MSPO) have also contributed to reduced deforestation.

The MSPO's high standards are applicable to palm oil industry players from corporations to over 300,000 smallholders nationwide.

Positive government action has continued in more recent years with a plantation area cap established in 2019 through 2023 and new forestry laws enacted in 2022 to stiffen penalties for illegal logging. – FocusM, Aug 14, 2023



Engagement Session Between Datuk Abdur Rasheed Bin Abdul Ghaffour, Governor Of Bank Negara Malaysia And Industry Stakeholders In Kuching On 4 Aug



Engagement session between Datuk Shaik Abdul Rasheed bin Abdul Ghaffour, Governor of Bank Negara Malaysia and industry stakeholders in Kuching on 4 Aug 2023.

Palm Oil Milling Technology Exhibition & Conference (POMtec) 2023 On 8-9 Aug 23



1. CHAIRMAN'S OPENING REMARKS

Palm Oil Milling Technology Exhibition & Conference (POMtec) 2023) was an inaugural event organized by SOPPOA on 8-9 Aug at Imperial Hotel Miri.

The two days event had attracted more than 400 people.

Eric Kiu Kwong Seng, Chairman of SOPPOA, acknowledged that POMtec is yet another groundbreaking event marks a significant milestone for the association.

The conference featured a distinguished lineup of industry experts and researchers who shared their expertise and insights through captivating presentations.

Complementing the conference, the exhibition brought together leading technology providers, equipment manufacturers, and service providers who showcased cutting-edge solutions and state-of-the-art machinery designed to optimize palm oil milling operations.

Local learning institutions were also invited to showcase their research, academic programs and contribution to palm oil mill industry.

Eric Kiu also grateful to YAB Dato' Sri Hj Fadillah Hj Yusof, Deputy Prime Minister and Minister of Plantation and Commodities, despite his busy schedule, to grace open the event.

The presence of YB Dato' Sri Stephen Rundi Anak Utom, Minister of Food Industry, Commodity and Regional Development Sarawak; YB Tn. Lukanisman Awang Sauni, Deputy Minister of Health; YB Dr. Hazland Abg Hipni, Deputy Minister of Energy and Environmental Sustainability Sarawak, and YB Tn Martin Ben, Deputy Minister of Food Industry, Commodity and Regional Development Sarawak in various capacities have given extra moral support and further enlightened the event.

Eric Kiu also extended his appreciation to Sarawak Agriculture Vocational Training Institute (SAVTI) and Institut Latihan Perindustrian Miri and Sarawak Skills for sending students for the event – a platform that provided the students with a hands-on learning opportunity and understanding of palm oil industry.



2. YAB DPM'S KEYNOTE ADDRESS

YAB DPM praised the theme of the event "Toward Sustainable and Value-Added Business Operation" aligned perfectly with the new economic framework of "MADANI Economy: Empowering the People".

The MADANI Economy is a comprehensive economic model introduced recently by the government, which emphasizes the important of balanced and inclusive growth. It aims to foster economic development while safeguarding the environment and ensuring social equity.

The Ministry of Plantation and Commodities (KPK) stands guided by the principles of the MADANI model and by the action plans of the United Nation (UN) Sustainable Development Goals (SDG) blueprint, particularly on Goal 1 (No Poverty), Goal 2 (Zero Hunger), Goal 8 (Decent Work and Economic Growth), Goal 9 (Industry, Innovation and Infrastructure), Goal 12 (Responsible Consumption and Production), Goal 15 (Life on Land) and Goal 17 (Partnership for the Goals).

He iterated that the establishment of National Agricommodity Policy 2021-2030 (DAKN 2030) stands as testimony to KPK's strategic approach in transforming the agricommodity sector towards a sustainable and environmentally driven industry. The initiative under these frameworks appear to be well aligned with the objectives of POMtec 2023, and this will further enhance the sustainability and value-added practices in the palm oil



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sector in embracing today's global demand for sustainable production and value chain.

YAB acknowledged that palm oil has been a vital pillar of the agricommodity sector in Malaysia, providing jobs and contributing to Malaysian GDP, that saw an increase of 5% from RM9.5 bil in Q1 2022 to RM10 bil in Q1 2023.

In order to strengthen the palm oil sector positioning with sustainability, the government has introduced and implemented the Malaysian Sustainable Palm Oil (MSPO) Certification Scheme across the supply chain which emphasizes environmental protection, social responsibility, and economic viability. The MSPO Certification Scheme was made mandatory since 1st Jan 2020 and with the revised version of MSPO 2.0, it is an important tool to be recognized by all palm oil industry players in advancing towards sustainable palm oil production.

He also stressed the importance of integrating a circular economy into the production of agricommodities especially in the palm oil industry as an effective solution to optimize the usage of raw material resources and minimize wastage from production, reusing and recycling the materials that are commonly underutilized in the current linear economy.

The Twelfth Malaysian Plan (RMKe-12) has also outlined "Realizing the Potential of Biomass Industry" as a strategy to propel the growth of strategic and high-impact industries as well as micro, small, and medium enterprises (MSMEs) in the country.

Currently, KPK is also coordinating the development of the National Biomass Action Plan 2022-2025 which covers biomass from the plantation, forestry, agriculture, livestock farming and fishery. Systematic use and processing of agricommodity biomass into products with commercial value will generate new income and transform the current linear economy in the industry to a circular economy that helps to reduce both deforestation and carbon emissions.



MIRI (Aug 8): Malaysia is not likely to be listed as a 'high-risk country' under the European Union Deforestation Regulation (EUDR), in view of the positive outcome of a joint task force (JTF) meeting in Jakarta last week, said Deputy Prime Minister Datuk Seri Fadillah Yusof.

