

ASIA PALM OIL

PALM OIL INDUSTRY AND TECHNOLOGY NEWS

Ministry All Out to
Help Oil Palm
Smallholders

Blockchain,
Direct to Consumer
Communication Can
Help Uplift Palm
Oil's Image

MPOB Develops
Cost-Effective
Palm-Based Lassi

Local Palm Oil
Players to Keep an
Eye on New
Ministry's
Policy Move



Cover Story :

An Interview with Mr. Carl Traeholt,
Southeast Asia Programme Director of
Copenhagen Zoo

PP18791/04/2016 (034458)



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LONG FIBRE PRESS (PRE PRESS)



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KH-7

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sterilization.

- BENEFITS

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3. To improve sterilization capacity.
4. To reduce the percentage of USB and HB.
5. Solution for big bunches and poor sterilization.
6. To improve kernel recovery and oil recovery (indirectly)
7. To provide smooth operation of the empty bunches processing.

(MY) PATENTED NUMBER: MY-139512-A
(ID) PATENTED NUMBER: IDP000038724
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INTRODUCING
NEW
EFB BOILER FUEL FIBRE PRESS

KH-777-8

Heavy Duty
Boiler Fuel Fibre Press

FUNCTION:

A Single Step
machine for Press and Cut

CAPACITY:

6-8 MT of EFB/Hour

MOISTURE CONTENT:

38% - 45% (after press)

OIL CONTENT IN FIBRE:

1% - 1.5% on sample (wet basis)

FIBRE LENGTH:

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Function:

Pressing 1st PKE
to extract oil from cake

CAPACITY:

18 MT of 1st PKE/24 hrs

Oil Content in Final Cake:

<6.5 % (Wet Basis)

Patented Design



**Detachable
Press Shaft with
Adjustable Cone Point &
Segmented Worm Collar Design**



HEAVY DUTY
FFB60 SPLITTER



HEAVY DUTY EFB
LONG FIBRE PRESS (PRE PRESS)



HEAVY DUTY
EFB SHREDDER



HARD BUNCH
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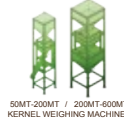
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Editor's Message

It's the Volume 9 issue of Asia Palm Oil Magazine! We hope all of our readers are blessed with great health and strength in the times of the outbreak of COVID-19. A lot has happened in a short time. The outbreak has no doubt bring overwhelmed reactions to people across the countries that are affected by it. Uniting and cooperating are some of the important aspects to fight the pandemic.

COVID-19 virus has spread to at least 178 countries and regions around the globe. Some countries have applied social distance and work from home to disrupt the contagion. However, the economies and businesses have been stalled by it. The outbreak of the pandemic has seen a major impact on global supply and demand. Indonesia has yet to decide on plantation closures while Malaysia has directed palm plantations to continue operations despite few companies had to shut down their operations. The palm oil industry in Malaysia has executed and underlined a firm social distance guidelines at mills, estates and refinery operations. It's one of the ways being implemented to ensure the operations are ongoing and at the same time prevent the spread of the COVID-19 among workers.

This worldwide virus outbreak is predicted to take at least six to twelve months from the recovery of people and businesses to return to regularity. The uncertainty on the economic growth drives some businesses to take drastic measures. Palm oil has seen a weaker demand continues to weigh on prices. Malaysia's economic growth would likely to decline as the restriction in several countries discourage the external demand for exports. However, Prime Minister Tan Sri



Susan Tricia
Editor

Muhyiddin Yassin has unveiled an RM10 billion stimulus package to small and medium-sized enterprises (SMEs) as a way of help during the Movement Control Order (MCO). As SMEs make up around 40% of the country's economy, this by far ensures that the country's economy will not collapse any sooner.

On behalf of the editorial team, I thank you for your continuous support to Asia Palm Oil Magazine. Stay in touch with us on www.asia-palmoil.com and follow us on Facebook and LinkedIn for more updates. Stay at home and let's together break the chain of COVID-19 virus.



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1	Max. Inlet Pressure (psi)	700	700	700	700
2	Max. Inlet Temperature (F)	750	750	750	750
3	Max. Exhaust Pressure (psi)	vac-100	vac-100	vac-100	vac-100
4	Speed (RPM)	1000-6000	1000-6000	1000-6000	1000-6000
5	Maximum Power (HP)	900	1600	3500	7000
6	Max. Inlet Diameter (in)	4	6	8	8
7	Max. Exhaust Diameter (in)	10	14	16	20
8	Hand Control Valve	0-2	0-2	0-2	0-2



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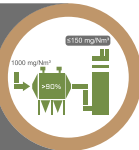


Electrostatic Precipitator (ESP)

Optimal Performance for
Minimized Emission from
Palm Oil Mill



Optimized Performance
to meet Regulations
 $\leq 150 \text{ mg/Nm}^3$ with 2 fields



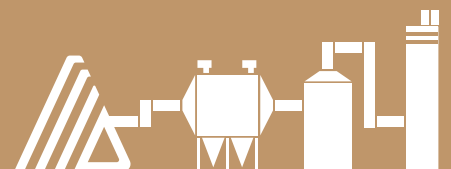
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- SCADA for FFB handling and sterilization system
- Electrical works

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- ↑ Increase mill capacity by 20% without additional cost or footprint
- ↓ Reduce manpower at front end by 75%
- ↓ Reduce steam consumption by 30% and its relative condensate produced
- ↓ Reduce sterilization cycle time by 30%
- ↓ Reduce operating cost at front end by 65%

BONUS

- ✓ Completed in 8 months with no mill stoppage
- ✓ Automation enabled
- ✓ Enhanced work safety
- ✓ Industrial 4.0 ready

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— with —
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FGV Develops Action Plan to Enhance Labour Practices

Agricultural and agri-commodities company FGV Holdings Bhd has developed an action plan to ensure that all of its practices relating to labour are fully in line with international labour standards.

Group Chief Executive Officer Datuk Haris Fadzilah Hassan said the FGV Action Plan 2020 in affiliation with the Fair Labour Association (FLA) underlines the company's commitment to responsible recruitment of migrant workers and strengthening of grievance mechanisms.

It is also aimed at regularising undocumented migrant workers in Sabah, improving monitoring systems and remediation, as well as enhancing stakeholder engagements.

"The action plan will constitute FGV's overarching effort to uphold labour standards, which will also address concerns raised by the Roundtable for Sustainable Palm Oil (RSPO).

"FGV is serious in protecting the rights and well-being of its workers, including migrant workers, especially amidst the COVID-19 situation in the country," he said in a statement.

According to Haris, there are over 30,000 migrant workers in FGV's plantations.

"FGV fully respects their rights as employees and is committed to pay minimum wage and ensure adequate supply of food to them," he said.

He added that FGV became a participating company of the FLA in October 2019 as part of its commitment to human rights and ongoing efforts to uphold labour standards.

The FLA is an international association of socially responsible companies, universities and civil society organisations, aiming at promoting and protecting the human rights of workers, and improving working conditions worldwide.

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Information Mobility

- Automated Summary of work completion
- Real Time Data allow user to re-act faster
- Seamless field data integration

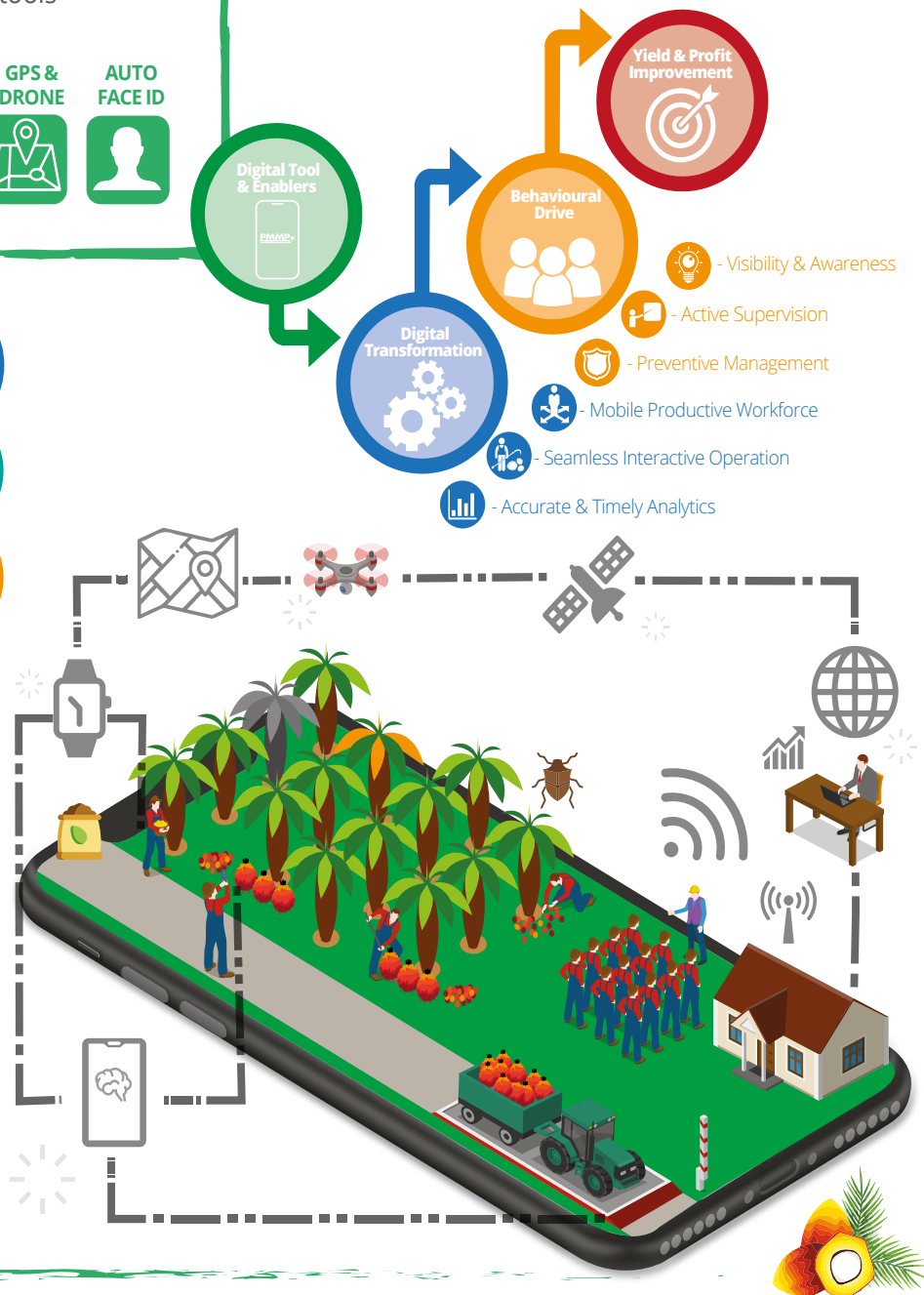
Ease of Use

- User Friendly Interface
- Less time taken for system familiarization
- Degree of usability to suit all user hierarchy

Cost Effectiveness

- Instant investment return possibility
- Sturdy industrial design device
- Reduce Non-value creating activities

**Better Efficiency
Higher Productivity
Greater Transparency**
Nursery - Plantation - Mill



MPOB Develops Cost-Effective Palm-Based Lassi

Malaysian Palm Oil Board (MPOB)'s researchers have developed a cost-effective palm-based lassi that is available for commercialisation by Malaysian companies, particularly the small and medium entrepreneurs (SMEs).

MPOB said, the researchers, led by Nur Haqim Ismail, invented the palm-based lassi, targeting particularly for the health-conscious individuals.

"Lassi is a popular traditional fermented milk drink originated from India. Traditionally, it is made by fermenting cow's or water buffalo's milk with lactic acid bacteria and takes at least 12 to 16 hours to be done.

"Breeding of bacterial cultures is an essential prerequisite for high-quality lassi production," it said.

MPOB said low-fat lassi, which is healthier, has a poor consistency and flat flavour which shows excessive whey separation.

"Palm-based lassi is a new type of beverage with high commercial potential in the local market. It is produced through the direct acidification process with less time consuming compared to conventional fermentation method.

"Direct acidification without the use of culture in the manufacture of lassi will not only address the problems commonly faced in the traditional fermentation method but will also significantly reduce processing time and help in reducing the production costs," said the board.

MPOB further said the direct acidification will also significantly extend the shelf life of lassi because it is not influenced by live culture.

Moreover, the addition of palm oil to substitute the milk fat produced healthier lassi as it contains no cholesterol as well as trans fatty acids free.

"Research showed that the physicochemical properties of palm-based lassi such as pH, titratable acidity, viscosity and Brix level, are comparable to that of commercial lassi.

"Also, the sensory evaluation which was conducted among the panellist showed that the preference of palm-based lassi was higher than the commercial milk fat-based lassi," it said.

The board said Malaysian companies can take advantage of this opportunity as palm-based lassi through this direct acidification process is still not available or explored in the market.

"Thus, it has a huge potential to be commercialised in the market at a competitive price with better overall acceptance compared to the commercial lassi," it added.



Malaysian Palm Oil Board (MPOB)'s researchers have developed a cost-effective palm-based lassi that is available for commercialisation by Malaysian companies, particularly the small and medium entrepreneurs (SMEs).

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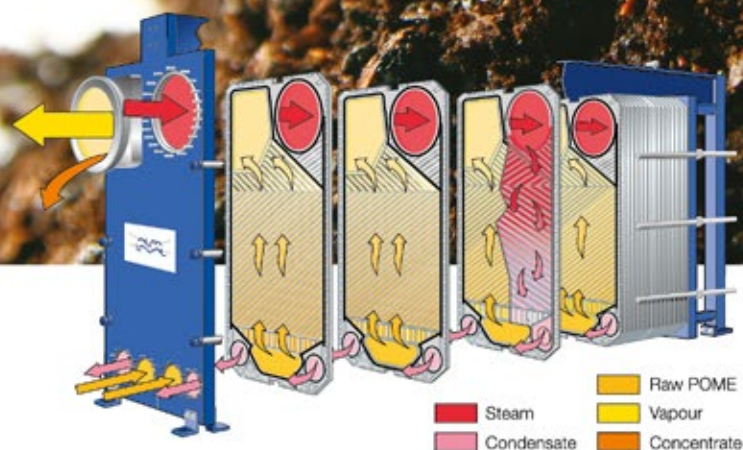
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Sime Oils, UKM Seal Tie-Up



Sime Darby Plantation Bhd's (SDP) downstream entity Sime Darby Oils (SDO) is working with Universiti Kebangsaan Malaysia (UKM) to conduct a two years clinical trial on the therapeutic approach of tocotrienols for the treatment of non-alcoholic fatty liver disease (NAFLD). NSTP/MUSTAFA KAMAL

Sime Darby Plantation Bhd's (SDP) downstream entity Sime Darby Oils (SDO) is working with Universiti Kebangsaan Malaysia (UKM) to conduct a two years clinical trial on the therapeutic approach of tocotrienols for the treatment of non-alcoholic fatty liver disease (NAFLD).

SDO managing director Haris Arshad said the partnership solidified its goal to be evidence-based in the claims over palm oil products, especially in the nutrition business.

"This represents the very first collaboration between SDO and UKM in the medical field involving a non-communicable disease called the NAFLD.

"NAFLD is the term for a range of conditions caused by a build-up of fat in the liver, which may lead to serious liver damage in the long term, if left untreated.

"This is an extremely important element in our aspiration to venture into the nutraceutical industry in the future," he said during the signing ceremony.

Both parties expect to see preliminary results within six months from the commencement of the clinical trial this month and a full publication of the findings in 2021.

UKM Faculty of Medicine dean Prof Dr Raja Affendi Ali said the prevalence of NAFLD in Malaysia could be about 15 to 30 per cent of the general adult population.

The projection was based on the high prevalence of other metabolic diseases in the Malaysian population that are commonly associated with NAFLD, such as high blood sugar, hypertension and obesity.

He said 60 per cent of Malaysian with slightly elevated cholesterol levels had NAFLD, and yet, no medication was available for the disease.

"We are running a randomised double-blind clinical trial with a localised demographic sample focusing on a full-spectrum testing of fatty liver, the first and the most comprehensive of its kind in the world," he said.

Raja Affendi is the lead investigator of the clinical trial and a consultant physician in gastroenterology and hepatology at the Hospital Canselor Tuanku Mukhriz.

The tocotrienols that will be used in the clinical trial studies are extracted from palm fruit harvested exclusively from the plantations of SDP.

SDO currently produces a tocotrienols supplement called Natriéo, which has been made commercially available since 2002.



POSCO International's palm oil plantations in Papua, Indonesia / Courtesy of POSCO International

POSCO Vows to Go Green in Palm Oil Business

POSCO International will implement a “no deforestation, no peat, no exploitation” (NDPE) policy for its palm oil business in Indonesia with the aim of protecting the environment and seeking sustainable growth with local companies and residents, the trading arm of POSCO group.

The company entered the palm oil business in Papua, Indonesia in 2011 and completed plantation development at the end of 2017. Its palm oil business involves the extraction of oil at the plantation and the production and sales of oilseed products. In 2019, the company produced 80,000 tons of palm oil.

The NDPE policy is the company’s commitment to residents, local companies and the environment in its palm oil business area. POSCO is determined to achieve sustainable palms by preserving the environment of the plantation; protecting the human rights of residents and workers; and better communicating with every party involved in the business, the company said.

