

Lahad Datu identified as palm oil green economic zone

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KOTA KINABALU: Lahad Datu has been identified as the palm oil green economic zone (POGEZ) as Malaysia and Indonesia strive towards fulfilling the Sustainable Development Goals of the United Nations.

Lahad Datu, the home of the Lahad Datu Palm Oil Industrial Cluster (POIC Lahad Datu), is picked by the Ministry of Plantation Industries and Commodities to be the POGEZ while Indonesia has identified at least two POGEZ.

POGEZ is one of the initiatives under the proposed Council of Palm Oil Producing Countries (CPOPC) jointly mooted by Malaysian Prime Minister Dato Seri Najib Tun Razak and Indonesian President Joko Widodo (popularly known as Jokowi), said CPOPC chief executive officer-designate Dato Dr Makhdzir Mardan.



Dr Makhdzir

The CPOPC secretariat will be set up in Jakarta. It is modelled along the lines of OPEC, or Organisation of Petroleum Exporting Countries.

CPOPC targets membership from the remaining 38 palm oil producing countries.

Briefing officials of POIC Sabah Sdn Bhd in Kota Kinabalu last Thursday, Dr Makhdzir said the two countries are working on the criteria for POGEZ as they seek to iron out differences between the two largest palm oil producers in the world.

"We produce about 85 per cent of the world palm oil," said Dr Makhdzir.

"We have a shared destiny. If we don't come together to decide what best for us, others will decide for us."

Dr Makhdzir, who is also chief executive of the Malaysian Palm Oil Association, said the 17-point SDG was ratified by more than 140 countries in the world in December 2015.

Since CPOPC was mooted, Malaysian and Indonesian officials have met and set up two technical working groups, one looking into the upstream sector of the oil palm industry, while another analyses the downstream sector.

"We (Indonesia and Malaysia) have our differences because we are competitors. CPOPC is working on the premise that we cannot afford to ignore each other."

Describing palm oil as 'an Asean commodity', Dr Makhdzir said that 91% of the world palm oil are produced by Indonesia, Malaysia and Thailand.

Malaysia, through

the Malaysia Palm Oil Council (MPOC), has been waging a global "war" against an anti-palm oil lobby maligning palm oil as an unhealthy oil, and blaming oil palm plantation for deforestation.

In view of the anticipated continued importance of palm oil both for food and industrial applications, Dr Makhdzir said producing countries need to share the responsibility of defending the commodity, and he sees COPOC member countries jointly taking up the cause.

One of the tactics of the anti-palm oil lobby is to persuade manufacturers, especially in Europe, to display 'No Palm Oil' label on some 1,000 products. Europe is home to Fortune 500 consumer brands such as Nestle, Tesco and Danone.

China and India are major importers of the 50-55 million tons of palm oil produced in the world. European countries buy under 10% of the volume.

"Yet Europe seems to have a lot to say about our palm oil. Much (about 45%) of the palm oil they import is for use in biodiesel production, yet they demand food grade palm oil whereas China and India do not.

"We need to look at the market realities, respond accordingly to ensure the continued well-being and interest of our oil palm stakeholders."

Dr Makhdzir said it makes sense to look closely at China and India because the middle class in the two countries is expected to exceed 500 million by 2020.

"This translates into a huge consumer base, and already it is estimated that 40 per cent of the world's GDP is linked to China whose economy is expected to surpass the United States by 2020 to become the world largest economy."