



MPOA NATIONAL PALM OIL CONFERENCE (NPOC 2023)
PALM PROGRESS : FUTURE-PROOFING COMPETITIVENESS AND SUSTAINABILITY
2-3 October 2023, Sunway Resort Hotel



PALM PROGRESS
UPDATES ON SECTORIAL
KEY ASPECTS AND RELEVANT
ENGAGEMENTS 2022/2023
INCLUDING MPOA'S WISH-LIST
FOR BUDGET 2024

JOSEPH TEK CHOON YEE
CHIEF EXECUTIVE (MPOA)

BIG PICTURE OF AGRICULTURE TODAY



PLANET EARTH
of 8 billion people
51 billion hectares

WATER (71%)
> 36 billion hectares

LAND (29%)
< 15 billion hectares

AGRICULTURE
< 5 billion hectares

GLOBAL OIL PALM AREA : 0.02 billion or 24 million hectares
ie. <0.5% of world agricultural land, but produces >30% of global oils & fats

Pasture (68% or 2/3)
3.36 billion hectares

Crop-Land (32% or 1/3)
~1.55 billion hectares

... Cereals, Tubers, Sugar, Pulses, Nuts, Vegetables, Fruits, Fiber, Spices

... and **Edible Oil Crops**

TOP WORLD LIVESTOCK (FAO-STAT, 2014)

	Chickens	:	23.2 BILLION
	Cattle	:	1.5 BILLION
	Sheep	:	1.2 BILLION
	Goats	:	1.0 BILLION



OIL PALM PLANTED AREA IN MALAYSIA 2022

(Source : MPOB Statistics, 2023)

million
ha

5.67 MILLION HECTARES OF OIL PALM

17.3% of total land-bank in Malaysia (330,803 km²)
0.1% of the global agricultural land area (~5 bil hectares)
20% of global exports of edible oils and fats

5.67

0

1950

1960

1970

1980

1985

1990

1995

2000

2010

2022

0.038

0.055

0.26

1.02

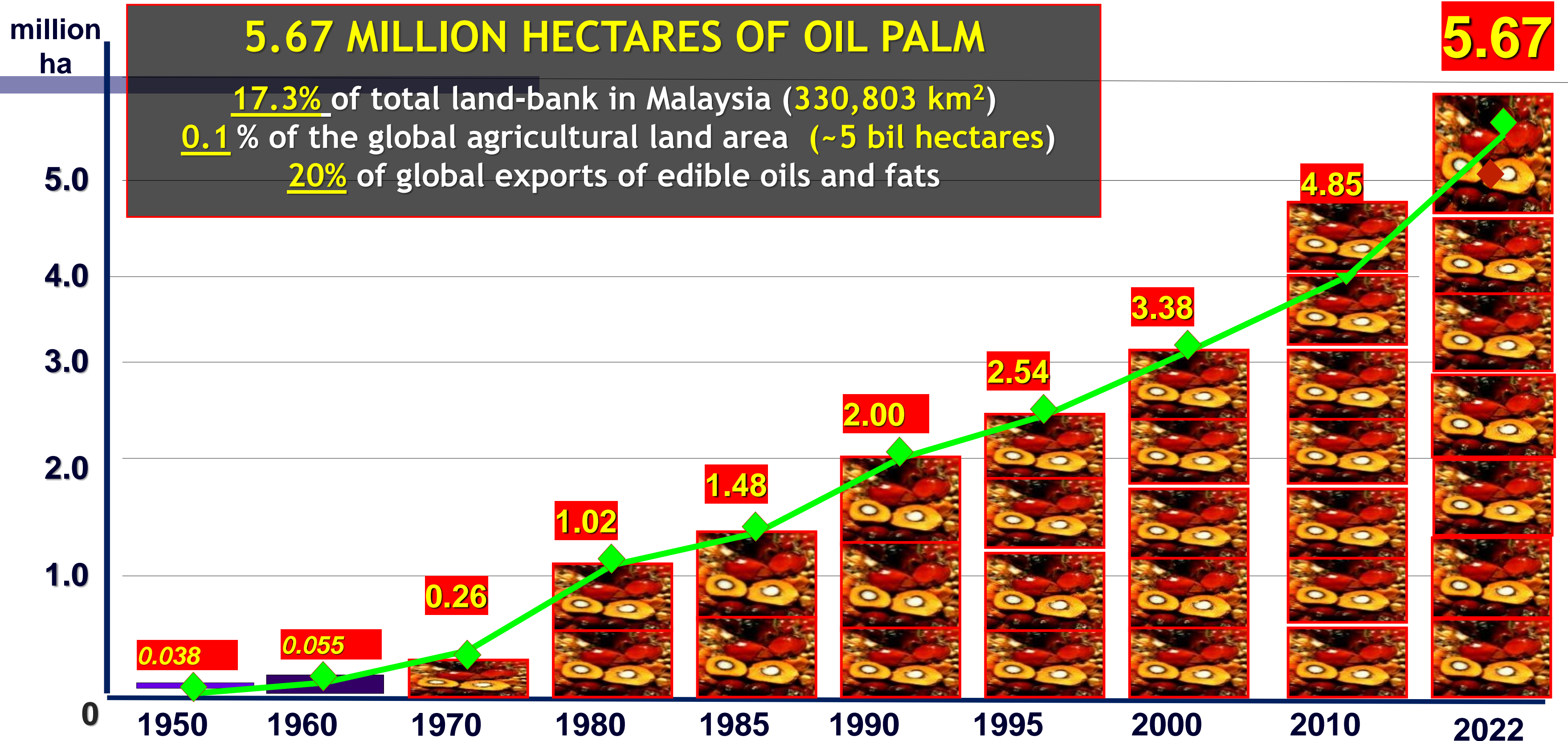
1.48

2.00

2.54

3.38

4.85



MALAYSIAN PALM OIL INDUSTRY (YEAR 2022)

ASSETS : 5.67 million hectares, 450 mills, 41 kernel crushers, 52 refineries, 22 oleochemicals, 18 biodiesel

Peninsular
Malaysia



2.54 mil ha / 45%
CPO 10.16 milT / 55%

45%

MALAYSIA

Total Area : 329 750 sq. km (127 316 sq. miles)



Sarawak

1.62 mil ha / 28%
CPO 4.01 milT / 22%

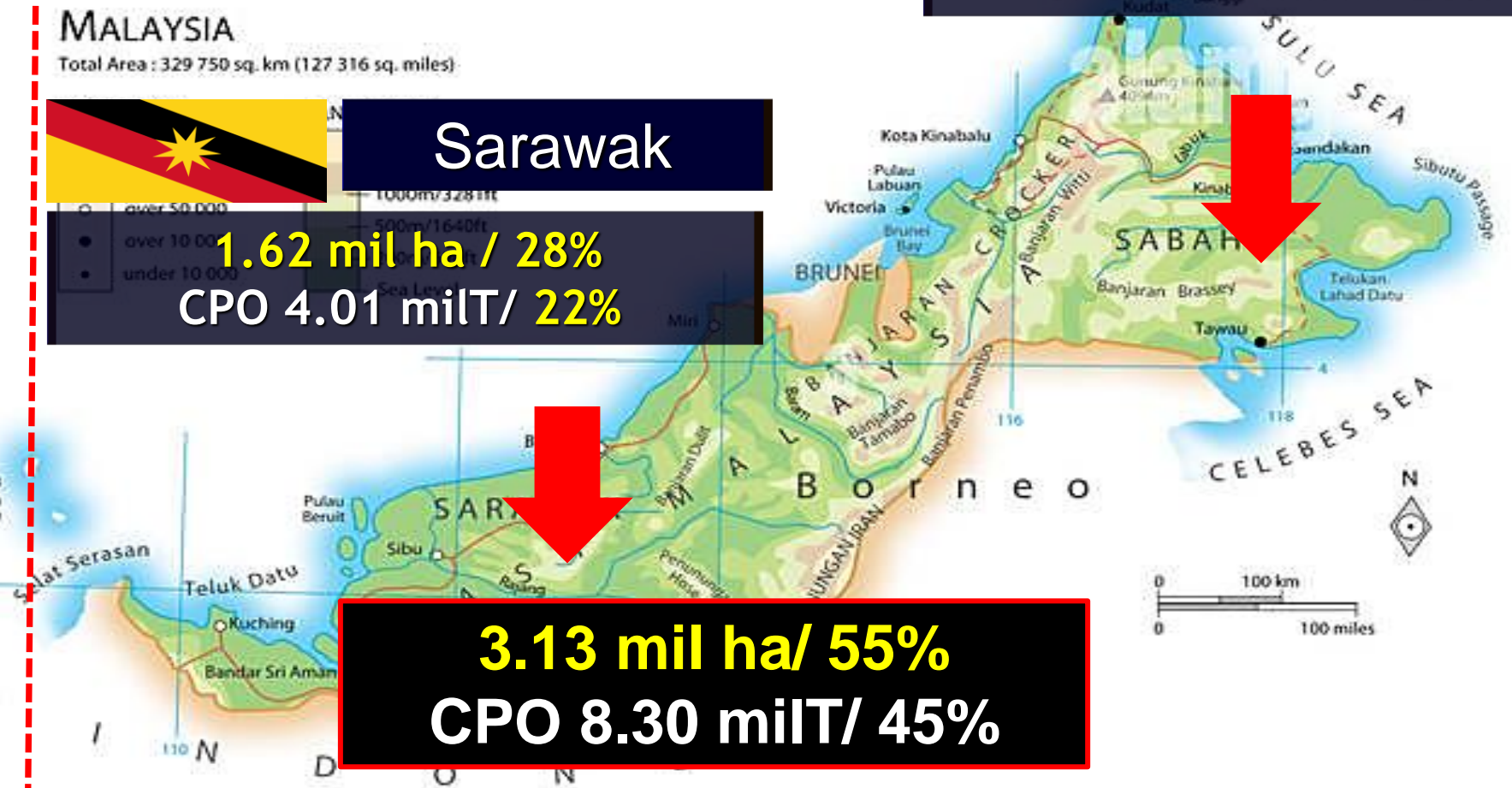
3.13 mil ha / 55%
CPO 8.30 milT / 45%

55%



Sabah

1.51 mil ha / 27%
CPO 4.29 milT / 23%





Source : MPOB, 2022

COMPETITIVENESS : 16 OTHER EDIBLE OILS AND OTHER PALM OIL PRODUCERS

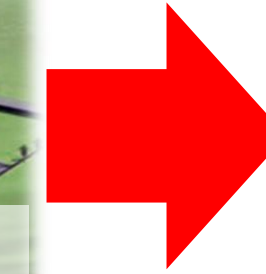
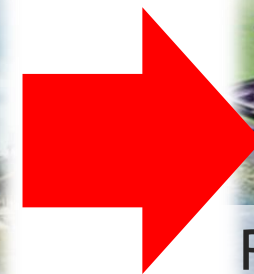
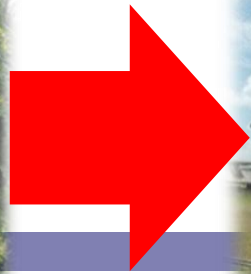
GLOBAL COMPETING EDIBLE OILS



	1	2	3	4	5	6	7
	OP Planted Area	Landbank	Population	Production CPO+CPKO	Domestic Consumption	Exports	Workers
 MALAYSIA	5.7 mil ha (1x)	0.3 mil km2 (1x)	33 mil (1x)	20 mil (1x)	3 mil 10% (1x)	15 mil 90% (1x)	Foreigners 80%
 INDONESIA	15.4 mil ha (2.7x)	1.9 mil km2 (5.8x)	280 mil (8x)	51 mil (2.6x)	21 mil 40% (7x)	31 mil 60% (2x)	Locals 100%

COMPETITIVENESS

KEY STAKEHOLDERS IN THE MALAYSIAN PALM OIL SUPPLY CHAIN



UPSTREAM

DOWNSTREAM

MINISTRY & AGENCIES

BASKET OF “BREAD & BUTTER” MATTERS IN THE MALAYSIAN PALM OIL SUPPLY CHAIN

A

CROSS-CUTTING
ISSUES
(KPK)

B

FEDERAL LEVEL
(INTER-
MINISTERIAL)

C

STATE
& LOCAL
GOVERNMENT



MATERIALITY QUADRANTS ON KEY ASPECTS IN PALM OIL SECTOR

PRODUCTIVITY
& COST

TAXATION &
INCENTIVES

CROSS-
CUTTING
ASPECTS

EXPORT
COMPETITIVENESS
& MARKET ACCESS

SUSTAINABILITY
(Social, Environment,
Climate Change, ESG)

BREAK-DOWN OF KEY ASPECTS IN THE PALM OIL SECTOR

CORE OBJECTIVES : PRODUCTIVITY, COMPETITIVENESS, MARKET ACCESS AND SUSTAINABILITY

PRODUCTIVITY & COST

1. Productivity Stagnation
2. Cost of Production
3. Mechanisation & Automation
4. Replanting Imperative
5. R&D Imperatives
6. Guest Workers
7. Smallholders related
8. Levy & Training
9. Communications & Connectivity

TAXATION & INCENTIVES

13. Cooking Oil Subsidy Scheme (COSS) & Proposed 2-Tier Pricing
14. Taxation (incl Windfall Profit Levy)
15. Tax Incentives
16. Local Taxation (Land Conversion/ Quit Rent / Property Assessment Tax)
17. State Sales Taxation

CROSS-CUTTING ASPECTS AT STAKE

Revenue : RM137 BIL
Tax : RM18 BIL
(Include WPL : RM3 BIL)
Cess : RM320 M
450,000 smallholders
4 million dependents

COMPETITIVENESS & MARKET ACCESS

10. Market Access and Trade Expansion
Non-Tariff Barriers & Negative Perceptions
11. Trade-Related (Bilateral/Multilateral Agreements)
12. Downstream Viability (East Malaysia)

SUSTAINABILITY

18. Addressing Social Aspects – Forced Labour (CBP/ILO)
19. Addressing Environmental Aspects – EUDR
20. Food Safety
21. Environment : Air & Water
22. State Land Matters : Land Use & Forest Cover

23. Role of KPK's Agencies
MPOB, MPOC, MPOCC, MPOCGC, IMPAC

..... AND GALVANISING OTHER RELEVANT KEY STAKEHOLDERS IN FEDERAL MINISTRIES, STATE AND LOCAL AUTHORITIES

FROM **26** MINISTRIES UNDER CURRENT MALAYSIAN GOVERNMENT, THE PALM OIL SECTOR BESEECHS FOR DEDICATED ENGAGEMENTS WITH OTHER **15** MINISTRIES, **IN ADDITION TO KPK AND RELATED AGENCIES.**

(In alphabetically order)

- 1 Ministry of Agriculture and Food Security (MAFS)
- 2 Ministry of Communications and Digital (KKD)
- 3 Ministry of Domestic Trade and Cost of Living (KPDN)
- 4 Ministry of Economy (MOE)
- 5 Ministry of Finance (MOF)
- 6 Ministry of Foreign Affairs (KLN)
- 7 Ministry of Health (KKM/MOH)
- 8 Ministry of Home Affairs (KDN)
- 9 Ministry of Local Government Development (KPKT)
- 10 Ministry of Human Resources (KSM/MOHR/JTKSM)
- 11 Ministry of Investment, Trade and Industry (MITI)
- 12 Ministry of Natural Resources, Environment and Climate Change (NRECC)
- 13 Ministry of Rural and Regional Development (KKDW)
- 14 Ministry of Science, Technology and Innovation (MOSTI)
- 15 Ministry of Transport (MOT)



FEDERAL MINISTRIES &
THEIR AGENCIES



STATE AND LOCAL
AUTHORITIES

MPOA 3 'PILLARS' OF ENGAGEMENTS THROUGH INTERNAL MPOA COMMITTEES & EXTERNAL ENGAGEMENTS



MPOA IN THE NEWS 2022/2023 ON 'BREAD & BUTTER' ASPECTS



Labour shortages set up Malaysia for third year of palm oil losses

By Reuters - September 8, 2022 @ 11:36am

KUALA LUMPUR: Malaysian palm oil planters are letting thousands of tonnes of fruits rot as the third year of a worker shortage has left companies unable to increase their harvesting during the peak production season.

