

## **Palm oil association warns of losses ahead from 'severe' labour crunch**

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**Reuters**

The country is missing a golden opportunity to capitalise on high palm oil prices and could suffer more production losses due to a “severe” shortage of about 120,000 workers, the Malaysian Estate Owners’ Association (MEOA) told Reuters on Monday.

The world’s second-biggest palm oil producer has been struggling to harvest palm fruit due to a labour shortage exacerbated by its pandemic-related immigration restrictions.

Foreign workers, mostly from Indonesia, typically make up about 80 percent of the workforce in estates, which numbered about 437,000 at the start of the pandemic.

Palm oil prices hit record highs this year due to the labour crunch, export caps at top producer Indonesia and the Russia-Ukraine war, but Malaysian producers are unable to take advantage of that, the MEOA said.

“The sad reality is that Malaysia is missing the golden opportunity presented on a platter as we are not able to cope with the harvesting of all the oil palm bunches at the appropriate harvesting rounds set against the present limited labour force,” it added.

In September, Malaysia approved the recruitment of 32,000 migrant workers for palm plantations, but the foreign labour has yet to enter the country due to permitting holdups.

The group said industry projections for 2022 production to be at 18.6 million tonnes could be lowered further if labour does not come in immediately.

Last week, the Malaysian Palm Oil Council (MPOC) lowered its production outlook to 18.6 million tonnes for the year from an earlier estimate of 18.9 million tonnes.

“This projection can be further reduced if the government is not able to act now amid the slow progress in issuing the 32,000 extended permits,” the MEOA said.

Indonesia last week cancelled a plan to send its citizens to work in Malaysian palm oil plantations, citing procedural issues.

- Reuters

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