“We are declaring the adoption of the NDPE policy, which has been increasingly taken up in the palm oil sector as part of our efforts to create a virtuous cycle in our palm oil business,” a spokesman for the company said.

To improve transparency, the company will report every year starting 2020 on how it has prevented deforestation, found alternatives to developments on peat-lands and contributed to the welfare and human rights of the region’s indigenous peoples.

POSCO International said it has significantly contributed to the community of Papua by creating 3,500 jobs and offering education programs for indigenous peoples. It also established three clinics helping 25,000 residents there receive medical services at no cost.

“As a member of the global community we will continue to make efforts to be responsible in the countries where we are doing business and working on creating sustainable ecosystems,” the company added.

Palm Oil Company Introduces Technology into Its Operations



CEO of PT Astra Agro Lestari, Santosa, speaking to reporters in a 'Talk to the CEO' event held in Bogor, West Java.
(ANTARA/Astra Agro Lestari)

Aside from strengthening control functions, digitalization in Astra Agro's operations also aims to assist with speedy analysis and decision making accurately.

Publicly listed palm oil plantation company, Astra Agro Lestari, has introduced technology advancement into its operations through digital-based applications assisting data gathering and supervisory measures. A number of applications have been launched and implemented in the company's plantation sites in order to boost its performance, Chief Executive Officer (CEO) of PT Astra Agro Lestari, Santosa, said.

"Aside from strengthening control functions, digitalization in Astra Agro's operations also aims to assist with speedy analysis and decision making accurately," he said in a 'Talk to the CEO' event in Bogor, West Java.

The company had developed three applications, one of which is the Mill Excellent Indicator (MELLI), used to promptly gather accurate data based on the indicators in their palm oil factories. The data gathered is then used in the management's analysis and decision-making processes for every issue regarding the factories themselves.

There is also the foreman/supervisor application called AMANDA (Aplikasi Mandor Astra Agro), which focuses on

tackling operational challenges and ensuring the application of standards on the works of foremen, as well as the Daily Indicator of Astra Agro (DINDA), which targets system model development to support excellence. It was also developed to facilitate management to further ensure effectivity and efficiency in their work.

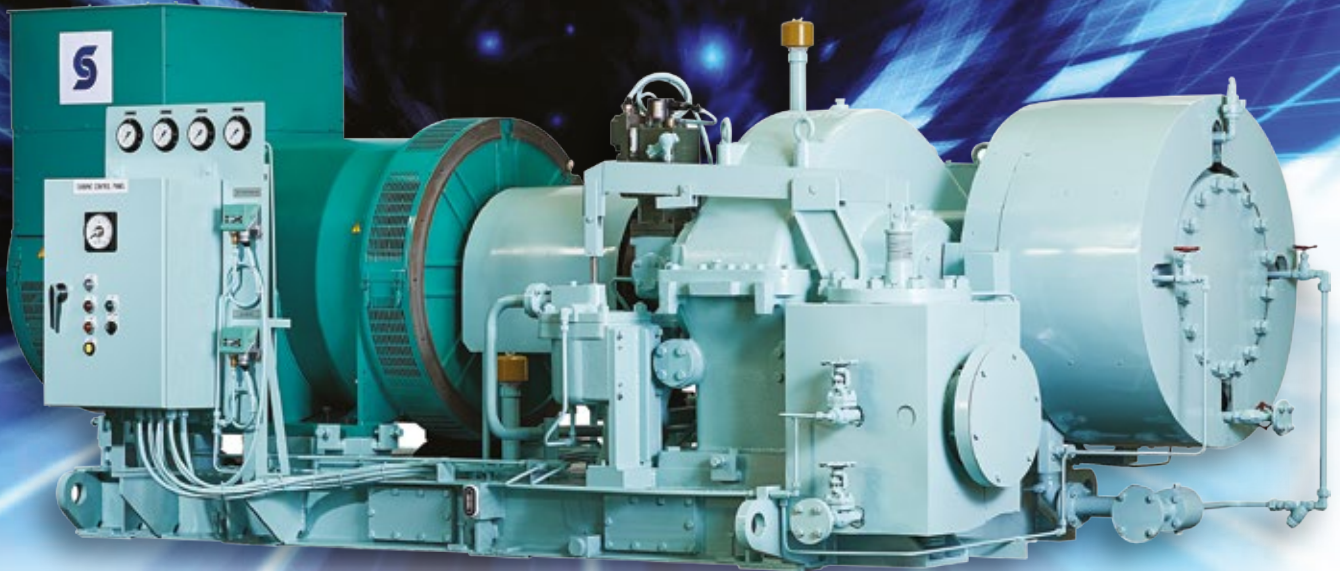
All three digital app-based applications are then being integrated into the Operation Center of Astra Agro, in which all the data gathered from plantations and factories are processed.

"The system allows for feedback towards work in the field to be delivered more promptly, which lead to speedy execution of said feedback. Digitalization is a part of sustainable innovative measures taken by the plantation company", Santosa said.

"In the future, we would like to explore new ideas to be implemented in our operations," he said.

PT Astra Agro Lestari, a subsidiary company of publicly listed PT Astra International, owns and manages palm oil plantations in Sumatra, Kalimantan and Sulawesi, operating a total acreage of 290,961 hectares.

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- Steam Turbines • Kernel Crushing Plant



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Cyclone



PMT Auto Brush
Strainer



Fresh Fruits Bunch
Screw Press



Empty Fruit Bunch Press



Palm Kernel Oil Machine



2 In 1 Empty Fruit
Bunch Press



EFB Breaker



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Kim Loong Buys Oil Palm Plantation Land in Sabah for RM92.5m



General view of a Kim Loong plantation. – Website pix

Kim Loong Resources Bhd has purchased four pieces of oil palm plantation land in Sabah for RM92.54 million cash, or RM32, 500 per acre.

It entered into four conditional sale and purchase agreements with Greenfingers Sdn Bhd, R & H Sdn Bhd, Bakti Perusahaan Sdn Bhd and Sri Handal Sdn Bhd for the acquisition of the plantation land measuring 258.06ha (RM20.73 million), 390ha (RM31.18 million), 149.05ha (RM11.97 million) and 361ha (RM28.66 million) respectively.

The acquisitions are to be settled by cash through its internal funds wholly.

Kim Loong said the oil palm plantation land is strategically located nearby the group's estates in Sandakan, Sabah. Therefore, it is expected that the group can achieve synergistic effects and benefits in terms of cost efficiency in managing the operations of those plantations acquired.

In addition, the group said the purchase prices are fair and reasonable considering the palm age profile, well-maintained

condition of plantations by the vendors, accessibility and good location nearby the group's existing plantations.

“The acquisitions will increase the supply of fresh fruit bunches (FFB) produce to the group's palm oil mill at Telupid, Sabah, so as to contribute towards optimising utilisation of the mill's processing capacity as well as to reduce dependence on FFB supply from third parties especially during a seasonal low crop period,” Kim Loong said.

It added that the acquisitions will increase the group's landbank for oil palm plantation and will contribute positively towards the group's long-term growth in profitability.

The acquisitions are subject to the relevant authorities' approvals such as the Sabah's Ministry of Agriculture and Fisheries. Barring any unforeseen circumstances, the acquisitions are expected to be completed by the third quarter of 2020.

Techbond Collaborates with MPOB in Pioneering Palm Oil-Based Industrial Adhesives

Techbond Group Bhd's (Techbond) wholly owned subsidiary Techbond Greentech Sdn Bhd (TGSB) has entered into a collaboration agreement with the Malaysia Palm Oil Board (MPOB) for the technical expertise and technology know-how transfer from MPOB in relation to a process to produce polyols from palm oil.

Both parties would also leverage on each other's technical expertise and know-how to develop a formulation to be used in the creation and production of palm oil-based industrial adhesives.

The project comprises two phases – workable formulation stage (Phase 1) and commercialisation stage (Phase 2). For Phase 1, MPOB will conduct research and development (R&D) to create a workable formulation using its patented technology to produce polyols.

Under Phase 2, TGSB shall then produce polyols using Malaysian palm oil or its derivatives based on the formulation and to create a new type of industrial adhesives and ultimately commercialising the product.

"This is a major milestone for the group and we are excited by the potential of this Project," Techbond managing director Lee Seng Thye said.

"We look forward to working hand in hand with MPOB to be pioneer in the palm oil-based industrial adhesives using local sustainably-sourced palm oil. We will also be sharing our resources such as R&D capabilities facilities and technical expertise in order to create this first-of-its-kind industrial adhesives."

"Techbond places huge emphasis on R&D and therefore we are delighted with this out-of-the-box innovative idea. One would ordinarily not have thought that it is possible to turn palm oil, which is hydrophobic or water repellent, into adhesives.

"But we are confident this idea is very much possible and doable. We believe we will create industrial adhesives that is non-toxic with little to none formaldehyde emission levels, based on preliminary in-house assessment."

"Upon successful commercialisation of the product, we can showcase to the world yet another one of the many beneficial use of palm oil, which bodes well with our country's initiatives to promote the Malaysian palm oil industry globally.

"Besides playing our part as a responsible corporate citizen, this is also part of Techbond's strategy to widen our product range. The environmentally-sustainable palm oil-based industrial adhesives would open up new opportunities for us to serve higher-end client markets across various industries, and thus enhancing our market presence."





MPOB Questions Synthetic Palm Oil Production

The Malaysian Palm Oil Board (MPOB) criticises the benefit of the newly developed synthetic palm oil as an alternative to the natural palm oil.

MPOB DG Dr Ahmad Parveez Ghulam Kadir said the synthetic version of the edible oil does not contain essential nutritional values such as vitamin A and vitamin E which could be found in natural palm oil.

“Recently, a couple of international media highlighted that a start-up based in New York is ready to go big in producing synthetic palm oil.

“However, the synthetic version of palm oil, which is currently being produced in the US, lacks originality as it does not have the vitamins that present in natural palm oil,” he said in a statement.

He added that the raw materials used to produce the synthetic oil could not be derived from renewable sources, which would not allow for the product to be priced competitively.

“It was reported that the synthetic palm oil is currently being produced by the start-up using microbes to convert food waste and industrial by-products into synthetic palm oil through a fermentation process, which claims can replace the plant-derived version.

“They can produce synthetic palm oil but cannot price the product competitively as the raw materials that they are using may not come from renewable sources.

“Also, they could not produce vitamin A and vitamin E that are currently present in natural palm oil. They will end up using it for the non-food subsector such as the biodiesel,” he said.

Ahmad Parveez said the synthetic palm oil could cause harm to the environment due to the required fermentation processes.

“The question is whether synthetic palm oil is more environmentally friendly and sustainable because the production of synthetic materials requires chemicals and microbes.

“How much energy and chemicals are used in the fermentation process and how can the synthetic product be claimed to be more sustainable than the original product?” he said.

Responding to claims that suggest palm oil is causing deforestation, Ahmad Parveez said the oil palm is the most productive crop with a yield of five to nine times higher than other oilseed crops.

“Due to its high productivity of about four tonnes of oil per hectare (ha) a year, palm oil is competitive and affordable to most people of the world. In fact, palm oil plays an irreplaceable role in ensuring global food security in the vegetable and fat oil industry.

“Hence, I wonder why there are so many attacks on the sustainability of palm oil that there is a need to produce synthetic products in place of natural products,” he said.

Malaysia is in the process to achieve a 100% certification of the Malaysian Sustainable Palm Oil (MSPO) for its palm industry.

As of March 2020, 4.65 million ha or 78.8% of the 5.9 million ha of oil palm plantations in Malaysia had attained the MSPO certification, while 394 of the 452 palm oil mills in Malaysia had been certified.



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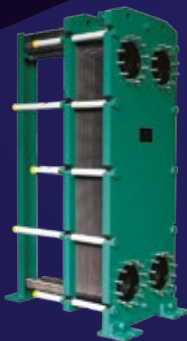


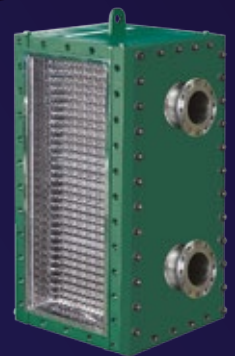
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COVID-19: Oil Palm Industry Remains Stable, Backed by Demand

The COVID-19 pandemic will not have a large impact on the nation's oil palm industry as it continues to be supported by local and international demand, commercialisation of downstream products, and exploration of new markets as well as government initiatives.

Since the outbreak began in Wuhan, China, global markets have plummeted, forcing governments to reduce national expenditures and introduce stimulus programmes, while Central Banks have lowered the overnight policy rates (OPR) to support economic growth.

The oil palm is one of the commodity sectors affected when China - one of its biggest buyers - reduced its imports of palm oil and palm oil products, causing crude palm oil (CPO) prices to plunge.

In early January, CPO price rose to a high of RM3, 134 per tonne, but on March 23, it fell to RM2, 330 per tonne, the lowest since the 2008 global financial crisis.

Year-to-date, the plantation index on Bursa Malaysia saw a decline of 25.3 percent.

The industry's performance has affected close to one million smallholders whose livelihoods are dependent on the industry.

Although no one knows just how long the situation would go on, commodity analysts remain optimistic that it would not last for very long and that the industry would continue to support the nation's economy.

Palm products remain in demand

Following the Movement Control Order (MCO) period, effective from March 18, a majority of the people have had to put a stop to their regular daily routines and remain at home to stop the spread of the COVID-19, said Primary Industries and Commodities Minister Datuk Dr Mohd Khairuddin Aman Razali.

"When they are at home, they would consume more palm oil and oil palm products," he told Bernama.

Palm Oil Analytics owner and co-founder Dr Sathia Varqa said the panic buying of essentials like edible oils as well as oleo-chemical products such as personal and home care hygiene products will result in a sharp increase in March's domestic consumption.

"We expect the domestic consumption to do well again in March, after it increased by 16.29 percent month-on-month in February," he said.

However, given the general slowdown in movements and activities, logistic services such as the transportation of CPO from mills to refineries and to ports or packaging locations will also be affected, leading to slower movement and lower export volume in the month, he said.

Based on the Malaysian Palm Oil Board's (MPOB) data, exports of palm oil in February 2020 depreciated by 10.81 percent to 1.08 million tonnes from 1.21 million tonnes in January 2020.

China's demand for palm oil continues

Mohd Khairuddin said the Malaysian palm oil is still in high demand in the food and energy industries in China, India and Europe.

In China, for example, palm oil is a major ingredient in the making of instant noodles and pre-packed food.

"Demand for pre-packed food such as instant noodles, frozen foods, wontons and rice balls have increased tremendously in February as the Chinese undergo home quarantines, thus they needed to stock up on food," he said.

According to a study by JD.com, China's second largest e-commerce platform, sales of instant noodles in China had more than tripled in the first 10 days of the 2020 Lunar New Year compared with the same period in 2019.

Mohd Khairuddin said palm oil remains as a top choice in China's food industry due to its oxidative advantage and its outstanding heat stability.

He added that palm oil contains no trans-fatty acids and is not partially hydrogenated, making it the right choice for China in its efforts to reduce trans-fat consumption.

Recently, S&P Global Ratings (S&P) opined that China's economy is on the mend after suffering an unexpectedly tremendous blow.

For 2020, S&P lowered its forecast on China's gross domestic product (GDP) growth rate to 2.9 percent compared with 4.8 percent previously, and projected that the nation's economy would contract by 10 percent in the first quarter of 2020 (1Q 2020) compared with the same period in 2019.

However, it expects China's year-on-year growth to improve by about eight percent and reach double digits in 1Q 2021.

Inadvertently, this will support demand for palm oil in the country, which has a population of 1.4 billion.

The search for new markets and expansion of existing markets

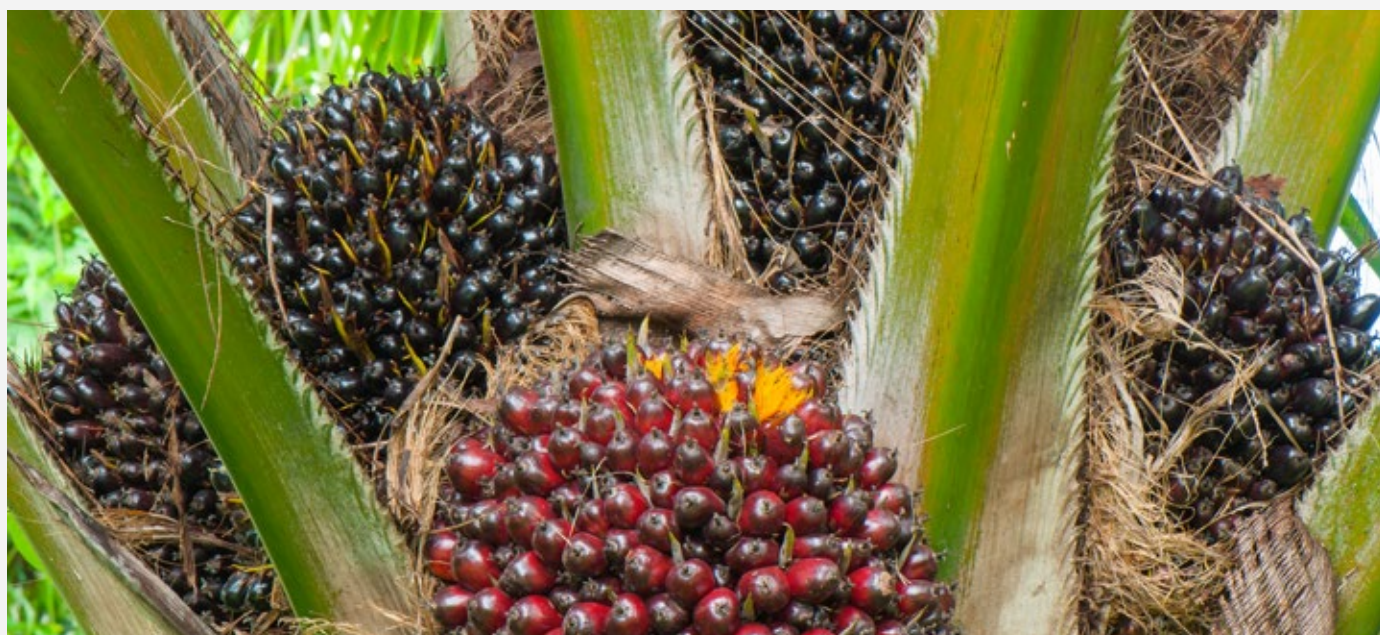
Mohd Khairuddin said the Ministry will continue to explore new markets, in terms of establishing bilateral relations as well as international cooperation among industry players.

