



Photo: The Malaysian Reserve

## Labour crunch can cost Malaysia's oil palm industry dearly

MALAYSIA is missing a golden opportunity to capitalise on high palm oil prices and could suffer more production losses due to a severe shortage of workers, a Singapore Business Times report of June 6 said.

Sabah, the biggest crude palm oil producing state (about 28%) in Malaysia, is not spared the impact but data has been scarce.

The Malaysian Estate Owners' Association (MEOA) was quoted by the paper as saying that the industry is short of about 120,000 workers.

The world's second biggest palm oil producer has been struggling to harvest palm fruits due to a labour shortage exacerbated by its pandemic-related immigration restrictions.

Foreign workers, mostly from Indonesia, typically make up about 80 per cent of the workforce in Malaysian estates, which numbered about 437,000 at the start of the pandemic.

Palm oil prices hit record highs this year due to the labour crunch, export caps at top producer Indonesia and the Russia-Ukraine war, but Malaysian producers are unable to take advantage of that, the MEOA said.

"The reality is that Malaysia is missing the golden opportunity presented on a platter as we are not able to cope with the harvesting of all the oil palm bunches at the appropriate harvesting rounds set against the present limited labour force," the Business Times quoted MEOA as saying.

In September last year, Malaysia approved the recruitment of 32,000 migrant workers for palm plantations, but the foreign labour has yet to enter the country due to permit holdups.

Meanwhile, a Free Malaysia Today (FMT) report urged Malaysian authorities to allow work permits for mid-sized and small plantations who are also facing the labour crunch as the larger firms.

Quoting MEOR it said the labour crunch was affecting all oil palm players, big and small. It wanted therefore for the same permit granted to major players to bring in workers from Lombok, Indonesia, to be given to small players.

The Malaysia Productivity Corporation had stated that this shortage of workers would deprive the industry and the nation of a massive RM28 billion in revenue from unharvested fresh fruit bunches this year.

The acute labour shortage is also expected to affect future earnings of the industry because plantations are being neglected in especially maintenance and fertilisation, ultimately leading to field conditions and crop yields.

The National Association Of Private Employment Agencies Malaysia has called on the government to immediately approve the entry of foreign workers from Bangladesh to fill the gaps in local industries.

The group also urged the government not to restrict the entry of foreign workers from Bangladesh to just a handful of agencies, but instead, to include all members of the Bangladesh Association of International Recruiting Agents.

"Why is it that special agencies are only required in Bangladesh for the purpose of recruiting workers to Malaysia when there are no such requirements for other source countries (for foreign workers)," Papsma president Megat Fairouz Junaidi Megat Junid was quoted as saying in a recent Utusan Malaysia report.