

**OPENING ADDRESS BY DEPUTY PRIME MINISTER
AT THE FIRST MALAYSIAN OIL PALM CONFERENCE
SPONSORED BY THE INCORPORATED SOCIETY OF PLANTERS
AND THE AGRICULTURAL INSTITUTE OF MALAYSIA
AT THE DEWAN BAHASA DAN PUSTAKA
ON 16TH TO 18TH NOVEMBER 1967**

Mr. Chairman, Ladies and Gentlemen,

It gives me great pleasure to be here this morning to declare open this First Malaysian Oil Palm Conference. I would like first of all to take the opportunity to congratulate the Incorporated Society of Planters and the Agricultural Institute of Malaysia for their initiative in holding this Conference on Oil Palm, a crop of rapidly growing importance to the Malaysian economy.

As you are all aware, diversification of agriculture is now receiving priority attention by Government. For many years the country has depended for its wealth and its prosperity upon rubber and tin.

The Alliance Government when it took office 12 years ago fully realized the danger to the economy of the country of being dependent on merely two commodities. With our growing population and with the rising expectations of our people for better and fuller life, it was necessary to look for alternative sources of revenue and sources of prosperity. Hence this government decided in earnest to embark on a Policy of Agricultural diversification.

Rubber will continue to be important to the economic life of our country for many years to come. Tin, so long as we can find the material within our soil, will continue to be a useful source of revenue. However, tin is a wasting asset and its reserves in the soil of our country are shrinking. We are and will continue to take aggressive action to counteract malpractices in marketing of rubber and will take every possible measures internationally to sustain the price of this commodity at a reasonable level. Also, we will continue to take bold steps to equip our producers, both big and small, with new techniques to cut their costs of production and improve the quality of their product, so that they will profitably gain an increasing share of the world's natural and synthetic rubber markets. However, whatever efforts we are making in the field of marketing and production of rubber, we must find additional products for consumption in the country itself as well as for export if the revolution of rising expectation of our people for higher incomes and greater employment is to be met.

For the Malaysian economy, I say that this is more a challenge than a problem. We have the land and the human resources to create new sources of income, employment and foreign exchange. The question is whether the Federal Government, working together with the State Governments, can bring about a vast increase in the alienation of land for agricultural development and settlement. I am confident that we will meet this challenge effectively. Officials of the Federal

Government are now actively engaged on this problem with their counterparts in the states. Action has also been taken to streamline land administration in the states so that alienation of land could be carried out more expeditiously. I, therefore, have every confidence that the next few years will see a revolutionary expansion in the pace of land development in Malaysia with the Government and the private sector participating fully in this exercise. Indeed, this is essential for prosperity, and we in the Federal Government are determined to use all the resources at our disposal to realise this objective.

In the forefront of our attack on this problem of over dependence on just one or two commodities for our national livelihood, and of carrying out our agricultural diversification policy is the growing of oil palm. When the Alliance Government took Office in 1955, there were only about 100,000 acres of land under oil palm. Today there are at least 250,000 acres and by 1970 we should have more than 400,000 acres. This year we became the largest exporter of oil palm in the world, and with the completion of the first phase of the Jengka Triangle Project, FLDA will become the world's single largest oil palm producer.

Although oil palm is only the fourth largest user of land in this country, after rubber, paddy and coconut, oil palm estates are already an important source of income and employment, and palm kernel exports are contributing increasingly to government revenue and the country's foreign exchange. What is even more encouraging is that there is evidence of palm oil becoming a significant smallholder crop. African experience indicates that it can be extremely remunerative for smallholders if the problem of rapid collection and processing are overcome. FLDA experience indicates that the return per acre may be as much as two times that of rubber.

However, I would like to caution smallholders, before they embark on planting oil palm., they should obtain the advice of the Government first. Unless their products can be easily processed and milling facilities are available they will face real problems of exporting their products.

