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NEW CESS RATE FOR PALM OIL INDUSTRY THIS JUNE

KUALA LUMPUR, May 23 (Bernama) -- The Ministry of Primary Industries expects to finalise by early next month the new rate of cess collected from the palm oil industry to finance research and development (R&D) activities of the Palm Oil Research Institute of Malaysia (PORIM).

Its minister Datuk Seri Dr Lim Keng Yaik said today PORIM needed extra funds to broaden its R&D scope from R&D on palm oil production to R&D on consumption, especially in the area of oleochemicals, he told newsmen after opening a seminar on "1996 PORIM Technology Transfer Seminar" in Puchong, near here.

R&D of palm oil such as cooking oil and margarine were well developed, but in the area of oleochemicals and usage of palm oil in industry, "we have only scratched the surface", he said.

Hence, the cess rate had to be revised upwards in order to meet a growing need for funds to expand PORIM's R&D activities to find potentially new palm oil-based products, he said.

The current cess rate of RM5 per tonne of crude palm oil had remained unchanged over the last 10 years, he said.

Dr Lim said PORIM's board, comprising mostly palm oil producers, only agreed to increase the cess rate by RM1, instead of RM3 that he had proposed to them.

R&D on palm oil consumption was just as vital as R&D on palm oil production, he said.

However, since the PORIM board is dominated by palm oil producers, there was a tendency for them to influence PORIM to do more R&D on production, he said.

"When I came to the ministry, at that time palm oil price was only at about RM440 per tonne and they are willing to pay RM5 for the cess. But in the last four years, palm oil prices never drop below RM1,200 per tonne, and they are only willing to increase it by RM1...I am not satisfied with the RM1 raise," he added.

He said, however, the cess rate increase would not be more than RM3 and it would be gazetted and implemented upon its announcement.

PORIM has already embarked on its R&D on advanced oleochemicals since September last year, he said.

A centre for this purpose, known as Advanced Oleochemicals Technology Centre in Selama industrial estate, would be officiated by Prime Minister Datuk Seri Dr Mahathir Mohamad on Aug 17, 1996, he added.

At the seminar, Dr Lim also witnessed the signing of Memoranda of Understanding between PORIM and five companies to transfer the institute's new invention of palm oil planting material, called PORIM Series 3, which has a higher kernel content and can increase the production of palm kernel oil.

The five companies are EPA Management Sdn Bhd, Sabah Land Development Board, Pamol Plantation Bhd, Sime Darby Plantations and IOI Corporation Bhd. -- BERNAMA

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