Palm oil output in Malaysia, the world's second-largest producer, is forecast to decline, or at best remain unchanged, from last year's 18.1 million tonnes, according to planters and analysts.

Plantations across the Southeast Asian nation are facing their worst labour crisis since the industry began in 1917, with the arrival of migrant workers that are the core of the industry's labour force at a 'snail's pace', the Malaysian Palm Oil Association's (MPOA) Chief Executive Joseph Tek, told Reuters, despite the lifting of coronavirus-related hiring restrictions.

www.nst.com.my/business/2022/09/829500/labour-shortages-set-malaysia-third-year-palm-oil-losses



MPOA proposes five budget wishes to support plantation industry's competitiveness, sustainability

bernama.com/en/business/news_pemerkaas.php?id=2120061



labour crunch, work priority is for harvesting and loose fruit collection. Undergrowth and drooping fronds on oil trees as there are no workers to be engaged for weeding and pruning operations. (Photo credit: MPOA)

13/09/2022 02:07 PM

KUALA LUMPUR, Sept 13 (Bernama) -- The Malaysian Palm Oil Association (MPOA) has proposed five items as its Budget 2023 wishlist to support the competitiveness and sustainability of the Malaysian oil palm industry as it transits to recovery mode in the COVID-19 endemic phase.

Its chief executive Joseph Tek Choon Yee said the wishlist addresses the budgetary operational enablers in terms of labour and mechanisation imperatives, a review of the windfall profit levy and reinvestment allowance, as well as a proposed sustainability financing initiative with a green revolving fund specifically for the plantation sector.




Multi-tiered levy system for foreign workers' recruitment not feasible for plantation sector, says MPOA




KUALA LUMPUR (Oct 7): The government's intention to implement a multi-tiered levy system for foreign workers' recruitment next year may not be feasible for the plantation sector, said the Malaysian Palm Oil Association (MPOA).

theedgemalaysia.com/article/multitiered-levy-system-foreign-workers-recruitment-not-feasible-plantation-sector-says-mpoa




Industry players urge new govt to address multiple challenges




Businesses and industry associations are looking forward to working together with new Prime Minister Anwar Ibrahim and his government to forge effective policies.

In a statement today, Malaysian Palm Oil Association (MPOA) chief executive Joseph Tek Choon Yee said the plantation industry in Malaysia needs clear support and deserves recognition from the government.

www.malaysiakini.com/news/645783



Approved foreign workers met only 19% of oil palm plantation sector's requirement in 2022 -- MPOA



KUALA LUMPUR (Dec 6): The Malaysian Palm Oil Association (MPOA), which estimated RM20 billion in revenue losses for the oil palm plantation sector following harvester shortages, said the foreign workers approved for the sector translated into only 19% of the total required in 2022.

theedgemalaysia.com/article/approved-foreign-workers-met-only-19-oil-palm-plantation-sectors-requirement-2022-%E2%80%94-mpoa



Sabah oil palm output at risk

Over 500,000ha having trees nearing end of economic lifespan

Sabah kekal pengeluar minyak sawit serantau

Sabah kekal sebagai pengeluar minyak sawit serantau yang penting dan terus memenuhi permintaan global, memastikan masa depan generasi akan datang. Ketua Eksekutif Persatuan Minyak Sawit Malaysia (MPOA), Joseph Tek, berkata Sabah menghasilkan 25.3 peratus minyak sawit mentah (MSM) Malaysia setiap tahun, bernilai 4.29 juta tan daripada 1.51 juta hektar kawasan tanaman kelapa sawitnya. "Bagaimanapun, hasil tanaman merosot sebanyak 2.4 peratus tahun ke tahun kepada 16.4 tan sehektar setahun, dan kadar peralihan minyak dan sirih (ORR) dan K50 juga merosot

sebabnya, 2.4 peratus kepada 21.4 tan sehektar setahun, dan kadar peralihan merosot sebanyak 2.4 peratus kepada 16.4 peratus kepada 10.23 peratus dan 0.6 peratus kepada 0.27 peratus, masing-masing. "Walaupun demikian, MPOA akan memastikan bahawa Sabah kekal sebagai pengeluar minyak sawit serantau yang penting dan terus memenuhi permintaan global, memastikan masa depan generasi akan datang. Ketua Eksekutif Persatuan Minyak Sawit Malaysia (MPOA), Joseph Tek, berkata Sabah menghasilkan 25.3 peratus minyak sawit mentah (MSM) Malaysia setiap tahun, bernilai 4.29 juta tan daripada 1.51 juta hektar kawasan tanaman kelapa sawitnya. "Bagaimanapun, hasil tanaman merosot sebanyak 2.4 peratus tahun ke tahun kepada 16.4 tan sehektar setahun, dan kadar peralihan minyak dan sirih (ORR) dan K50 juga merosot



Kerajaan digesa kaji kos pengeluaran minyak sawit

KUALA LUMPUR Persatuan Minyak Sawit Malaysia (MPOA) menggesa kerajaan supaya mempertimbangkan kenaikan kos pengeluaran minyak sawit mentah (MSM) apabila menetapkan ambang harga semakan ke atas level keuntungan luar biasa.

akan menyaksikan pengeluaran minyak sawit dalam masa terdekat kerana gusuran jangka pendek terhadap operasi penanaman ladang, logistik dan set baharu yang rosak. "Tiga tahun terakhir, La Nina telah menyebabkan kerosakan yang ketara kepada sistem akar kelapa sawit, yang mungkin mengambil masa untuk pulih walaupun penggunaan baja pengakaran sedang dijalankan," katanya. Akibatnya, Tek berkata, buah tandan segar biasa mungkin lebih kecil saiznya, mempunyai kandungan minyak yang lebih sedikit, dan mempunyai set buah yang tidak sekuat yang timbul daripada 'parrhenocarp' dan memulau kepada tandan yang kelihatan seperti 'landak'. Beliau berkata, peningkatan bilangan pokok kelapa sawit yang tertala tua dan sangat tinggi di Malaysia juga akan merosot kerana beban pemeliharaan semula perlahan disebabkan kos yang tinggi. "Berita baiknya, masalah ini sudah dalam kalangan banyak pekebun telah berkurangan kerana langkah pihak berkuasa dalam memulihkan pemuliharaan lebih ramai pekerja asing. Kemudian, dijangka kembali normal dalam kalangan banyak pekebun mengaling perhatian tahun ini, katanya. BERNAMA




El Nino to affect productivity

PETALING JAYA: The risk of a looming El Nino dry weather phenomenon could trigger crop productivity concerns among plantation players.

This will affect especially the palm oil industry due to the commodity's relatively high demand and usage that would inevitably lead to fluctuations in the price of crude palm oil (CPO).



www.thestar.com.my/business/business-news/2023/05/17/el-nino-to-affect-productivity



'Lift freeze on foreign workers'

PETALING JAYA: The acute shortage of foreign workers in several sectors has eased but the problem is far from over, according to an apex trade organisation.


Malaysian Palm Oil Association (MPOA) chief executive Joseph Tek said the arrival of more workers did not necessarily translate into increased productivity.

"The labour distress in Malaysia's oil palm plantation sector has pointedly eased year-on-year.

"However, the industry continues to face a major challenge in the shortage of skilled workers for harvesting tall palms," he said.

Tek said the estimated worker shortage in the plantation sector, including in Sarawak and Sabah, now stood at about 20%, which was similar to the pre-pandemic period.

"This shortage persists due to the ongoing repatriation of the existing workforce, while the newly recruited workers often possess lower skills set," he added.





BREAD AND BUTTER
OF BUSINESS



UPDATES ON FEW KEY ASPECTS INCLUDING MPOA WISH-LIST FOR BUDGET 2024





UPDATES : 10 KEY ASPECTS

1. TAXES - WINDFALL PROFIT LEVY (WPL)
2. FOREIGN WORKERS
3. MECHANISATION
4. MULTI-TIER LEVY MECHANISM (MTLM)
5. ACCELERATED REPLANTING
6. SUSTAINABILITY RELATED
7. 2-TIER COOKING OIL PRICING
8. HRDC LEVY
9. IS CPO FOOD?
10. STATE LEVEL MATTERS

**MPOA'S
WISH-LIST**



Belanjawan 2024
**MALAYSIA
MADANI**



1. TAXES

WINDFALL PROFIT LEVY

INFO : TAXATION OF MALAYSIAN PALM OIL INDUSTRY



No.	Description	Rate
1	Corporate Tax	24%
2	Prosperity Tax (For Year 2022 only)	Chargeable income above RM100 mil to be taxed at 33% instead of 24%
3	MPOB Cess Order 2021 (Amendment) No 2 (Effective 1 March 2021)	RM16 per Mt. CPO and CPKO - RM12 per MT for MPOB's R&D and Licensing/Enforcement - RM3 per MT for MPOC and MPOCC - RM1 per MT for MPOGCF ("Green Fund")
4	Windfall Profit Levy (CPO threshold price more than RM3,000/Mt. for Peninsular)	Levy rate of 3% of FFB Production when CPO threshold price is above RM3,000 per MT
5	Windfall Profit Levy (CPO threshold price more than RM3,500/Mt. for Sabah and Sarawak)	Levy rate 3% of FFB Production when CPO threshold price is above RM3,500 per MT (Note: Previous levy rate was 1.5%)
6	State Sales Tax (CPO price above threshold of RM1,000/Mt.) in Sabah State	Tax rate at 7.5% on CPO production when CPO price above RM1,000 per MT
7	State Sales Tax (CPO price above threshold of RM1,500/Mt.) in Sarawak State	Tax rate at 5% on CPO and CPKO production when CPO & CPKO price above RM1,500 per MT (or 2.5% applicable when prices above RM1,000 to below RM1,500 per MT)
8	CPO Export Tax Duty (CPO prices above RM 2,250 per Mt.)	Tax between 3 % - 8 %
9	Human Resource Development Corporation (HRDC) Levy – effective 1 April 2022	Levy fee for local registered employees of 1% of monthly wages
10	Levy on foreign workers, Local Councils, DOE DOSH compliances, KTMB and other government agencies, import duties, excise duties etc.	Various charges and fees
11	Quit-Rent Charges (Local States Government) and Property Assessment Tax (PAT) (District Offices & Local Councils)	Various charges and fees.

INFO: ESTIMATED TAXATION FOR YEAR 2022

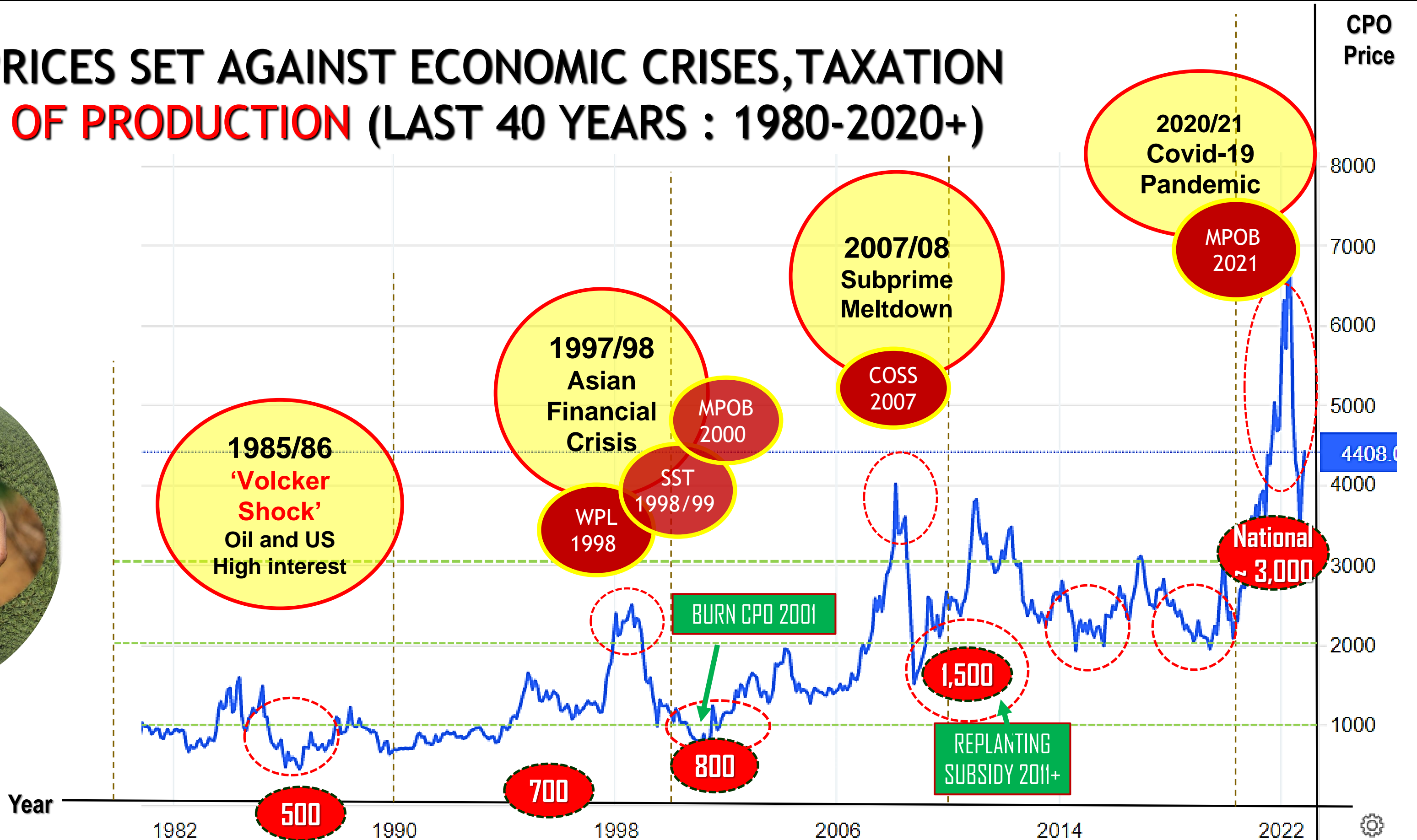


Source : MEOA Annual Report, 2022

			Pen. Malaysia	Sabah	Sarawak	Malaysia
	Crude Palm Oil (CPO) Production	mtonnes	10,161,350	4,286,665	4,005,425	18,453,440
	Palm Kernel (PK) Production	mtonnes	2,709,616	946,504	895,022	4,551,142
	Crude Palm Kernel Oil (CPKO) production	mtonnes	1,281,930	438,173	376,810	2,096,913
1	MPOB Cess (+RM2 to RM16 pmt CPO, RM16 pmt CPKO wef Mar 2021)	(RM mil)	183	76	70	329
2	Windfall Profit Levy (based on CPO price, chargeable per tFFB) (3% in Pen. M'sia threshold ≥ RM3,000 pmt; 3% in Sabah/Swak threshold ≥ RM3,500 pmt)	(RM mil)	1,591	576	554	2,721
3	State Government CPO Sales Tax (7.5% for Sabah and 5% for Sarawak)	(RM mil)	0	1,539	951	2,489
4	State Government CPKO Sales Tax (5% for Sarawak)	(RM mil)	0	0	125	125
1 to 4	Sub-Total Cess, Windfall Profit Levy and State Sales Taxes	(RM mil)	1,774	2,190	1,700	5,665
A	'Business Profit' = PBT assuming no WPL and State Sales Taxes	(RM mil)	37,422	12,649	10,489	60,560
B	PBT net of WPL and State Sales Taxes	(RM mil)	35,831	10,534	8,859	55,224
5=Bx22.9%	Income Tax assumed at average 22.9% (ie. 16% at SME rate of 17%) <i>(ranged from RM2,248 mil to RM979 mil for</i>	(RM mil)	8,205	2,412	2,029	12,646
C = 1 to 5	Grand Total Cess, Windfall Profit Levy, State Sales Taxes and Income Tax	(RM mil)	9,980	4,603	3,729	18,311
6 = C ÷ A	Total Cess, WPL, State Sales Tax and Income Tax as % of 'Business' Profit	(RM mil)	26.7%	36.4%	35.5%	30.2%
Aggregate assumptions						
a	Average CPO price (MEOA estimates are underlined)	(RM pmt)	5,115.50	4,785.50	4,522.00	5,087.50
b	Average PK price (MEOA estimates are underlined)	(RM pmt)	<u>3,064.90</u>	3,042.50	n.a.	3,118.00
c	Average CPKO price	(RM pmt)	n.a.	n.a.	n.a.	6,327.00
d	Overall average all in cost of production (incl HQ, replanting costs)	(RM/tCPO)	2,250.00	2,500.00	2,600.00	
e	FFB yield	(tonnes/ha)	16.24	15.77	13.94	15.47