For the record, the Regulation is aimed at curbing EU market's impact on global deforestation and forest degradation. However, it is also considered a measure that can impose a negative impact on free and fair trade, especially in it being seen as targeting agriculture commodities produced by developing countries.

"The good news is there's positive response from the EU that Malaysia would not be classified as 'high-risk country', during the JTF meeting in Jakarta last week.

"We hope that in the final meeting, Malaysia would be classified under the standard benchmark, and not as 'high risk'," said Fadillah, also the Plantation and Commodities Minister, at the opening ceremony for the Palm Oil Manufacturing Technology Exhibition and Conference (POMTEC) 2023 here today.

Adding on, he said his ministry was serious in understanding and complying with the EUDR requirements.

"We have been engaging with various impacted parties to discuss and streamline the commitments in facilitating the country's efforts in combating deforestation, as well as being excluded from any entirely unwarranted classification as a 'high-risk country'.

"The JTF between Malaysia, Indonesia and the EU on the EUDR implementation, will actively work towards gaining EU recognition for MSPO (Malaysian Sustainable Palm Oil) Certification Scheme and other relevant certifications."

On POMTEC 2023, Fadillah commended Sarawak Oil Palm Plantation Owners Association (Soppoa) for organising the event, hailing the knowledge shared and exchanged during this conference as 'invaluable, bringing together industry experts, researchers and stakeholders'.

Meanwhile in his remarks, Soppoa chairman Eric Kiu said POMTEC also provided 'a glimpse into the future', where the industry would be progressing into becoming technology-driven.

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3. HIGHLIGHT AT OPENING CEREMONY



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4. Oral Presentations



SESSION 1

Revolutionizing of Malaysian Palm Oil Milling Industry: Current Status, Challenges, Opportunities and Way Forward

by Datuk Dr. Ahmad Parveez Bin Ghulam Kadir, Director General, Malaysian Palm Oil Board.

Scaling Up the Circular Economy Through Agricommodity Biomass

by Ts. Dr. Sang Yew Ngin, Undersecretary, Biofuel Division, Ministry of Plantation and Commodities

Investment Opportunity for Palm Oil Industry in Malaysia

by Yusmarizana Mohd Yusof, Senior Assistant Director, Food Technology and Resource Based Industries Division, Malaysian Investment Development Authority

Sustainable Agriculture Solution: The Conversion of Oil Palm Mill Waste Into Biofertilizers and Soil Amendment Agent

by Prof. Dr. Patricia King Jie Hung, Deputy Director, Institute of Ecoscience Borneo, UPM Bintulu Campus



SESSION 2

Current Strategies and Future Opportunities for Low Carbon Operation in Palm Oil Milling Processes

by Assoc. Prof. Dr. Viknesh Andiappan, Faculty of Engineering, Computing and Science, Swinburne University of Technology Sarawak

Techno-Economic Analysis of Biohydrogen Production from Palm Oil Biomass Waste

by Ts. Dr. Jibrail Kansedo, Curtin University Malaysia

Conversion of Palm Oil Biomass and Plastic Waste Mixtures for Hydrogen Enriched Syngas Production from Co-Gasification Process

by Assoc. Prof. Dr. Brigidid Chin Lai Fui, Chair of Student and Alumni Relations Committee, Curtin University Malaysia

Bio-Lubricant and Green Diesel Production from Bio-Waste Derived from Palm Oil Industry

by Dr. Sivasangar Seenivasagam, Department of Science and Technology, Faculty of Humanities, Management and Science, UPM Bintulu Campus

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SESSION 3

Lignin Extraction and Volarization from Oil Palm Empty Fruit Bunch

by Assoc. Prof. Dr. Lau Shiew Wei, Curtin University Malaysia

Chemical Engineering and the Sustainable Oil Palm Biomass Industry – Recent Advances and Perspectives for the Future

by Ir. Dr. Chew JUAN Jing, Deputy Head of School of Engineering, Swinburne University of Technology Sarawak

Palm Oil Milling Waste-Based Bipolymer-Composite on Research

by Assoc. Prof. Dr. Sujan Debnath, Department of Mechanical Engineering,
Faculty of Engineering and Science, Curtin University Malaysia



SESSION 4

Evolution from Incinerator to Thermal Decomposition Plant

by Ir. Tian Fung Wang, Econas Sdn Bhd

Palm EFB Pellet: The Lowest Hanging Fruit

by Yong Chee Soon, Business Development Manager, Treehouz Asia Sdn Bhd

The Byproducts from Palm Oil Processing as Animal Feed

by Dr. Boey Jin Wern, Managing Director, Vetfeed Nutrition Sdn Bhd

Biogas from Wastewater: Sustainable Energy Solutions

by Shamsuddin Sulaiman, Senior General Manager, Operations and Maintenance, Cenergi SEA Bhd

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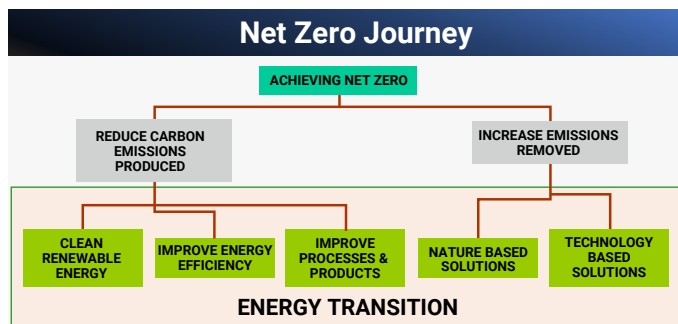
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5. Special Topic

Dr. Hazland, Deputy Minister of Energy & Environmental Sustainability Sarawak shared that his ministry would prioritise environmental sustainability, align its development path with Sustainable Development Goals (SDGs), and pursue balanced economic growth by adopting a responsible approach towards the developments of its natural resources.

