



MoU boosts palm oil trade with China

From developing oil palm harvesting technologies and exploration different uses of palm oil in traditional Chinese food from Xinjiang naan to Tibetan butter tea, Malaysia is seeking creative ways to growing China's demand from palm oil.

Malaysia's cooperation with China in the palm oil sector has reached another milestone with the recent signing of a memorandum of understanding (MoU) between the two countries, writes Datuk Dr Ahmad Parveez Ghulam Kadir, the director-general of the Malaysia Palm Oil Board in an article in the New Straits Times on Apr 20, 2023.

The Malaysian Palm Oil Board (MPOB) and the China Chamber of Commerce of Import and Export of Foodstuffs, Native Produce, and Animal By-products (CFNA) signed a Memorandum of Understanding recently which pointed to future market potentials in China. The MOU has broadened cooperation between the two countries in the trade of palm oil and strengthened Malaysia's position and market share in the Chinese market.

China was Malaysia's second largest palm oil export market last year, accounting for 11.2 per cent of total Malaysian palm oil export.

In 2022, Malaysia's export value of palm oil and other palm-based products to China rose 12.9 per cent to RM14.86 billion from RM13.16 billion in 2021.

Total export volume of palm oil and palm-based products increased by 0.3 per cent to 3.14

million tonnes in 2022 from 3.13 million tonnes previously.

MPOB has consistently been broadening the use of palm oil in value-added food industries through its research and development initiatives, which help secure the market for Malaysian palm oil.



These include palm-based specialty fats for contemporary moon cakes, palm oil application in Xinjiang naan, red palm-based extruded snacks, palm-based milk tablets, palm-based Tibetan butter tea, red palm-based hot pot paste, palm powder fats as feed additives for dairy cattle and red palm oil as feed for hairy crabs.

The cooperation allows China to participate in the technological exploration in oil palm mechanisation in Malaysia, which will increase productivity and cut reliance on human labour.

Both countries can jointly promote the exploration, designing and implementation of new technologies, such as artificial intelligence (AI), fifth-generation mobile network, Internet of Things and autonomous vehicles in local oil palm plantations.

These include aerospace, drone and AI technologies from China Great Wall Industry Corp particularly on the mapping of age profiles and detections of disease in the oil palm plantations, as well as autonomous harvesting vehicle developed by Shanghai Westwell Information Technology Co Ltd.

As such, it enhances China's confidence in Malaysian palm oil and secures the supply of the commodity for the country.

We can now work together to jointly promote the supply chain stability of palm oil in both countries as well as the Malaysian Sustainable Palm Oil (MSPO) certification for food, non-food, biofuel, and feed applications and consumptions in China.

In addition, CFNA will include MSPO in the drafting of guidelines under Sub-Committee for Sustainable Agriculture of CFNA and promotion of MSPO at their events.

CFNA will also lead a business delegation from China to the MPOB International Palm Oil Congress which will be held on Nov 7-9 at the Kuala Lumpur Conventional Centre.

Malaysian palm oil will be highlighted at the 14th China International Cereals and Oils Summit organised by CFNA in July.

MPOB also collaborates with Tsinghua University for the promotion of Malaysian palm biofuel in China, which involves a pilot study on biodiesel programme in Chinese heavy vehicles using Malaysian palm biodiesel.

MPOB's regional office in China, the Palm Oil Research and Technical Services Institute (PORTSIM China), has also inked a consultancy agreement with China's Grand Industrial Holdings Co Ltd (GIH) last year. This sees the latter acquiring technical services from PORTSIM China on the formulations of palm-products from 2021 to 2023, which increases the uptakes of palm oil by GIH.

Following this engagement, China's Grand Industrial Holdings Co Ltd, through its Grand Oils and Foods (PG) Sdn Bhd subsidiary, brought in RM320 million worth green field investment in Malaysia's palm oil sector.

With such activities progressing well in China, we foresee an increase in our exports of palm oil and palm-based products to the country this year.