PALM OIL IS A COMMODITY - PRICE TAKER & NOT PRICE MAKER

PALM OIL PRICES SET AGAINST ECONOMIC CRISES, TAXATION AND **COST OF PRODUCTION** (LAST 40 YEARS : 1980-2020+)



APPEAL TO REVIEW THE PRICE THRESHOLD ON WPL

MPOA appeal to raise thresholds of Windfall Profit Levy

By Ooi Tee Ching - October 25, 2017 @ 3:35pm

Setting right a windfall tax error

By MARTIN CARVALHO, RAHIMY RAHIM and TARRENCE TAN

Bill tabled to protect govt from liability over defective windfall profit levy orders from 1999 to 2023

By MARTIN CARVALHO, RAHIMY RAHIM and TARRENCE TAN



Consider rising CPO production cost when reviewing windfall profit levy, says MPOA

Association also hopes that the doubling of the levy rate calculation in Sabah and Sarawak will be revised.

Bernama - 04 Apr 2023, 5:13pm

13 Shares

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2017

2023



WPL in Malaysia Deviates from Global Norm & Applied Unevenly **Not one-off.** WPL on oil palm plantations has been in effect for 20 years.

Neither extremely rare nor unexpected. In the past 10 years, CPO price exceeded the RM2,500 WPL threshold 45% of the time and the RM3,000 threshold all the time (so far).

Not excess profits or a large amount of money. At the threshold price of RM3,000 pmt CPO, ROI is only 5% pre-tax! (Source: MEOA, 2023)

... Smallholders are exempted since 2008. Thus, 45% of FFB are not subject to WPL.

... Glove makers were spared, despite ticking the boxes on “excess profits”, and an “extremely rare” event. There are other sectors today that are enjoying excess profits!

PROPOSAL : TO CHANGE THE PRICE THRESHOLD FOR WPL BY ANOTHER RM500 PMT ie FROM RM3,000 TO RM3,500 FOR PEN. MALAYSIA AND RM3,500 TO RM4,000 FOR SABAH & SARAWAK OIL PALM PLANTERS IN VIEW OF HIGH COST OF PRODUCTION TODAY.

APPEAL TO REVIEW THE **LEVY RATE ON WPL** IMPOSED ON SABAH & SARAWAK OIL PALM GROWERS

WHY EAST MALAYSIAN OIL PALM GROWERS WERE NOT HAPPY WITH WPL EFFECTIVE 1 JAN 2022 ?

.... doubling up of the windfall profit levy rate from 1.5% to 3% to be imposed on those who operate in the two states

Budget 2022

Sabah, Sarawak palm oil players cry foul over doubling of windfall profit levy rate

Syafiqah Salim / theedgemarkets.com
October 31, 2021 14:25 pm +08



Oil palm windfall profit levy threshold in Sarawak, Sabah to be increased to RM3,500, levy rates adjusted to 3pct

Oct 29, 2021 @ 20:19



Call for review of unjust 7.5% Sabah Sales Tax on crude palm oil

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Home / Opinions

Oil palm sector's raw deal for Sabah

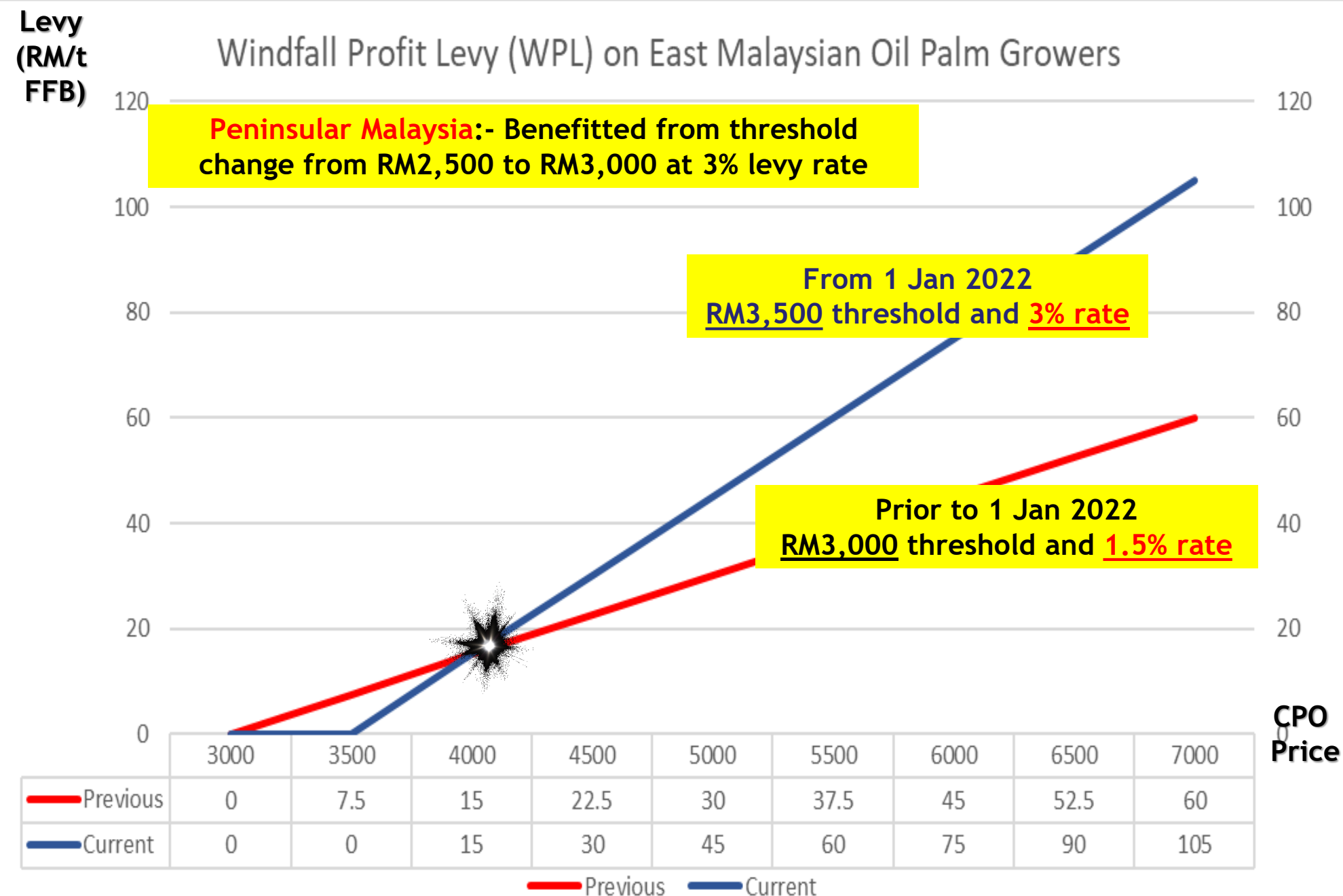
Published on: Sunday, March 12, 2023 BUSINESS

By: Datuk John Lo

Unfair treatment: can Sabah's own palm oil authority finally uplift local planters?

Farmers lament over being sidelined on incentives, facing additional charges

Updated 4 months ago · Published on 01 Apr 2023 8:00AM



PROPOSAL : REVERT TO LOWER RATE OF WPL ie FROM **3% TO 1.5%** FOR SABAH & SARAWAK OIL PALM PLANTERS IN VIEW OF THEIR RESPECTIVE STATE SALES TAX (SST)

**MPOA'S
WISH-LIST**



Belanjawan 2024
**MALAYSIA
MADANI**



2. WORKERS

CROP LOSSES, RECOVERY AND SITE YIELD POTENTIAL

- WORKERS
- WORKERS
- WORKERS

1. Today, crop losses in the fields still linger on. (*Indicator: Harvesting Intervals*)
2. **High crop recovery can be attained with best management practices**
3. High yields can be sustained in fully mature palms with optimal palm stands, effective fertilisation and replanting with latest DxP planting materials.
4. **FACTS : Locals shun 3D sector and no practical mechanisation solution for harvesting.**
5. Curbing losses and planting with new materials will translate to **MORE crop, which require MORE workers.**
6. **Pre-requisite for plantations to be well-managed before attempting to reduce workers.**

RECRUITMENT OF FOREIGN MIGRANT WORKERS

FROM 2022 TO 2023

BUSINESS
Palm oil sector beyond breaking point with migrant workers' slow entry: MPOA

Malaysia palm growers to lose RM20b on labour shortage

Published Tue, Dec 06, 2022 · 7:43 pm

TheStar Nearly 80% of labour shortage in plantation industry resolved - Fadillah

Nearly 80% of labour shortage in plantation industry resolved - Fadillah

Labour woes easing

By HANIM ADNAN
 PETALING JAYA: The labour woes in the oil palm plantation sector in Malaysia have eased with many planters expecting normalcy by the middle of this year, says Malaysian Palm Oil Association (MPOA) chief executive Joseph Tek.

COMMODITIES
 Monday, 13 Mar 2023

Employers with no workers quota in a fix

By BENJAMIN LEE

NATION
 Tuesday, 28 Mar 2023

REALITY ON THE GROUND

1. Oil palm remains labour-intensive. Shortage remains estimated at 20%.
2. Local workers and 3-D stigma.
3. State of mechanisation. Long haul. No game changing technologies in harvesting.
4. New recruits with lower skill-set and productivity. Training required
5. Continued repatriation and abscondments.

	Pre-Covid	Covid	In 2023
SABAH 1.51 mil ha Ratio 1:6 250,000 workers FW 80% : 200K LW 20% : 50K	SABAH	Shortage ~20,000 EMPA SABAH	High % Tall palm SABAH
SARAWAK 1.62 mil ha Ratio 1:7 230,000 workers FW 85% : 200K LW 15% : 30K	SARAWAK	Shortage ~45,000 SOPPOA SARAWAK	SARAWAK
PEN M'SIA 2.54 mil ha Ratio 1:8 320,000 workers FW 80% : 256K LW 20% : 64K	Shortage 36,000 PEN M'SIA	Shortage 36K+84K=120K MPOA PEN M'SIA	Back to Pre-Covid ? PEN M'SIA

1. REVIEW BLANKET FREEZE ON FW APPLICATION

New quota required. Oil palm sector needs specific recruitment requirements. Differentiation in Sabah & Sarawak.

2. FORCED LABOUR

Need **G-2-G** intervention to address "zero cost recruitment" at source countries

3. EMPOWERING MSPO

Expediting recruitment process with **MSPO certification** vis-à-vis other sectors.

4. CONTINUOUS IMPROVEMENT

Review recruitment processes, cost, eg. limit PLKS approvals for harvesters only and other improvements

SMART-SABAH DIGITALISATION OF MIGRANTS



Mesyuarat dengan Timbalan Ketua Menteri, Datuk Seri Dr. Jeffrey Kitingan



Stakeholders Meeting on 18 August 2023

SESI TOWN-HALL 4 JUN 2022



MALAYSIA Sabah town hall supports digital database for undocumented migrants

National Registration Dept officials notably absent from session

Updated 1 year ago · Published on 02 Jun 2022 4:10PM

Kerajaan Sabah Akan Keluarkan Pengenalan Digital Kepada Pekerja Asing

Published: June 3, 2022 | 2:31 am · Editor

Pendaftaran digital selesai masalah pendatang asing di Sabah, kata Hajiji

Ketua menteri mahu penyeragaman dokumen membabitkan kumpulan itu didokumenkan secara teratur.

Bernama - 02 Oct 2022, 4:35pm

20 Shares

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📧 Share

✉ Email

Pendaftaran warga asing di Sabah dimulakan sepenuhnya tahun depan

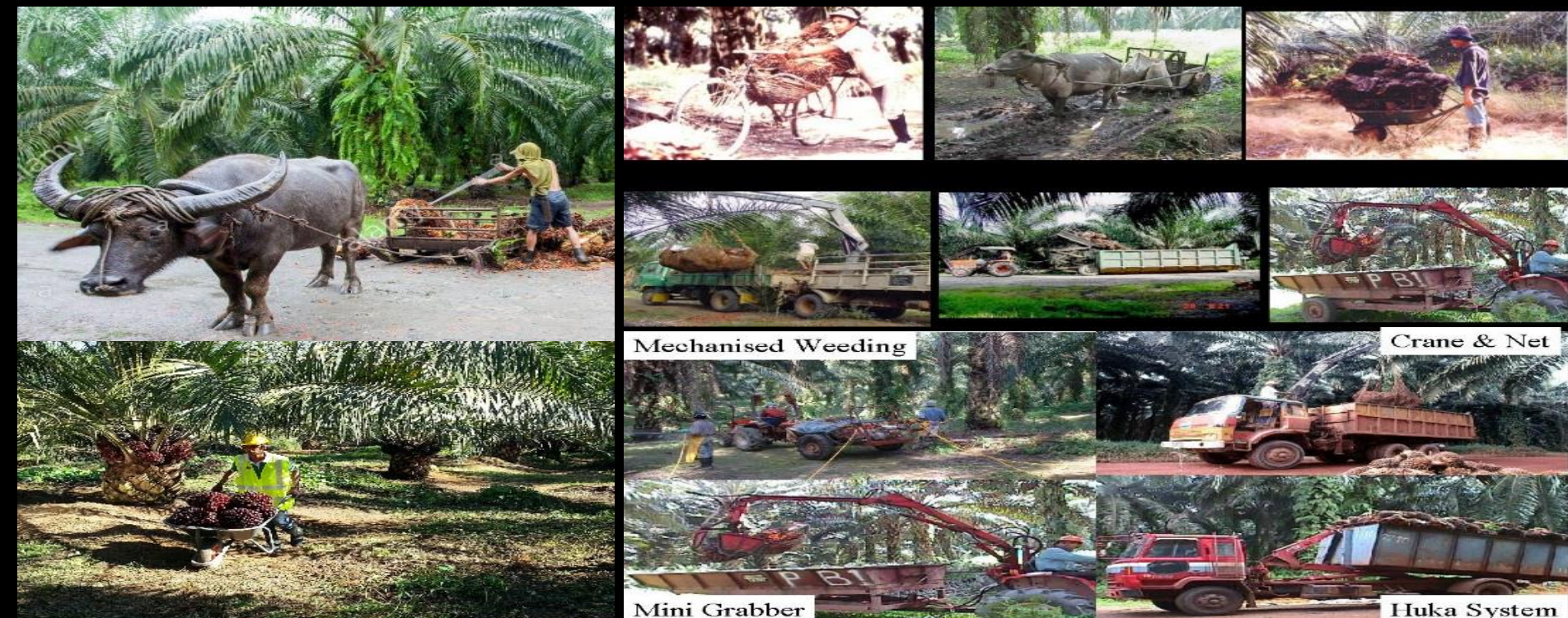
Posted By: Warta Oriental on: November 30, 2022 In: Tempatan