Following this, Sarawak is developing a Sustainable Sarawak Blueprint to guide government agencies, business and communities in achieving its desired sustainability goals.

The blueprint will address concern related to biodiversity conservation and natural resources management as well as climate change mitigation and adaptation and concurrent creating an enabling environment with modern infrastructure in tandem with the country's Four Industrial Revolution or Industry 4.0.



Sarawak would set up a Sarawak Climate Change Center to serve as a hub to coordinate, manage, support and guide all climate and carbon trading initiatives in Sarawak. It would also support the development of policies and regulations promoting sustainable practices, including renewable energy, energy efficiency and forest management.

This is inline with Sarawak's mission to be net-zero emissions by 2050, largely by increasing its renewable energy capacity and electrifying the transport sector.

According to Dr. Hazland, the Sarawak's milestone and effort in energy transition and achieving a net zero future as to-date includes followings:

- i. The launch of Sejangkat Power Algae Plant,
- ii. The launch of Sustainable Aviation Fuel (SAF),
- iii. Sarawak Autonomous Rail Transit (ART) project,
- iv. Bintulu Hydrogen Projects,
- v. Amendment of Forest Rules to provide legal framework to regulate forest resources,
- vi. The launch of Sarawak's first carbon capture and sequestration (CCS) project.



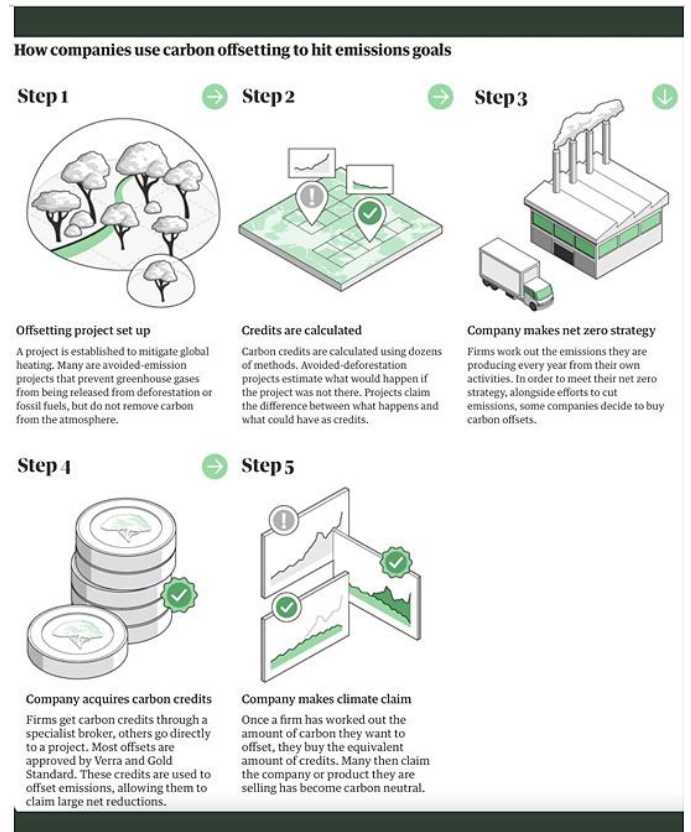
On top of that, Sarawak has taken action to move forward a green economy by concentrating on activities that benefit the environment not only planting trees but also selling and buying carbon.

65% of Sarawak is covered with forest, 15% of which may store three times as much carbon.

Through Forest Carbon Activity, Sarawak is expected to create a new source of revenue with its value ranging from RM315 mil to RM1.039 bil annually as permanent forest can yield carbon credit units at the rate of 200 tonnes of carbon per hectare.

At the same time, Sarawak has the largest carbon storage capacity in Malaysia with an estimated 30 trillion cubic feet of storage in offshore areas.

Through the amendment of its Land Code and Forest Ordinance, Sarawak is the first state in Malaysia to enact legislation permitting carbon and nature venture businesses.





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6. Highlight at Gala Dinner



7. Highlight at Closing Ceremony





Task Force On Replanting By MPOB 17 Aug

1 Background

Palm oil is the most important agricultural commodity to the Malaysian economy. The commodity contributed 3.04% of the country's total GDP in 2022. The oil palm industry also plays an important role in the socio-economics of the community by increasing the income of smallholders, as well as providing job opportunities in rural areas. In order to maintain the production of good fresh fruit bunches (FFB), 4% to 5% of the area of old palm trees or over 25 years old is encouraged to replant every year, while the percentage of old or unproductive palm trees should preferably not exceed 10% of total area of oil palm plantations.

In general, palm trees are ready to be felled and replanted when they are over 25 years old as at this age the yield of FFB has started to decline, plus the height of the palm tree exceeds 13 meters. In addition, the density of palm trees that started to decrease due to the decrease in the number of palm trees that are still alive @ standing in the fields, will affect the income of plantation companies and oil palm plantation owners, especially those who have a high dependence on palm oil.

Until June 2023, private estates contribute as much as 62.7% or 3,539,677 hectares of the total area of oil palm plantations. This is followed by private/independence smallholders (ISH) and organized smallholders (OSH) with oil palm plantation area of 14.5% (819,247 hectares) and 11.9% (671,308 hectares) respectively. Meanwhile, federal or state government agency estates account for 10.9% or 615,391 hectares of the total area of oil palm plantations.

However, the age profile of old palm trees especially for the federal or state government agency estates category is 10.4% or 63,734 hectares, private estates are 333,170 hectares or 9.4% and ISH is 74,230 hectares or 9.1%. This has shown that the percentage of palm trees that are 25 years old or older or that are unproductive has reached between 9.1% to 10.4%.

