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Planters see Govt's RM600m allocation as temporary relief

THE plantation sector, while excited about the Government's RM600 million allocation to finance replanting activities, sees the action as giving temporary results.

Sabah-based Incorporated Society of Planters chairman Emerson Liau Yong Hwa said the allocation works as a short-term measure, giving only a temporary boost.

"The RM600 million fund shows the Government's compassion to alleviate the sector's hardship. However, I feel it does not address the issue as a whole," he told Business Times in a telephone interview.

Last Tuesday, Prime Minister Datuk Seri Dr Mahathir Mohamad announced a fiscal stimulus package to assist Malaysia in overcoming the US economic slowdown. The RM600 million replanting allocation was part of the package.

Liau said smallholders can utilise the fund to replant all the ageing trees, which should help check the glut for a while.

"But the whole depressed prices scenario will be repeated after three to five years when the oil palm trees mature. The whole pandemonium will start all over again," said Liau.

He added that the Government should concentrate more on diversifying and maximising land use, rather than focusing on the replanting of oil palm per se.

"There is so much of oils and everybody is planting oil palm. After three years, the whole problem will recur."

As an alternative, the Government can promote the rearing of cattle on a massive scale and be a major exporter as there is enormous potential in that sector.

"Local beef is cheaper compared to imported beef. For example, beef from India costs RM15 per kg compared to local beef at RM8 per kg."

Liau also said there are enormous business opportunities in downstream activities such as packaging, food processing, storage, maintenance of machine and transportation.

"Furthermore, it can complement the palm oil industry because 70 per cent of cattle feed is made from palm kernel cake and 30 per cent is rice husk. At the end of the day it can be a very competitive venture," he said.

Liau also said the focus can be on cash crops which are less strenuous such as coffee, cocoa and ginger, among others.

He said the palm oil industry is dependent a lot on foreign labour, which can be costly and subjected to acute shortage.

Sabah is not qualified for the RM600 million allocation because 70 per cent of both the 1.1 million hectares of oil palm trees in Sabah and 400,000ha of oil palm trees in Sarawak are less than 25 years old.

Malaysian Palm Oil Association chief executive M.R. Chandran said the RM600 million allocation will make a lot of difference to the smallholders and plantation owners.

"From what I understand the assistance applies across the board to everybody, including the smallholders and the plantation companies.

"Big companies with 500ha of land stand to gain RM500,000 in assistance from the Government under the replanting scheme of RM1,000 per ha."

Chandran said even though replanting will cost between RM3,000 and RM4,000 per ha and big companies have to spend an additional sum to replant, the assistance will still benefit the companies during these hard

times.

The National Association of Smallholders Malaysia acting president Datuk Mazlan Jamaluddin, while lauding the announcement, said the association will adopt a wait-and-see stance.

"The announcement by the Prime Minister is still vague and unclear. The industry is not sure whether the fund is additional to the RM500 million announced by the Deputy Prime Minister earlier or a separate fund altogether," said Mazlan.

He was also unsure whether the allocation is a separate fund from the RM350 million fund already announced by the Federal Land Development and Authority.

"We know the money has been approved, but we have to wait for an announcement by the relevant ministries," Mazlan added.

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