

RM4.4b allocation for oil palm replanting

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MALAYSIA'S oil palm industry will spend RM4.4 billion to replant some 365,000 hectares from 2011 to 2013, an official from the Performance Management and Delivery Unit (Pemandu) in the Prime Minister's Department said.

"We cannot force landowners to do something they don't want to, especially at the current high palm oil prices. But we can encourage via financial incentives," John Low, Pemandu's director of the national key result areas (NKEA) on palm oil, rubber and agriculture told Business Times in an interview in Petaling Jaya recently.

"If replanting is not accelerated, it will take 14 years to clear the backlog. It is critical to clear the backlog now as each year an average of 125,000 hectares of trees are due for replanting," he said.

There are 161,000 independent smallholders in Malaysia. With 600,000 hectares, they account for 12.8 per cent of the country's planted area.

Low said the government will pay RM1 billion to independent smallholders, which own some 600,000ha throughout the country, to compensate for the loss of income from the replanting activities.

Independent smallholders with 40 hectares or less are entitled to a one-off replanting payment of more

than RM6,000 per hectare and monthly payments of RM500 per household for two years.

On the other hand, private and government-linked plantation companies are expected to spend RM3.4 billion to replant aging oil palms in the next three years.

Also present at the interview was Malaysian Palm Oil Council chief executive officer Tan Sri Yusof Basiron. He referred to MPOB statistics showing Malaysia's licensed seed producers churning out some 80 million germinated seeds per year.

"We only need 50 million seeds a year, so there's enough to go around," Yusof said.

Asked if the government guarantees that 100 per cent of the seeds for sale are of the genuine, high-yielding dura and pisifera hybrids, Yusof said: "That would not be possible. Therefore, we advise independent smallholders to deal directly with licensed seed suppliers and not middlemen."

Some licensed seed producers, like Applied Agricultural Resources Sdn Bhd, go the extra mile to ensure seedlings' authenticity by using a new laser tattooing technology and pre-agreed codes with their clients.

On rumours of select MPOB enforcement officers abusing their powers instead of enforcing against the supply and sale of fake seed-



Left: A seedling which has been tattooed with laser technology (in circle); (Inset) Low says that if replanting is not accelerated, it will take 14 years to clear the backlog.



lings, Low said: "We have regulators watching over the industry but it is also for the industry to report any wrongdoings. We're all for weeding out wrongdoings but without any formal complaint and evidence we're unable to act on hearsay."

He highlighted the Whistleblower Protection Act 2010, a key piece of new laws under the Government

Transformation Programme, that protects the identity of informants revealing acts of corruption.

Informants get immunity from civil and criminal actions. However, this protection can be revoked, if and when, the whistleblower is found to be involved in improper conduct.

Low said as a precautionary measure against graft, MPOB en-

forcement officers will be rotated periodically. "We want to eliminate opportunities that could facilitate bribery, corruption and abuse of powers," he said.

On the downstream industry, Low noted the government's plans to extend the Brain Gain Malaysia programme to woo Malaysian chemists, food scientists and fast-moving-consumer-goods marketing specialists in leading global companies.

Currently, the oleochemicals industry suffers from low-profit margin. Malaysia is producing mostly basic oleochemicals to make soap, detergent and cosmetics.

What we want to do is to spur production of higher-priced specialty oleochemicals to make agrochemicals, surfactants, bio-lubricants, bio-polyols and glycerol derivatives.

"We want to retain and attract the best brains to Malaysia. There's still good growth prospects in the downstream businesses," he said.

Low noted that he had met up with tocotrienol producers, who highlighted the need for more public funding to carry out clinical trials.

Currently, there are several groups of scientists, conducting clinical trials on the effectiveness of palm oil vitamin E in preventing stroke, fatty liver syndrome and cancer.