Accordingly, a comprehensive plan and mitigation actions need to be implemented immediately by the government to reduce the percentage of old or less productive palm trees which has now reached between 9.1% to 10.4% of the total palm by category. This effort can increase the population of oil palm trees with a mature age profile and

be more productive for the long term, further helping to increase the country's FFB yield. This can be realized through the replanting of higher quality crops with the potential to provide high productivity.

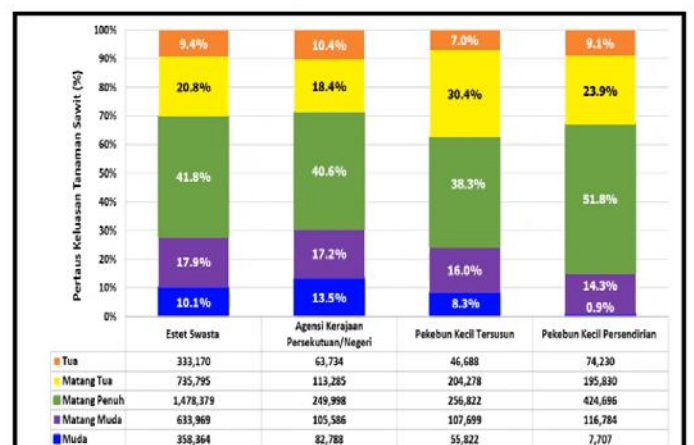
2 Objective

The objective of the establishment of this Task Force is to plan, formulate, organize and implement the strategy and requirements of oil palm replanting in Malaysia.

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3 Committee Members

No	Position	Association
1	Chairman	MPOA
2	Member	MPOB
3	Member	KPK
4	Member	NASH
5	Member	MEOA
6	Member	MOPNA
7	Member	POMA
8	Member	EMPA
9	Member	SOPPOA



Sumber: MPOB

National oil palm age profile based on categories as at June 23.



Dialog Belanjawan Kementerian Ekonomi Dengan Pemain Industri / Pihak Berkepentingan On 22 Aug

1. Background

The government is actively conducting dialog sessions to get inputs from industry players and stakeholders in further strengthening the preparation of the 2024 Budget documents.

In this regard, a dialog session with the Minister of Economy was called on 22 Aug.

According to YB Rafizi Ramli, the dialog was focused mainly on these 3 aspects namely energy transition, digitalization and modern farming.

In the opening remarks, he stressed that the 2024 Budget that will be tabled in October needs to focus on increasing the productivity of resources that can be developed and not prioritize the provision of aid and subsidies alone. Although this subsidy is very important to the B40 group but the government needs to do more strategically and systematically as a basis to improve the economy as a whole.

He also touched on National Energy Council and progressive wage policy.

2. Progressive Wage Policy

KUALA LUMPUR: The progressive wage policy is targeted to roll out in either April or May next year, says economy minister Rafizi Ramli.

Rafizi said the target means that the necessary financial allocation should be included in Budget 2024, which is scheduled to be tabled in October.

"(Prime Minister Anwar Ibrahim) gave an indication of some numbers, but we'll go through the budget process," he told a press conference after an event at Asia School of Business here today.

The minister also said the policy had been approved in terms of its overall approach, but it must go through consultations with stakeholders. Several details of the policy also needed to be addressed.

"We have to see at what level we want to come in. When I say 'what level', I mean at what coverage, at what specific groups and that obviously will translate to what kind of financial commitment the government has to make," he said.

On Aug 7, Anwar said the government's proposed progressive wage policy would be voluntary, incentive-based and productivity-linked.

Anwar had said the matter would be brought to the Cabinet for further deliberation on its gradual implementation and the funds needed for incentives following engagements with stakeholders.

Rafizi previously said employers had reacted positively to the government's progressive wage policy.

In a separate development, Rafizi said he would be announcing the names of those appointed to the National Council of Digital Economy and the Fourth Industrial Revolution (MED4IR) tomorrow.

"It is the first time in history that the appointment of the highest level is crowd-sourced from the public," he said. – Free Malaysia Today

3. National Energy Council

KUALA LUMPUR: The government plans to hold the first meeting of the National Energy Council (NEC) as early as October this year, says Rafizi Ramli.

The Economy Minister said the NEC, chaired by Prime Minister Datuk Seri Anwar Ibrahim with the Economy Ministry as its secretariat, would set forth high-level strategic directions and policies, allowing for the working committees to coordinate and report the progress in turn.

"The establishment of the NEC is the strongest signal yet of the government's intention of moving beyond blueprints and into the nitty-gritty of implementation," he said.

"The government does this by co-investing in key projects as concessional capital or through development financial institutions, or to actively develop bankable project pipelines through technical assistance.

"Our goal is to unlock local and international green funds that have reached record highs in the past year, and are predicted to continue enjoying investor confidence if we pursue them effectively," he said.

Meanwhile, Rafizi said Malaysia would never be able to fully unlock the true potential of renewable energy (RE) without establishing a physical energy exchange in the country. - Bernama

Dialog Perburuhan Bersama YB Menteri Sumber Manusia Tahun 2023 Anjuran Jabatan Tenaga Kerja Sarawak On 26 Aug

The dialogue, which discussed labour issues in the state, was attended by Human Resources Minister V. Sivakumar, Deputy Minister in the Sarawak Premier's Department (Labour, Immigration and Project Monitoring) Datuk Gerawat Gala, Sarawak Manpower Department director Awang Raduan Awang Omar, employers, trade unions and training providers in Sarawak.