He said that Malaysia has identified Morocco and Tunisia as potential markets.

"Currently, they are using olive oil as their main vegetable oil. We can try to enter the market for industrial usage," he said.

Egypt is also a potential market as its population is expected to increase to 100 million by 2021, and its local vegetable oil production can only support between 20 percent and 30 percent of local demand.

The country also does not impose any duties on crude and refined oils.



“In order to explore new markets, we will be talking to major Malaysian industry players such as FGV Holdings Bhd, Sime Darby, KL Kepong and United Plantation on the establishment of international collaborations between the industry players in the countries,” said Mohd Khairuddin.

Meanwhile, MPOB director-general Dr Ahmad Parveez Ghulam Kadir expects demand for CPO to be higher from Africa, the Middle East and India ahead of the month of Ramadan and Eid ul Fitr celebration in April and May.

“Despite the current decline in export performance, the Ministry aims to enhance diplomatic relationship with India, the largest consumer of Malaysian palm oil.

“The Indian envoy to Malaysia has met with the Prime Minister and the Foreign Minister in a move to reset the relationship and strengthen bilateral ties,” he said, adding that the country’s export market could also be expanded to countries such as Russia.

Downstream industry helps to boost local demand

Mohd Khairuddin said the Primary Industries and Commodities Ministry (MPIC) also aims to strengthen the downstream industry to assist the smallholders and the small and medium-sized enterprises (SMEs).

New products that could be highlighted include cosmetic products such as lip balms and yoghurt drinks.

“If we increase the number of downstream products, we will be able to reduce our dependence on CPO exports, while improving the livelihood of smallholders and SMEs,” he said.

On average, Malaysia exports about 20 million tonnes of CPO annually.

Commodities sector allowed to continue operating during MCO

Workers in the plantation and commodities sector have been exempted from the Movement Control Order (MCO), and are allowed to continue their work activities under certain conditions.

The decision was crucial, as close to one million oil palm and rubber smallholders, as well as five million Malaysians rely on the incomes from the oil palm and rubber industry value chain.

“There is a probability that the virus spread could affect the plantations and smallholders, as those who are considered as potential COVID-19 carriers are required to at least undergo

quarantine for 14 days which will disrupt the harvesting activities.

“If this situation is prolonged, CPO production will be affected and it will also affect palm oil exports as Malaysia is currently facing tight supply to fulfil global demand,” Ahmad Parveez cautioned.

Malaysia’s total palm oil stocks fell by 4.2 percent to 1.68 million tonnes in February 2020 from 1.76 million tonnes in January 2020.

Meanwhile, several Government agencies and Non-Governmental Organisations (NGOs) in the country’s commodity sector have come forward to contribute essential medical and protective items for health professionals and workers.

The Malaysian Palm Oil Association, Malaysian Rubber Export Promotion Council, Malaysian Rubber Glove Manufacturers Association have donated equipment such as ventilators, COVID-19 test kits, hand sanitisers, face masks and personal protective clothing worth RM5 million to the Ministry of Health and NGOs.

Industrial players have also stepped up measures to help curb the spread of COVID-19 by requiring employees who may have been exposed to the contagion prior to the enforcement of the MCO to self-quarantine.

MPIC’s way forward for 2020

Mohd Khairuddin, who had recently assumed the Ministry’s portfolio, said that he will continue the policies announced by the previous Government and plans to make several improvements with regards to critical issues involving the oil palm industry.

“We are also in the midst of discussions with regards to the introduction of new policies,” he said.

He added that the government would continue the implementation of the B20 programme.

Meanwhile, MPIC will continue with its efforts to ensure the oil palm industry’s sustainability in line with its commitment towards human rights and environmental conservation.

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Malaysia Seeks Markets in Middle East & North Africa



Malaysia is targeting North Africa and Middle East as the new export markets for its palm oil. NST pix by Adzlan Sidek.

Malaysia is targeting North Africa and Middle East as the new export markets for its palm oil.

This is to reduce reliance on existing markets such as India, China and the European Union (EU), said Plantation Industries and Commodities Minister Datuk Dr Mohd Khairuddin Aman Razali.

“What happened in Europe, let it be. The most important thing is that we will continue to open up new markets, we will create a new direction,” the newly-appointed minister said, when asked on Malaysia’s plans to file the World Trade Organisation complaint against the EU restrictions on palm oil.

Khairuddin said the ministry had received calls from some Middle Eastern countries’ ambassadors to discuss on the prospect of importing palm oil products from Malaysia.

The ministry, he added, would undertake a comprehensive study on the strength of the markets in the Middle East and Africa via the Malaysian Palm Oil Board (MPOB).

He said an international bank would be roped in to facilitate the plans.

Khairuddin also said the government was targeting to increase palm oil plantation acreage and yield in the near future.

“At the moment, the size of our palm oil plantation stands at six million hectares (ha), with yield around 20 million tonne per hectare. We target to increase that (yield),” he told reporters after chairing a meeting with the MPOB board of directors.

He, however, said the ministry was not able to disclose any target at this moment, as the matter was being studied by the MPOB.



MPIC to Explore New Palm Oil Markets

The Ministry of Plantation Industries and Commodities (MPIC) will explore new palm oil markets to avoid over reliance on traditional markets such as India, China and European Union countries.

Its newly-appointed minister, Datuk Dr Mohd Khairuddin Aman Razali said the search for new palm oil markets would help nearly one million people engaged in oil palm activities in the country.

“With the expertise and experience that we might have the new markets for palm oil can be explored,” he told a press conference after attending a briefing on the scope of his responsibility and MPIC’s functions after clocking in at the ministry.

Mohd Khairuddin was greeted upon arrival at the ministry by two newly-appointed deputy ministers, Datuk Seri Dr Wee Jock Seng and Willie Mongin.

They were among 31 new Cabinet ministers who were sworn in before the Yang di-Pertuan Agong Al-Sultan Abdullah Ri’ayatuddin Al-Mustafa Billah Shah at Istana Melawati.

Mohd Khairuddin, Dr Wee and Mongin were given a one-hour briefing by the ministry’s secretary-general Ravi Muthayah and senior officials.

The ministry was previously known as the Ministry of Primary Industries.

Mohd Khairuddin said good governance practices at the ministry would be strengthened with integrity and quality, while emphasising effective public resource management.

“I will also build a strong team that combines various expertise to meet the challenges in the plantation and commodity sectors such as product discrimination and anti-palm oil campaign at the international level,” he said.

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Local Palm Oil Players to Keep an Eye on New Ministry's Policy Move

Local palm oil market players will keep an eye on the Plantation Industries and Commodities Ministry's move on key policies that have been supporting the industry following the appointment of Datuk Dr Khairuddin Aman Razali as the minister.

Singapore-based Palm Oil Analytics' owner and co-founder Dr Sathia Varqa said the key policies were the plans to implement the B20 biodiesel programme and achieve 100% Malaysian Sustainable Palm Oil (MSPO) certification of the palm industry, as well as the ministry's approach towards the European Union's (EU) palm biodiesel ban under the Delegated Act II and 3MCPD (3-monochloropropanediol) issue.

The previous Pakatan Harapan-led government had aimed to achieve a full implementation of B20 biodiesel in the transportation sector by mid-2021 and targeted to secure 100% MSPO certification in oil palm planted areas nationwide.

According to former primary industries minister Teresa Kok Suh Sim, as at Feb 21, 2020, 4.42 million hectares, or 78.8%, of the 5.9 million hectares of oil palm plantations in Malaysia had attained the MSPO certification, while 390 of the 452 palm oil mills in Malaysia had done so.

Apart from that, Sathia said the market would also need massive support from the government amid the current low prices of crude palm oil (CPO).

"So we will have to watch and see how the government will engage the industry in addressing the most important export commodity in the country amid the current low prices situation," he told Bernama, adding that challenges from the EU and India-Malaysia trade relations would also be the focus of the new minister.



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Ministry All Out to Help Oil Palm Smallholders

Subsidies, the Malaysian Sustainable Palm Oil (MSPO) certification, recruitment of foreign workers, and theft of oil palm fresh fruit bunches are among the issues raised by smallholders.

Deputy Minister of Plantation Industries and Commodities, Datuk Seri Dr Wee Jock Seng said he would continue to hold discussions with oil palm smallholders and come up with solutions for their problems.

“The smallholders hope the government would resolve these issues, especially in the current challenging economic environment.

“It will have an impact on the country’s finances, but we will see what we can do to ease their burden.

“I will bring up this matter and discuss it with the minister (Datuk Dr Mohd Khairuddin Aman Razali),” he told reporters after holding a dialogue with oil palm smallholders, organised by the Tanjung Piai Parliamentary Service Centre.

Wee said the dialogue was the first of its kind conducted by him in his parliamentary constituency and he would continue to engage smallholders in other areas on a smaller scale in view of COVID-19.

“This will enable us to gather as much input as possible as additional information for the ministry in order to find the solutions,” he said, adding that close ties with oil palm smallholders through dialogues would be maintained as they accounted for one million people nationwide.





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Malaysia Delays Largest Palm Oil Conference; Coronavirus Possible Reason

Malaysia has postponed its biggest palm oil conference that typically draws thousands of industry players from more than 50 countries, according to sources.

The Palm and Lauric Oils Price Outlook Conference and Exhibition or POC2020, originally scheduled for March 2-4, will be rescheduled to June.

The event secretariat cited “space availability” as the major factor behind their decision to postpone the conference, according to two participants who have received messages from the organisers about the postponement.

POC2020, held annually over the past 30 years, is one of the most highly anticipated palm oil conference in the region, attracting over 2,000 industry players, according to organiser Bursa Malaysia.

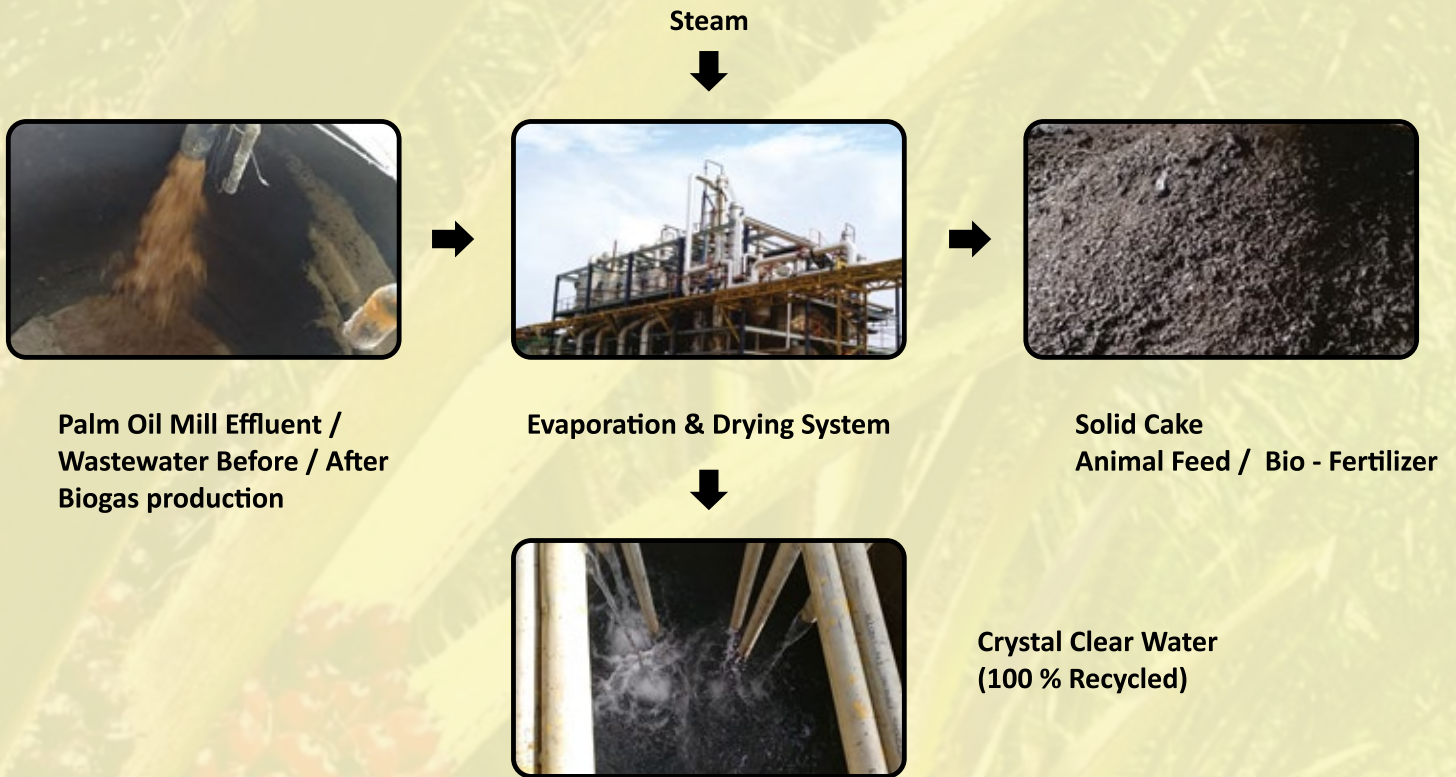
More than two dozen large trade fairs and industry conferences in Asia have been delayed because of the spread of the China coronavirus, shuttering events where billions of dollars’ worth of deals have been signed in the past.

POC2020 Secretariat and Bursa Malaysia did not respond to Reuters on questions about the postponement.



Malaysia has postponed its biggest palm oil conference that typically draws thousands of industry players from more than 50 countries, according to sources. - STR/ADZLAN SIDEK.

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Sarawak Disaster Management Committee to Check on Health of Palm Oil Workers

The Sarawak Disaster Management Committee will instruct the divisional disaster committee to get reports from palm oil plantations and mills to monitor their workers for the COVID-19 infection, its chairman Datuk Amar Douglas Uggah said.

“I want the plantations and mills to monitor their workers and I will ask the divisional disaster committees to get the reports from the plantations and mills in the next one or two days,” he told reporters.

“First, we want to know the number of foreign workers each plantation company or oil mill has and secondly, we want to know on the health status of these workers, such as where they come from and when they come to Sarawak and we want to know their travel history,” he said.

Uggah, who is also the Deputy Minister, stressed that the state government’s policy is to detect potential threats as soon as possible.

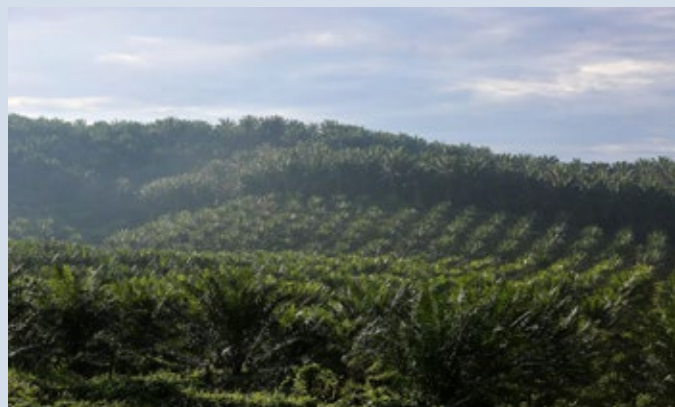
“After we have identified the problems or clusters, we want to cut the flow of COVID- 19 transmissions in Sarawak,” he said.

Uggah said plantations and mills can help to ensure the spread of the disease is stopped.

“So I urge the plantations to get the details of these workers and in that way, we can monitor if any one of them has contracted the virus.

“This has happened in Sabah where COVID-19 positive cases involved Indonesian workers in the oil palm plantations,” he said.

Uggah said the disaster committee must be vigilant as workers coming in could be the potential sources of COVID-19.



Uggah urged Sarawakian plantations to monitor their workers for COVID-19. — Picture by Yusof Mat Isa

“If Sarawakians are coming back from Indonesia, we have decided to quarantine them for 14 days.

