

SUSTAINABLE PALM OIL FROM THE MALAYSIAN PERSPECTIVE



M P O C

**Presentation by
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Presentation

- What is sustainability?
- How does Malaysian palm oil industry achieve it?
- Sustainable practices adopted by industry.
- Sustainability of oil palm crop.
- Long term consistent yields as proof of sustainability.
- New sustainability initiatives undertaken by industry.
- Conclusions.

What is sustainability?

Bruntland Commission

- Today's needs should not compromise ability of future generations to meet their needs
- Direct link exists between economy and environment
- Needs of poor must be met
- To protect environment, economic conditions of world's poor must be met
- We must consider impact on future generations in all our actions

Holistic approach to sustainability

- Most approaches are one sided eg environmental concern only
- Bruntland's approach is holistic and adopted for use in Rio Summit
- People, Planet, Profit (3Ps) and Right to Development
- Oil palm industry's approach is holistic

(1) People

- Oil palm industry is a major employer
- Eradicated poverty
- Retarded migration of labor force to urban areas
- Built rural townships where workers have good quality of life
- Contributed to social security and peace in Malaysia
- Indigenous people's land are protected by laws

Extent and employment in oil palm areas in Malaysia

Year	Area (Ha)	Number of people employed
1980	1.02	92,352
1990	2.03	115,285
2000	3.38	251,039
2010	4.85	603,286

Survey results of Felda's settlers quality of life

Components	Survey rating
Income	Very satisfied
Working life	Very satisfied
Transport and communication	Satisfied
Health	Very satisfied
Education	Very satisfied
Housing	Very satisfied
Environment	Very satisfied
Family life	Very satisfied
Social participation	Very satisfied
Public safety	Satisfied

Key : 4 survey ratings :very satisfied, satisfied, unsatisfied, very unsatisfied

(2)Planet

- Oil palm cultivation is planet friendly
 - it is grown on legitimate agricultural land
 - Rio Summit: Malaysia pledge to retain at least 50% of its land mass under forest
 - oil palm cultivation therefore does not cause deforestation or loss of wildlife and habitat
 - practises responsible agricultural and land management practices
 - minimises generation of wastes or pollutants

Oil palm cultivated on legally designated agricultural land

- It is not cultivated on gazetted forest land which contains the sustainable forest, national parks, wildlife and game reserves
- Oil palm land conversion is also from other agricultural land use
- Fewer new plantings on degraded logged-over land zoned for agriculture
- Timber harvests 2-3 cycles before pass to oil palm
- Therefore it is not cause of destruction of wildlife eg orang utan or their habitat
- Therefore it is not cause of wanton forest destruction

Oil palm cultivation conserves natural resource



Zero burning



Leguminous cover crops

Responsible good agricultural practices

- Many
- Good water management
- Avoid soil compaction
- Management of pruned fronds and empty fruit bunches
- Maintain soil fertility
- Correct use of fertilizers
- Maintain riparian reserves
- Integrated pest management

Example of responsible good agricultural practice



Integrated Pest Management (IPM) using biological control is increasingly practised in the plantations

Minimization of wastes in industry



Minimize wastes by reusing them e.g. as mulch

Highly-Regulated Industry

- 1) *National Land Code 1965*
- 2) *Land Acquisition Act 1960*
- 3) *Protection of Wildlife Act 1972*
- 4) *Environmental Land Conservation Act 1960 revised in 1989*
- 5) *Quality Act 1974 (Environmental Quality) (Prescribed Premises) (Crude Palm Oil) Regulation 1977*
- 6) *Environmental Quality (Clean Air) Regulation 1978*
- 7) *Labor Law*
- 8) *Workers' Minimum Standard of Housing & Amenities Act 1990*
- 9) *Occupational Safety & Health Act 1977*
- 10) *Pesticides Act 1974 (Pesticides Registration) Rules 1988*
- 11) *Pesticides (Licensing for sale & storage) Rules 1988*
- 12) *Pesticides (Labeling) Regulations 1984*
- 13) *Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order 1987*
- 14) *Factories & Machinery (Noise Exposure) Regulations 1989*

(3) PROFITS: Importance of palm oil industry to Malaysia

- Important revenue earner to Malaysia
- Provides employment especially in rural areas
- Uplifts economic conditions of rural population
- Retards the migration of rural population to urban areas
- Wealth generated has contributed to peace and security in country