**MPOA'S
WISH-LIST**



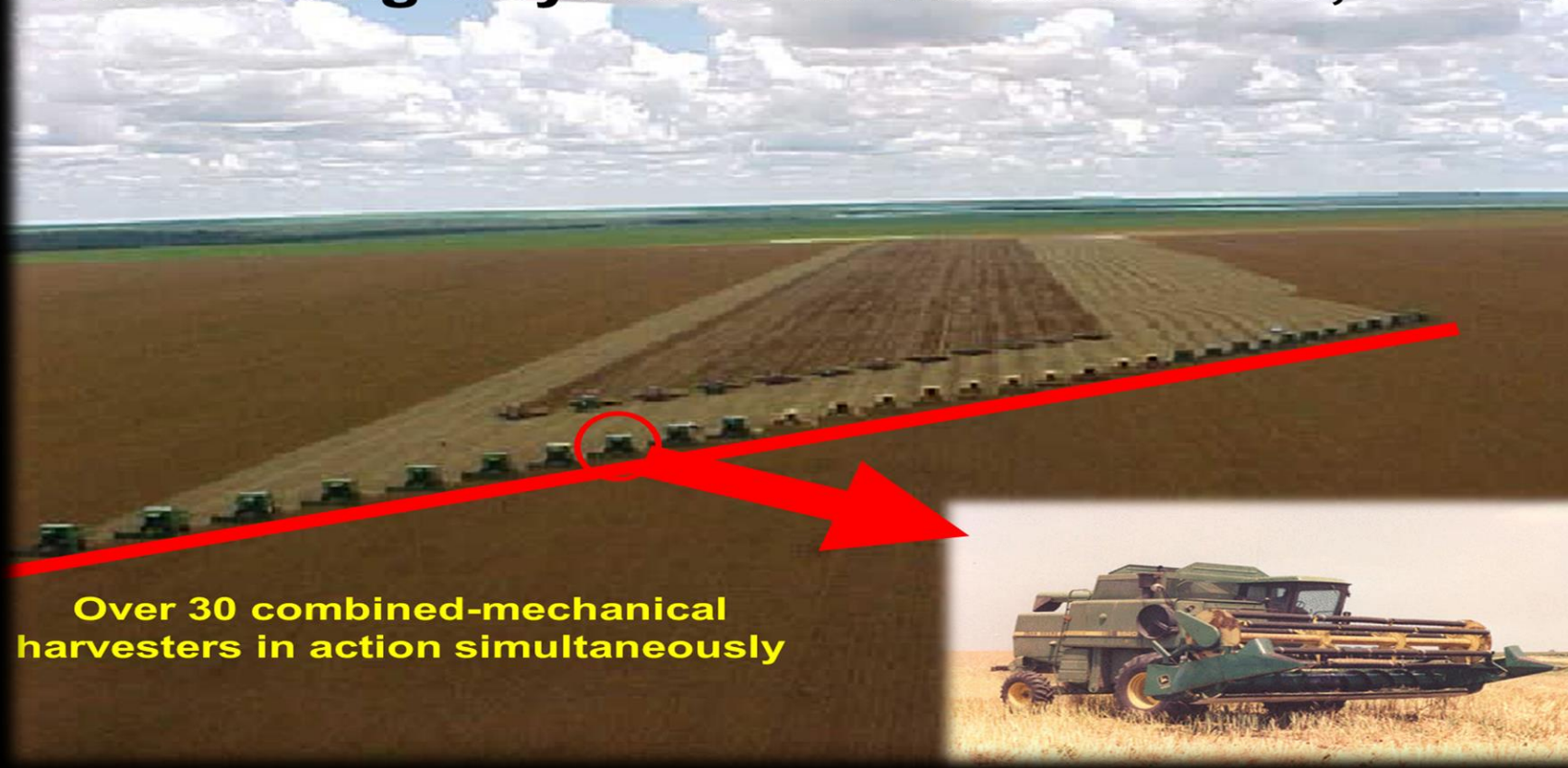
3. MECHANISATION

PLANTATION MECHANISATION IMPERATIVES



Harvesting Soybeans in Mato Grosso, Brazil

Pristine forest is finite resource



Over 30 combined-mechanical harvesters in action simultaneously



OPERATIONAL FLOWCHART OF FOR TYPICAL UPSTREAM OIL PALM PLANTATION



Nursery

Immature Upkeep



Mature Upkeep and Harvesting



Manuring



Weeding, Pest & Disease Mgt

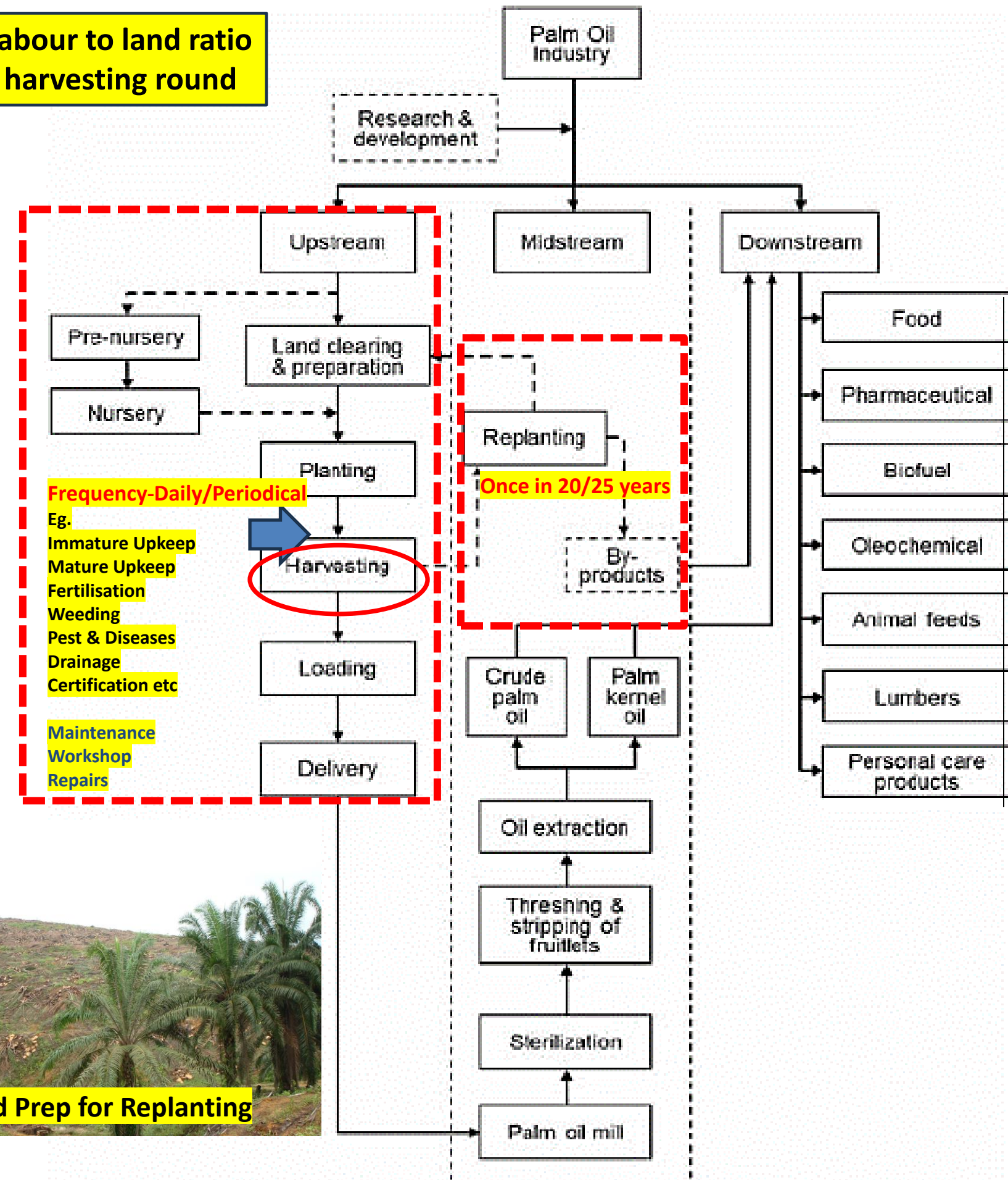


Roads, Drainage, Terracing



Land Prep for Replanting

Appreciate labour to land ratio
Appreciate harvesting round



Frequency-Daily/Periodical

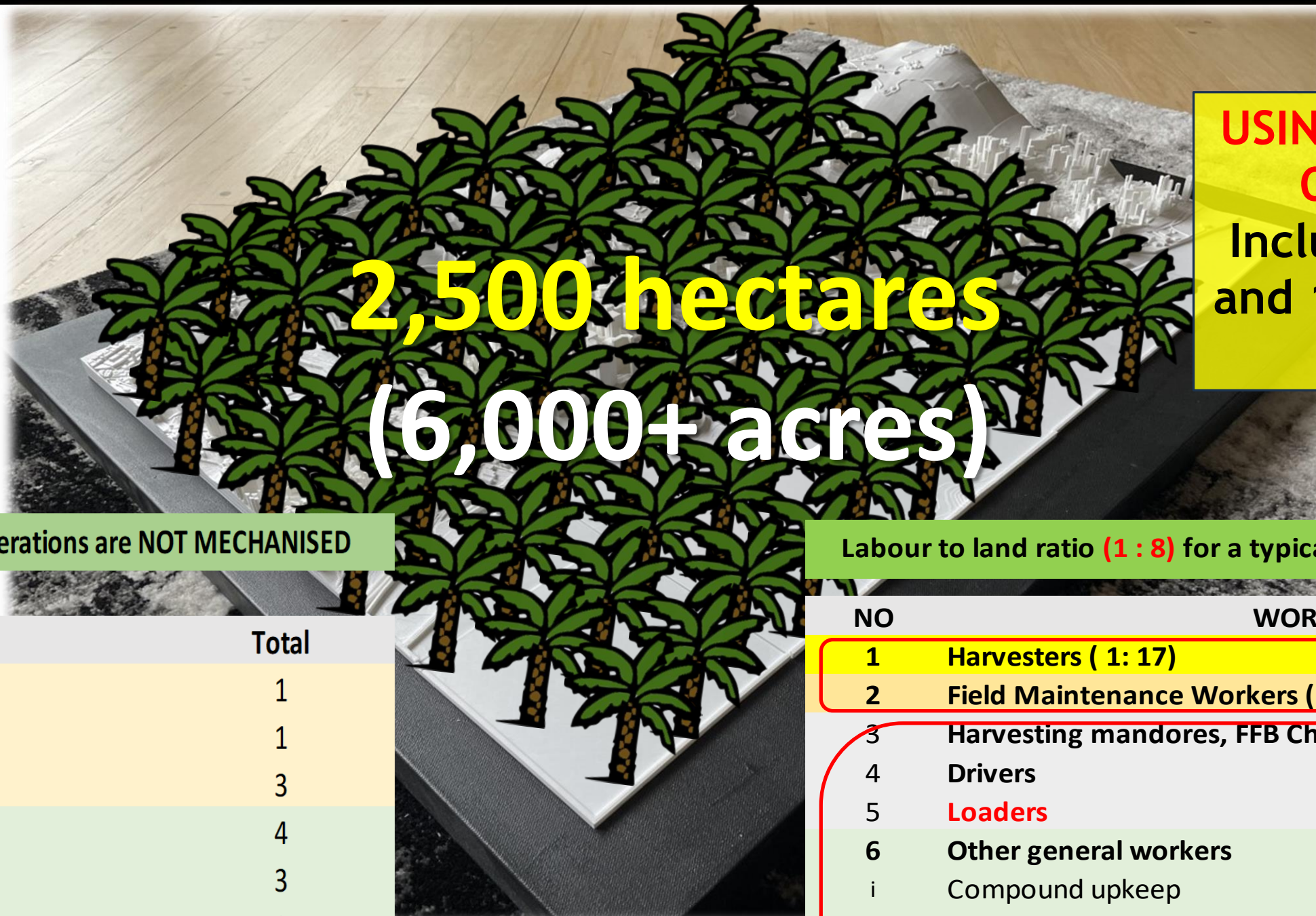
- Eg. Immature Upkeep
- Mature Upkeep
- Fertilisation
- Weeding
- Pest & Diseases
- Drainage
- Certification etc

Maintenance
Workshop
Repairs

Once in 20/25 years

EG. BASE-LINE : HUMAN RESOURCE REQUIREMENT FOR A TYPICAL OIL PALM ESTATE

Example : Staff & labour requirement for a typical 2,500 hectares oil palm estate in Sabah without mechanisation



ALL LOCAL MALAYSIANS
(Excl shared HQ service providers)

USING LABOUR TO LAND RATIO OF 1:8 = 305 WORKERS
Include 150 harvesters (1:17) and 155 field maintenance and other workers



Requirement based on the assumption that the operations are NOT MECHANISED

Labour to land ratio (1 : 8) for a typical 2,500 hectares -> Approximatey 305 workers

No	Staff	Total
1	Manager	1
2	Senior Assistant Manager	1
3	Assistant Managers	3
4	Field Conductors - Harvesting	4
5	Field Conductors - Maintenance	3
6	Office Admin Clerks	2
7	Storekeeper	1
8	Medical -Hospital Assistant	1
9	Foreman	1
10	Security	1
11	Electrician	1
12	Others - Sustainabiliy, Safety, Teacher	1
Total Staff		20

Note: Differences in labour:land ratios in relation to topography, direct hiring vs outsourcing, difference in Sabah scenario, mechanisation is not there yet to do harvesting or cover extra crops

NO	WORKERS	TOTAL
1	Harvesters (1: 17)	150
2	Field Maintenance Workers (1:30)	85
3	Harvesting mandores, FFB Checkers & Ramp attendants	14
4	Drivers	10
5	Loaders	16
6	Other general workers	30
i	Compound upkeep	
ii	Creche Ayah "Nursery"	
iii	Domestic helpers	
iv	Grass cutting	
v	Gate keepers	
vi	Genset operator	
vii	Office cleaners/ Office attendants	
viii	Water Supply /Catchment	
ix	Workshop attendants	
Excl Watchmen (locals)		X
Total		305

OIL PALM MECHANISATION : MARCOP'S TAGRETS

MECHANISATION AND AUTOMATION RESEARCH CONSORTIUM OF OIL PALM (MARCOP)

Empowering Oil Palm Mechanisation and Automation



PULSE FIBRE LASER
ROBOTIC
ARTIFICIAL INTELLIGENCE
EXOSKELETON
IOT
AUTONOMOUS

mechanisation the oil palm intensified partnerships

ov.my
.my
4/121

Main Committee Members:



“MARCOP

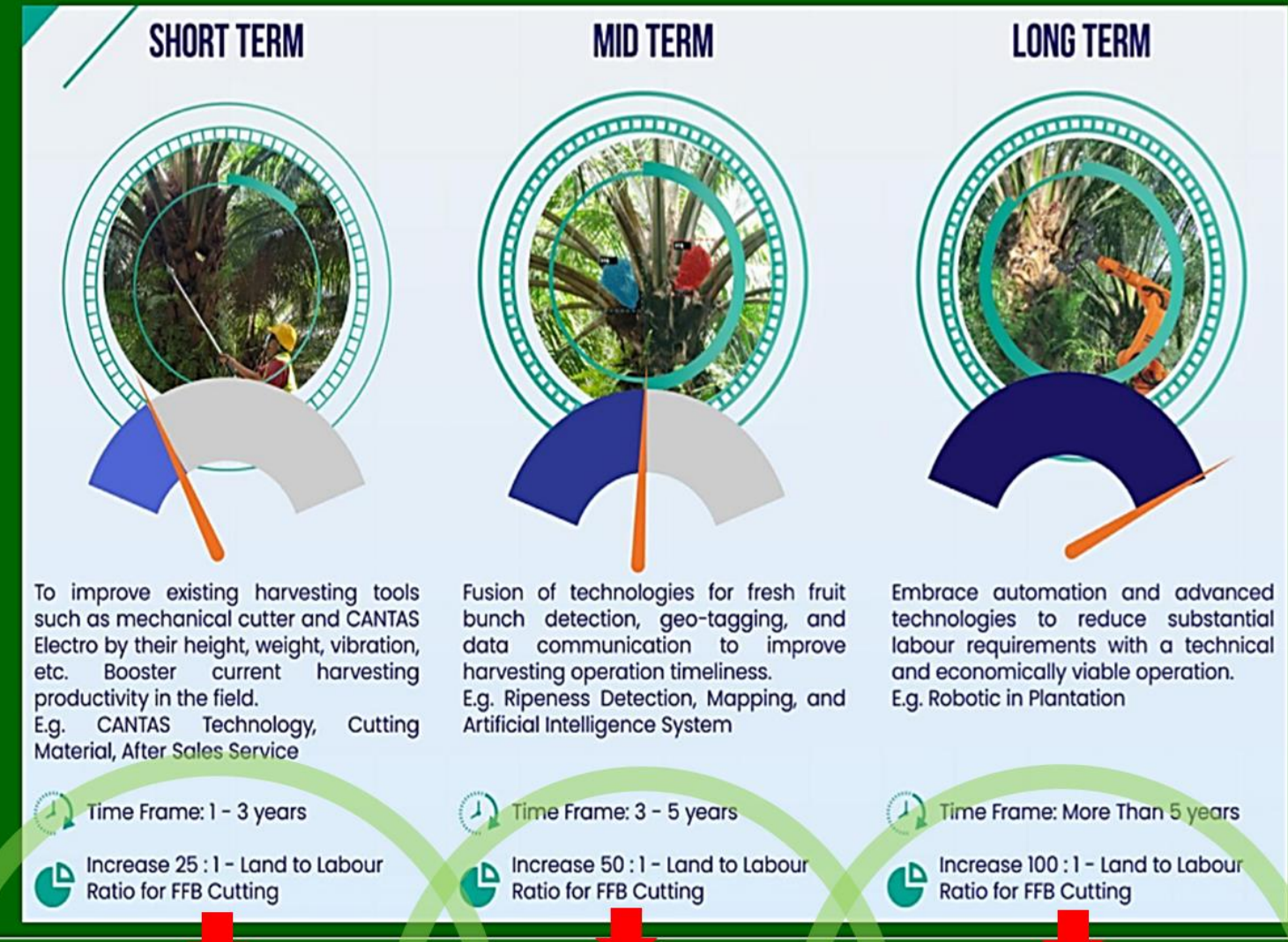
Mechanisation and Automation Research Consortium of Oil Palm



MARCOP aimed to seek and promote technologies, especially in oil palm harvesting that could significantly reduce foreign workers' dependency.

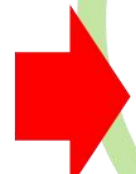


A three-pronged strategy comprised of short-term, mid-term and long-term targets has been adopted for MARCOP to achieve the desired outcome.



“SEEK & PROMOTE TECHNOLOGIES”

3 PHASES



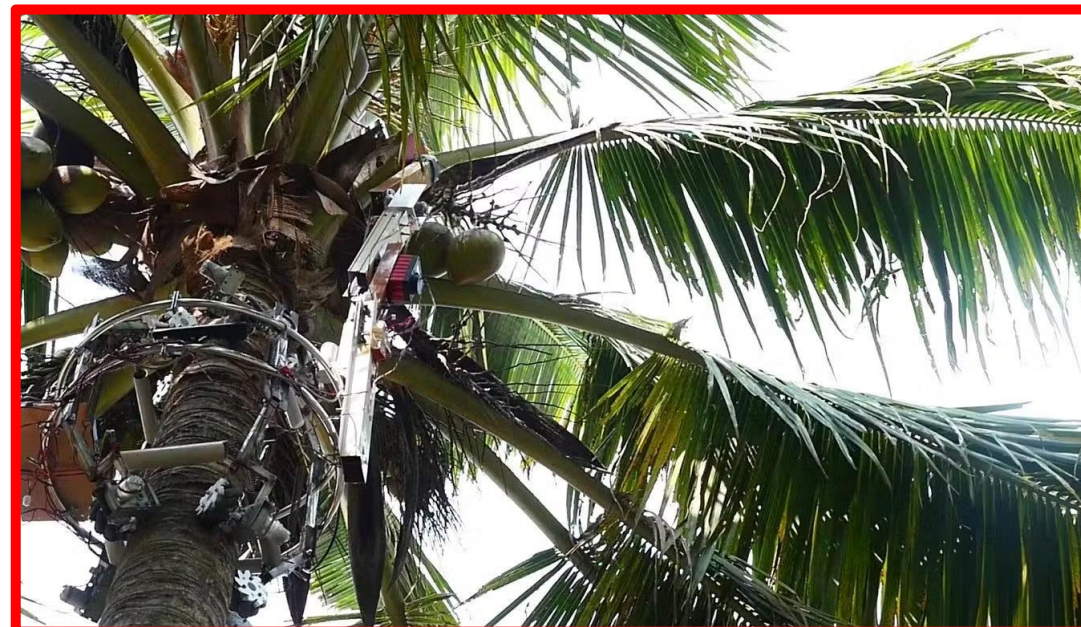
Improvement
SHORT-TERM
1-3 YEARS
25 : 1

Fusion
MID TERM
3-5 YEARS
50 : 1

Embrace
LONG TERM
>5 YEARS
100 : 1

HARVESTING BATTLE-CALL : 'MECHANISE OR PERISH'

FOCUS : HARVESTING & PERIPHERAL ACTIVITIES

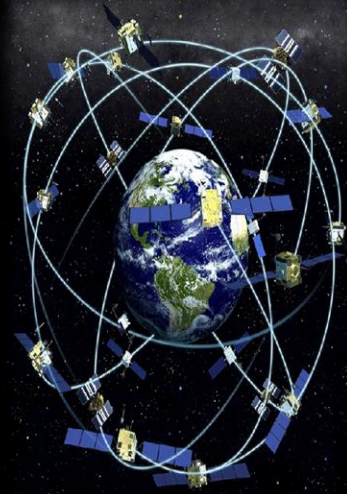


**TO-DATE,
THERE ARE KEY
CHALLENGES IN
MECHANISED
HARVESTING
PROPOSALS:-**

- 1. DRONE
HARVESTING ?**
- 2. EXOSKELETON
ASSISTED
HARVESTING ?**
- 3. AUTONOMOUS
ROBOTIC ?**

HARNESSING TECHNOLOGIES IN THE PALM OIL SECTOR

EMBRACING BEST-FIT AND COST-EFFECTIVE TECHNOLOGIES



GPS & GIS Satellites



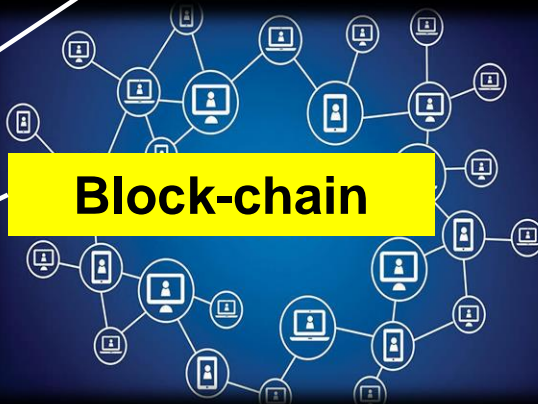
BIG DATA Analytics



IR 4.0 -> IR 5.0



IOT



Block-chain



5G



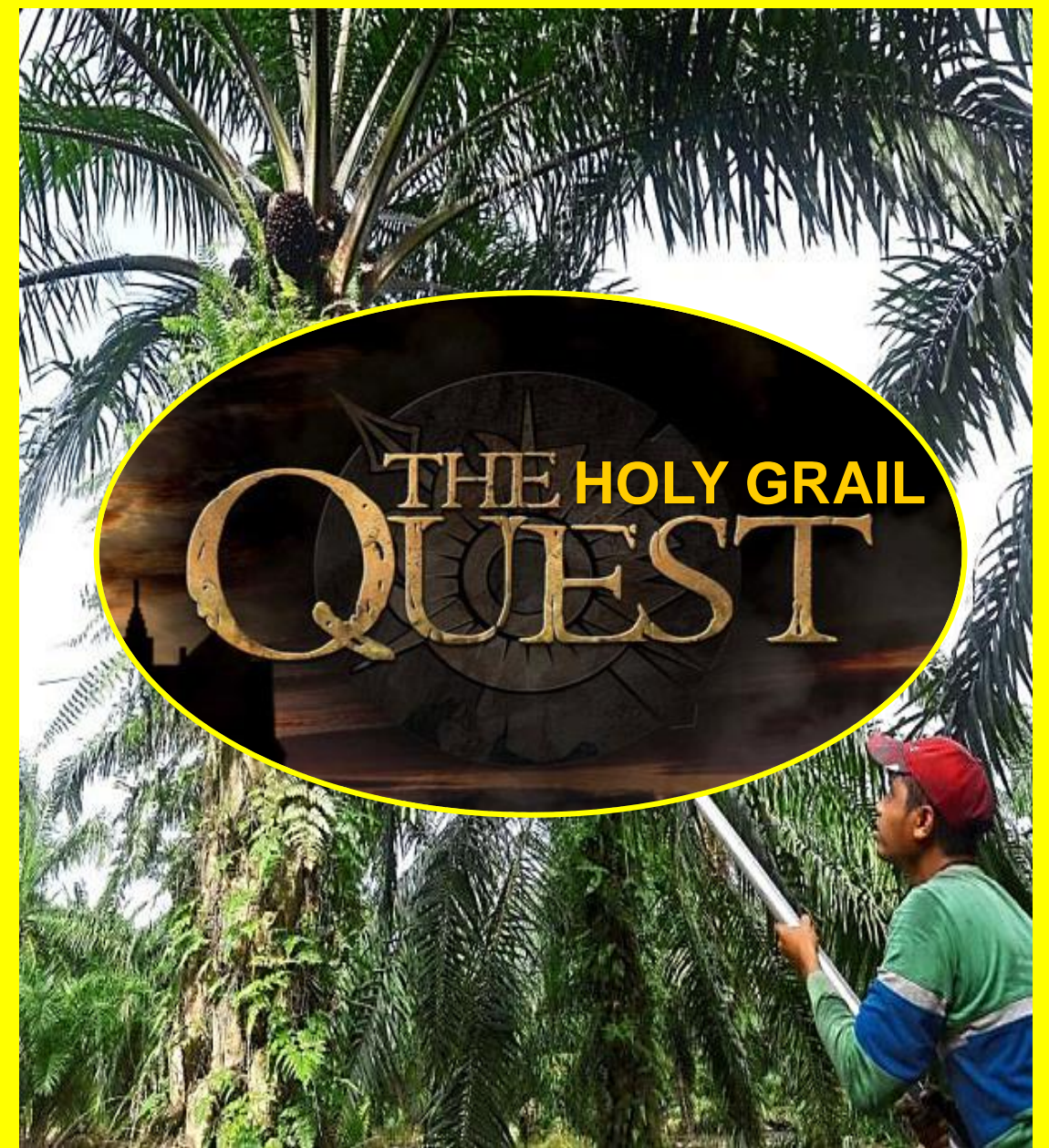
CLOUD COMPUTING



ARTIFICIAL INTELLIGENCE (AI)



THE BILLION RINGGIT MECHANISATION QUEST TALLER PALM HARVESTING SOLUTION



**MPOA'S
WISH-LIST**




Belanjawan 2024
**MALAYSIA
MADANI**




4. MTLM

MULTI-TIER LEVY MECHANISM

MULTI-TIER LEVY MECHANISM (MTLM) : DEPENDENCY RATIO CEILING (DRC)



**DEVELOPING
MULTI-TIER LEVY
MALAYSIAN
CASE STUDY**



Institute of Labour Market Information and Analysis (ILMIA)
Ministry of Human Resources

Sector	Quota	Dependency Ratio Ceiling (% of Total Workers)	Maximum Number of Foreign Workers: (Local Fulltime Employee*Quota) (100%-quota)
Agriculture and plantation	81.8%	≤81.8%	Total local workers * 4.5
Mining and quarrying	33%	Tier 1: ≤10% Tier 2: >10% - ≤ 20% Tier 3: >20% - ≤33%	Total local workers * 0.5
Manufacturing	75%	Tier 1: ≤30% Tier 2: >30% - ≤50% Tier 3: >50% - ≤75%	Total local workers * 3
Construction	80%	Tier 1: ≤35% Tier 2: >35% - ≤60% Tier 3: >60% - ≤80%	Total local workers * 4
Services	50%	Tier 1: ≤20% Tier 2: >20% - ≤35% Tier 3: >35% - ≤50%	Total local workers * 1

1 : 4.5

Levy Rate. As Malaysia is seeking to regulate its inflow of PLKS status foreign workers through quantity-oriented and price-oriented restrictions, the number of foreign workers that an employer is allowed to recruit is limited not only by quota (or dependency ratio ceilings), but also subjected to levy.

