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Firms allowed to export CPO duty-free to be known by Sept 15

THE local palm oil market, which was expecting a dose of bullish tonic from the Government this week, will have to continue waiting for about a week.

Primary Industries Minister Datuk Seri Dr Lim Keng Yaik decided yesterday that he would only reveal the names of companies to be allowed to export crude palm oil duty-free by September 15.

He is leaving for Port Moresby on that day to attend Papua New Guinea's silver jubilee national day celebrations. Dr Lim is to be in the country for four days, representing Prime Minister Datuk Seri Dr Mahathir Mohamad.

The market has been waiting for the official announcement on the companies to be allowed to export duty-free CPO since last month as they will help exhaust Malaysia's palm oil stocks, which at present hover above 1 million tonnes.

Speaking to reporters after launching the five-day Oils and Fats International Congress 2000 in Kuala Lumpur yesterday, Dr Lim said the number of companies will be less than 10 and they need to export 500,000 tonnes of CPO duty-free by the next six months.

CPO futures on the Commodity and Monetary Exchange of Malaysia closed higher yesterday after Dr Lim announced that he will release the list of companies allowed to export CPO tax-free by September 15.

September CPO futures rose RM17 to RM975 a tonne, October RM9 to RM1,000, November RM11 to RM1,022 and December RM10 to RM1,033.

Total volume increased to 1,143 lots from 389 lots but open positions declined to 7,295 lots from 7,419 lots. In the physical market, September South palm oil rose to RM980 from RM965 a tonne yesterday.

Dr Lim said the Government has yet to determine the exact number of companies to be given the permission to export CPO tax-free.

"It could be six, seven or even eight companies. They could be both operating locally and abroad. These refineries may also be from Sabah and Sarawak as we would not want these two states to lag others in Peninsular Malaysia," he added.

Last year, Malaysia appointed four companies to export 400,000 tonnes of CPO duty-free as a strategy to reduce the stockpile in the country that has pushed down palm oil prices.

Dr Lim also said the Finance Ministry has agreed to extend an extra US\$130 million (US\$1 = RM3.80) to the Palm Oil Credit Payment Arrangement (Pocpa) for Russia, Myanmar, Egypt, Bangladesh and South Korea.

With the additional amount, the sum allocated for Pocpa now totals US\$400 million. Pocpa, which allows buyers to purchase palm oil on credit, is one of the strategies to promote palm oil.

"Russia will benefit the most with total credit of US\$50 million. This credit is to promote counter-trade between Malaysia and these countries such as palm oil for rice," he added.

Countries which have signed under the Pocpa arrangement are Pakistan, Myanmar, Iraq, Iran, Bosnia-Herzegovina, Algeria, Sudan and Cuba.

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