



Photographer: Samsul Said/Bloomberg

## Malaysia is all out against EU's anti-oil palm stance

PETALING JAYA: The Malaysian government is working with plantation industry players to counter the negative campaign against palm oil, deputy prime minister Fadillah Yusof said on March 7, 2023.

“The unfair narrative by the EU (European Union) to create a negative perception of palm oil amounts to a trade barrier,” the Malaysia Kini news portal quoted him as saying.

Malaysia is the world's second largest producer of palm oil. In 2022, it produced about 18.45 metric tonnes of crude palm oil of which more than 16 MT were exported. As a producer of about 25% of the national output, Sabah is a major player whose interest is inevitably affected by sentiments in consuming countries.

Fadillah, who is also plantation and commodities minister, said Malaysia is joining forces with other palm oil producing countries to ensure that there is no gross misrepresentation

“It is important for palm oil producing nations to highlight measures we have taken to dispel any misconception about palm oil,” he said in reference to the European Union Deforestation-free Regulation (EUDR).

The EUDR is a drive introduced in November 2021 to limit deforestation caused by the consumption of agricultural commodities and products around the world.

EU is the largest buyer of Malaysia's palm oil after China and India.



Fadillah Yusof

Photographer: Samsul Said/Bloomberg

Fadillah, who was speaking at the 2023 palm and lauric oils conference and exhibition here, said Malaysian palm oil producers, on their part, should also ensure that their production process does not have a negative impact on the environment.

“It is pertinent for us to continue to support the production of sustainable palm oil under the Malaysian sustainable palm oil (MSPO) certification scheme,” he said.

The scheme grades oil palm plantations, smallholdings and processing facilities to ensure there is no biodiversity loss, land conflict, deforestation and forced labour.

The EUDR lists palm oil, as one of the commodities that drive deforestation and forest degradation through the expansion of agricultural land.

The implementation of the EUDR is expected to have a significant impact on the use of palm oil in the EU, and create a negative image of Malaysian palm oil, which will lead to a reduction in exports to the EU and possibly globally.

Bursa Malaysia chairman Abdul Wahid Omar, who also spoke at the event, said the palm oil industry, which is a significant contributor to economic growth, continues to face challenges on the local and global fronts.



Bursa Malaysia Chairman Tan Sri Abdul Wahid Omar  
*Photo: The STAR*

Data from the statistics department shows that the sector recorded a 9.6% growth in the fourth quarter of 2022 (Q4 FY2022).

Crude palm oil (CPO) price breached the RM8,000 per metric tonne level in March 2022 before retreating to RM3,400 in September, Wahid noted.

On Bursa Malaysia, he said, the global benchmark CPO futures contract (FCPO) achieved a record-breaking trading volume of 16.2 million contracts (equivalent to 405 million metric tonnes), surpassing its performance in 2021 of 390 million metric tonnes, accounting for more than five times the global production.

Wahid said CPO production is expected to increase by 3% to 19 million tonnes in 2023, up from 18.45 million tonnes recorded in 2022. He attributed this to the expansion of mature planted areas, particularly in Sarawak, as well as favourable weather conditions and improved labour conditions.

The Malaysian Palm Oil Board anticipates exports of palm oil to increase by 3.7% to 16.3 million tonnes in 2023, up from 15.72 million tonnes in 2022, thanks to continued demand from importing countries.