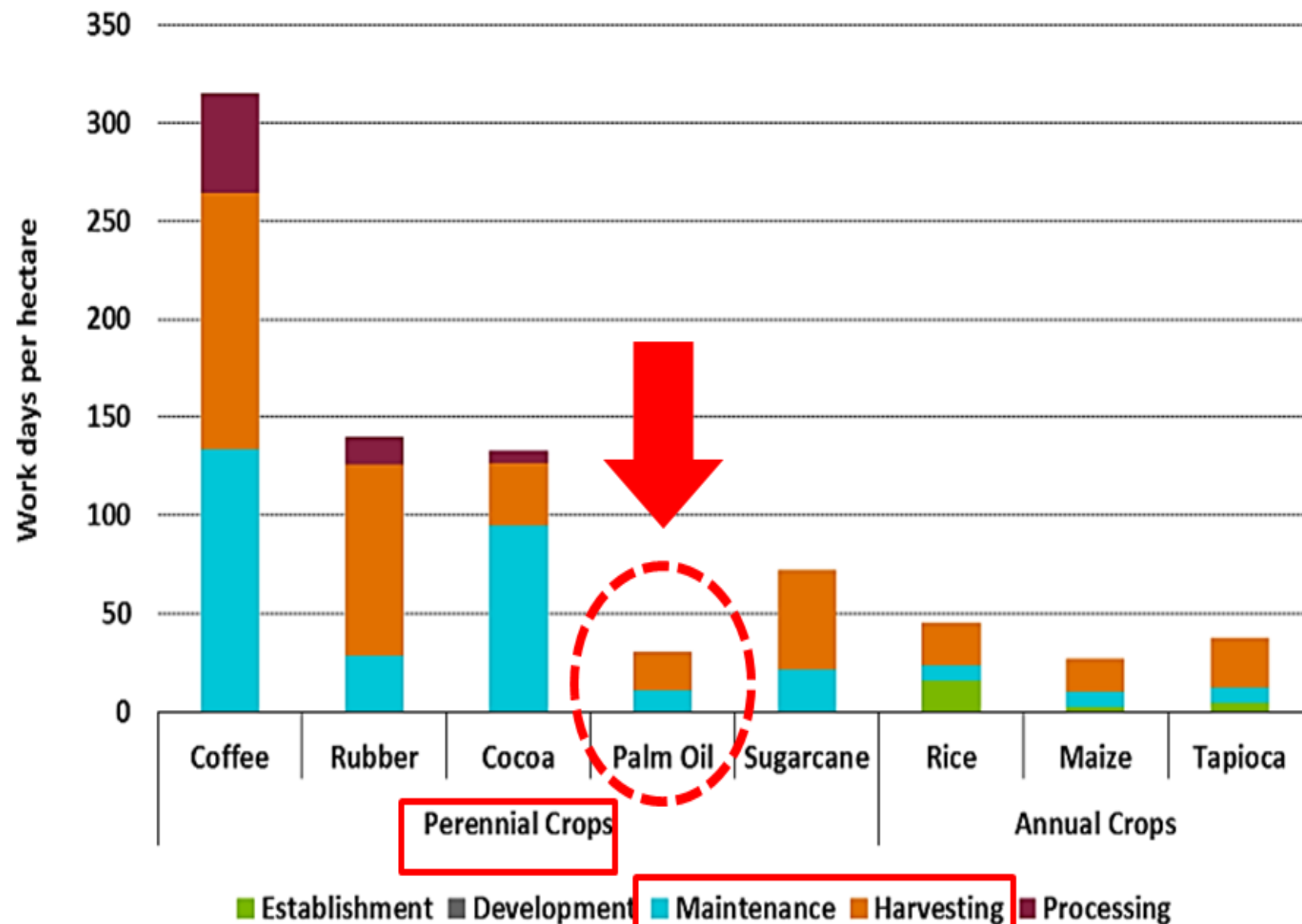
Sector	DRC	Levy Rate (RM)	DRC Determinant
Agriculture and Plantation	Tier 1: ≤45%	640	Currently at RM640
	Tier 2: >45% - ≤65%	1,200	
	Tier 3: >65% - ≤81.8%	1,950	
Mining and Quarrying	Tier 1: ≤20%	1,850	Labour Market Indicators
	Tier 2: >20% - ≤ 35%	2,200	
	Tier 3: >35% - ≤50%	2,550	
Manufacturing	Tier 1: ≤35%	1,850	
	Tier 2: >35% - ≤ 60%	2,100	
	Tier 3: >60% - ≤75%	2,400	
	Tier 4: >75% (above quota)	4,800	
Services	Tier 1: ≤25%	1,850	
	Tier 2: >25% - ≤ 40%	2,200	
	Tier 3: >40% - ≤50%	2,550	

MULTI-TIER LEVY MECHANISM FOR PLANTATION SECTOR

OIL PALM HAS A COMPARTIVELY LOW LABOUR NEED PER HECTARE, AND YET

South East Asia average workdays per hectare by major crop, days/ha

Source: LMC International. Oils and Fats International Congress 2022



1. Locals shun joining this 3D sector. **Case in point – Poor response to recruitment of locals during Covid-19 MCO.** And no mechanisation solution is available especially for the most critical task of harvesting the oil palm bunches of tall palms.
2. The sector proposed to use **labour to land ratio (LLR)** and **not dependency ratio ceiling (DRC)** due to it being a **proven system** in determining the number of workers required in plantation. There is **no one size fits all.**
3. The plantation sector proposes **staged approach** to provide time for harvesting machines to be invented, built and implemented in the industry. This is to prevent the industry and the nation from losing billions of Ringgits of unharvested oil palm bunches in revenue as well as taxation.
4. **The re-calibrated multi-tier levy approach is still under discussion but the levy may be incorporating both incentivising and punitive mechanisms.**
5. It is also propose that the **‘extra’ punitive levy** collected to be **channeled back** to industry to promote mechanisation initiatives.
6. Recruitment process for oil palm plantation sector to be **expedited** by synergising with the **mandatory MSPO (Malaysian Sustainable Palm Oil) certification.**

**MPOA'S
WISH-LIST**



Belanjawan 2024
**MALAYSIA
MADANI**



AGE PROFILE

**5.ACCELERATED
REPLANTING**

AGE PROFILE OF MALAYSIAN OIL PALM TREES : REPLANT OR PERISH

Malaysia palm oil firms must replant old trees or perish, says industry executive

Published Tue, Mar 07, 2023 · 9:22 pm

Commodities

As ageing trees sap yields, Asian palm oil firms race to replant

By Mei Mei Chu and Bernadette Christina

April 14, 2023 9:03 AM GMT+8 · Updated 4 months ago



Floods and Old Trees in Malaysia Set to Tighten Palm Oil Market

- Malaysia, Indonesia may see marginal output gain, MPOA says
- Floods will affect harvest, logistics and lead to poorer fruit

By Anuradha Raghu

March 11, 2023 at 11:30 AM GMT+8



BUSINESS

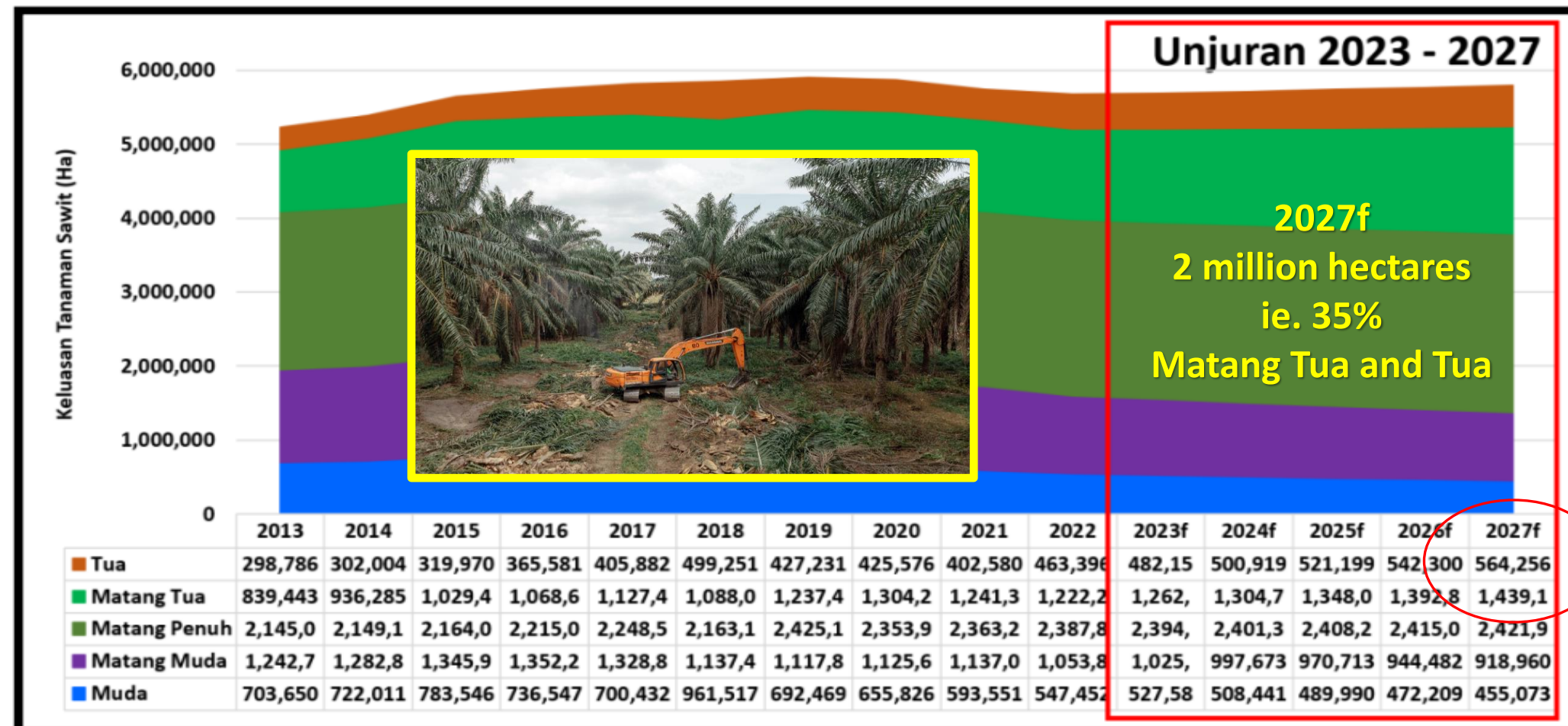
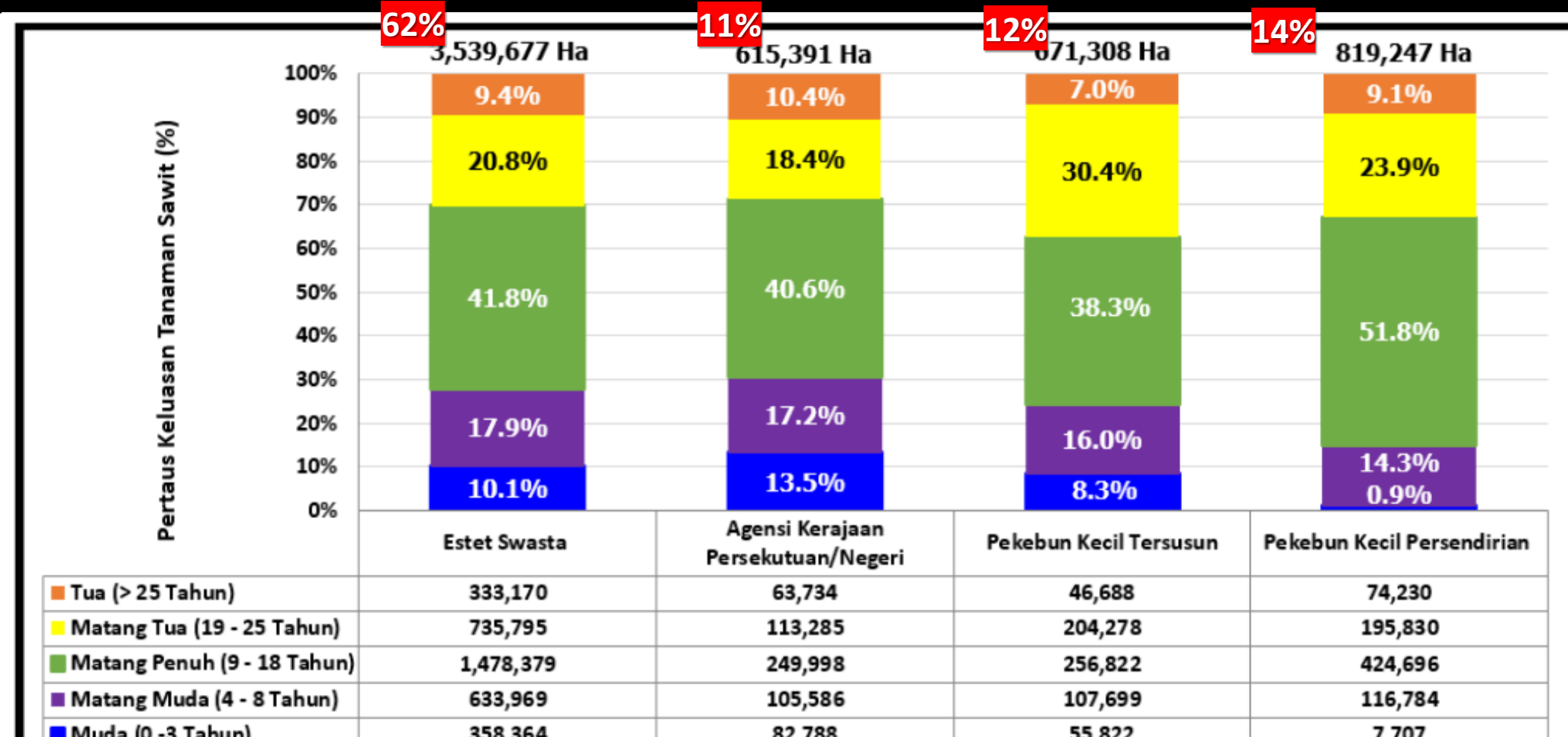
One-third of Sabah's oil palm trees old, prompting call for mass replanting

Supply-demand equation in supply chain at risk of being adversely affected, warns MPOA

Updated 5 months ago · Published on 11 Mar 2023 9:01PM

18

Shares



PROPOSED REINVESTMENT ALLOWANCE FOR PRIVATE SECTOR TO ACCELERATE OIL PALM REPLANTING

FELDA settlers to bear RM18,000 in debt for replanting of oil palm

By Shazni Ong / theedgemarkets.com

27 Jul 2022, 12:57 pm

KUALA LUMPUR (July 27): Federal Land Development Authority (FELDA) settlers will have to bear the cost of RM18,000 per hectare for the replanting of oil palm, which is one of the factors that the group is burdened with debt.

Minister in the Prime Minister's Department (Economy) Datuk Seri Mustapa Mohamed said this amount had increased by almost 30%, compared with RM14,000 previously.

"The cost incurred for replanting now is RM18,000 for one hectare of oil palm, compared with RM14,000 before. For rubber plants, it is RM13,710," he said in Parliament on Wednesday (July 27).

1. The private sector including the Federal/State agencies have a total of **505,729 hectares** aged 25 years old and above (MPOB, June 2023). Replanting cost was quoted for FELDA at RM18,000 per hectare until maturity. Today, the replanting cost can range from **RM20,000 to above RM30,000 per hectare**. **Using cost @ 20K/ha, it will cost the private sector over RM10 BILLION to replant.**

2. An accelerated replanting from the private sector nationwide is imperative to achieve a large area of replanted hectarage. To secure the sustainability of the oil palm sector with uninterrupted supply chain and to enhance productivity with new planting material and better practices. Thus, a replanting tax support must be accorded to the private sector to entice replant. **Replanting is a reinvestment!**

3. Regrettably, the upstream estates and plantation companies, central to the rejuvenation of oil palm cultivation and is part of the intertwined supply chain, are presently excluded from the present **Reinvestment Allowance (RA)**.

4. In response to the critical need for accelerate replanting efforts to foster a larger footprint (i.e, increased replanted hectarage) across the nation, it is proposed:-

- (a) **Extend the RA tax incentive to specifically include "replanting of oil palm".**
- (b) **Allow 100% utilisation of RA against the company's statutory income.**

5. This calculated move represents not just a reinvestment in the industry, but a strategic maneuver that holds the promise of substantially improving oil palm productivity, boosting the nation's GDP and fortifying future tax revenue.