“We have to stop the Indonesian workers from coming back to work at the plantations because we don’t know the situation on the other side of the border.

“As you know, a high percentage of positive cases are imported into Sarawak, involving those who have travelled outside the state,” he added.

He said second and third generations of positive cases in Sarawak are all related to the imported cases.

Uggah said he and his team will be visiting palm oil plantations and mills in Bau and Lundu areas to ensure implementation of the Standard Operating Procedure (SOP) as laid out by the government is strictly complied with.

Deputy Minister Hears Suggestions of Reintroducing Subsidies at Dialogue



Wee was talking to smallholders during a dialogue session at the Tanjung Piai Parliament office in Pontian. — NUR AISYAH MAZALAN/ The Star

Deputy Minister of Primary Industries and Commodities Datuk Seri Dr Wee Jek Seng has made it his mission to find the best way to help smallholders.

To this end, he will conduct dialogues with them across the country to listen to their plight.

Wee, who is Tanjung Piai MP, said the dialogues were important to reach out to smallholders to find out their needs.

“I have conducted the first dialogue and received many comments and suggestions on how to improve the welfare of smallholders.

“The issues they brought up in the session will be channelled to the ministry and we will find ways to improve their welfare,” he said.

He said this in a press conference after meeting with a group of smallholders from Pontian in a session that lasted about an hour and a half.

Wee said among issues that the farmers brought up during the discussion included the need to bring back subsidies previously given during the Barisan Nasional administration.

“They have expressed their hope for the return of the subsidies that was stopped under the previous Federal Government.

“I will inform the ministry of their plight and try my level best to ensure they receive the assistance they deserve,” he said.

He also urged smallholders to get their Malaysian Sustainable Palm Oil (MSPO) certification as soon as possible.

“There are at least 5,000 smallholders here but only about 100 have received the certificate.

“We hope this dialogue will allow us to increase awareness about the MSPO and ensure more smallholders will apply for it,” he said.

Wee said the dialogue sessions would be carried out on a smaller scale in the future because of the Covid-19 outbreak and would follow all advice given by Health Ministry to ensure safety and security of attendees.

The government announced a series of measures, including the suspension of all activities involving the public and issued a movement control order.

EU Should Not Give in to Anti-Palm Oil Lobbies — MPOC

The Malaysian Palm Oil Council (MPOC) has urged the European Union (EU) not to give in to the usual “lobbies” which suggest palm oil, Malaysia, Indonesia, and their related industries are the culprits when it comes to deforestation.

Chief Executive Officer Datuk Dr Kalyana Sundram said the solution for deforestation cannot and should not be to target and punish a single commodity as a convenient scapegoat.

“The only viable and sustainable solution must be to provide incentives for the continued and increased production of sustainable products, based on standards of sustainability that are multilaterally or plurilaterally agreed and not unilaterally imposed in ways that, experience shows, all too often end-up hiding or disguising protectionist and discriminatory policies under an ‘environmental blanket,’” he said.

In a statement, he said MPOC looks with “cooperative spirit” to the EU’s legislative initiative on “Minimising the risk of

deforestation and forest degradation associated with products placed on the EU market”.

MPOC is “Hoping that the consultative process ahead will ensure that the legislative and regulatory outcomes be balanced, not unilateral, based on measurable science and data, non-discriminatory, and in line with the applicable World Trade Organisation rules,” he said.

Sundram said the agency recognises the ambitious objectives of the European Green Deal and the priorities identified by the European Commission in preserving forests globally.

Of the priorities, MPOC suggested that the EU works in partnership with producer countries to reduce pressures on forests and strengthens international cooperation to halt deforestation and forest degradation.



MPOC suggested that the EU works in partnership with producer countries to reduce pressures on forests and strengthens international cooperation to halt deforestation and forest degradation. Bernama Photo

Indonesian Government Plans to Raise Palm Oil Export Levy



FILE PHOTO: Airlangga Hartarto, Indonesia's Industry Minister, speaks during an interview with Reuters at his office in Jakarta, Indonesia July 20, 2018.

Indonesia's chief economic minister, Airlangga Hartarto, said the government plans to increase palm oil export levies to support expansion of its palm biodiesel program.

"The increase is currently being calculated, whether it will be a flat increase or progressive," Hartarto told reporters. Further details on the plan are still being discussed, he said.

Indonesia, the world's largest palm oil producer, is expanding its biodiesel program to use more palm oil as a feed stock for transport fuels in order to cut energy imports.

The country collects levies to help finance its palm oil policies such as biodiesel subsidies and replanting programs for smallholders. The levies are currently set at a maximum of \$50 per tonne for palm oil exports, depending on the type of palm product and a government-set reference price level.

Hartarto said the levies will be increased because the price difference between the biodiesel made from palm oil and standard gasoil - as diesel is called in Asia - has widened.

The government price for unblended biodiesel jumped to 9,539 rupiah (\$0.6877) per liter in February, its highest since data become available in mid-2015. In comparison, the February standard diesel price was set at 6,674 rupiah per liter.

Biodiesel blends, however, are currently sold at local gas stations at 5,150 rupiah per liter.

The Estate Crop Fund, an agency in charge of collecting and managing the levies, disburses funds to biodiesel makers to make up the price difference between the two fuels.

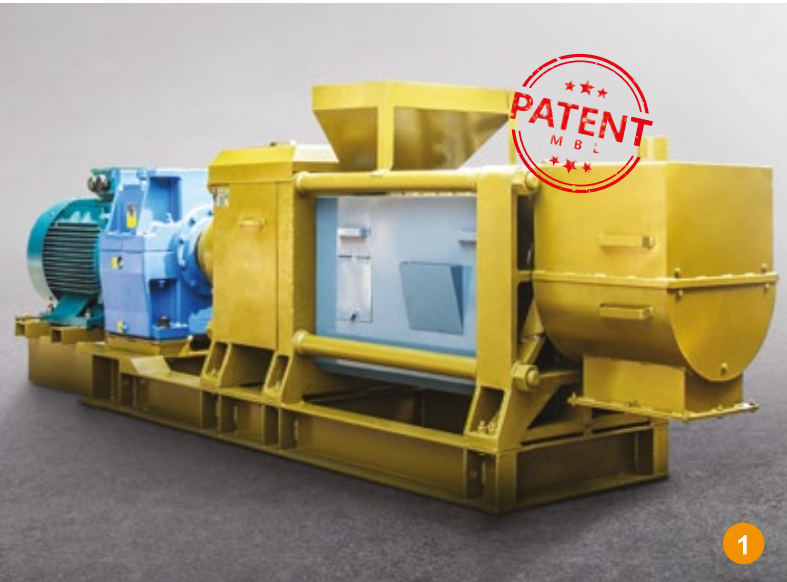
Analysts have questioned the fund available for the subsidy, given that crude palm oil prices have increased in recent months and since the agency had to pause levy collections last year.

As of mid-December, the agency had around 18 trillion rupiah (\$1.3 billion) in funds.



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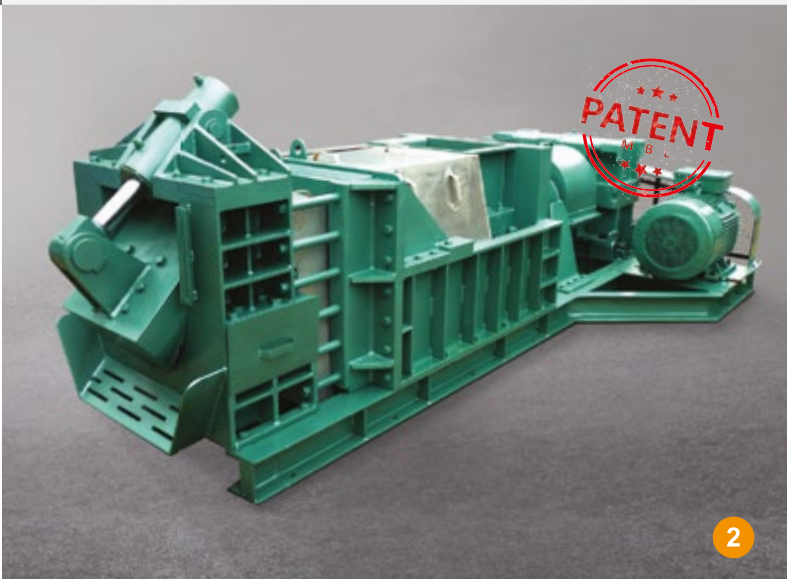
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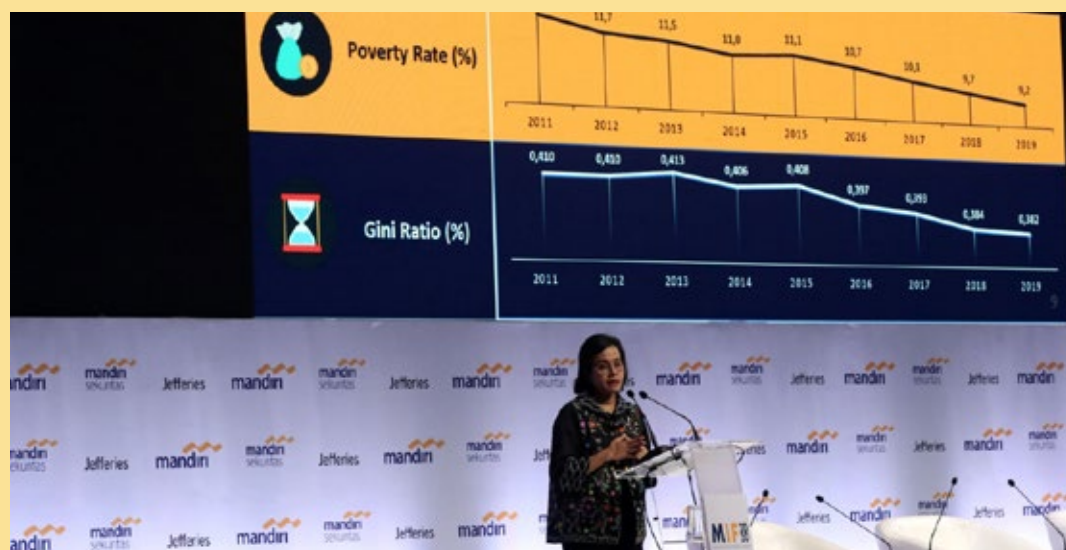
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5

Jakarta: Sri Mulyani Appoints New Oil Palm Agency Head amid Commodity's Challenges



Finance Minister Sri Mulyani Indrawati gave a speech at the Mandiri Investment Forum 2020 in Jakarta, on Feb. 5, 2020. (JP/Dhoni Setiawan)

Finance Minister Sri Mulyani Indrawati has appointed Eddy Abdurrachman as the new Indonesian Oil Palm Estate Fund (BPDP-KS) president director, replacing Dono Boestami.

Sri Mulyani told Eddy Abdurrachman that his responsibilities were “very heavy and full of challenges” and that the agency needed to monitor the impact of COVID-19. Indonesia also jumped whereas global crude palm oil (CPO) remained steady. China is the largest importer of Indonesian CPO, according to recent association data.

“I hope that Eddy Abdurrachman with his previous experience as the customs and excise directorate general and the secretary of the Coordinating Economy Ministry can use BPDP-KS funds for programs that are in line with building a sustainable industry,” she said in a statement.

Indonesia has become the largest palm oil-producing country in the world, making up more than 55 percent of world production. The palm oil industry is a significant foreign exchange earner for Indonesia, as it contributes 13.5 percent to the total non-oil and gas exports of US\$22.3 billion, Sri explained.

The minister also reminded the agency’s officials that according to the President’s direction, the palm oil replanting program must be carried out for 500,000 hectares within the next three years. She suggested BPDP-KS partner with the microcredit program (KUR) to strengthen palm oil replanting financing.

Last year, the government had simplified requirements for oil palm smallholders to access assistance for the replacement of their old trees through the people’s oil palm tree replanting program after the meagre realization of the program in 2018.

“I want replanting to be the focus of [BPDP-KS],” said Sri Mulyani.

In 2019, CPO prices fell below their economical price, compelling the government to suspend last September’s export tax imposed on CPO and its derivative products until January of this year to ease the financial burden on palm oil producers.

Indonesian Palm Oil Association (Gapki) chairman Joko Supriyono said in a February press conference that he also sees 2019 as a challenging year as trade spats over the EU’s sustainability and trade policies hang over the Indonesian industry.

The industry also faced a long period of drought last year, coupled with tariff issues with India.

Gapki data showed that palm oil exports had increased to 36.17 million tons in 2019, up by 4.2 percent from 2018. Indonesia sent most of its palm oil to China in 2019, around 6 million tons, representing 16.5 percent of overall exports last year. India followed with 4.8 million tons (13.2 percent) and the European Union with 4.6 million tons (12.7 percent).

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Strict SOP for Planters to Fight COVID-19, Says MPOA

Local plantation companies are now placing strict measures on all their operations, particularly on harvesting and millings, where “social distancing” can be practiced to fight the COVID-19 outbreak.

With the price of crude palm oil (CPO) down 25% so far this year, planters are eager to keep production intact to cushion the downfall.

At the close on Friday, the most active CPO futures contract on Bursa Derivatives was last traded at RM2,288 a tonne.

“Our members have prepared a comprehensive standard operation procedures (SOP) that strictly adheres to the guidelines set by the Health Ministry,” Malaysian Palm Oil Association (MPOA) CEO Datuk Datuk Mohamad Nageeb Ahmad Abdul Wahab said.

So far, there have been no reported cases of COVID-19 at local estates.

MPOA members include some of the country’s largest planters such as IOI Corp Bhd, Kuala Lumpur Kepong Bhd, Sime Darby Plantation Bhd and FGV Holdings Bhd.

Nageeb told StarBiz that no funds have been allocated by the Plantation Industries and Commodities Ministry (MPIC) to the industry to fight COVID-19.

“But MPOA has given assurance to the government that we will undertake all the precautionary measures to contain the spread of the virus. In fact, the plantation industry is truly grateful that the government has lifted the control order on oil palm and rubber industries to resume their operations on a restricted scale from March 19.

“Just imagine, the oil palm sector anticipates a loss of revenue to the tune of RM1.6bil to RM1.8bil if we were to stop operations for two weeks,” said Nageeb.

The MPIC is also aware of the significant contributions by the oil palm and rubber sectors to the supply chain, especially on essential items such as cooking oil, rubber gloves and catheters.

Hence, the ministry has allowed the harvesting of fresh fruit bunches (FFB) by plantation companies and smallholders, the processing of FFB by palm oil factories and the processing of crude palm oil (CPO) in the refineries for the production of cooking oil for domestic markets.



“Our members have prepared a comprehensive standard operation procedures (SOP) that strictly adheres to the guidelines set by the Health Ministry,” Malaysian Palm Oil Association (MPOA) CEO Datuk Datuk Mohamad Nageeb Ahmad Abdul Wahab told StarBiz.

The leeway has also enabled rubber tapping activities to supply raw materials for the manufacturing of medical equipment such as gloves and catheters and activities in the timber sector to meet contracts.

According to CGS-CIMB in its latest report, the impact on planters’ earning and industry revenue was minimal from the one day closure of estates and mill operations.

“We are not surprise by the government’s favourable decision (to lift the restriction) as palm oil which goes mostly into cooking oil should be considered as an essential food item.”

Both independent and organised smallholders owned about 28.4% of total planted oil palm estates in Malaysia around 5.9 million ha. As such the potential impact on smallholders daily income will be significant if they are not allowed to harvest FFB from their estates and sell to the mills during the movement control order (MCO) time.

However, should the MCO be imposed on the sector, the earnings of upstream planters with over 90% of their estates holdings in Malaysia such as FGV, Tan Ann Holdings Bhd, Hap Seng Plantations Bhd and IOI are likely to be the hardest hit by the directive as “the estates cost are mostly fixed and the loss in revenue will mostly flow through to the earnings.”

On the other hand, integrated planters with majority-owned refineries and Indonesian estates such as KLK, Genting Plantations Bhd and Wilmar Ltd will be partially cushioned as “they could benefit from better CPO prices from their estates in Indonesia given lower-than-expected supply from Malaysia,” added CGS-CIMB.

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Oil palm growers share the biggest challenge of today's world farming system: managing the impact of agriculture on soil, water and the atmosphere. Technology and innovations can address this challenge, and New Holland offers farmers a complete range of solutions thanks to the expertise it has developed at the forefront of mechanisation and its commitment to sustainability. In fact, New Holland Agriculture tractors are at work in many plantations, where they are used for crop land preparation, harvesting and haulage, and general plantation maintenance.

Your sustainable farming partner with more than a century of innovation

New Holland Agriculture's heritage goes back to 1895. Since then, its history has been one of continuous innovation and dedication to making agriculture easier and more productive for the world's farmers. Founders include Abe Zimmerman, the "father" of the New Holland Machine Company and Henry Ford, the man who mechanised world agriculture and brought agricultural tractors to the masses. 2017 was New Holland 100 years since the Fordson Model F, the first mass produced tractor was developed. This year (2020) marks the 125th anniversary of New Holland Brand.

Over the decades, New Holland enabled farmers, contractors and agribusinesses around the world to increase their

productivity with a more efficient use of precious resources in all aspects of crop production.