Minimum wage remains under progressive wage system

KUCHING: The minimum wage of RM1,500 is still maintained under the policy framework of the progressive wage system to be introduced by the government, said Human Resources Minister V. Sivakumar.

He said the progressive wage system, which was seen as the most relevant to be instituted in Malaysia, needs to be practised in tandem with the minimum wage and increase the productivity of workers so as to benefit employers as well.

"The minimum wage of RM1,500 is the baseline, if we lower the minimum wage figure, that is not progressive, but regressive," he told a press conference after the Labour Dialogue here on Saturday (Aug 26).

The progressive wage system was a transition from a minimum wage model to a gradual and phased wage increase so that it corresponded to the country's economic growth.

Meanwhile, Sivakumar said the National Economic Action Council (NEAC) meeting chaired by Prime Minister Datuk Seri Anwar Ibrahim to detail the policy guidelines also stipulated that the implementation of the progressive wage system for employees was not mandatory for all private employers.

"When we set RM1,500 as the minimum wage, it does not involve the issue of productivity, therefore we want skilled and talented workers to be paid commensurately immediately, becoming an added value and asset to their employer to stay employed.

Also present were Deputy Minister in the Sarawak Premier's Department (Labour, Immigration and Project

Monitoring), Datuk Gerawat Gala.

When asked when the bill would be tabled, Sivakumar said his ministry hoped to present the proposal to Parliament early next year.

"Maybe next year, early next year if possible. So, it depends on whether we can resolve the matters soon. But of course I want to resolve this issue," he said, adding that the Human Resource Ministry was still in talks with the Sarawak government.

"So far, everything is on track. There are only a few things that need to be discussed further before we can finalise everything," he said.

In July, Gerawat had said that amendments to the Sarawak Labour Ordinance would be submitted to the Human Resources Ministry once the resolution of some of the relevant provisions of the law has been reached by August this year.

He also said that the State Cabinet had already approved the draft of the amendment to the Sarawak Labour Ordinance.

The amendments would also include the increase of the period of maternity leave from 60 to 98 days, new provisions for seven days of paternity leave, reducing the number of working hours per week from 48 hours to 45 hours and new provisions against sexual harassment.

"Several series of meetings with relevant stakeholders such as employee and employer representatives, industry organisations, relevant ministries and agencies have been held to obtain their input and approval for these amendments," he said in a statement. – The Borneo Post



East Malaysia Palm & Lauric Oils Price Outlook Conference & Exhibition (emPOC) 2023 On 4 & 5 Sep

1. Introduction

For over 30 years, Bursa Malaysia Derivatives' (BMD) flagship POC event has served as an annual congregation of key decision makers and thought leaders in the global edible oils industry. In addition to the renowned POC in Kuala Lumpur, BMD has brought the event to Sabah for the first time in 2023, acknowledging the growing significance of the crude palm oil supply market in the East Malaysia region.

Following the success of the inaugural emPOC, BMD has hosted this year's edition in Sarawak at Imperial Hotel Kuching on 4-5 Sep where SOPPOA is one of the Lead Partners.

emPOC2023 provided valuable opportunities for participants to network and get updates on topics surrounding the supply and demand of palm and major edible oils, latest developments in deforestation regulation and the industry's progress towards achieving net zero emission.

2. Robust CPO Price Signifies Resilience in Nation's Palm Oil Industry, says Bursa Chief

KUCHING (Sept 6): The Malaysian palm oil industry had shown resilience in the first half of 2023, with benchmark crude palm oil (CPO) price standing robust at RM3,900 per metric tonne average throughout the year under review.

According to Bursa Malaysia Berhad chairman Tan Sri Abdul Wahid Omar, this demonstrated the industry's adeptness at navigating challenges, while maintaining its competitive edge.

He said despite the looming El Nino phenomenon, which could affect production next year, the country's estimated production of 19 million tonnes of palm oil this year might just surpass the 18.45 million tonnes recorded last year.

"This is further supported by the recent Malaysian Palm Oil Board (MPOB) report, which highlighted a 15.55 per cent rise in exports and 11.21 per cent surge in production in July, surpassing market expectations.

"Meanwhile, palm oil stocks at the end of July 2023 reached approximately 1.73 million metric tonnes, marking a third consecutive monthly increase as reported by the MPOB," he said in his welcoming speech for the 'Second East Malaysia Palm and Lauric Oils Price Outlook Conference and Exhibition' (EMPOC) 2023 here yesterday, where Premier Datuk Patinggi Tan Sri Abang Johari Tun Openg officiated at the event.

On the global front, Abdul Wahid said the United Kingdom's accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) in

March 2023 carried strategic significance as the move opened the door to immense potential by eliminating tariffs on Malaysian palm oil imports, allowing industry players to capitalise on opportunities arising from expanded market access and increased exports to the United Kingdom and fellow CPTPP member countries.

Nevertheless, he cautioned market participants to remain vigilant in light of the increasingly unpredictable weather conditions, potential changes to global trade and environmental, social and governance (ESG) policies, as well as the ongoing geopolitical risks, all of which had the potential to significantly impact the palm oil trade.

"Looking ahead, the exchange-traded derivatives will continue to play a pivotal role by providing commodities producers and consumers with the essential tools to manage price risk and protect portfolio values, especially during periods of market volatility.

"Particularly significant within sectors like agriculture, where prices are susceptible to swift fluctuations due to variables such as weather conditions and geopolitical events, the derivative products enable producers to lock in future prices for their goods, ensuring revenue stability," he added.

According to Abdul Wahid, the well-established Crude Palm Oil Futures (FCPO) contract offered by Bursa Malaysia Derivatives plays a significant role in providing liquidity and transparency via an exchange-traded marketplace.