**MPOA'S
WISH-LIST**



6. SUSTAINABILITY RELATED

SUSTAINABILITY, DUE DILIGENCE, ESG & CLIMATE CHANGE

SUSTAINABILITY ASSURANCE TO DUE-DILIGENCE

Voluntary & mandatory sustainability certifications -> CERTIFICATION FATIGUE

MSPO
ISPO
SPOTT SUSTAINABLE PALM OIL TRANSPARENCY TOOLKIT
HACCP
TOM Total Quality Management
Global Reporting Initiative™
ISCC International Sustainability Et Carbon Certification
BURSA MALAYSIA
SUSTAINABLE DEVELOPMENT GOALS
RSPO Roundtable on Sustainable Palm Oil
EU moves toward mandatory supply chain due diligence
FROM EUDR TO LABOUR DILIGENCE

The Devil is in the Details

GLOBAL TREND : ESG AGENDA & CLIMATE CHANGE

CBP Issues Withhold Release Order on Palm Oil Produced by Forced Labor in Malaysia

Release Date: Wed, 12/30/2020 - 12:00



ESG = Environment, Social and Governance

CLIMATE CHANGE IN MALAYSIA
A COSTLY PHENOMENON

11 INDICATORS OF ILO FORCED LABOUR

- INTIMIDATION & THREATS
- RETENTION OF IDENTITY DOCUMENTS
- WITHHOLDING OF WAGES
- DEBT BONDAGE
- ABUSIVE WORKING & LIVING CONDITIONS
- EXCESSIVE OVERTIME

Malaysia's decarbonisation pathway

Malaysia's national climate targets

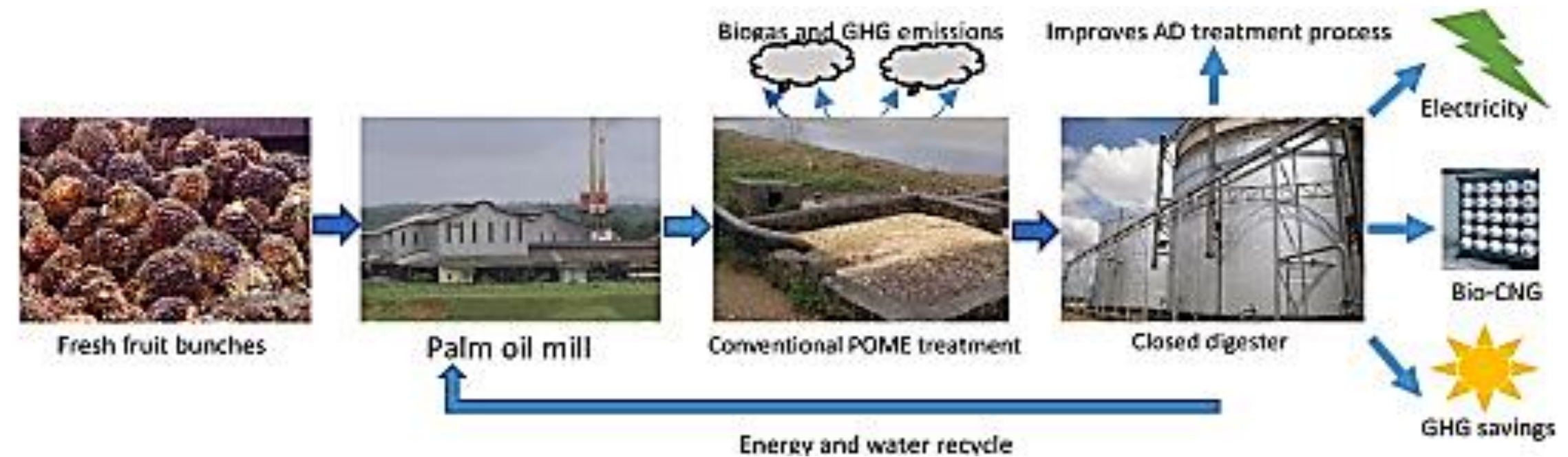
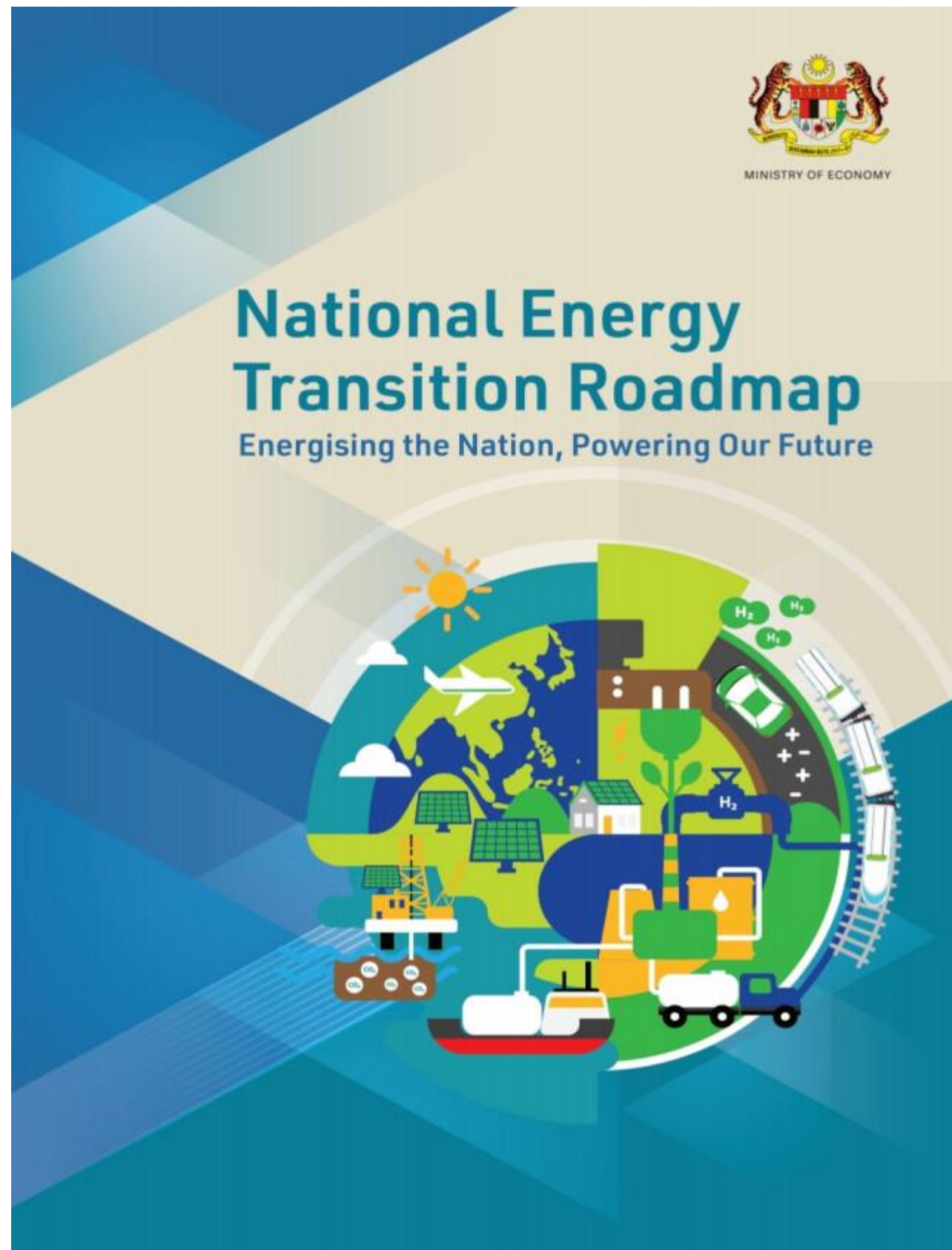
What are Malaysia's main sources of carbon emissions?

How will Malaysia meet its climate targets?

1. The growing concerns on climate change, ESG, traceability and reporting compliance demand **capacity building and utilisation of best-fit technologies** . Any **tax deduction** for expenses in these regards will encourage enterprises to undertake such measures in a partnership to sustain competitiveness and fiscal contribution.
2. Also to consider **tax incentives** on conservation, restoration and rehabilitation initiatives under plantation landscapes.

NATIONAL ENERGY TRANSITION ROADMAP (NETR)

The NETR Part 1, which was launched on **27 July 2023** by Minister of Economy Rafizi Ramli, outlines 10 flagship catalyst projects and initiatives based on six energy transition levers



1. Only about one-third of Malaysian mills (~140) have **methane capture** facilities, with stranded biogas due to rural/remote locations. Meanwhile, under the NETR, biomass, which includes **biogas, is identified as one of the low carbon fuels**. In addition to using biogas to generate electricity for self-consumption or sale to grid, it can also be **purified into bioCNG** as biogas comprises 55% to 65% of biomethane and this can be used by industries as green gas. With suitable **tax allowances**, palm bioCNG will unlock stranded biogas potential, turns waste to income and reduce carbon emissions in line with our 2050 national carbon neutrality target.
2. For above to be commercialised, there is a critical need for astute facilitation and governance under NETR to promote initiative as well as drive and monitor implementation under the NETR. In addition to **tax allowances, equitable pricing between energy developers and off-takers** such as Gas Malaysia must be with reasonable payback and bankability.



7. 2-TIER COOKING OIL PRICING

PROPOSAL FOR THE PALM OIL INDUSTRY TO SUBSIDISE 300,000 MT/YR CPO FOR **BOTTLED COOKING OIL** UNDER TWO-TIER PRICING MECHANISM

PEMUDAH Technical Working Group on Food Cost (TWGFC) led by Prof Emerita Tan Sri Dr Sharifah Hapsah Syed Hasan.

www.theedgemarkets.com/article/sudden-price-hike-cooking-oil-%E2%80%94-what-issue

MALAYSIAN DOMESTIC COOKING OIL CONSUMPTION PER CAPITA

Malaysia Population of **33 million (2022)** includes B40, M40 and T20

1. Cooking Oil Stabilisation Scheme (COSS) of **720,000 mt/year @ RM2.50/kg** polybag at CPO price fixed RM1,700 pmt → **22 kg per capita**.
(Total COSS subsidy in 2022 for 720,000,000 polybags of 1 kg estimated RM2.8 billion vs windfall profit levy RM3 billion – YB DS Ahmad Maslan)
 2. Currently another **300,000 mt/year** bottled under **Mekanisma Kawalan Harga Minyak Masak (MKHMM)** → **9 kg per capita**
→ **TOTAL: 31 kg per capita**
→ Exclude other IMPORTED edible cooking oil
- vs DOSM's estimate Malaysia only need **410,800 mt** for Year 2023 ie. **12.4 kg** per capita ie. **2.5X**.

... LEAKAGES are REAL

1. **Proposal in May 2023** : 2-Tier Pricing Mechanism to replace MKHMM with subsidy from palm oil industry for **300,000 mt/year at fixed CPO price RM3,700 pmt** and sold at <RM30 per 5 kg bottle.

2. Palm oil industry already 'subsidising' the present COSS for rakyat with **720,000 mt/year** at presently below cost of production.

3. Since mid-2022 to present, CPO price has stabilised. Therefore, proposal is a lagged and irrelevant measure. Consumers have higher acceptance of current prices.

4. **INDUSTRY'S VIEW : TO CONTINUE WITH MKHMM**
At present, only cost govt estimated **RM8 mil** per month (at CPO price RM4,000 pmt).

Let the cooking oil price 'float' and go for targeted subsidy reforms (SUBSIDI BERSASAR)



8. HRDC LEVY

HRDC 1% LEVY ON PLANTATION SECTOR

EXEMPTION GRANTED FOR 1 JAN 2022 - 31 MARCH 2022 (3 MONTHS)

HRDC LEVY



Ref. No : (34) PSMB 16/5/5 kulit 5
Date : 14 Oktober 2022

PERSATUAN MINYAK SAWIT MALAYSIA (MPOA)

Tower 3, Level 8, Unit 03-08-09
UOA Business Park
No. 1, Jalan Pengaturcaraan U1/51A
40150 Shah Alam
Selangor
(Attn : Dato' Lee Yeow Chor - Chairman)

By : Registered Post

Dear YBhg. Dato',

APPEAL FOR EXEMPTION OF LEVY FOR THE AGRICULTURE SECTOR FROM 1ST JANUARY 2022 - 31 MARCH 2022

With reference to our previous engagements and correspondences relating to the said matter. We write to acknowledge that your appeal has undergone the process required for a request of exemption of levy.

We would like to inform you that the process required is lengthy and may at times cause considerable delay due the various legal requirements that have to be met.

Please be assured PSMB has been consistently following through with the Ministry of Human Resource, specifically its Policy Division.

However, please note not withstanding the delay in the process, we write to inform you that the matter has met with approval from the Minister's Office as of September 2022 and is expected to be processed and gazetted by the relevant department within the Ministry of Human Resource and thereafter the AG's Chambers.

As this is accepted procedure, please be advised that PSMB has already factored in the exemption until 31st of March 2022. You may kindly proceed to pay the levy due from 1st April 2022 and onwards.

PSMB (HRDC) LEVY (AMENDED) ORDER, 2021

1. Inclusion of Plantation Sector started in Year 2022.
2. 1% monthly wages of Malaysian employees. Estimate from Plantation Sector : RM4 mil per month.
3. Exemption for plantation sector 1 Jan 2022 - 31 March 2022. 'Repayment' of exemption can only be effected once gazetted by Parliament.
4. Arrears related matters due to IT glitches resolved as of 20 Feb 2023. No penalty will be imposed.
5. FOLLOW-UP ON EARLY AGREEMENT : Channeling of levy to plantation sector including to KPK's IMPAC. Unutilised levy after 2 years will be channeled to HRDC consolidated fund.



9. IS CPO FOOD?

IS CPO FOOD? ARE PALM OIL MILLS FOOD PREMISES?

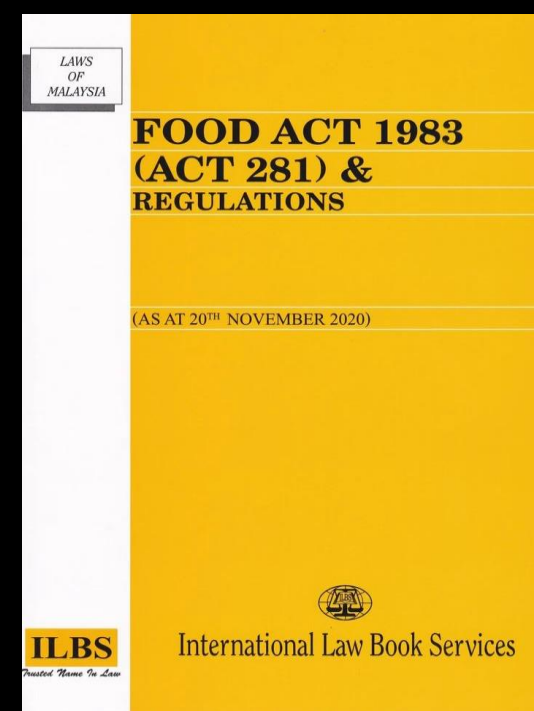
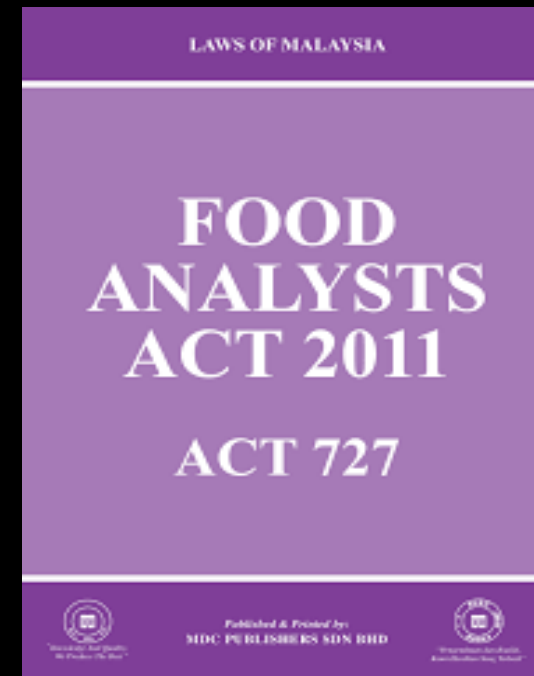
IF CPO IS FOOD, THEN MILLS ARE **FOOD PREMISES**
 IF MILLS ARE TAXED AS FOOD PREMISES, THEN CPO IS FOOD?