With state-of-the-art manufacturing plants and Centres of Excellence across the globe, New Holland continuously raises the bar on its machines' performance to provide farmers with the tools to maximise the productivity of their fields. Today it offers the largest choice of next generation easy-to-operate tractors, harvesters and material handling equipment, with more than 80 product lines and over 300 models. Most importantly, it supports its customers with effective parts and service support, as well as tailored financial services, through its widespread network of professional dealers worldwide.

Established presence in South East Asia since 1927

New Holland Agriculture made its first appearance on the South East Asian markets in 1927, when the first Fordson tractor was imported to Malaysia. Since then, it has supported the mechanisation of farms across the region, introducing innovative technologies that have changed the industry, with a product offering capable of meeting the different requirements of growers, as well as the support and advice of its highly trained dealers and technicians.

New Holland uses its resources to develop after sales support to meet the diverse needs of Southeast Asian countries as they

evolve, and it is currently going through a period of growth and expansion in the region. **Indonesia** and **Malaysia** are promising markets for its business, particularly in connection with the palm oil industry.

Palm oil production is vital for the economies of those two countries, accounting for 84% of the world's production (*source: GreenPalm, data from Oil World, 2016*). Oil palm growers – be they large-scale farming operations or smallholdings – rely heavily on tractors for in-field collection and haulage due to the tough ground conditions in remote areas and a growing shortage of labour.



Indonesia and Malaysia: Palm oil production world leaders mechanise plantations

The demand for palm oil has accelerated in last few decades and, with the recent biodiesel mandates enacted around the world, there is no expectation of it slowing down. Indonesia and Malaysia dominate production thanks to their early adoption of integrated plantation systems and large-scale modern refineries.

The Indonesian palm oil production has shown a dramatic growth in the past 15 years, driven by the sharp increase in global demand and higher yields. Indonesia produced 47.1 million tons of crude palm oil (CPO) in 2019 and exported a record 36.18 million tons in 2019.

New Holland has been supporting the country's oil palm growers with advices on mechanization and after-sales service provided by its experienced distributor, **PT. Altrak 1978**. In its 39 years' experience in the market, the company built a strong relationship with its Indonesian customers and today it operates from 34 branches across Indonesia. The highly trained after-sales team, supported by modern IT systems and a well-stocked parts warehouse, provide fast and efficient service support.

New Holland offers Indonesian oil palm growers a wide range of tractors, of which the TT3.50, TT3.45 and TT3.35 are new players, being very well suited for in-field collection in the plantations. The wide offering also includes the TD90, 6610S, 7610S, TS6, and T7 Series tractors.

Palm oil production is also vital for the economy of Malaysia, which is the second largest producer in the world. Cultivation of oil palm took off in the 1960s, as the government introduced a programme to diversify the country's agriculture and reduce its dependency on rubber and tin. The industry has continued to grow, driven by the unstoppable rise in global demand for palm oil, and today oil palm plantations account for 71% of the total cultivation area and 91% of total crop production. (Sources: Ministry of Agriculture and Agro-Based Industry, Malaysia; Ipsos Business Consulting market Survey and Analysis, 2014).

New Holland offers Malaysian oil palm growers a complete range of tractors: the TT3.50 for platform loading and handling, TT4.80 and TT4.90 for general haulage, and the 7610S and TS6.110 for heavy-duty haulage operations. In Malaysia and Brunei, **Sime Darby Industrial** (a division of the diversified multinational Sime Darby Group), supports corporate growers across the territory with 23 branches and four parts depots, and **Pertubuhan Peladang Kebangsaan (NAFAS)** plays a significant role in government plantations.

As the oil palm sector strives for increasing productivity through higher yields in order to increase production without extending plantations, New Holland is at the side of growers of all sizes, ready to meet their requirements for haulage and in-field collection with its wide range of durable, efficient and cost effective tractors.



Drones That Do the Work of 500 Farmers Are Transforming Palm Oil

- *Drone sales to agriculture companies are expanding 22% a year*
- *Asia palm plantations cover an area about the size of the U.K.*

As haze blanketed large tracts of Southeast Asia last year, office workers with Genting Plantations Bhd. in Jakarta were investigating the source of the choking smoke more than a thousand kilometres away.

Images collected from drones flying up to 400 meters (about 1,300 feet) above Genting's oil palms help the company spot fires in remote and inaccessible areas. It's part of a technology drive catapulting palm oil, the world's most-consumed vegetable oil, from dependence on manual labor to becoming one of the fastest-growing markets for commercial unmanned aircraft.



A drone flies over the palm trees at the Genting Tanah Merah Estate on Nov 14. Photographer: Joshua Paul/Bloomberg

"We monitor satellite images twice a day and if there are any hot-spots near our boundaries, we'll alert the plantation to take action," said Narayanan Ramanathan, Genting's senior vice president of plantation advisory. "If it's too far away and we can't access it by road, we'll send a drone to check."

With oil-palm plantations spread across some 22.3 million hectares (86,100 square miles) of Malaysia and Indonesia -- an area almost the size of the U.K., the industry represents fertile ground for drone sales.

Agricultural industries accounted for more than a quarter of the \$2.67 billion in commercial drone sales in 2016, according to Allied Market Research. Demand will expand about 22% a year, reaching \$2.44 billion by 2022, it says.

'Huge Potential'

"In the coming years, use of commercial drones in palm oil plantations is poised to show huge potential," Yash Doshi, who tracks the aerospace and defence sector for Allied Market Research in Pune, India, said in an email.

That's partly due to growing awareness about sustainable farming and precision agriculture, as well as government programs, greater use of smartphones, and new "smart" technologies. Worldwide drone sales to agricultural businesses could top \$8 billion by 2026, according to Selbyville, Delaware-based Market Study Report LLC.



A drone flies at a plantation. Photographer: Joshua Paul/Bloomberg

Besides spotting fires, drones are capable of collecting data that can be used to decide if crops have enough water and nutrients, and even to find leakages in irrigation systems. That makes them an efficiency-boosting boon for the palm oil industry.

A single drone can capture images of about 2,500 hectares of oil palms a day, while a human can cover only 5 hectares, said William Tao, chief operating officer at Hong Kong-based Insight Robotics Ltd., which provides drone-based services as well as remote sensing technologies and AI analytic tools to Southeast Asian palm growers.

Snakes, Scorpions

Workers had traditionally trudged in the tropical heat through dense grass and sometimes hilly terrain inhabited by snakes and scorpions to monitor plantations by sight. The vast size of plantations and the potential for human error can result in unreliable data.



A worker carries a harvesting sickle at a plantation. Photographer: Joshua Paul/Bloomberg

Even where the data are collected using drones, many plantation owners are analysing the images using artificial intelligence-based systems, Tao said. The use of such tools means images spanning 10,000 hectares can be reviewed by a computer in 4 hours instead of the 14 days or more that it would take 20 people ordinarily, he said. The technology is especially helpful in assessing the environmental impact of palm oil and their association with rainforest destruction implicated in the choking haze that routinely afflicts the region.

“This is a hot topic now,” Genting’s Narayanan said. Malaysia’s fourth largest-listed plantation owner by market value, owns about 20 drones, and uses the services of other providers to monitor and map about 160,000 hectares of oil palms in Indonesia and Malaysia.

The aerial devices use high-resolution cameras that snap thousands of pictures for assembling composite pictures, which are then used to count trees and map estates. Genting is also weighing multispectral cameras to monitor palm health and detect pests. Smaller, more nimble drones are used for surveillance, especially of flood and fire in hard-to-reach areas.

Genting also uses satellites for mapping and surveillance, and is looking to artificial intelligence to analyse those images for more accurate feedback on tree health, yield potential, and nutrient status, Narayanan said.



A vehicle drives along a road at Genting’s plantation. Photographer: Joshua Paul/Bloomberg

‘Next Big Thing’

Agriculture has been an important market for the past couple of years, according to Aerodyne Group, the world’s third-largest drone-services provider. The Kuala Lumpur-based company gets most of its revenue from construction, but expects the proportion of sales to plantation owners to increase beyond the current 10%, Chief Executive Officer Kamarul Azman said in an interview. “Agriculture is the next big thing for us,” Kamarul said. “We do know that the market is increasing. We’re focusing more on it.”

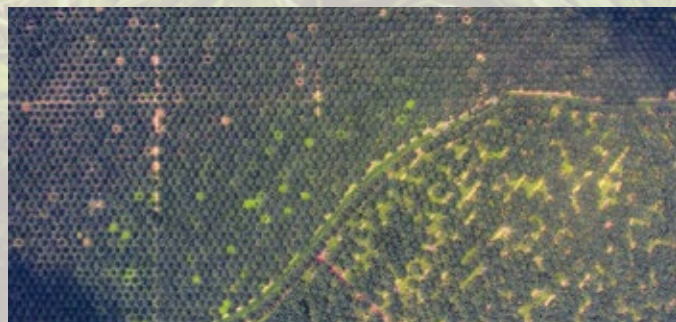
The increasing demand for unmanned aerial vehicles may reflect the need to improve efficiency in the wake of lower crude palm oil prices, he said.

“Plantation companies are very traditional,” Kamarul said, adding that they have a tendency to be “a little bit slow” in adopting new technology. “Everyone is clamouring to save costs and increase their efficiency.”



A grabber prepares to pick a fruit bunch. Photographer: Joshua Paul/Bloomberg

Other technology is also poised to accelerate the palm oil industry’s modernization. Genting is exploring the use of remote sensors, robotic equipment, and autonomous vehicles to direct precise amounts of fertilizer to specific sites. That will avoid less-efficient blanket applications, Narayanan said.



An aerial photo of Genting’s plantation in Johor. Photographer: Joshua Paul/Bloomberg

There’s “vast potential” for the industry to take up new technology, especially to help with harvesting and field maintenance, as labor and land become increasingly scarce, he said.

Malaysian Palm Oil Group Urges Industry to Tap Tech to Save Forests



FILE PHOTO: A palm oil seed is seen at a plantation in Pulau Carey, Malaysia. Pix: Reuters

Malaysian palm oil producers must use technology to improve yield and compensate for restrictions on land use, as the industry wrestles with concerns about sustainability, the chairman of the Malaysian Palm Oil Council said.

Malaysia, the world's second biggest palm oil producer, has set a cap of 6.5 million hectares on the area under palm oil cultivation. In 2019, the total area planted with oil palm in Malaysia was about 5.9 million hectares.

Given the restrictions on expanding into new land, Lee Yeow Chor, chairman of state agency and industry body the Malaysian Palm Oil Council (MPOC), said companies should look at other options to increase output.

"The emphasis for the palm oil industry should be looking at how to increase the utilisation of technology in order to improve yields," Lee told Reuters in an interview.

Lee said the industry was also increasing mechanisation to cut reliance on foreign labour, and seeking to use tissue culture and genomics to make plants deliver more.

Apart from the land issue, frequent droughts and replanting in Sabah, the biggest Malaysian state producing palm oil, will hit output, he said. It takes between three and four years for a plant to produce fruit.

Mohamad Nageeb Abdul Wahab, chief executive of the Malaysian Palm Oil Association - a group representing growers - told Reuters separately the bigger producers were focusing on yield expansion using genome-sequencing.

Palm oil is used in a wide range of products, from snack foods and cosmetics to biodiesel. The commodity is under scrutiny because the producers in Indonesia and Malaysia have in the past cleared forests to make way for oil palm cultivation.

The European Union last year legislated to phase out palm oil in renewable fuel by 2030 because of concerns about deforestation.

The MPOC's Lee said he expected palm oil to come under greater scrutiny because of the European Green Deal, a proposal by the European Commission to make the EU climate neutral by 2050.

"The best way to overcome the bad perception is consistency and continuous improvement. The Malaysian palm oil industry has a good track record in doing that," Lee said.

He said he expects the benchmark Malaysian palm oil price to range between 2,800 and 3,100 ringgit per tonne in the next two months, higher than the Monday close of 2,759 ringgit, because of limited supplies.

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Bursa Malaysia Launches World's First Options Contract on Palm Olein



Bursa Malaysia Bhd today successfully launched the options contract on US Dollar denominated refined, bleached and deodorised (RBD) palm olein futures (OPOL), the world's first options contract on palm olein. NST pix

Bursa Malaysia Bhd today successfully launched the options contract on US Dollar denominated refined, bleached and deodorised (RBD) palm olein futures (OPOL), the world's first options contract on palm olein.

Bursa Malaysia Chief Executive Officer Datuk Muhamad Umar Swift said in response to market demand for an options contract, the exchange are pleased to enhance the current FPOL contract by making OPOL available to the marketplace.

"The OPOL contract allows for the introduction of more sophisticated strategies to raise the level of derivatives trading and will attract new categories of market participants such as commercial banks and options writers and traders.

"We look forward to taking the Malaysian derivatives industry to the next level with the debut of this world's first product, underlining the exchange's commitment to strengthen Malaysia's position as the centre for palm oil price discovery and the global premier palm oil market," Muhamad Umar said in a statement.

Serving to complement the existing US Dollar denominated RBD palm olein futures contract (FPOL), OPOL broadens the array of possible risk management tools available for palm oil

players in line with the exchange's aim of expanding Bursa Malaysia derivatives' product offerings under the palm oil complex.

Between now and 30 June 2020, all market participants will be entitled to an exchange fee and clearing fee waiver on OPOL transactions.

OPOL provides palm oil refiners, end-users of palm olein and foreign palm olein importers a mechanism for transparent price discovery, regulated trading and hedging against adverse palm oil price movements.

For traders, OPOL is an additional instrument that can be utilised by local and international participants to trade.

RBD palm olein is a major component in the palm oil value chain. Malaysia produces approximately 10.7 million tons of RBD palm olein, where approximately 75 per cent is for the export market.

India Allots Licences to Buy 1.1 Million Tonnes of Refined Palm Olein from Indonesia



India's edible oil industry has been seeking import curbs on refined palm oil to boost local refining.

India has issued import licences for 1.1 million tonnes of refined palm olein from Indonesia, government and trade sources told Reuters. The move has surprised the industry as only last month New Delhi had restricted imports of the commodity.

A resumption in refined palm olein buying by India, the world's biggest palm oil importer, could lift its total palm oil imports and support Malaysian palm oil futures FCPOc3, which have corrected a fifth from a three-year high hit in January.

India put refined palm oil and palm olein on the list of restricted items on Jan 8, a move sources said was retaliation against top supplier Malaysia after its criticism of actions in Kashmir and a new citizenship law.

The move prompted traders to seek permission from the Directorate General of Foreign Trade (DGFT) to import refined palm olein, and the commerce ministry's wing received more than 100 applications for licences. The DGFT has issued import licences for 1.1 million tonnes of refined palm olein to traders, based on their applications, a government official and three traders told Reuters.

New Delhi has given permission to import refined palm olein only from Indonesia, a government official said. India's edible oil industry has been seeking import curbs on refined palm oil to boost local refining.

Source: www.freemalaysiatoday.com



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Blockchain, Direct to Consumer Communication Can Help Uplift Palm Oil's Image

The application of blockchain technology in the palm oil industry would indicate the existence of a trusted solution in place to prove provenance, certify sustainability and encourage the industry positive growth, a consulting firm involved in blockchain said.

Lardi and Partner Consulting GmbH managing partner Kamales Lardi said the technology could help the industry overcome one of its biggest challenges, namely to be able to unequivocally prove that the fresh fruit bunches (FFB) harvested are certified sustainable and no deforestation has been carried out.

The Zurich-based Lardi and Partner Consulting is the founding company of BloomBloc Sdn Bhd, a strategic advisory and blockchain development company focusing on sustainable supply chains in Kuala Lumpur.

She said apart from sustainability, discussions in Europe are also related to competitiveness of palm oil compared to other oil crops, hence, highlighting the importance of direct-to-customer communication.

“Palm oil is the most efficient, producing more oil per hectare than other oils at a lower cost. This will remain a point of contention in the European Union (EU) market, beyond the question of sustainability,” she told Bernama.

Therefore, she said the contentious point of deforestation, as well as issues relating to worker rights, land rights, and displacement of indigenous communities could be effectively addressed through blockchain application.

She said a general bias against palm oil products is mainly due to the lack of information shared directly with the consumer

base, relating to the sustainability efforts, certification, as well as positive biodiversity initiatives that are currently underway in Malaysia.

“Not only that, there is misinformation about palm oil compared to other crops. Having been involved in the blockchain solution development for palm oil over the last two years, I have also noticed this misunderstanding when I describe the solution we are developing.

“I believe the Malaysian palm oil industry could address this with direct-to-consumer communication,” she said.

Commenting on EU Parliament’s plan to phase out the use of palm oil in transport fuels effectively starting 2024 and complete phase-out imports of palm oil for transport fuels by 2030, she said the palm oil industry should not be banned or eliminated as the commodity is a key source of income for millions of people in 42 developing nations and a key contributor to poverty eradication.

“On top of that, over five per cent of the earth’s surface is covered by palm oil plantations, which will turn into waste land if we ban the use of palm oil.

“The best way to resolve the challenges in the palm oil industry is to drive sustainable production and prevent further deforestation. Here, blockchain provides the best solution in the market to-date,” she said.

Asked on the relevance of BloomBloc presence in the EU, she said it allowed the BloomBloc team to leverage the expertise and experience of the European marketing in blockchain development and application.

