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Mahathir-Palmoil

EMBARK ON DOWNSTREAM ACTIVITIES, PALM OIL INDUSTRY TOLD

BANGI, Aug 17 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said today that the palm oil industry should embark on downstream activities.

He said that the manufacture of goods using palm oil, a traditional export commodity, would generate even higher income for the country.

Such ventures would be in line with Malaysia's aspirations to be an industrialised nation, he said when opening the Advanced Oleochemical Technology Centre (AOTC) at the Palm Oil Research Institute of Malaysia (Porim) here.

Also present was Primary Industries Minister Datuk Seri Dr Lim Keng Yaik.

Dr Mahathir said that at present, downstream activities were only focused on the production of basic oleochemicals like fatty acid, methylene and glycerine.

He said that there were now 15 oleochemical factories producing 740,000 tonnes of basic oleochemicals.

The Prime Minister said that some 90 per cent of the oleochemicals were exported to industrialised nations like the United States, Western Europe and Japan for downstream processing.

The finished products were then imported at prices which were several times higher than the price of the basic oleochemicals which were exported, he added.

"What is actually happening is that the downstream processing is undertaken in the importing countries which are able to generate and enjoy the benefits derived from the value of the value-added products," he said.

Dr Mahathir said: "It is high time that we ourselves produce the finished products in the country."

He said that since Malaysia was in the threshold of an industrialisation era, the country's palm oil industry should concentrate on downstream activities as it would be more profitable.

This would enable Malaysia to maintain its position by maximising its revenue from the palm oil industry," he said.

Dr Mahathir also said that the use of palm oil should be further intensified in the non-food industries.

He was confident that Malaysia had the capability to change the structure of the palm oil industry from one which was agricultural or traditional to one which was more modern and sophisticated.

He said that the future was bright for the successful setting up of an oleochemical industry because of the abundant raw materials and high market and high demand for its finished products.

"In fact, we have identified the oleochemical sector as being the catalyst for the growth of the palm oil industry in the country," he said.

Dr Mahathir said that the palm oil industry would be given more emphasis under the second Malaysian Master Plan (IMP) to be launched soon.

"The second IMP, based on the clustering concept, could use the oleochemical sector as a cluster which should be suitable for development of activities like those in the famous Silicon Valley," he said.

Dr Mahathir said that with the success of the oleochemical industry, the status of the palm oil would no longer be known as a commodity to be compared with soya oil as a cooking oil.

Instead, it would be known as an oleochemical, like petroleum which was

used to produce various consumer products, he said.

"At present, Malaysia has emerged as the third biggest basic oleochemical producer in the world and accounts for 20 per cent of world supply," he said.

He also said that investments in the oleochemical industry had reached RM1.5 billion with foreign companies holding 54 per cent stake.

Dr Mahathir said that operators of small and medium industries should be involved in the industry.

The Prime Minister later visited the AOTC lab and exhibition centre. AOTC is the first oleochemical research and development centre in Malaysia, conducting studies on palm oleochemical. -- BERNAMA

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