

**Tackle Major Issues To Enable Malaysia To Stay Competitive In Global Palm Oil Mart --
Muhyiddin
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KUALA LUMPUR, March 4 (Bernama) -- There is a need to address major issues such as environment, sustainable production and trade liberalisation in order to maintain Malaysia's competitiveness in the global palm oil market, said Deputy Prime Minister Tan Sri Muhyiddin Yassin.

He said with rising competition, it has become a matter of strategic importance for the industry to examine the relative strengths of the country's palm oil sector and to synergise on them.

"The industry should expand and diversify into niche downstream activities which will fetch higher market values for the palm products.

"Palm oil and its by-products can be converted into derivatives before they are formulated into a variety of products and used in various applications," he said

Muhyiddin said this when launching Palm and Lauric Oils Conference and Exhibition (POC 2014) organised by Bursa Malaysia here today.

He said the government has placed importance on creating wealth through the production of advanced oleochemical products, biomass, biodiesel, food and phytonutrients.

The Deputy Prime Minister said in 2013, palm oil and palm oil products contributed RM63.2 billion, or 8.8 per cent, to the country's merchandise export earnings, where China remained the biggest importer of RM11.25 billion, or 4.8 million tonnes.

He said the government would also like industry players to undertake greater commitment and intensify efforts in research and development to help enhance productivity in the oil palm sector.

Muhyiddin said in order to continue with sustained growth, it was imperative for the industry to undertake a concerted effort to improve agricultural practices in order to boost yield and productivity.

"However, over-reliance on the foreign labour becomes a challenge in addressing the issue of cost for the oil palm industry.

"The solution to overcome this challenge lies in innovation and technologies that promote further

mechanisation.

"Although, the oil palm industry cannot dispense with the use of labour in specific field operations, we need to continuously explore areas where mechanisation can be implemented," he said.

Muhyiddin said he was confident Bursa Malaysia's plan to launch US dollar-denominated refined, bleached and deodorised palm olein futures contracts would have positive and significant impact on the industry.

"This will generate a better business strategy and conducive hedging environment, namely, by allowing for better means of managing risk-pricing and certainly, this will also facilitate industry players, such as importers and exporters, to expand their operations and revenues.

"I am optimistic that such an endeavour will further promote Malaysia's role as a major reference point for pricing of palm oil futures and as a premier commodity exchange in the region," he said.

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