She said Europe as a market is more matured in terms of blockchain development and most industries are growing to understand the benefits of blockchain application, particularly relating to transparency, trust and security in the supply chain.

“This offers great benefits to the palm oil industry when a blockchain solution is applied for the provenance of the FFB harvests.

“By applying blockchain technology to prove the origin of the palm oil and tracking the supply chain, the palm oil industry could quickly and effectively prove its intent to deliver on the promise of sustainability and demonstrates an open and trustworthy solution,”

She said the primary target audience of BloomBloc is the agriculture industry, specifically palm oil, as the industry is facing critical challenges that could be addressed by blockchain solutions.

“In addition, there was a time-critical element, as Europe prepares to limit the import and use of palm oil-based biofuels, as well as palm oil products.

“We would like to deliver the blockchain solution for public and private players in the industry. However, our target audience also includes any industry or business area requiring transparency and traceability across the supply chain, where the BloomBloc solution we have built could be easily implemented,” she said.

She added that the company is also exploring aviation, manufacturing and other similar industries.

Source: www.theedgemarkets.com



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Drones, Robotics Promote Sustainable Farming



Mata Aerotech Sdn Bhd CEO Wan Azrain Adnan says there is growing interest from big agriculture players and government agencies regionally on using drones in the plantation sector. - NSTP/File pic

Modernisation in the agriculture sector is taking root with the use of drones and robotics technology, leading to more sustainable farming and reduced dependence on manual labour for certain tasks. Mata Aerotech Sdn Bhd Chief Executive Officer (CEO) Wan Azrain Adnan said there was growing interest from big agriculture players and government agencies regionally on using drones in the plantation sector.

“The oil palm industry faces shortage of labour as the work is labour intensive. Precision agriculture is the future of farming. Drone and robotics technology definitely help to reduce the dependency on labour,” he told the New Straits Times.

He said oil palm companies could use drones to take images of their plantation area and, with the necessary software, calculate how many trees there were in the estate, instead of sending people to count manually.

“This will save time and cost as it is fast and efficient. Plant counting is important to detect how many trees are alive so that they can calculate how much fertiliser and pesticide are needed.”

He said the agriculture sector’s modernisation using robotics is in its infancy, and more effort needs to be taken to educate and promote the idea to industry players. The company recently offered the drone application services at oil palm estates and covered 200,000ha. Pemandu associate executive vice-president Ku Kok Peng said there was potential in using drones in the oil palm sector to identify nutrient deficiency in the trees.

“Then it can deploy the right type and amount of nutrients required for the trees specifically,” he said.

Industry sources said there were about 1,000 drones (averaging from RM100, 000 to RM250,000 each) in operation commercially, while a few thousand drones were in recreational use nationwide.

Aerodyne Geospatial Sdn Bhd founder and group CEO Kamarul Muhamed, whose company provides drone-based managed solutions globally, said Malaysia had a market size of about RM500 million for commercial use of drone services, particularly in the agriculture sector. Bloomberg reported the agricultural industries accounted for more than a quarter of the US\$2.67 billion in commercial drone sales in 2016, according to Allied Market Research, and demand will expand 22 per cent a year, reaching US\$2.44 billion by 2022. Delaware-based Market Study Report LLC has forecast worldwide drone sales to agricultural businesses topping US\$8 billion by 2026.

Muda Agricultural Development Authority (Mada) had operated 10 drones since 2017 in a pilot project, covering about 2,000ha of padi fields in Kedah with an allocation of RM1 million. The agency introduces new technologies and machines to farmers, helping them to increase their yield while reducing their production cost and solving labour shortage issues.

“We require about 500 drones to fully cover our 100,000ha of padi fields. Up to now, our farmers have adopted drone technology provided by independent drone services providers,” said a Mada spokesman.

A World Bank report on Malaysia’s experience in agriculture transformation and inclusive growth said the sector’s productivity is less than half of high-income country averages, highlighting the urgent need for reforms and expanding the sector’s contribution to the country’s development. The report said Malaysia’s success in agriculture could serve as a case study for many emerging economies and more effort was needed if Malaysia was going to have an agricultural sector reflective of a developed economy. Azrain said drone application in the agriculture sector should be regulated by the government, particularly the Civil Aviation Authority of Malaysia (CAAM).

He said CAAM could promote safety and sustainability of the drone industry, for instance, by implementing mandatory licensing for commercial drones and drone pilot licences.



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PALM OIL HEALTH FACTS



01 PALM OIL IS DIFFERENT FROM PALM KERNEL OIL

Palm oil is derived from the flesh (mesocarp) and palm kernel oil is derived from the seed (kernel) of the palm fruit.

02 OIL PALM IS NON-GMO

Oil palm is bred through a natural process of pollination and is not genetically modified.

* Genetically Modified Organisms

03 ONE OIL WITH MANY FRACTION

The appreciable amount of unsaturated and saturated fatty acids allow palm oil to be easily fractionated into two products; 80% of liquid oil (palm olein) and 20% of solid fat (palm stearin). Both fractions can be further processed into specialised fractions for different applications.

04 PALM OIL IS A TRUSTED FOOD INGREDIENT

Palm oil is one of the 17 edible oil recognised by the Food Agricultural Organization (FAO) and the World Health Organization (WHO).

05 PALMATIC ACID FROM PALM OIL IS IMPORTANT FOR CHILDHOOD DEVELOPMENT

Palmitic acid is one of the three fundamental fats in breast milk. It accounts for approximately 25% of total fats in human milk. It is the most important fatty acid during early childhood development. Palm oil contains palmitic acid that can be used in infant formula.

06 PALM OIL IS A BALANCE OIL

Palm oil contains an equal proportion of unsaturated (40% oleic acid; 5% linoleic acid) and saturated (44% palmitic acid; 5% stearic acid) fatty acids.

07 PALM OIL IS AN EXCELLENT FRYING OIL

Palm oil is stable at high temperature. It is an excellent choice for cooking and frying.

08 PALM OIL IS CHOLESTEROL-FREE

Like all other vegetable oils, palm oil is also free from cholesterol.

09

PALM OIL HAS NO ADVERSE EFFECT ON BLOOD CHOLESTEROL LEVEL

Consumption of palm oil within the recommended level does not increase the cholesterol-related cardiovascular risk compared to other unsaturated oils.

10

PALM OIL IS VERY VERSATILE

Palm oil can be used in many food products such as in margarine, ice cream, chocolate, creamer and etc.

11

PALM OIL IS TRANS-FAT FREE

Being semi-solid at room temperature (25°C-30°C), it does not require hydrogenation. Partial hydrogenation produces trans fatty acids which are harmful to health.

12

PALM OLEIN BEHAVES MORE LIKE A MONOUNSATURATED OIL

Research has shown that palm olein which is the liqued fraction of palm oil is as good as olive in terms of its effect on lipid profile.

13

PALM OIL INDUCES LESS FAT DEPOSITION

Recent studies in mice indicated that palm oil lowers fat deposition compared to polyunsaturated fats. These observations are currently being investigated in human diets.

14

PALM OIL IS RICH IN PHYTONUTRIENTS

Palm oil contains approximately 1% of minor components including carotenoids, tocotrienols, phytosterol, coenzyme Q10, lecithin and squalene. These components are being investigated for potential benefits in neuro-protection, cancer prevention and cholesterol lowering effects.

15

RED PALM OIL IS RICH IN CAROTENOIDS

The carotenoids in red palm oil are biologically active as pro-vitamin A. Vitamin A is an essential nutrient and a powerful antioxidant. Vitamin A deficiency can cause blindness, weakened bones, lower immunity and adversely affects learning ability and mental function. Red palm oil contains 15 times more beta-carotene than carrots.

16

OIL PALM PHENOLICS IS A NEW SOURCE OF ANTIOXIDANT

The recently discovered water soluble oil palm phenolics demonstrate numerous health benefits.



Rise in RSPO Trademarks

Bolstered by Consumers Opting for Brands Of Purpose.



Since the Roundtable on Sustainable Palm Oil (RSPO) Trademark was launched in 2011, it has grown exponentially from 12 countries to 60 countries, and now appears on more than 400 consumer products. The trademark is now more sought after by

the Supply Chain Associates and Ordinary Consumer Goods Manufacturers and has seen rapid growth in the last six months, with almost 140 new trademark applications received from RSPO members. Notably, in Europe and the US, mainstream consumers are starting to take note of where their ingredients are sourced and their potential impact on the environment.

“We’re seeing increasing interest from consumer goods manufacturers, particularly in Europe, but also in the US and Asia. Research has shown that consumers are increasingly looking to brands of purposes – companies that represent their ideals. They also believe that the brands they know and love should make the right choices for them and that includes sourcing sustainably,” said Dan Strechay, Global Director, Outreach & Engagement.

RSPO sees demand for the trademark on a wide variety of products. From cookies, cooking oils, margarines, cheese crackers, breakfast cereals and instant noodles. Reflecting on palm oil’s reputation as an ingredient, Strechay says consumers should be given more credit than is often given. “They get that the issue is more complicated than ‘don’t use this’ or ‘don’t use that.’ The palm oil is just a crop. And, I think after the past summer where there were large scale fires across the globe, consumers realized this isn’t just a palm oil issue, but a sustainable food issue,” he continues. “Where and how we’ve grown our food is the issue. Humans caused the problem, we are also best placed to fix it. Whatever oil seed or crop is used it should be sustainably sourced. If companies use palm oil, they need to use RSPO certified sustainable palm oil,” Strechay declares.



“The recent growth in the trademark has been impressive, and it shows that companies are starting to get to a place where they are willing to talk to the consumer about palm oil and the fact that it is in their products. I give credit to our membership for endorsing the 2018 Principles and Criteria and for their further efforts on transparency. We must shift consumer focus from one of boycotting palm oil to one that actively supports sustainable palm oil. The trademark is an easy way to communicate this message,” notes Strechay.

Given the current climate situation, it’s hard to forecast what will happen in the future, he adds. “There is evidence that forest degradation and deforestation can contribute to the spread of new diseases and it certainly leads to more human/animal interactions. I do, however, foresee demand increasing as companies try to demonstrate that they are going to make the right choices for consumers, without the actual consumer having to invest time in researching a product. Using the trademark is a good way to achieve that goal,” Strechay details.

Now more than ever, consumers are looking to the brands they know and love for a sense of comfort and maybe even nostalgia, he states.

“The use of the RSPO Trademark in Latin America has begun to gain momentum as certification increases rapidly for both producers and supply chain members, particularly with refineries and consumer goods manufacturers in the region. This is evidence that the market has begun to demand RSPO certified sustainable palm products,” says Director of Latin America, Francisco Naranjo.

While the organization always encourages the use of the RSPO Trademark on members' products, some Consumer Goods Manufacturers feel that the logo can confuse consumers as palm oil is just a small ingredient of the product.

However, the organization urges consumers to influence manufacturers by asking them to use the RSPO Trademark, if they are not already, or by supporting through their daily purchasing decisions by looking out for products that carry the RSPO Trademark. By choosing products made with certified sustainable palm oil, consumers – given the opportunity by manufacturers – can be a key factor in transforming the industry.

“In the past, RSPO has been a business to business conversation. RSPO members have taken their responsibility by producing and trading palm oil that respects biodiversity, forests and human rights – now is the right time for consumer engagement by using the RSPO Trademark on products,” says Dr. Inke van der Sluijs, the Head of European Operations.



The RSPO Trademark was launched in 2011 and it now appears on more than 400 consumer products.

Currently, there are already over 900 companies who produce and source for RSPO Certified products, which is recognized for environmental, social and economic sustainability.

With the rapid increase of the RSPO Trademark usage globally, it is enough to say that many organizations are committing towards transparency and more sustainable practices by using the RSPO Trademark logo on their products and general corporate communications.

Source: www.foodingredients.com

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About Sustainability, Regulation and Consumer Demand



File Photo: The various types of anti-palm oil campaigns such as no palm oil labels, do not eat the rainforest and eat plants, no palm please, are driving a number of food manufacturers to reduce the consumption of palm oil in foods. - STR/ADZLAN SIDEK.

Even as Malaysia and Indonesia work towards combating misperceptions behind anti-palm oil products from grocery store shelves, anti-palm oil campaigns in Europe continue to gain momentum.

The various types of anti-palm oil campaigns such as no palm oil labels, do not eat the rainforest and eat plants, no palm please, are driving a number of food manufacturers to reduce the consumption of palm oil in foods.

Children in advanced countries have also sent petitions to pressure food companies to improve palm oil policy in food products. Transparency in food labelling has become a key determinant of food choice.

Consumers in Europe have a deep concern over the rapid expansion of oil palm, associating palm oil with other risk factors for the loss of orangutan habitats, forest fires, land and water pollution alongside social conflicts involving plantation companies and local communities and infringement of human rights.

As the palm industry expanded, conservationists and environmentalists began to raise the alarm about its impacts on carbon emissions.

This resulted in a backlash where palm oil is now seen primarily as a contributor to deforestation. Additionally, the classification of palm oil as a high 'Indirect Land Use Change' (ILUC) risk for biofuels has discouraged the use of palm oil in the renewable energy mix.

These efforts, while noble, have potentially unintended and contrary effects on the ground, creating an overly restrictive system which has in turn discouraged some key actors, such as smallholders, from adopting sustainable practices. It is thus important that palm oil producing countries take action to tackle the most urgent and fundamental questions surrounding palm oil production.

First, a regulation on food information to consumers in food packaging must be introduced and made mandatory. This is to educate consumers and food producers about the misleading claim that banning palm oil will halt deforestation which is unlikely to save the global biodiversity.

According to the International Union for Conservation of Nature report on Oil Palm and Biodiversity, replacing palm oil to other oil crops would require up to nine times more plantation land to keep up with global demand and will not address deforestation issues.

Second, the status of peatlands, including restoration efforts, must be urgently put as a national priority to upgrade the country's commitment on sustainability policies and programmes. March 22, 2020 will mark one year anniversary since the endorsement of Policy towards Sustainable Palm Oil, however, we have yet to hear progress on key achievement of the policy.

The lack of progress in examining the extent of environmental degradation associated with palm oil plantation will open up for more ungrounded accusation and bias views.

Third, examining sustainable development challenges requires a broader understanding of palm oil and sustainability. In addition to environmental concerns, the palm industry also receives critiques pertaining to food safety concerns.

For example, European food companies have started to ask palm oil producing countries to lower the amount of impurities in palm oil.

The Malaysian Sustainable Palm Oil Certification (MSPO) is one of the avenues to address this concern, but improvement to handling of fresh fruit bunches must also be improved.

Otherwise, the mandatory commitment of MSPO may be insufficient to respond to such concerns.

Finally, palm oil producing countries need to develop strong research networks to eliminate publication bias in palm oil research. Echoing suggestions from the World Bank, coordination and collaboration efforts in the palm oil research field seems lacking and require better dissemination of knowledge to inform policy making.

A strong and independent voice from academia is necessary to chart an evidence-based and holistic way forward, mitigating vested influences while constructively informing public discourse and policy making. Current perceptions on palm oil see a dichotomy between an absolute ban on one hand and a key contributor to sustainability on the other.

A multi-pronged strategy incorporating education, conservation and evidence-based research is essential to advancing and improving the palm oil industry.

Ainun Jaabi, a Researcher, Technology, Innovation, Environment and Sustainability Division (TIES) at Institute Of Strategic & International Studies (ISIS)





An Interview with the Chair of Premium Group of Companies, Mr. Satish Selvanathan

1. Premium Group is an established player and pioneer in the specialty fats industry in 35 years. Could you share the background of this company?

The Premium Group was set up in 1978 and is indeed regarded as a pioneer in the specialty fats business in Malaysia. The business I represent - Goodhope, which is an upstream plantation company - acquired Premium in 2011 to move down the value chain into specialty fats.

In the first few years after the acquisition, we invested to double production capacity at Premium and build a state of the art Innovation Center next to our production facility, where our team would work with our customers to create tailor-made fats to be used in their specific chocolate, ice cream or bakery applications. For example, if you were one of our chocolate customers, you could work with our Innovation Team to develop the specific fat that is right for your specific chocolate and see, smell, feel, taste and experience this chocolate as it rolled off the lab-scale chocolate line in the Innovation Center. By doing this, we have moved our business model away from a product-focused model to a solution based model. The new management team that we put in place over the last two years have worked incredibly hard to make this happen.

More recently, we entered into a partnership with J-Oil Mills, in Japan, by which they invested into our business. J-Oils are one of the top oils and fats manufacturers in Japan with an

excellent product range and customer base and we look forward to realizing product and market synergies along with them.



2. Premium Group operates an integrated crushing plant and refinery, processing lauric and non-lauric specialty fats. How does Premium Group compete with the other players in the refinery industry?

There are a few segments in the downstream business. The basic segment is the bulk liquid oil segment, in which crude oil is refined and fractionated and sold in bulk to customers as a basic cooking oil.

We don't play in this space.

We crush palm kernel into kernel oil and then further process this into highly customized fats. These fats are primarily used in three key categories: confectionery, ice cream, and bakery products.

Competitive strategy teaches you that you compete in one of three ways: cost, product differentiation, and focus. We don't have the scale economies that larger players have, so we don't have a cost advantage. This is also not a game we want to play, because it can be a race to the bottom. So we play on product differentiation (via product quality) and focus (via world-class customer service).



