

PKR: Make palm oil AP holders list public
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By Aidila Razak

PKR today urged the government to make public the list of those given the palm oil approved permits (AP) to export crude palm oil (CPO) to overseas refineries, for fear of abuse.

According to its investment and trade bureau chief Wong Chen, abuse is suspected as the list is currently a state secret.

"I was at an international conference two days ago and an eminent palm oil analyst asked the panel (of speakers) who the AP holders are and the panellists said the list is classified under the Official Secrets Act.

"Why the need for it to be made secret? Are they hiding something illegal?" he asked.

Wong, however, refused to identify the panelist who said the AP holders list is a state secret, adding only that the person was "not (from the) government".

The palm oil approved permit was introduced in 2000, to allow Malaysian companies that have refineries overseas to export crude palm oil to those facilities without incurring the 23 percent CPO export duty.

At present, the duty-free CPO export quota is 5.6 million metric tonnes, representing 30 percent of the total national output.

The quota was raised by two million tonnes recently, in response to rising CPO stockpile following tax incentives given to Indonesian palm oil refineries.

Based on Maybank Investment's estimated CPO average price of RM3,150 per tonne for 2012, the duties forgone by the government this year would come to about RM4 billion.

"In the government's worry of the CPO stockpile, they could be enriching cronies at the same time," he said.

APs used for trading?

Wong said that this is because some of APs may be used to trade CPO in the international market, instead of sending them to refineries.

He said countries which are recipients of CPO from Malaysia include Morocco and Vietnam.

"Do the big players like (Malaysian palm oil firm Kuala Lumpur Kepong) KLK have refineries in Morocco or Vietnam?" he asked, stating that some of these AP holders are pure traders.

Wong said that while the AP system is not "evil" in itself, as it was meant to assist Malaysian companies, the system is now in question considering the likelihood of abuse and stature of the palm oil players.

"These companies are making huge profits so should we still be propping them up? Why are we using taxpayers' money to support refineries and jobs abroad? With RM2 billion we can offer free higher education," he said.

"In dealing with the crisis faced by local refiners (due to the Indonesian tax incentive), the government is instead helping overseas refiners."

Wong added that PKR parliamentarians would be asking the government to name the AP holders in the coming parliamentary sitting.

According to Starbiz, the business section of The Star daily, 3.47 million tonnes of CPO were exported to more than 27 countries last year - all of which under the duty-free quota.

The report also quoted the claim by industry sources that half of the 50 AP holders "were not related to plantation, refining or joint-venture (JV) companies".

This flouts the AP criteria, which requires holders to be "plantation-based refiners, plantation companies in East Malaysia and/or companies having JV overseas to supply CPO to their JV partners overseas".