

China set to buy an additional RM4.56 billion worth of Malaysian palm oil

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KUALA LUMPUR, April 25 (Bernama) – China plans to purchase an additional 1.9 million tonnes of Malaysian palm oil, with an estimated value of RM4.56 billion, over the next five years.

This proposed direct purchase of palm oil and palm-based products is among the main contents of a memorandum of understanding (MoU) inked between Malaysia and China in Beijing today, the Primary Industries Ministry (MPI) said in a statement.

Under the MoU, the countries also agreed to an investment of at least RM2 billion in a biojet fuel plant as well as RM200 million to produce unsaturated fats, depending on market feasibility.

They also intend to work together on trade issues such as encouraging the use of the renminbi for palm oil trade, pending Bank Negara Malaysia's approval.

The MoU was signed by the Malaysian Palm Oil Council (MPOC), an agency under MPI, and China Chamber of Commerce of Foodstuffs and Native Produce, which comes under China's Commerce Ministry.

The signing ceremony was witnessed by Prime Minister Tun Dr Mahathir Mohamad and Chinese Premier Li Keqiang.

“The value (of the palm oil purchase) is estimated based on the average palm oil price of US\$600 per tonne last year and the ringgit's US dollar exchange rate of RM4,” MPI said.

The countries also agreed to explore high-potential fields and areas of cooperation under the MoU.

There will be periodic reporting between the two parties on the implementation of programmes and activities under the memorandum through a Production Capacity and Investment Cooperation Working Group.

The MoU will be up for review three years after the MoU's effective date.

Last year, Malaysia exported 3.07 million tonnes of palm oil and palm-based products valued at RM8.4 billion to China. China is the largest buyer of Malaysian palm oil after India and the European Union.

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