

17/02/1999

South Americans keen on oil palm cultivation

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MALAYSIA'S success in oil palm cultivation has drawn interest from South American countries with huge investment potential, provided Malaysian companies are willing to venture into these new markets.

Primary Industries Minister Datuk Seri Dr Lim Keng Yaik said the tropical climate in these countries is suitable for oil palm which can give them economic benefits similar to that enjoyed by Malaysia.

"Over the years, we have been able to promote palm oil to be recognised and competitive in the international market. They have seen that it is very successful in Malaysia, whether for job generation or as rural land reform for smallholders," he said.

Dr Lim was speaking to reporters at the Gerakan party's Open House in Kuala Lumpur yesterday. The guest-of-honour was Prime Minister Datuk Seri Dr Mahathir Mohamad.

Dr Lim said the Prime Minister had informed him that during the recent G-15 meeting in Jamaica, Venezuela had expressed interest to grow oil palm.

"Now that the Venezuelan President has spoken to the Prime Minister, very soon we will send a team there to assess the land, especially in the south of Venezuela which is very suitable for oil palm cultivation. We will prepare a country report for them," he added.

Dr Lim said a similar report was prepared for Colombia and referred to a recent visit to Malaysia by the Colombian Minister of Agriculture and Fisheries. The next step, following this, will be to organise capital investment for the projects.

Funding should come from the World Bank or the International Monetary Fund, he said, but added that this is not an easy task.

"I sometimes wonder whether these institutions really see the economic potential of any country. Obviously, Colombia has problems with the drug cartels, and here is oil palm which can give the farmers good earnings and keep them away from planting coca for cocaine.

"If the World Bank knows these things, it should give them the money to help smallholders or develop big plantation sectors. But instead, they impose conditions that they must be environment-friendly, not disturb their forests, and so on," Dr Lim said.

He said if Malaysia had been imposed with similar conditions 30 years ago, it would never have established the Federal Land Development Authority.

"Yes, we took some of our forests away to create good, vibrant rural agricultural programmes. Yet we still have 58 per cent of our area under natural forest. What more do they want?"

Dr Lim said Malaysia has developed and built home-grown technology in oil palm cultivation and is prepared to lend its expertise to other tropical countries. He said while the potential is great, both the host countries themselves and Malaysian plantation companies have not gained much ground.

He said the host countries must be more serious in attracting overseas investment. Foreigners must be allowed to own land for at least 60 years, and land charges and salaries for the plantations and their workers should be competitive.

He said Malaysian plantation companies meanwhile, have given excuses that investing in these markets is difficult and too far away with

different systems and restrictions.

"If we want to be pioneers, of course there will be restrictions. You should go with your experience and tell them that this is the only way we can do it. It is just like in Indonesia. It took me six years to open Indonesia (to Malaysian oil palm)," Dr Lim said.

Asked if there is fear that the palm oil sector will take off in South America and compete directly with Malaysia, Dr Lim said it will not affect Malaysia as palm oil now accounts for only 17 per cent of total oils and fats consumption.

Dr Lim said if Malaysian companies invest in these countries, they will first focus on developing an industry to meet domestic consumption and only after that, look at exports.

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