The FCPO offers standardised contracts and access to historical data, all of which contribute to supporting well-informed decision-making among market participants.

"Being the global price benchmark for the crude palm oil market has resulted in Bursa Malaysia Derivatives' notable performance, with a total of 19.1 million contracts traded across all products in 2022, marking a 3.8 per cent year-on-year increase.

"The trading volume of the global benchmark FCPO, on the other hand, reached an exceptional 16.2 million contracts during the same period, surpassing previous record highs," he said.

More recently, Abdul Wahid noted that the exchange achieved a new high for its T+1 After-Hours or Night Trading Session, at a volume of 21,210 contracts traded on Aug 24 this year, surpassing the previous high of 19,065 contracts on Dec 1, 2022.



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"Most of these after-hours trading was for the FCPO contract. This highlights the importance of the T+1 Trading Session in offering market participants the flexibility to manage price risks during the US and the EU (European Union) market hours," he said.

Abdul Wahid also said these results earned Bursa Malaysia Derivatives the recognition of 'Exchange of the Year for Commodities' and 'Exchange of the Year for Sustainability' at the FOW Asia Capital Markets Awards 2022.

"While these accolades affirm our position as a leading commodities marketplace in Asean, with 'green offerings', we remain dedicated to the progress and pursuing developments that could open up more opportunities for investors and traders.

"This commitment is very much aligned with our mission of 'creating opportunities and growing value'," he added. – Malay Mail

3. Robust CPO Prospects for Sarawak - Premier

KUCHING (Sept 5): The prospects of crude palm oil (CPO) production for Sarawak remain robust, as indicated by 1.7 million metric tonnes recorded in the first half of this year, says Premier Datuk Patinggi Tan Sri Abang Johari Tun Openg.

This figure, he said, represented an increase of two per cent over the production registered in the same period last year.

"Sarawak's production of CPO in 2022 reached four million metric tonnes, reflecting a notable increase of 2.5 per cent from the previous year's figure," he said in his special address for the 'Second East Malaysia Palm and Lauric Oils Price Outlook Conference and Exhibition (EMPOC) 2023 here today.

Abang Johari pointed out that while Sarawak's palm oil industry had made impressive strides and contributed significantly to the region's economic development, it had also faced several challenges that demanded attention and action.

"Market volatility and price fluctuations pose significant challenges to palm oil producers and traders. External factors such as changes in global demands, trade policies, and weather conditions can also impact palm oil prices. "These uncertainties make it challenging for businesses to plan for the long term, and may affect investments in research and sustainable practices," he said.

Given the current uncertain global conditions, Abang Johari said it was crucial for companies to prioritise sound risk management strategies towards mitigating losses and effectively managing expectations.

"I urge businesses to consider hedging their exposures to today's volatile markets by utilising futures and options

contracts available on Bursa Malaysia Derivatives.

"This approach will help safeguard against potential financial risks and ensure a more stable path forward," he said.

Abang Johari also acknowledged the criticisms hurled against palm oil due to its association with deforestation, destruction of wildlife habitats, and greenhouse gas emissions.

"Building and maintaining consumer's trust through transparent and traceable supply chains are vital for the industry's future growth and market access.

"Collaborative initiatives involving government agencies, industry associations, non-governmental organisations (NGOs), and local communities are fundamental in overcoming these challenges. By working together, stakeholders can address environmental and social issues, improve best practices, and promote responsible palm oil production."

On that note, the Premier spoke about his recent trip to Sweden where the topic of oil palm came up during his meeting with the country's deputy prime minister and officials.

"One of the areas of where the EU (European Union) is concerned about is child labour. But they do not realise that in Sarawak, we have our Native Customary Rights (NCR) smallholders of oil palm growers.

"These smallholders are actually family enterprises where their teenage children would often help their parents out in the estates, particularly during the school holidays," he said.

He said he relayed to them that this could not be categorised as child labour, 'in that this is a culture that we have in the family-owned farms, including that of oil palms. "They nodded their heads, but whether they acknowledged what I told them or not, at least they listened and learnt that it's part of our culture.

"This is what I can do for oil palm growers in order to make them aware of what we are doing," he said.

Later during a press conference, Abang Johari said Sarawak had maximised the land areas meant for the oil palm industry, and had also allowed smallholders, particularly the NCR landholders, to participate in small-scale oil palm plantation programmes.

Adding on, he also highlighted the need for oil palm industry players to adjust to the needs of preserving of the environment and at the same time, look into managing their plantations using technology.

"The plantation sector has been requesting for us to allow more foreign labour in the industry.

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“This has been an inherent issue, but perhaps at this junction, they could look into mechanisation, particularly in terms of harvesting through the use of sensors and AI (artificial intelligence).”

Abang Johari also encouraged the oil palm industry to carry out research on this so that they would not have to rely solely on foreign labour.

“As our economy migrates upwards, technology has to follow suit – this will make the industry sustainable.”

Also present were Bursa Malaysia Berhad chairman Tan Sri Abdul Wahid Omar, Malaysia Derivatives Berhad chairman and Bursa Malaysia chief executive officer Datuk Muhammad Umar Swift, and Deputy Minister II for Food Industry, Commodity and Regional Development Martin Ben. - The Borneo Post



Eric Kiu Kwong Seng, SOPPOA Chairman, responded during the Q&A session on Challenges and Opportunities in East Malaysia Palm Oil Sector

4. Take Home Notes

4.1 Mr. Tan Sri Abdul Wahid Omar, Chairman, Bursa Malaysia Bhd

- Malaysian palm oil industry had demonstrated resilience in the 1H23, despite the influence of external factors on the world's palm oil prices. benchmark crude palm oil (CPO) price remained robust at RM3,900/t average year-to-date 2023.
- Despite the looming El Nino phenomenon, which is expected to affect 2024 production, Malaysia's estimated production of 19 mil/t of palm oil in 2023 is said to surpass the 18.45 mil/t recorded in 2022.
- United Kingdom's accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) in Mar23 carries strategic significance. This move opens the door to immense potential by eliminating tariffs on Malaysian palm oil imports, allowing industry players to capitalise on opportunities arising from expanded market access and increased exports to the United Kingdom and fellow CPTPP member countries.

