

**PALM AND LAURIC OILS CONFERENCE AND EXHIBITION PRICE OUTLOOK 2014
(POC 2014)**

04/03/2014

SHANGRI-LA HOTEL, KUALA LUMPUR

YB Datuk Amar Douglas Uggah Embas
Minister of Plantation Industries and Commodities

Yang Amat Berbahagia Tun Mohamed Dzaiddin Haji Abdullah
Chairman Bursa Malaysia Berhad

YBhg Dato' Tajuddin Atan
Chief Executive Officer Bursa Malaysia Berhad

YBhg Datuk Seri Nurmala Abdul Rahim
Secretary General Ministry of Plantation Industries and Commodities

YBhg Tan Sri-Tan Sri,

Datuk-Datuk Tuan-tuan dan puan-puan sekalian

Bismillahirrahmanirrahim Assalamualaikum WBT Selamat Pagi,

Selamat Sejahtera dan Salam 1 Malaysia

1. Saya mengambil kesempatan ini untuk merakamkan penghargaan kepada Kementerian Perusahaan Perladangan dan Komoditi, serta Bursa Malaysia atas jemputan untuk merasmikan Palm and Lauric Oils Conference and Exhibition, Price Outlook Tahun 2014 atau lebih dikenali sebagai POC 2014. Saya dimaklumkan POC 2014 ini meraikan ulangtahun ke-25 penganjurannya. Saya mengucapkan tahniah dan syabas kepada Bursa Malaysia kerana meneruskan tradisi penganjuran program penting ini pada setiap tahun.

Ladies and Gentlemen,

2. I would like to record my appreciation to the Ministry of Plantation Industries and Commodities, as well as Bursa Malaysia Bhd for the invitation to officiate the annual Palm and Lauric Oils Conference and Exhibition, Price

Outlook 2014 or commonly known among the palm oil fraternity as POC 2014.

3. Today's gathering marks the 25th Silver Jubilee Anniversary of the Annual Palm and Lauric Oils Conference and Exhibition, Price Outlook. This is certainly a milestone, and I hope this event will continue to grow to become a leading international platform in the future for the palm and lauric oils industry.

4. To the delegates who have come from all over the world, I wish you a warm welcome and Selamat Datang to Malaysia.

Ladies and Gentlemen,

5. I am glad to note that Bursa Malaysia have played a pivotal role in promoting Crude Palm Oil (CPO) Futures Contract as an important risk management tool for the Palm Oil industry, where palm oil is also physically delivered.

6. This financial product, which is a global benchmark, remains a pride of the nation, as it has created a positive branding for Malaysia, particularly in the global financial market. This initiative complements Malaysia's role as a leading producer and exporter of palm oil globally.

7. From a trading volume of 5,600 contracts in 1980, it has grown to over 8 million contracts in 2013. This bears testimony to the role of Bursa Malaysia as a major commodity exchange, in particular on CPO futures.

8. As the global environment today is affected by various challenges, from the influence of mother nature to intense competition; market forces and commercial dealings of commodities, such as that of palm oil, has made pricing determination more volatile. The industry also finds processing margin for refined palm oil to be challenging and uncertain. I believe this is, by enlarge, in relation to market forces encompassing the volatile cost of feedstock and the prices of end products.

9. Therefore, innovative products, and new range of financial contract mechanisms for future business transactions, namely one that provides greater efficiency in risk hedging, and hence efficient cost of doing business, would certainly augurs well for the development of the industry.

10. I have full confidence that Bursa Malaysia's plan to launch a US Dollar

denominated Refined, Bleached and Deodorised (RBD) Palm Olein Futures Contract will have positive and significant impact. This will generate better business strategy and conducive hedging environment, namely by allowing for better means of managing risk-pricing. Certainly, this will also facilitate industry players, such as importers and exporters, to expand their operations and revenues.

11. 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.

12. Having said that, I believe this conference will continue to address price trends, and potential new areas in managing palm oil prices. This is vital in giving everyone the future scenario and direction of the palm and lauric oils sector.

Ladies and Gentlemen,

13. The palm oil industry in Malaysia continues to contribute greatly to the economy, as well as to the global oils and fats sector. In 2013, palm oil and palm oil products contributed RM63.2 billion (or 8.8 %) to the country's merchandise export earnings. China remains the biggest importer of Malaysian oil palm products with total exports of RM11.25 billion or 4.8 million tonnes in 2013. This industry remains as one of the sectors earmarked towards transforming Malaysia into a high-income nation by 2020.

14. Under the 11th Malaysia Plan that will be implemented beginning 2016, focus on the palm oil sector involves enhancing productivity, sustainability, expanding markets, strengthening research and development (R&D) and technologies, and promoting value-add downstream activities. These efforts encompass further adoption of good agriculture practices and the use of quality planting materials under replanting and new planting programs.

Ladies and Gentlemen,

15. The oil palm industry in Malaysia has chartered new frontiers by ensuring adequate supply of palm oil to meet the growing global demand for this versatile oil. While this being the case, we cannot remain complacent with the current palm oil prices.

16. In order to maintain our competitiveness in the global market, there is a need to address major issues such as environment, sustainable production and trade liberalisation. With rising competition, it has become a matter of strategic importance for the industry to examine the relative strengths of Malaysian palm oil and to synergise upon them.

17. The industry should expand its venture into diversified niche downstream activities, which will fetch higher market values for palm products. Palm oil and its by-products could be converted into derivatives before they are formulated into a variety of products and used in various applications.

18. In support of this, Government has placed importance in creating wealth through production of advanced oleo chemical products, biomass, biodiesel, food and phytonutrients. Therefore, the economic potential increases as we descend down the value chain.

19. Having said this, the Government would also like industry players to undertake greater commitment and intensify efforts in Research and Development activities to help enhance productivity in the oil palm sector.

Ladies and Gentlemen,

20. In order to continue with a sustained growth, it is imperative that the industry makes 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.

21. The solution to overcome this challenge lies in innovation and technologies that promote further mechanisation in the sector. Although, the oil palm industry cannot dispense the use of labour in specific field operations, we need to continuously explore areas where mechanisation can be implemented.

22. To raise the level of mechanisation in the sector, I am pleased to announce that MPOB, under the Ministry of Plantation Industries and Commodities is organising an International Competition on Oil Palm Mechanisation (ICOPM).

23. I am optimistic this endeavor will contribute realizing new and innovative ideas from the industry and researchers, taking account the need for further mechanization activities in the oil palm sector.

Ladies and Gentlemen,

24. Lastly, I would like to once again congratulate Bursa Malaysia for organising POC 2014. I trust that all of you will actively participate in deliberating issues of concern, in the various sectors of the palm oil industry. Your keen interest and participation will certainly provide opportunities to develop new ideas in moving the oil palm industry further.

25. On that note, it is my pleasure to declare the Palm and Lauric Oils Conference and Exhibition, POC 2014, officially open. 26. Wishing all of you, once again, a fruitful and successful deliberation, and a memorable stay in Malaysia.

Thank you. Wassalamu'alaikum WBT.