3. Recently, Goodhope Asia Holdings Limited had recently entered a joint venture with J-Oil Mills. What was the main reason behind this endeavour and what are the advantages of this partnership?

As mentioned earlier, J-Oil Mills is one of the top oils and fats manufacturers in Japan. They've been in the business for decades and have built up a world-class product portfolio and customer book. Their focus is on high-quality cooking oil (with many excellent technical characteristics like flavor and cloud point) and margarine. The margarine, in particular, is used in Japanese style bakery products, which is softer, more fragrant and I believe, tastier, than "regular" bakery products. Their existing client base is largely concentrated in Japan.

Premium, on the other hand, has a highly specialized business outside of Japan with a product range that serves clients in the confectionery, ice cream, and bakery space.

The synergies are obvious: both companies get access to a broader and deeper product and market portfolio along with



an ability to fulfil customers from a Malaysian production site, which has clear advantages concerning the sourcing of palm-based raw material and cost of production. We also get a great opportunity to leverage each other's knowledge and experience to co-create new products and applications for the benefit of our customers.



4. As we all know, the European Union (EU) countries are making the products that consist of palm oil difficult to be branded. How does Premium Group work on sustaining the market and profit of the products?

The EU has raised the bar for our industry to be able to sell in the EU market. It is done in two ways: one point is health; the other is the environment.

Starting with health, to be able to sell into the EU, you have to be able to demonstrate 3-MPCD levels below 2.5 ppm. 3-MPCD is a contaminant as a result of the refining process and is considered to be carcinogenic. We have been exploring technologies to achieve this and will be ready for this directive. We also have a fairly well-diversified market portfolio, as a mode of risk mitigation versus regulatory change in any one market or region.

On the environment side, the EU has voted to exclude palm-based biodiesel from their biodiesel mandates, because of concerns of land-use change in Indonesia, as a result of deforestation. This is going to have an impact on palm oil exports to Europe – of the 7MM MT exported to the EU last year, 60% was used in biodiesel, which will disappear. However, on the other hand, Indonesia has increased its biodiesel mandate from B20 to B30, which should see an extra 3-4MM MT consumed domestically as fuel, which should offset the decrease in EU demand.

From our point of view, we service the food industry, so it doesn't impact us in a big way.



5. What is your opinion on the current market with the outbreak of COVID-19 and its global effects to the economy? How is Premium Group dealing with the present situation?

It has been a massive impact, which is unprecedented in our lifetimes.

There are two key drivers: first, on the demand side, all markets have seen large and varying levels of demand destruction as their economies have slowed down in the lockdown scenario; second, on the supply side, there are challenges as businesses have to find ways to secure raw materials, production materials, packing materials, etc., and then be able to dispatch the finished product in an organized fashion, which is getting increasingly difficult as ports, shipping lines, customs clearances, etc., have all been affected.

We, as do many others, think growth is out of the question this year and we will focus on servicing our customers to the best of our ability; keeping our internal discipline; keeping a very close eye on cash; cleaning up organizational and operational loose ends, and making sure we communicate clearly and frequently as a team. A big issue is that no one knows the magnitude; time horizon; or evolutionary pathway of the current situation. You cannot make point estimates or projections in markets like this, you have to do scenario planning.

We are fairly ahead of the curve in our use of business technology, so we make sure to continue having frequent video conference catch-ups and online town halls to make sure that everyone knows what is going on at all times. We have dispatched ventilators, PPE sets, N95 masks and etc., to hospitals and our sites in Kalimantan and Papua in Indonesia and are investigating whether we can repurpose part of our production lines in Malaysia to manufacture product that can be used on the front lines.

The reframe for us is that once this pandemic is over (and it will be over) and we emerge into a new, more conscious and

more responsible world, we want to be in the strongest possible position to start over.

6. COVID-19 is causing a humanitarian crisis of global proportions with hundreds of thousands of lives disrupted. What were the core focuses of the company as a whole?



Millions of lives will be disrupted. I read an article that referred to the Coronavirus as a neutron bomb, which has kept physical infrastructure intact, but removed all semblance of human activity inside. I thought this was an apt description and I don't think any of us knows how this is going to play out.

In that context, the core focus of our company is to do what is necessary to protect our people and communities.

We setup our internal infrastructure and trialled the Work from Home concept before the governments of Indonesia and Malaysia made it a requirement, so by the time it was made mandatory we were ready for it. At our production facilities we instituted all the required measures – from reducing worker numbers by 50% during the MCO; to drawing lines 2m apart for our people to stand behind; to executing the recommended sanitizing procedures and etc.

We setup a Rapid Response Team within our top leadership to make sure that we stay ahead of the curve in our protocols and preparedness strategies. As I mentioned earlier, we dispatched ventilators, PPE sets, masks, thermometers and etc., to hospitals and sites in remote locations to Indonesia to help bolster the public health infrastructure, before COVID-19 reaches these locations.

This virus has humbled countries, governments, the medical community and etc., and has literally brought the planet to its knees. We literally take an hour-by-hour approach to watch the evolution of this thing and try to stay ahead. Honestly, at times, it feels like we're running on a treadmill that's going faster and faster and it takes every ounce of strength to not go flying backwards.

I don't think I've answered your question, but I also feel like giving an assured answer would be facetious. The truth is, this virus is far more powerful than we are and we need to give it that respect. This is an exercise in surrender – where we do everything we can to address the things we can control; and surrender everything we can't to something greater.



7. As the Chair of Premium Group of Companies, how did you lead your team through this crisis and are you planning for what comes after?

That's a great question.

No manager has experienced something quite like this in their lifetimes, so I believe that leading a team through a crisis of this nature is as much an intuitive approach, as it is a rational/objective one.

I say this for a few reasons: firstly, the nature of an emergency is such that it leaves people looking for a voice of reason, which they are familiar with. People look for someone who will tell them the truth, tell it to them straight and talk to them often.

For example, I write to the entire company once a week; I am very clear that what I don't know is far greater than what I know, but I will try to figure it out; I have daily evening video calls with the Covid Rapid Response Team; I have Tuesday and Friday evening video calls with my direct team, during which the only ground rule is that we are not allowed to talk about work; we have once a week town halls, where anyone in the company is welcome to join and ask any question; we have an online form through which anyone in the company can ask a question anonymously and a response is guaranteed within 48 hours. This intuitive leadership that touches at people's feelings and gives people a safe space is very important at this time.

Having said that, the second prong of remaining rational and objective is critical. Emergencies are emotional, and at times, fearful times; and during this time it is important to recognize emotion for what it is, but to be almost hyper-rational in your thinking and make high quality decisions.

Driving for performance is altered, but it doesn't stop. I've seen examples of managers trying to use the crisis as an excuse to paper over fundamental cracks in our business model or organizational capabilities – I won't have this. You need to do be super disciplined and unforgiving in the assessment of yourself and recognize that the drive to get better doesn't change. I try to instil this mindset into our teams. If you can come out of this crisis with your mindset intact, you've touched divinity – nothing can break you.

Lastly, you need to have a very good understanding of risk – this includes risk factors; how to measure them; their drivers; what is the right model to share risk with your counterparties; and ultimately how to mitigate risk. I spend most of my time thinking about financial and non-financial risk and communicating risk tolerances and risk philosophies to my managers.



8. The three core commitments of Premium Group are on quality, customer service, and innovation. Will the growth of technology enhance business in the next 5 years?

As I mentioned earlier, the key prongs in competitive advantage are cost, product differentiation, and focus.

We are a single factory/single location company and don't have the scale economies to compete on *Cost*. It takes time to design systems and processes around *Product Differentiation* and integrate these into our business. It's something we are working on, but we are conscious of the time horizon required to build a durable and defensible advantage in this prong.

From a tactical perspective, we leverage our small size, flat structure and nimbleness to compete by providing our customers with better focus. The mechanism to do this is to provide an extremely high-quality product with world-class customer service. The feedback that I regularly hear from the market is that our product is a superior quality product – and when you marry that with outstanding customer service offering high levels of reliability, you have a business proposition that is very difficult to replicate.

9. What is the advice you would give to the people who are anti-palm oil?

I start by saying that I can understand why many people are anti-palm oil. Over the last 20 to 30 years, our industry hasn't done itself many favors regarding deforestation, habitat destruction, and biodiversity loss. According to Global Forest Watch, Indonesia has lost over 10% of its primary forest tree cover over the last 20 years and even though all of it isn't attributable to oil palm, it gives people an easy target.

The haze that takes place every year doesn't help either. Again, even though it isn't caused by slash and burn to plant oil palm, it gives people an easy target for a crop that is already in the spotlight.

We need to do better as an industry, demand more from ourselves and take responsibility for repairing the reputation.

On the flip side, palm oil has gone from 20% of a 100MM MT vegetable oil market in 1995 to 35% of a 240MM MT vegetable oil market in 2018 - palm oil has taken market share from other oils and is clearly the market leader in this space.

It is also the most efficient oil in the market – efficient producers can produce 5-6 MT of oil per year per hectare of land, which is an order of magnitude greater than soy oil or rape oil yields. Similarly, the per MT use of fertilizer, pesticide, and energy input is an order of magnitude lower than soy oil or rape oil. There is also significant social benefit – 40-50% of Indonesian palm oil is produced by smallholders, who earn 5-7x more cultivating oil palm versus what they would earn cultivating subsistence crop.

So there may well be a good reason for other oil producers to paint our industry as one that destroys rainforests and kills orangutans. I would urge people to take a balanced approach and understand the dynamics and drivers of the vegetable oil market before making a decision as a result of reading a “Ban Palm Oil” poster on the platform of a London Underground station.

I also recommend against painting all players in the industry with the same brush. Roughly 20% of global output is certified sustainable by the Roundtable of Sustainable Palm Oil (RSPO), which is a multi-stakeholder group that aims to address the viewpoints and concerns of the NGOs, growers, refiners, traders, customers, financiers, and etc.

We have signed up to RSPO's principles and criteria; and have gone above and beyond this, with our commitment to not

planting on peatland, non-exploitation of local communities, etc. At the current moment, we can trace 84% of oil back to the field, and we are working to achieve 100% traceability within two years. This year, we intend to offer a fully segregated/identity-preserved product so that our customers can be 100% assured of the entire supply chain for this oil.

So in summary, learn about the industry; understand the multiple drivers and dynamics in the vegetable oil market; understand the nuances between individual producers, and be aware of economic/political agendas at play when making your decision on palm oil.



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An Interview with Mr. Kang Han Fei, Managing Director of Manitou Malaysia Sdn. Bhd.



Managing Director's Profile

Mr. Han Fei Kang is the Managing Director for Manitou Malaysia. He joined Manitou in December 2019. Mr. Kang has a Master in Business Administration from Heriot-Watt University, Edinburgh U.K. He has more than 25 years of professional experience in the Material Handling and Industrial Equipment Industry, having served in senior management positions in various international companies.

1. Manitou was established in 1958 and has expanded internationally over the years. As the world leader in rough-terrain handling, could you share on the background of the establishment of Manitou in Malaysia?

Manitou Group has established its presence in Asia since 1993 with the stand up of its subsidiary in Singapore; known as

Manitou Asia Pte Ltd. Manitou Asia is the regional office for Asia Pacific aims to serve the emerging and the developing markets around Asia Pacific. Manitou Malaysia was set up in 2016 and becomes the Center that provides a better field and services directly to the end-users.



Manitou Telehandler MT-X 625 with grapple attachment being used for clearing at the plantation.

2. What are the advantages and specialization of the equipment that Manitou offers to the palm oil industry?

We have various range of equipment. Manitou is serving three industries; agriculture, construction, and industry. Some of our equipment is specific machines tailor to the palm oil industry with the use of the appropriate attachment. For example, we are working together with TCIM Sdn. Bhd., the leader for the backhoe loaders (BHL) in Malaysia which has been selling and promoting the BHLs to the palm oil industry. Manitou is known for its rough-terrain handling and is currently working with a company to design the attachment that helps to increase the productivity of the palm oil industry especially in the harvesting. Manpower is the main crux that we have in the palm oil industry due to the reliance on foreign workers to do the harvesting. It is

a labor-intensive job because you have to hold a 5 meters stick to pick all the fruits. This method is no longer efficient and co-effective as it requires a longer time which makes the industry not competitive. Thus this allows us in looking forward to work with a company that works with the Malaysian Palm Oil Board (MPOB) to have the right attachment specifically for harvesting. This project is currently ongoing, we would not elaborate.

3. Manitou also provides other services such as financing, warranty extension, maintenance contracts, and spare parts. Could you elaborate more on this?

In Manitou Malaysia, we provide flexible financing as most of the small plantations require our support. We hope that the customer could have the peace of mind and know that the whole process is in our hands for the warranty extension and maintenance contract. The warranty extension of using our machines would be up to 3 years. Warranty extension covers all the maintenance and we would provide a special rate to take care of the customer's machine for 12 months.



Gehl Backhoe BL818 digs trench in oil palm estate.

4. There are many palm oil plantations in Malaysia from established companies to smallholders. How does Manitou tailor their services according to the needs of SMEs?

Manitou Malaysia has a range of machines. For the more established company or bigger plantation company, they would require a bigger capacity machine while for the SMEs, they would require a smaller machine. We could offer a second-hand machine for the new setup or much smaller company. For the established companies, we could offer them a new and much bigger machine as their operation needs a much longer time.

5. How does Manitou prepare to overcome the uncertainty of today's palm oil market?

I do not see any case with the supply and demand issue. Palm oil is involved in our everyday life and we need palm oil in almost everything. Even though with the ban from the European Union (EU), the competition with Indonesia and the political issue with India, would not affect the industry greatly as we still need palm oil. This further push the growth in palm oil industry.

6. Based on your point of view, how does rough terrain handling contribute to the development of palm oil plantation in Malaysia?

If we look at the Malaysia palm oil industry specifically, our roles are to help the industry to bring down the operation cost. We also feel that we should be a part of the eco-system in the palm oil industry. We need to be one of the stakeholders in the industry to be able to involve and see how our machines could be a form of help in terms of cost-saving, efficiency, and productivity. We have lost billions of dollars because of the harvesting as we are not able to collect the fruits. This is because there is a shortage of manpower and thus the machine would come in a great source of help. Manitou machines are user-friendly and provide many advantages; air conditioner, radio and handphone holders. With this machine, we believe that we could change the stereotypical mindset. We believe that this is the opportunity to show that anyone could be a part of the harvesting be it the fresh graduates or even for the ladies. It is an order to help the industry to be cost-saving and productivity efficiency. This also helps in bringing down the operating cost which would greatly benefit the Malaysian palm oil industry to stay competitive.

7. Do you expect the COVID-19 to have an effect on the palm oil industry and in turn affecting Manitou's performance this year?

The World Health Organization (WHO) and the government are taking a very swift action of the virus. This epidemic would cause some economic effects to most industries, though to some industries such as masks, gloves, and hand sanitizer manufacturers, would be at their advantage in this situation; more demand which means more businesses. There would always be something to balance it out. Manitou is prepared for 2020 to brace with uncertainty in the economy. Malaysia is an emerging market especially in the machines which, the concept of telehandlers is not well known yet. In some ways, Malaysia is still using the conventional way of harvesting. Thus Manitou Malaysia is looking into Asia Pacific as it is the growing market for the telehandler.



Gehl Backhoe BL818 Maintenance works on construction site.

An Interview with Mr. Carl Traeholt, Southeast Asia Programme Director of Copenhagen Zoo.



Southeast Asia Programme Director's Background

Mr. Carl Traeholt was born in Ipoh, 1963, to Danish/Malaysian parents. He completed his MSc in Behavioural Ecology and Ecophysiology at Copenhagen University in 1989, followed by his Ph.D. in 1992 at the same university. Subsequently, he worked at Copenhagen University as a senior scientist until 1997. He was a visiting researcher at the University of Malaya between 1991 to 1992.

Since 1990, he has worked in many different countries as a consultant to multi-national and bi-lateral donors (eg., UNDP, IUCN, EU, Danida). He joined Copenhagen Zoo as Southeast Asia Programme Director in 2001 (part-time) and assumed full-time responsibilities in 2009. He is also an active member of six IUCN Specialist Groups and is a member of the EAZA Conservation Committee as well as the newly established SEAZA Conservation Committee. He chairs EAZA's Wildlife Trade Working Group as well as assistant to EAZA's Imported Deforestation Working Group. He also serves as a founding steering committee member of PONGO Alliance. He serves on the board of advisors for the Gibbon Protection Society Malaysia and the Orangutan Land Trust. He is a keen diver at Divemaster level and holds a whitewater kayak instructor certificate from the North American Canoe Association, as well as a whitewater rescue instructor certificate from the same organization. Nature is his passion and multiple extensive expeditions to many of the world's remotest parts resulted in the admission to the prestigious The Adventurers Club of Denmark in 1990, as one of the youngest members ever.

1. With Ph.D. in Behavioural Ecology and Population Biology and MS.C in Eco-Physiology and Conservation, could you share on your professional background?



Left, Datu Hamden Hj. Mohammad, DG of Sarawak Forest Department, Datu Hj. Len Talif Salleh, Assistant Minister of Urban Development and Resources discussing a Memorandum of Understanding (MoU) with Carl Traeholt and research ecologist Dr. Ahmad Ampeng (right), Sarawak Forest Department.