4.2 Ms Leow Huey Chuen, Director, ASEAN Plantation Research, UOB Kay Hian

- Expecting CPO price trading range of RM3800-RM4200 for 3Q to 4Q23 with avg selling price for 2023 at RM4000/t, down from 2022 est RM 5088/t.
- Peak production season in 3Q23 for CPO and U.S. start of soybean planting but weather watch aka strength of El Nino may cause another potential downward revision of soybean production. South America is expecting new record soybean for Brazil and Argentina soy output to double.
- 2023 palm oil production (in mil/t): Indonesia 46.9 vs 46.7; Malaysia flat at 18.4 mil/t.
- Oct could see peak production, start of seasonally low cycle, U.S. soybean harvest and South America planting progress

4.3 Mr Nagaraj Meda, Chairman and Managing Director, TransGraph Consulting

- Forecast BMD FCPO benchmark prices are likely to find support near RM3700-3650 on any weakness and turn positive toward RM4500 or tad higher in the coming 3-4 months.
- Forecast Argentina soyoil spot month are likely to hold above \$900 on further weakness and witness witness recovery toward \$1100 by Dec23.
- There a potential recession, high interest rates to keep demand on defensive note for 2024.
- Palm oil supplies/ El Nino is the bullish factor.
- Black Sea and south America will cool off the prices and keep a lid on the higher side from 2Q24.

4.4 Mr Ling Ah Hong, Director, Ganling Sdn Bhd

- Palm oil prices is at crossroad with so many factors acting in unison, hence it is difficult to determine the direction of the palm oil prices moving forward.
- The triple La Nina events have profound effects on the global vegoil supplies and prices in the last 2 years. The end of the La Nina in February 2023 and the emergence of El Nino (2H23-1Q24) will usher in a different outlook.
- With improved weather conditions in Malaysia and Indonesia, forecast palm oil supply in 2023 to rise by 1.1mil/t (+1.6% y/y). The La Nina rainfall continue to disrupt supplies in the 1Q23. Expect production to trend higher in the 2H23.
- Full implementation of the B35 is expected to increase domestic usage of CPO by another 1.6 mil/t in 2024 and limit availability of supply for export.
- Inventory in Malaysia at 1.7 mil/t is still below the long-term trend but expect to rise to above 2.0 mil/t in the next few months. With anticipated El Nino (3Q23-1Q24), expect Malaysian stock to decline again to below 1.8 mil/t in 2H24.
- The departure of the 3rd La Nina (2Q23) and the emergence of an El Nino in 2H2023 may bring more rainfall and boost soybean yield in the 2023/24 season weakening of SBO prices and narrow the SBO/CPO spread.

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- Prolonged Ukraine-Russia conflict to continue to pressure sunflower and SFO supplies.
- If the current developing El Nino condition prevailed (moderately strong El Nino), we can expect palm oil production to weaken (4-5% y/y) and prices to move higher (10-12% y/y). Failing which...prices to drift sideways and lower.

4.5 Mr Thomas Mielke, Executive Director, ISTA Mielke GmbH - Oil World

- There are many uncertainties (more than usually) which complicate price forecasting. Some price pressure came from sunoil.
- Palm oil prices moved largely sideways of late. At around \$900 (FOB) are currently undervalued. It appears that only a few triggers are needed to push prices higher. I.E. Indian crops, Black Sea Export, South America weather.
- Production seasonally rising but poor lately.
- Low palm oil stocks in Indonesia and Malaysia.
- Soy and rape oil prices will be supported by rising biofuels productions in North and South America.
- Palm oil prices seen appreciating by at least \$100 within the next 4-6 month. The deferred positions do not yet reflect this.
- World soybean production forecast to rise by 26 mil/t to a new high of 394 mil/t in 2023/24 and anticipate global soy production surplus of 15 mil/t which contributed to rising stocks but there are high weather risk. Meantime production of 9 other oilseeds is seen declining by a combined 2 mil/t in 2023/24 following a boost by 6 mil/t a year earlier.

- 2023/24 world soybean production forecast (in mil/t) vs previous year: U.S. 114 mil/t (vs 116.4), Brazil 158 (vs 157), Argentina 45 (vs 21), Paraguay 10 (vs 9.5), China 19 (vs 20), India 10.8 (vs 11).
- Palm oil has lost its growth dynamic with annual growth is likely to slow to only 1.8 mil/t in the 10 years to 2030 from an avg annual growth of 2.9 mil/t in the 10 years to 2020. This due to lack of replanting, shortage of workers, management issue, sustainability and certification schemes.
- Threat of El Nino to cause dryness in Aug/Dec 2023 and/or in early 2024.
- For Oct/Sep 2023/24 world palm oil production to rise by only 1.2 mil/t (Indonesia +0.7 and Malaysia +0.2) mil/t. Meanwhile world exports seen rising by 0.5 mil/t. Global production deficit expected, declining stocks and higher prices.





Dialog Bersama Timbalan Menteri Kewangan Malaysia II Bersempena Program Jelajah Negeri Belanjawan 2024 Peringkat Sarawak On 15 Sep

Sarawak to be green movement model for M'sia says federal deputy minister

KUCHING (Sept 15): Sarawak will be a model in Malaysia in terms of green energy and green economy, said federal Deputy Finance Minister Steven Sim.