ESTATES
and smallholders

PALM OIL
MILLS

PALM OIL
REFINERIES

MOH SAYS CPO IS FOOD ...



BAHAGIAN KESELAMATAN DAN KUALITI MAKANAN
 (FOOD SAFETY AND QUALITY DIVISION)
 KEMENTERIAN KESEHATAN MALAYSIA
 (MINISTRY OF HEALTH MALAYSIA)
 ARAS 4, MENARA PRISMA
 NO. 25, JALAN PERSIARAN PERDANA
 PRESINT 3, 62675 PUTRAJAYA

Tel : 603 - 8885 0797
 Faks : 603 - 8885 0769
 E-mail : hq.division@moh.gov.my
 http://lq.moh.gov.my

Rujukan Kami : KKM 600-1/1/55-2/4(17)
 Tarikh : 12 Mei 2023

**MOH's response dated 12 May 23
 -> CPO is food**

CLASSIFICATION OF CRUDE PALM OIL (CPO) AS FOOD PER THE FOOD ACT 1983

Saya dengan segala hormatnya merujuk surat daripada pihak tuan bertarikh 18 Januari 2023 berkaitan perkara di atas.

2. Untuk makluman tuan, Bahagian Keselamatan dan Kualiti Makanan, Kementerian Kesihatan Malaysia adalah agensi yang bertanggungjawab dalam memastikan makanan yang diproses, diimport dan dijual di pasaran mematuhi standard dan keperluan pelabelan makanan yang ditetapkan oleh Akta Makanan 1983 dan peraturan-peraturan di bawahnya.

3. Berdasarkan Seksyen 2 di bawah Akta Makanan 1983 [Akta 281] "makanan" ditakrifkan seperti berikut:

"makanan" meliputi setiap barang yang dikilang, dijual atau diberi gambaran untuk digunakan sebagai makanan atau minuman untuk kegunaan manusia atau yang masuk atau digunakan dalam campuran, penyediaan, pengawetan apa-apa makanan atau minuman dan meliputi gula-gula, benda-benda kunyahan dan apa-apa ramuan bagi makanan, minuman, gula-gula atau benda-benda kunyahan itu.

(Sila catitkan rujukan surat ini apabila menjawab)

BERKHIDMAT UNTUK NEGARA

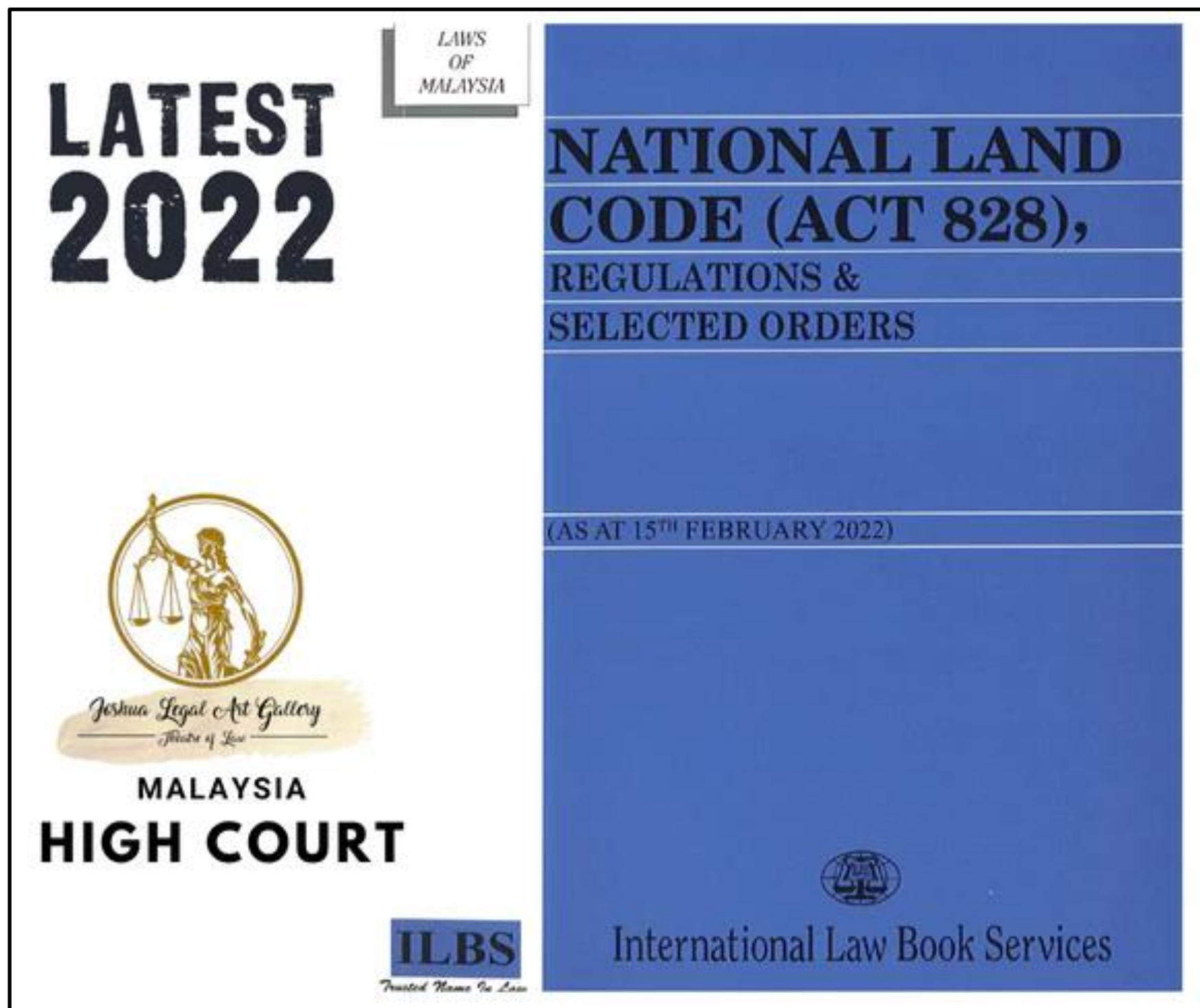
Saya yang menandatangani amanah,

(NORANI BINTI EKSAN)
 Pengarah Kanan Keselamatan dan Kualiti Makanan
 Kementerian Kesihatan Malaysia

Justeru adalah jelas berdasarkan tafsiran tersebut, CPO yang merupakan salah satu bahan mentah dalam proses penyediaan minyak masak dikategorikan sebagai makanan dan tertakluk pada semua perundangan berkaitan di bawah Akta Makanan 1983 dan peraturan-peraturan di bawahnya.

7. Dengan itu adalah menjadi tanggungjawab pihak pengilang atau industri makanan termasuk yang terlibat dalam pemprosesan CPO untuk mematuhi semua keperluan di bawah Akta Makanan 1983 dan peraturan-peraturan di bawahnya.

NATIONAL LAND CODE (ACT 828) AND STATE LAWS



(3) The conditions specified in subsection (1) shall be implied in the case of any land to the extent only that they are not inconsistent with any express conditions to which the land is for the time being subject.

(4) The purposes referred to in paragraph (1)(a) are the following:

(a) the purposes of a dwelling house for the proprietor of the land or any other person lawfully in occupation thereof; or for the servants of, or any persons employed for agricultural purposes by, the proprietor or any other such person:

Provided that the dwelling house for the proprietor of the land or any other person lawfully in occupation thereof shall not occupy more than one-fifth of the whole area of the land or two hectares, whichever is the lesser;



(b) the purposes of agriculture;

(c) the purpose of extracting or processing raw material from any agricultural produce of such land;

(d) the purpose of preparing for distribution any such material or produce, or any honey-bees, livestock or reptiles kept or bred on such land, or the produce of such livestock or aquaculture on such land;

(e) the purposes of providing educational, medical, sanitary or other welfare facilities, including (so far as they are provided primarily for use by persons employed on the land) facilities for the purchase of goods and other commodities;



(f) any purpose which the State Authority may prescribe for the purposes of this section by rules under section 14;

<https://farms.my/putting-agricultural-land-in-malaysia-to-good-use/#:~:text=In%20Malaysia%2C%20the%20National%20Land,the%20registered%20document%20of%20title.>

<https://biggerestates.com/land-administration-use-conversion-division-and-partition/>



10. STATE LEVEL MATTERS

Incl Property Assessment Tax (PAT)
Quit Rent, KTM Crossings



CONCLUDING REMARKS

CALL FOR ENHANCED APPRECIATION OF THE OIL PALM SECTOR

THE NATIONAL AGENDA EMPHASISES
**SHARED PROSPERITY
AND SUSTAINABILITY**

OIL PALM & ITS SUPPLY CHAIN A DIFFERENT SECTOR FROM OTHERS

PERFECT 'MADANI-ALIGNED' PALM OIL SECTOR WITH **DISTINCTIVE** CHARACTERS

1. Socio-economic aspects mainly in **rural** areas.
2. Oil palm thrives with rain and sun. Impacted to weather vagaries.
3. Grown in different topography, terrain & soils
4. **Biological** and **Perennial** tree
5. **Commodity** business, price taker and can't pass cost to consumers
6. **Long-haul** investment & return on investment (ROI)
7. **Gestation (~3 years) & replanting (>20 years)**
8. Remains **labour-intensive**
9. Unabated hike in production **cost**
10. Intertwined **supply-chain**
11. Multiplying and **spin-off effects**
12. Aligned to **UN - SDGs**

Palm oil sector needs enabling “know-hows and must-haves” policies with cognisance of cost-productivity, competitiveness and sustainability.



VITAL NUMBERS OF THE MALAYSIAN OIL PALM SECTOR

450,000

... livelihood of smallholders
in MALAYSIA

4,000,000

... people involved with dependents
excluding the multiplying & spin-offs

90%

of Malaysian palm oil
exported

> 170

Consuming
countries

RM138 BIL

... export value (2022)

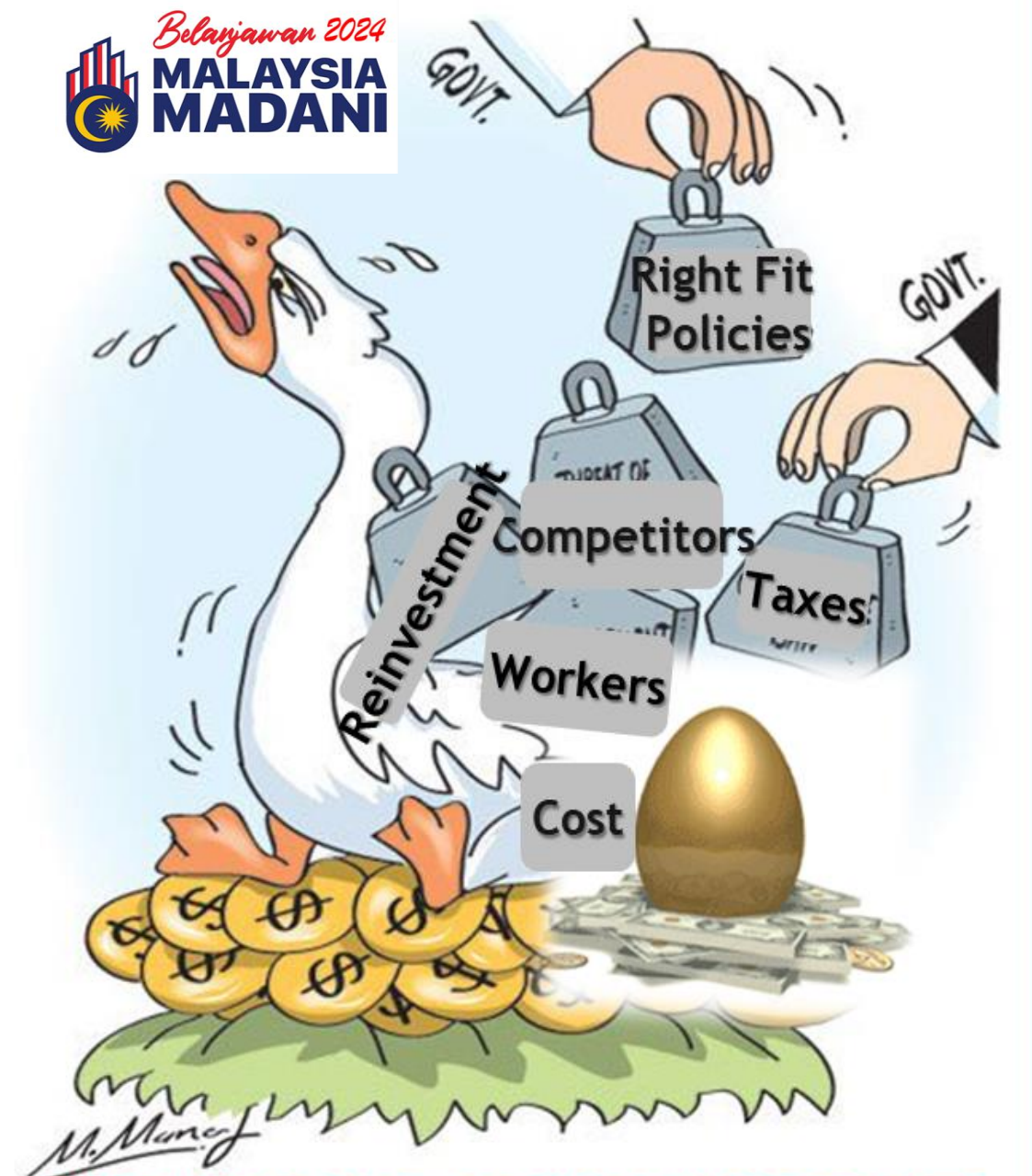
~ 3,000,000,000

... palm oil consumers in the world

> RM18 BIL TAXES ON
GROWERS (2022)

Source : MPOB, MPOC, MPIC, MEOA & MPOA

... LET US NOT KILL THE GOOSE
THAT LAYS THE GOLDEN EGGS



... GALVANISE OUR COLLECTIVE EFFORTS,
NURTURE IT TO EXCELLENCE



MPOA NATIONAL PALM OIL CONFERENCE (NPOC 2023)
PALM PROGRESS : FUTURE-PROOFING COMPETITIVENESS AND SUSTAINABILITY
2-3 October 2023, Sunway Resort Hotel



PALM PROGRESS
UPDATES ON SECTORIAL
KEY ASPECTS AND RELEVANT
ENGAGEMENTS 2022/2023
INCLUDING MPOA'S WISH-LIST
FOR BUDGET 2024

JOSEPH TEK CHOON YEE
CHIEF EXECUTIVE (MPOA)