Glancing through your programme, I note that you will be concerned primarily with the aspects of oil palm. In this connection, I would like to place on record the Government's appreciation of the excellent work which has been done by the Ministry of Agriculture, as well as by the private oil palm research stations in Banting and in Chemara, in advancing this country's efficiency in the production oil palm.

Such research must also be applied to the many other crops which have diversification possibilities. If I were to name a few of these possibilities, I would include cassava, maize, groundnuts, cashewnuts, tea, cocoa, and a variety of fruit crops and vegetables.

You will, I am sure, be interested to know that Government is now considering what measures it should take to strengthen agricultural research in all fields in this country and that it is also considering the question of the kind of organisation which should be evolved in order to best serve the purposes of dynamic and efficient research for agricultural diversification.

In commending you on your research into the production of oil palm, may I also suggest that it is not too soon for you to concern yourselves increasingly with

research on its processing, marketing and utilization. We must not neglect these aspects of the industry. Utilization research in oil palm must be advanced more rapidly than was the case for rubber and tin.

The oil palm industry is a young industry in this country. But it is a rapidly expanding industry, taking up more and more land, providing more jobs, increasing income and earning a growing amount of foreign exchange. Let it learn from the mistakes as well as the success of the other important industries of this country. In oil palm, marketing and utilization research may lead to the opening up of markets of untold dimensions. As you are aware palm oil was used mainly in the soap products industries before the 2nd World War. It is now widely used as a food, for instance in margarine, and has become increasingly interchangeable with other edible oils. With rapidly rising population providing a growing world market for fats and oils, and with research which reduces costs and increases efficiency in the production, processing, marketing and cultivation of oil palm, there is no reason why palm oil should not carve out for itself an expanding share of the world market for fats and oils. As producers you will appreciate what a useful product this could turn out to be.

Coming after the tremendous technological and managerial advances in the rubber industry, the oil palm industry is in a fortunate position to adopt some of these techniques and advances to its own benefits. For example, a practice that could be increasingly adopted from the rubber industry is the processing by estates of oil palm from very small-holdings which are close to these estates. This is the kind of co-operation which I would like to see practised on a widespread basis between large estates and smallholders. The greatest deterrent to the cultivation of oil palm by our smallholders is the costly processing mill. With co-operation from far-sighted oil palm estates, there is no reason why this drawback cannot be overcome.

Now that we are increasing our output of palm oil as well as palm kernels, may I also suggest that the industry might well be advised to consider the feasibility of processing palm kernels into meal and oil in this country itself. The production of palm kernel meal, a high quality livestock feed, could substitute for the protein food supplements now being imported for our rapidly expanding livestock, poultry and pig industries. As for palm kernel oil the export of this product would have the advantage of incorporating larger quantities of local labour than in exports of kernels only. In a similar vein, I would also like to commend to the industry the desirability and eminent possibility of the fabrication and assembly of oil palm mills in Malaysia itself.

In oil palm production, the nation has shown what can be done to put substance into our national endeavour for agricultural diversification. But let me stress that much more can be done. Today, in West Malaysia alone there are some ten million uncultivated acres of land suitable for agriculture. At least onethird of this can be put into oil palm production. The income and employment that will be generated from such an effort will be a powerful stimulus to an already growing economy. Even if we were to take a very conservative view about future prices, and I do not think that we need to be unduly conservative bearing in mind that there will always be an increasing demand by the world's rising population for

fats and oils, the prospects for significant profits in the oil palm industry are more than 'good', and certainly far superior to those which can be obtained from rubber. If the same kind of effort and progress can be attained for other crops, and we find ways of assuring that a substantial part of the benefits are channeled to smallholders, then the economy of this country, both urban and rural, will be based on a really sound foundation. With continued sound and stable political leadership, this nation of ours can be assured of its continued strength, stability and prosperity.

I now have great pleasure in declaring this first Oil Palm Conference open. Thank you.