He said the federal government seeks to restructure the economy so that businesses in Malaysia will not just fare better but get stronger and more intelligent so that they can compete against counterparts at the global level.

"For instance, green economy, digital economy and advanced technology, Sarawak has taken the first step of walking into the economy of the 21st century.

"Sarawak is capable of producing 100,000 barrels of biofuel per day using microalgae. Today, the whole country produces gas 500,000 barrels per day and just one site in Sarawak is capable of producing 100,000 barrels of biofuel every day.

"Sarawak has made the right move to opt for green economy as by 2027, the world aviation industry is set to use biofuel to fly, looking at zero carbon emissions.

"I am proud because Sarawak has become a green hydrogen hub in not only Malaysia but also the region," he said during the Ministry of Finance's (MoF) session to garner feedback and suggestions for Budget 2024 here today.

Sim noted Sarawak has also embarked on Carbon Capture Utilisation and Storage, which is another laudable green policy.

"Looking at Sarawak, especially all these green projects, I realise that we are finally going into the economy of the 21st century. We have 'green wave' in Peninsular Malaysia, Sarawak is talking about green energy," he said.

He added that the federal government is determined to have a restructuring process to uplift the country's economy.

He was also noted Sarawak is implementing its Autonomous Rapid Transit (ART) whereby hydrogen is utilised for public transportation.

"Hopefully this will be expanded to other cities in Sarawak, and even Peninsular Malaysia. We want our people to have access to all infrastructure including schools, roads, Internet, and many others," he said.

Sim said the session was jointly organised by the MoF and the Sarawak government for the public and private sectors as well as non-governmental organisations (NGOs) to channel their feedback and input for Budget 2024.



"All sectors and parties have their respective requests, and so I cannot guarantee that all suggestions will be implemented. But all suggestions will be given serious considerations by MoF, this I can promise," he added.

An MoF press release today said over 9,500 responses on Budget 2024 suggestions had been received electronically. The responses received covered the areas of economic sustainability such as environmental conservation, green economy, good governance, digitalisation, improvements in fiscal management, and measures to uplift existing industries such as the creative and tourism industries.

After Kuching, similar sessions will be held in Perak, Selangor, and Labuan.

Prime Minister and Finance Minister Datuk Seri Anwar Ibrahim is expected to table Budget 2024 in the Dewan Rakyat on Oct 13.

Malaysians are invited to provide their feedback and suggestions on Budget 2024 via <https://budget.mof.gov.my/ms/>. – The Borneo Post

Questions posted by SOPPOA

Introduction

Palm oil industry pays the most taxes amounting to 45% compared to other sectors. Other than corporate tax, the palm oil industry also contributes cess, levy and duty that are to be deducted from the palm oil price.

In the past years, associations of oil palm industry have numerous times requested the government to review and restructure the tax, cess and levy imposed on palm oil in order to remain competitive but to no avail.

Today, on behalf of the oil palm industry in Sarawak, I would like to highlight 3 issues for YB special attention.

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No. 1 - Windfall Profit Levy

Prior to 2022, the windfall profit levy rate imposed on palm oil produced in West Malaysia was 3% when the price hit RM2,500 per ton. While the rate for Sarawak and Sabah was 1.5% when the price hit RM3,000 per ton.

The reason Sarawak and Sabah was given a low rate was because we also obligated to state sales tax of 5% and 7.5% respectively when the price hit RM1,500 per ton.

Effective Jan 2022, the windfall profit levy rate for Sarawak and Sabah was increased to 3% to match the West Malaysia.

The higher rate of windfall profit levy in Sarawak and Sabah has furthered increased the cost of production in these 2 regions who already burdened with higher input cost and logistic cost.

We have appealed in countless meetings to request the government to revert the windfall profit levy rate back to 1.5% and increase the threshold price to RM4,500 per ton for Sarawak and Sabah to cushion the higher cost of production in these 2 regions.

No. 2 - Machinery Import Duty

Oil palm plantation is labor intensive. The number of worker requires against size of estate is 1 person to 8 ha.

In order to reduce dependency on labor, plantation company has employed mechanization and automation at their best.

Despite at the present semi automation for harvesting of palm fruit remains a challenge, many sections or activities have employed mechanization especially to evacuate fresh fruit bunches from road side platform all the way to processing mill.

Unfortunately, implementation of machinery and equipment has never been cheap in Malaysia due to high import duty, excise duty and sales tax.

Depending on the types of machinery and equipment, the compounding tax is ranging 20 to 60% on top of the item.

In order to encourage the implementation of farm machinery and equipment, the government is urged to relook at current tax structure for import/excise duty and sales tax.

No. 3 - Replanting Allowance

In general, oil palm trees are ready to be felled and replanted when they are over 25 years old as at this age the yield will start to decline, plus height of the oil palm trees are too tall for effective harvesting.

In order to maintain sustainable production, plantation company would usually earmark 4-5% of the area to be replanted annually when time is due.

MPOB survey shows that as at June 2023, about 9.1% of total planted areas in Malaysia has exceeded the replanting limit, while more than 18% are due for replanting.

The data shows that the normal replanting program executed by plantation companies cannot catch up with the rate of aging.

In this respective, it is imperative for government to come up with plan and formula to expedite the replanting program to improve production which in turns give higher revenue to the nation.

One approach to entice replanting is through Replanting Allowance such as giving tax rebate.

Conclusion

There are many challenges face by the oil palm industry in Sarawak, but today we pray that the windfall profit levy, machinery import duty and replanting allowance could be considered for revision in the coming Budget 2024 to make this industry more sustainable.