

**Speech at The Opening of PIPOC 2019**  
**THE OPENING OF MPOB INTERNATIONAL PALM OIL**  
**CONGRESS AND EXHIBITION (PIPOC 2019)**

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1. Firstly, I would like to thank Minister of Primary Industries YB Teresa Kok for inviting me to officiate and deliver the Keynote Address at today's prestigious event, the International Palm Oil Congress and Exhibition 2019. I would also like to congratulate the Malaysian Palm Oil Board or the MPOB for organising this bi-annual international event. I am informed that this congress serves as a strategic global forum for thinkers and strategists to deliberate on technological breakthroughs and advancements in the oil palm sector as well as on the developments of the oils and fats industries.

## THE EVOLUTION OF PALM OIL

2. Oil palm was planted commercially since 1917. With a history of more than 100 years of development, palm oil has evolved as one of Malaysia's most important commodity contributing significantly to the country's economic and social agenda. Today, the advancement of the palm oil

industry is testament to the nation's achievement in terms of its contribution to the Gross Domestic Product (GDP), employment opportunities, poverty eradication and narrowing the income divide between urban and rural communities.

3. In 2018, palm oil and palm-based products contributed RM67.5 billion to the country's export earnings and provided employment opportunities to more than 3 million people along its supply chain including more than half a million smallholders.

4. Palm oil is now the largest traded vegetable oil in the world, surpassing other vegetable oil such as soya bean, rapeseed and sunflower oil. In 2018, a total of 72 million tonnes of palm oil was produced globally as compared to 56 million tonnes of soya bean oil and 25 million tonnes of rapeseed oil. Despite occupying only about 5 percent of the total land used by oil crops, oil palm contributes to about 32 percent of the world's oils and fats production.

## THE FUTURE OF PALM OIL

5. For the palm oil industry to progress while remaining globally competitive and relevant, it must adopt and equip itself with the latest technologies and innovations. New technologies that are incorporated into

the entire value chain should be the catalyst for modernisation of the whole industry, making it more productive and efficient while enhancing growth and value addition.

6. It is important for the industry to move towards mechanisation and capitalise on the technological pillars of the Fourth Industrial Revolution or better known as the IR 4.0. The adoption of IR 4.0 related technologies will not only enhance the overall operational efficiency of the industry but also result in sustainable development, where precision operation is evident in the form of reduced labour inputs and improved productivity.

7. I am today privileged to witness a breakthrough in R&D where a palm-based product has gained international recognition. I would like to take this opportunity to congratulate MPOB for its effort in successfully developing a ground breaking innovation on harnessing oil palm phenolics, a substance derived from the water stream of the oil palm milling process, into products which offer excellent health benefits. Such R&D breakthrough will assist in our nation's quest to produce higher value-added products and reducing heavy reliance on primary commodities.

8. This industry has long championed the sustainability agenda to maintain a balance between commercial pursuits and preservation of the environment as part of its commitment on sustainably produced palm oil. This is also in line with the theme of this congress – 'Balancing

Sustainability Pillars'. The industry's sustainable practices took into account the three pillars of sustainability; People, Planet and Profit, while aligning itself with the United Nations Sustainable Development Goals (SDGs).

9. Malaysia's commitment towards sustainability can be traced way back in 1992, at the Rio Earth Summit, where I had then pledged to maintain at least 50 percent of our landmass under forest cover. Today in 2019, after almost three decades, I am proud to say that we have not reneged on that pledge. The latest figures showed about 55 percent of Malaysia's 33 million hectares- land area is under forest cover, exceeding Malaysia's initial pledge at the Rio Earth Summit. I want to stress that oil palm plantation is not a major cause of deforestation, as it accounts for only 0.4% of the total global agricultural area. In Malaysia, oil palm is mainly planted in designated agricultural land and the opening of new plantation has plateaued in recent years and will remain as such.

