



Deputy Prime Minister and Minister of Plantation and Commodities Datuk Seri Fadillah Yusof
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Fresh moves on biomass a boon for Sabah

KOTA KINABALU: Malaysia is expected to unveil its National Biomass Action Plan (NBAP) this July that could have much impact on Sabah particularly in the utilisation of oil palm biomass. The Ministry of Plantation and Commodities is working on the Plan that will comprise five key sectors namely plantation, agriculture, livestock, fisheries and forestry, said a report in the New Straits Times.

Deputy Prime Minister Datuk Seri Fadillah Yusof who is also the Minister of Plantation and Commodities said: "My aspiration is to have a sustainable circular economy within these sectors by the systematic use and processing of biomass into high-value added products which can generate additional income for the industry as a whole.

"One of the high-impact projects that will be embarked on by the Malaysian Palm Oil Board within the 12th Malaysia Plan will be the production of lignocellulose from biomass that can be utilised in various sectors such as food, pharmaceutical and cosmetic industries."

The minister was speaking at the Palm Lauric Oil Conference and Exhibition 2023 (POIC23) in Kuala Lumpur this week.

Until it was overtaken by Sarawak recently, Sabah has for decades been Malaysia's largest oil palm planter (more than 1.55 million hectares) as well as crude palm oil (about 25% of 18.45 million tonnes of Malaysian output) producer, according to figures compiled by the Malaysia Palm Oil Board.

It was recognised to have the largest volume of oil palm biomass and, under the National Biomass Strategy 2020 launched in 2011, Sabah was to be the national hub for the generation of second-generation biofuel.

Led by state-owned industry promotor POIC Sabah Sdn Bhd, Sabah has in the last decade been spreading the knowledge on economic potentials of oil palm biomass, influencing policies, linking with technology owners/providers and attracting foreign investments. Progress has been hampered by gaps in oil palm policies resulting in the inability to guarantee intending investors the continued supply of palm oil and biomass. At least one multi-million investor in biomass utilisation had to abandon its renewable energy plant at the POIC Lahad Datu industrial park because it was unable to secure supply of raw materials.

In revealing about NBAP, the minister made no reference to NBS2020 although the new plan is being seen as attempt at injection of fresh impetus into realising the billion-ringgit economic potentials in biomass through the production of green energy, organic fertilisers, high value bio chemicals such as industrial sugars as well as pharmaceuticals.

Efforts in these fronts have been and are being pursued by POIC Sabah in collaboration with federal ministries such as the Ministry of Plantation and Commodities, Ministry of Science, Technology and Innovation, Ministry of International Trade as

well as the initiator and prime mover of NBS2020 which is Agensi Inovasi Malaysia (or AIM), a unit that was under the purview of the then Prime Minister's Department.

At the state level POIC Sabah is continuing its effort towards influencing the palm oil and biomass supply chains in order to achieve the amalgamation of volumes sufficient enough to attract off-takers.

Meanwhile, Fadhillah pointed out that the government had been promoting Malaysian certification of palm oil to industry players. As of Jan 31 this year (2023), the uptake of Malaysian Sustainable Palm Oil (MSPO) stood at more than 97 per cent of oil palm planted areas and more than 98 per cent of palm oil mills in the country.

Bursa Malaysia chairman Tan Sri Abdul Wahid Omar said crude palm oil (CPO) prices had breached RM8,000 per tonne in March 2022 before retreating to RM3,400 level in September.

Abdul Wahid said Bursa Malaysia Derivatives' global benchmark CPO futures contract hit a record-breaking in trading volume last year with 16.2 million contracts.

This was equivalent to 405 million tonnes, or five times the global production, to surpass its performance in 2021 of 390 million tonnes.

"The Malaysian palm oil industry is expected to maintain its robust standing and demonstrate strong growth despite the on-going global economic uncertainty and recession fears in 2023.

"CPO production is expected to increase by three per cent to 19 million tonnes in 2023, up from 18.45 million tonnes recorded in 2022," he said.

Last year's 18.45 million tonnes of CPO were an increase of 1.9 per cent from 2021's figure of 18.12 million tonnes.

The total revenue of palm oil and other palm-based products stood at RM135 billion last year, up 24.4 per cent from RM108.52 billion recorded in 2021 due to higher export prices.