I've worked mainly with research and organizational capacity building and management in the past. I was a senior research scientist at Copenhagen University for eight years before I changed career path and came to work here in Malaysia and Southeast Asia. When I worked as a scientist during the 1990s, with a 2-year stint as a "visiting researcher" at Universiti Malaya (UM), I spent a lot of time in the field and realized that the region was on a rapid development trajectory. Unfortunately, this development happened almost entirely at the expense of the country's natural capital. While it was great to experience Malaysians' livelihood improve, the downside was the severe impediment of ecosystem processes. Especially biodiversity and ecosystems were taking a severe beating in the development process. Since I was born in Malaysia and spent my first four years in this country, I always felt that this is my "home country" at a similar level as Denmark. Perhaps that was why I felt that I wanted to stay in the region to support conservation work, where I could be of use and that is exactly what I've done. Since then, I've worked extensively with the Malaysian Department of Wildlife and National Parks (DWNP), as well as the Ministry of Environment (Note: this ministry has changed names several times over the past thirty years!) as a consultant to the government and, in my capacity as Copenhagen Zoo's representative in the region, I have collaborated with Malaysian Palm Oil Board (MPOB) for the past fifteen years. At the same time, we joined

up with various palm oil companies, to work together to improve the environmental stewardship of the sector. In a country with rapid loss of biodiversity and ecosystem services, it made sense to engage with the largest private owners of landbank. It makes no sense that more than 4 million hectares “ownership” has no environmental stewardship obligations, so to say. While most of my work has been in Malaysia (including Sabah and Sarawak), I have spent almost four years in Cambodia in the period from 2001-2006 and since 2016, almost half my work time is spent in Indonesia, working with the government, universities and palm oil companies. While my current duty-station is Southeast Asia (Kuala Lumpur), I also contribute annually to our Copenhagen Zoo programme in South Africa.



Assisting the team with rhino ear-notching at Pilanesberg National Park, South Africa.

2. Zoo has continued to support the development of the Roundtable for Sustainable Palm Oil (RSPO) and other stakeholders. What is Zoo's major role in RSPO? In your opinion, how does RSPO differ from The Malaysian Sustainable Palm Oil (MSPO)?

First of all, let me point out that Zoo is not a member of the RSPO. This is not because we don't support the idea and concept of it, but because we can contribute more effectively by being “neutral”. RSPO's key strength is also its key weakness i.e., everything is consensus-driven, so policy implementation only happens as fast as the “last person over the line”, so to say. It is also impeded by the client-company relationship, where Certification Bodies (CB) are paid by the same companies that they are supposed to certify or fail. It doesn't take a lot of imagination to understand that, it is in nobody's interest to “fail” any company, especially if it involves a large international conglomerate that may simply engage another CB to do the job. This issue isn't specific to the PO industry (RSPO). It is also present in the FSC-process, where FSC has extensive co-ownership with governments, for example. It is difficult to drum up a solid brand when the “law-maker, the judge and the police” are in one “person”, so to say.

Our role is diverse and evolved throughout time. At the onset, it was primarily about raising awareness within the industry about the need for producing palm oil sustainably. Now, fourteen years after the first version of the RSPO P&C was published, many PO companies claim to produce PO sustainably without being able to measure their ecological impact on the ground. That's one of the key areas that need to be addressed going forwards, and the lack of this important component is also why the sector continues to receive criticism both locally and internationally. This is where the sector requires technical expertise to support the industry and this is where we can, hopefully, assist in making a positive difference.

Our role in Europe is mainly related to EU policy-making. Being one of the founding members of the European Association for Zoos and Aquaria (EAZA), we are represented by this organization in Brussels and are constantly engaging the European Union (EU) to influence and educate them on climate change, global biodiversity loss and Convention on International Trade in Endangered Species (CITES). Most of them are not properly aware of how the palm oil sector has evolved over the past ten to fifteen years in a positive sense thus being represented in Brussels offers a good opportunity to deliver updated and accurate information to EU-parliamentarians. Most of the European companies that chose to boycott palm oil do so because they are often unaware of the positive changes that have and are taking place in the industry. Perhaps more importantly, the general opportunity to engage with PO companies directly. Creating this awareness, while remaining critical, is important for us, as we are one of the few who are involved directly with the sustainable palm oil process and since we are not members of the RSPO, we can't be accused of having vested interest. The main difference between RSPO and MSPO is that RSPO is an NGO that is based on volunteering to become a member and comply with standards, whereas MSPO is a government requirement. The standard is generally higher in RSPO, thus it's more demanding and requires more from the industry players to achieve certification as compared to MSPO. But MSPO's strength is that it is mandatory.



An African desert monitor lizard at Moremi Game Reserve, Botswana.

3. Zoo was the first environmental NGO to be appointed as Biodiversity Advisor to Malaysian Palm Oil Board's Project Advisory Committee and Zoo also serves the same position in Sime Darby Plantations Sdn. Bhd. Biodiversity Committee. Could you share a little bit on Zoo's roles on this?



Fitting satellite radio-collar on a Malayan tapir in Krau Wildlife Reserve, Malaysia.

4. The Southeast Asia Programme is Zoo's largest foreign conversation programme and the programme continues to be involved in original applied research about wildlife ecology, management, and conservation. What are your thoughts on the issues that surround palm oil plantation?

We need to find a way that everybody can live together in harmony and peace. I understand that if fifty elephants roam into a palm oil plantation, they can cause an awful lot of damage. They need to eat approximately 150kg of food every day! Elephants are just doing what they are supposed to do. Like most herbivores, they are big-eating machines. The sad truth is that past PO development did not consider the negative side-effects of large-scale habitat conversion. At this point, many wildlife species have nowhere else to go. Developing thousands of hectares of palm oil plantation in e.g., elephant habitat is akin to “reducing available food for the elephant population and then put up a buffet table next to them”. It doesn't require a Ph.D. in behavioral ecology to figure out what will happen next? Such development leaves wildlife with no choice and humans “blame” them for it. In reality, we humans do not even want to “own” the consequences of such large-scale development and manage the elephant population. The math is simple i.e., half the habitat, half the population size. There remain three key solutions, enrich the habitat so half the habitat has double the amount of food or, remove half the elephant population or, accept occasional intrusion into your estates and take the financial loss at the company level, or negotiate compensation scheme with the government. So, which solution is being applied? Currently, hardly any of them. While Sabah is doing quite alright, the problem remains when some people in the plantations decide to poison elephants in what is known as an act of “retaliation killing”. Some of the palm oil plantations are frustrated when elephants invade their property and they do not know what to do. In many cases, they do not know who to contact if elephants are sighted at their plantation. Africa has far bigger elephant, predator, and similar wildlife-human competition and conflict yet they are doing a much better job of it. I feel Malaysia should learn from them.



Chatting with National Geographic's Nick Baker while doing a documentary on Malayan tapir.

We are trying to come in with a different voice as there are a lot of good and skilled people who are working with, for example, sustainability concepts, intercropping and direct community benefits (small-holder schemes). In that, we might not be able to contribute so much to Malaysian activities per se, because the government has already made their plans and programmes. Nevertheless, we can provide a more global perspective on the entire issue. For instance, we need to explain to our local colleagues in MPOB that this ongoing political opinion that “the outside world” is waging a trade war against Malaysian palm oil is incorrect. We can help to advise at a broader level, for example, providing MPOB with information regarding the future development and prepare for future markets. The recent EU Biodiesel policy has nothing to do with PO and Malaysia, but it was already a decision made twenty years ago, because the EU acknowledged that biodiesel would never be a “green” solution. It was always only meant as a temporary mitigation tool while transitioning from fossil fuel to green energy (solar, wind, thermal, etc.). I have also supported MPOB's Malaysian staff, mainly providing advice and capacity building support. I have participated as a key-note speaker at MPOB-events in e.g., Belfast, Vienna and Sydney to create awareness about Malaysia's positive development that is taking place with regards to the sustainable production of PO.



With the Indonesian team in Baluran National Park, east Java, after tranquilizing and fitting a satellite collar on the first wild banteng.

5. What is your role in MPOB? What are your opinions on the International Palm Oil Congress and Exhibition (PIPOC) 2019?

My role in MPOB is as a member of the Project Advisory Committee (PAC). I help guide proposed projects by MPOB, university students or anything related to it. I will act as a mentor or supervisor for those people that work on conservation and sustainability. The projects are often on the technical side whereas I can help introduce a more practical component to it, especially concerning the effects of plantation operations. The progress of the project will be monitored and there will also be a screening of each project proposal. That helps in the fundraising afterward. The “sustainability” concept remains poorly defined and is often used as a buzz-word rather than a meaningful measurable standard. I have a long history with MPOB as my colleague and I used to give workshops on biodiversity and sustainability in palm oil estates to senior managers since 2009. I also set up a palm oil sustainability session at a global conservation conference in 2011 in Arusha, Tanzania where an MPOB colleague was invited to contribute.

Generally, I am impressed by PIPOC and how much resources are available in this industry, I think and hope that most companies in the sector will invest and improve their business strategy so that it focusses on creating prosperity for the many instead of profit for the few only. I went to the technical and exhibition halls and listened to the presentations being delivered. I am convinced that information, awareness, and bits of knowledge concerning sustainability have been growing in PIPOC every year. However, the pieces of knowledge has to be transformed into progress on the ground for the industry to become a global leader of conservation and sustainability in the agricultural sector.

I see PIPOC as an interesting conference that has a good and professional set up. It reflects the industry well. Nevertheless, I

feel that it would be nice to spend a little bit more on ensuring progress on the ground i.e., document the sustainability. Be able to measure progress i.e., if you continue to have biodiversity loss or create water pollution etc., you can't claim to be a sustainable producer. This fact doesn't change just because your company is certified. I hope that MPOB can influence the government more progressively as they have quite a lot of information and knowledge to guide the government's policy formulation and development.

6. MSPO certification has reached the level of 60% of the total oil palm planted area. Do you think the increase in palm oil export in Malaysia is concerning this?



Outdoor welcome address to visiting VIPs to Baluran National Park, Indonesia.

In my point of view, I think there will be no major difference in global demand. The notion that “We will be 9 billion people by 2050 and therefore, we need to produce more food” doesn't stack up. There is more than enough food, if not used on biodiesel, and any increased production should come from yield improvement, rather than increasing landbanks. In the current uptake sense, I think it has little to do with MSPO-certification but more about the production volume and existing surplus stores. In the future, the price will likely be more dependent on sustainability certification because there will be more demand for certified palm oil. I still believe that there is a long way to go as MSPO is not recognized widely outside Malaysia. While it's good to see that more growers certified by MSPO standards, it is not the number of certified companies that should be the yardstick but whether the quality on the ground is up to measurable standards. You can produce 10 thousand Ph.D.s in Malaysia, but if the quality of the Ph.D. is low, what sense does it make? At the moment, MSPO (as well as RSPO) measures performance on company “activities”, instead of measuring the *impact* of their activities. I hope MPOB and the Malaysian government will consider revising the MSPO to reflect this in the future.

For the industry in Malaysia, as a relatively small country, it presents an excellent opportunity to focus primarily on the quality of products rather than on the quantity.



The Cheetah Conservation Foundation in Namibia.

7. What are your views on Love My Palm Oil campaign that ministry has launched?

I think it's a misunderstood campaign that appears more as a sales pitch. It's not necessarily a wrong campaign, but at best it's misguided as it doesn't appear to have a dedicated policy other than selling more PO to Malaysians. Maybe that was the intention in the first place? The promotion of palm oil is good only as far as it complies with sustainability standards. I don't think this campaign is going to convert the non-converted because Malaysians are not as uninformed and disinterested in environmental issues as in the past anymore. In the end of the day, it is local Malaysians who suffer from air, water and soil pollution and not EU-citizens, when palm oil and other agricultural crops are not being produced in an ecological sensible manner. Malaysians can see through the campaign slogan and will question the reason for this campaign in the first place. There is a risk of creating a perverse effect, as many see it more as propaganda than genuine help to a sector that, according to many in the industry, has no flaws and is unfairly singled out for criticism. Unfortunately, this is one of those campaigns that doesn't seem to have been thought through properly and it will likely not make more Malaysians "love" palm oil than before, perhaps to the contrary.

8. With thirty years of R&D wildlife management, population ecology, and conservation biology, what are your advice and views on Malaysia's wildlife conservation?

Malaysian wildlife conservation needs to be taken far more seriously. To reminisce a long-term collaboration with DWNP, our oldest collaboration, with whom we have worked with since the 1990s. During all those years, I would say that the task has become increasingly difficult rather than easing up. For instance,

in the past twenty years alone, I've experienced leatherback turtle, Sumatran rhino, milky stork, green pea-cock go locally extinct from West Malaysia, just to mention a few. This evolved right in front of our eyes when we already had the solutions in hand and the resources available. Unfortunately, it has never stirred up the necessary sentiments in Malaysians to put more pressure on leaders to address environmental issues and, consequently, it has never been a government priority. In between 1995 to 1996, I was part of a Danish funded project in DWNP called *Master Plan for Capacity Building and Strengthening of the Protected Areas System in Peninsular Malaysia*. It was clear that Malaysia's development trajectory would continue on a financial track that would put enormous strain on natural resources. Therefore, the goal of this project was to prepare and develop DWNP to be able to handle the future situation in West Malaysia. While things have indeed improved in DWNP, by and large, the issues remain the same. DWNP is much maligned by the people for failing to fulfill their responsibilities, but to be honest, I don't think they have been dealt a fair hand either. In reality, political pressure often prevented them from doing what was right as well as necessary to prevent species decline, even if they knew what to do and had the capability to do so. In 2008, the national tiger conservation action plan was launched after an exhausting 6 years of development. The goal was aligned with WAWASAN 2020 i.e., to increase the wild tiger population from approximately 650 to approximately 1000 individuals by 2020. Today, there are less than 200 and it continues to decline. Perhaps the worst part is that none of the extant subpopulations are sufficiently large to be genetically viable anymore. The task of bringing tigers back from the edge of extinction has now shifted from being largely a "protection" case to a "rescue" mission that requires far more additional efforts in comparison to "protection" only. West Malaysia continues to struggle with biodiversity loss and management plus the wildlife conservation in west Malaysia is under huge pressure with no evidence to suggest that this situation is going to change anytime soon.

The above comments and opinions in the article are the author's own and do not necessarily represent Asia Palm Oil Magazine's view.

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MALAYSIAN SUSTAINABLE PALM OIL

MSPO

CERTIFICATION SCHEME

The Malaysian Sustainable Palm Oil (MSPO) Certification Scheme was implemented on a voluntary basis in 2015 as the national scheme in Malaysia for oil palm plantations, independent and organised smallholdings and palm oil processing facilities to be certified against the requirements of the MSPO Standards (MS2530:2013).

The MSPO Scheme sets stringent guidelines for the establishment of implementation and best operational and agricultural practices that ensures sustainable production of Malaysian palm oil for the world.

The Malaysian Sustainable Palm Oil (MSPO) Certification Scheme was announced in May 2017 for mandatory implementation by end 2019.

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YKLHM-600 PKC ROTARY PULVERIZER

YKLHM-800 ROTARY PULVERIZER

This machine is able to break a lumpy object into small desired particles. It has widely been used in Palm Kernel Crushing Plants to shear Palm Kernel cake and Palm Kernel Shell into small chips.



PALM KERNEL CAKE

SPECIFICATION ?

MODEL	YKLHM-600	YKLHM-800	
MATERIAL	Palm Kernel Cake	Palm Kernel Cake	PK Dry Shell
CAPACITY	100 MT/24 hrs	300-400 MT/24 hrs	3-4 MT/24 hrs
PARTICLE SIZE	2-5 mm	2-5 mm	2-8 mm
MOTOR TYPE	TEFC SCR		
BRAND	Elektrim or equivalent		
MODEL	225S-4		
RATED POWER	37 kW		
DIMENSION	(H) 1,250 mm x (L) 2,010 mm x (W) 1,060 mm		
FUNCTIONS	To break palm kernel cake or palm kernel dry shell into small desired particles.		

SPECIFICATION ?

MODEL	KH12C
DIFFERENCE	Crush, split & reject.
CAPACITY	10-12 MT of EFB/hour
GEARBOX TYPE	Helical Gear Reducer
INPUT SPEED	1480 Rpm
INPUT POWER	15 kW
NOMINAL TORQUE	11.8 kNm
GEAR RATIO	39.810
MOTOR TYPE	TEFC SCR
BRAND	Elektrim or equivalent
MODEL	160L-4
RATED POWER	15 kW
DIMENSION	(H)1,272 mm x (L)2,684 mm x (W)1,048 mm
FUNCTIONS	To crush EFB, split and reject Un-stripped Bunches (USB) and Hard Bunches (HB).

KH12C HARD BUNCH SEPARATOR & CRUSHER

The Hard Bunch Separator & Crusher assists to segregate HB and USB. This machine is most suitable for those poor sterilized HB. Basically, this machine will split the HB and will be sending to re-cooking process. Therefore, proper stripping can be achieved thereafter.



KH12C SPIKES DESIGN



PROJECT PHOTO



AFTER SPLIT