## PALM OIL INDUSTRY AND SUSTAINABILITY

10. Malaysia's palm oil plantations have embraced the sustainability practices proactively and positively despite criticisms from global environmentalists, pressure groups, green consumerists, NGOs and the increasingly stringent sustainability criteria of importing countries.

11. For the record, the Malaysian Government is committed to increase the usage of blended biodiesel from 10 percent to 20 percent for the transport sector by next year for cleaner and healthy environment.

12. Despite all the sustainable efforts undertaken by the palm oil industry, at the international front, the industry is continuously linked to deforestation and loss of biodiversity. The negative publicity campaigns against palm oil, is mainly due to reasons intertwined with political and economic agenda in attacking the palm oil industry by anti-palm oil campaigners and Western NGOs. The Delegated Regulation which has been found to be lacking in transparency, scientific credibility and accurate assumptions to reflect the actual sustainable practices in the industry has misled the European Parliament to phase out the use of palm-based biofuel in the transportation sector by 2030. Furthermore, it is biased against palm oil biofuels compared with other crop-based biofuels.

13. In reality, to produce palm oil is more efficient compared to other oils and seeds as it requires the least land area but yet produces the highest yield. Oil palm's average yield of 4 tonnes of oil per hectare per year is 4 times higher than rapeseed, 5.4 times higher than sunflower and 8 times higher than soya bean. Therefore, a ban on palm oil would not stop deforestation, but instead will lead to more opening of land intensive oilseed crops to keep up with the raising demand.

14. Malaysia and other palm oil producing nations are stepping up efforts among global stakeholders to disseminate accurate information about sustainable oil palm plantations and to counter false allegations concerning palm oil with credible facts. Despite our best efforts, if certain importing countries choose to impose discriminatory trade barriers against palm oil producing countries, we not must not keep silent nor hesitate to take counter measures. If there is any evidence that such discriminatory trade practices are in violation of any international laws, Malaysia and other producing countries under the Council of Palm Oil Producing Countries (CPOPC) must seek intervention from the World Trade Organisation.

#### CERTIFIED SUSTAINABILITY

15. Balancing the sustainable pillars require the adoption of pragmatic, progressive and sustainable development approaches. In this context, Malaysia firmly upholds its commitment in supplying Certified Sustainable Palm Oil (CSPO) to the world while voluntarily adopting internationally-accredited sustainability standards. In addition, Malaysia has mandated the certification of its entire palm oil supply chain by January 2020 through the Malaysian Sustainable Palm Oil (MSPO) certification.

16. Malaysia will continue to vigorously push for MSPO as our brand of sustainability and for it to be internationally recognised and accepted. MSPO is very important for our palm oil industry including our

smallholders to practice good agriculture and to ensure a sustainable industry.

17. To assist the smallholders, I have mandated a Government-linked company to work closely with smallholders in an effort to increase the adoption of MSPO certification as part of the company sustainable supply chain. Once successful, I would also like to encourage other major industry players to assume their corporate responsibility by assisting the smallholders to achieve MSPO certification.

18. In this regard, the Malaysian palm oil industry will promote its palm oil as a 5-star product and a premium brand for the global consumer. We urge the buyers and importing countries to recognise Malaysia's efforts in producing sustainable palm oil in line with SDG goals. Through MSPO, we are not only taking care of the environment, it also becomes the responsibilities of employers to ensure workers' welfare and rights are safeguarded.

19. In fact, the palm oil industry is governed by more than 60 national laws and regulations including the stringent licensing requirements by MPOB licensing categories throughout the palm oil industry's supply chain to ensure the industry meets the strict requirement as set out under MPOB.

## CONCLUSION

20. I hope that this congress will continue to provide the platform for global networking on the latest innovations and information sharing, foster closer relations and co-operation between all industry players in our pursuit to enhance the sustainable development of the palm oil industry and sustaining its competitiveness in the global oils and fats market.

21. On that note, ladies and gentlemen, it is my pleasure to declare open the International Palm Oil Congress and Exhibition, PIPOC 2019.

Thank you.

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