

18/09/2002

Dr Lim calls for fund to boost commodities sector

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THE Primary Industries Ministry hopes the Government will allocate funds for research and development (R and D) in the commodity sector in Budget 2003.

Malaysia's main commodities include palm oil, timber, natural rubber, tin, gold, cocoa, pepper, copper and other minerals.

Its minister Datuk Seri Dr Lim Keng Yaik said a fund of at least RM1 billion will boost R and D efforts, which will in turn benefit downstream players.

"The palm oil sector, for example, has been busy selling palm oil but slow in R and D and commercialisation efforts," Dr Lim told reporters in Kuala Lumpur yesterday.

The minister had earlier opened a seminar on small-scale but fast-emerging forest plantation projects.

Prime Minister Datuk Seri Dr Mahathir Mohamad will table next year's budget in Parliament on Friday.

"Secondly, I hope that incentives such as tax breaks can be given to the downstream sector of all the commodities so that it will spur them to give more value to their products," said Dr Lim.

Currently, there is no R and D fund set up by the Government for the commodities sector.

Palm oil companies, however, pay a cess of RM11 for every tonne harvested and collected by the Malaysian Palm Oil Board.

Out of the RM11, RM7 goes to R and D, RM2 to the Malaysian Palm Oil Promotion Council for promotional activities and RM2 to licensing processes.

Malaysia is the world's biggest producer and exporter of palm oil and the fifth largest producer of natural rubber.

Malaysian cocoa accounts for 4 per cent of world production, and pepper about 11 per cent.

Malaysia is also a leading producer and exporter of tropical timber and timber-based products. Despite a declining tin output, Malaysia still accounts for 13 per cent of world production.