

INTERNATIONAL
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Malaysia calls for sustainable expansion of palm oil plantations

The Associated Press

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Expansion of palm oil industry — which many hope will provide the fuel of the future — must be sustainable, environmentally-friendly and protect local communities, Malaysia's deputy prime minister said in a speech Tuesday.

Since the 1990s, the area under palm oil cultivation globally has increased by 43 percent, mostly in Malaysia and Indonesia, the world's No. 1 and No. 2 exporters of palm oil respectively.

"Based on current trends, the oil palm industry is set to continue to grow to satisfy global demand," Deputy Prime Minister Najib Razak said in a speech prepared for him at a bio-fuel conference. "However, it is important that the expansion be sustainable."

Najib did not attend the conference and his speech was read out a senior official of the Plantation Industries and Commodities Ministry, S. Vijayaratnam.

In the speech, Najib said it is necessary to develop a globally acceptable definition of sustainable palm oil production and use, as well as to implement better management practices.

He noted that development of new plantations has led to cutting down large areas of forests, threatening rich biodiversity in their ecosystems. Also, use of fire to clear land for plantations has contributed to forest fires and haze. The clearing of vast tracts of land has also led to social conflicts between local communities and project proponents, he said.

While Malaysian palm oil is produced using sustainable practices, the "industry is open to collaboration to enhance its high standards," the speech said.

To underscore its seriousness, Malaysia has launched a Palm Oil Wildlife Conservation Fund with an anticipated outlay of 20 million ringgit (US\$5.6 million; €4.2 million), he said.

The organization will fund ideas and proposals to enhance biodiversity linked to palm oil production worldwide, he said.

Palm oil and other bio-fuels are being touted as the fuel of the future to replace fossil fuels including petroleum.

Because bio-fuels emit 80 percent less emissions than fossil fuels, "the future is becoming clear," Najib said. "As oil prices continue to soar and supplies become depleted, bio-fuels are looking more appealing as an alternative transport fuel."

The government introduced a National Biofuel Policy in 2005, aiming to reduce gasoline imports and to shore up palm oil prices during periods of low export demand. The diesel-palm oil blend has been used in recent years to power selected electricity generators here.

Palm-oil blended diesel is a technologically proven fuel.

Officials announced last week that three Malaysian government-linked palm oil companies planned to merge to create the world's biggest palm oil business worth around 31.4 billion ringgit (US\$8.66 billion; €6.5 billion). Shareholders have yet to approve the proposal.

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