3a. Profits to nation

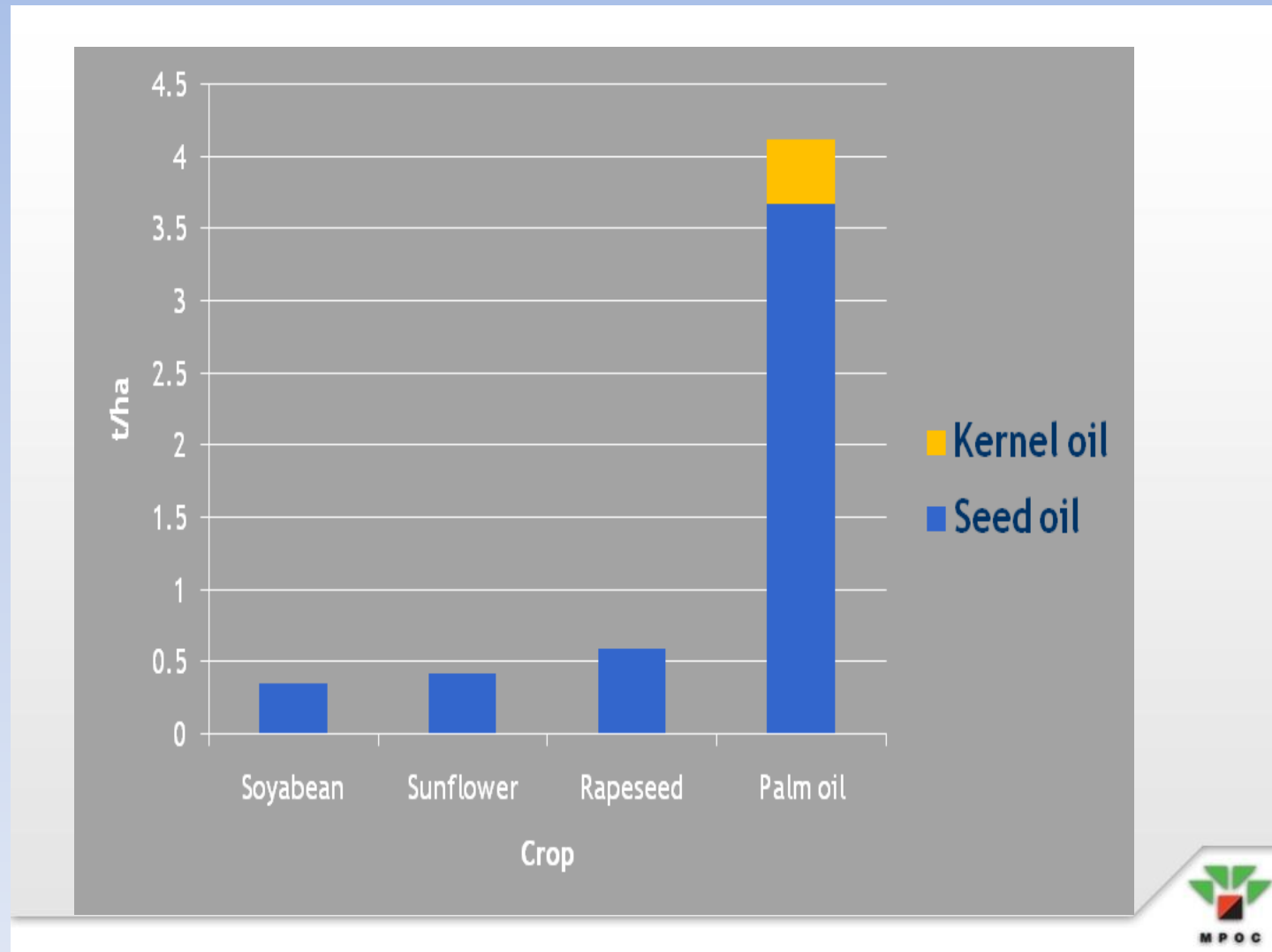
Year	Export value of palm oil & its product (RM billion)
1980	48.80
1990	20.70
2000	42.72
2010	62.9

Source: MPIC

3b. Profits at farm level

Felda settler's income in 2006	National poverty line in 2006
RM 1,356	RM 529

(4) Oil palm crop is itself sustainable



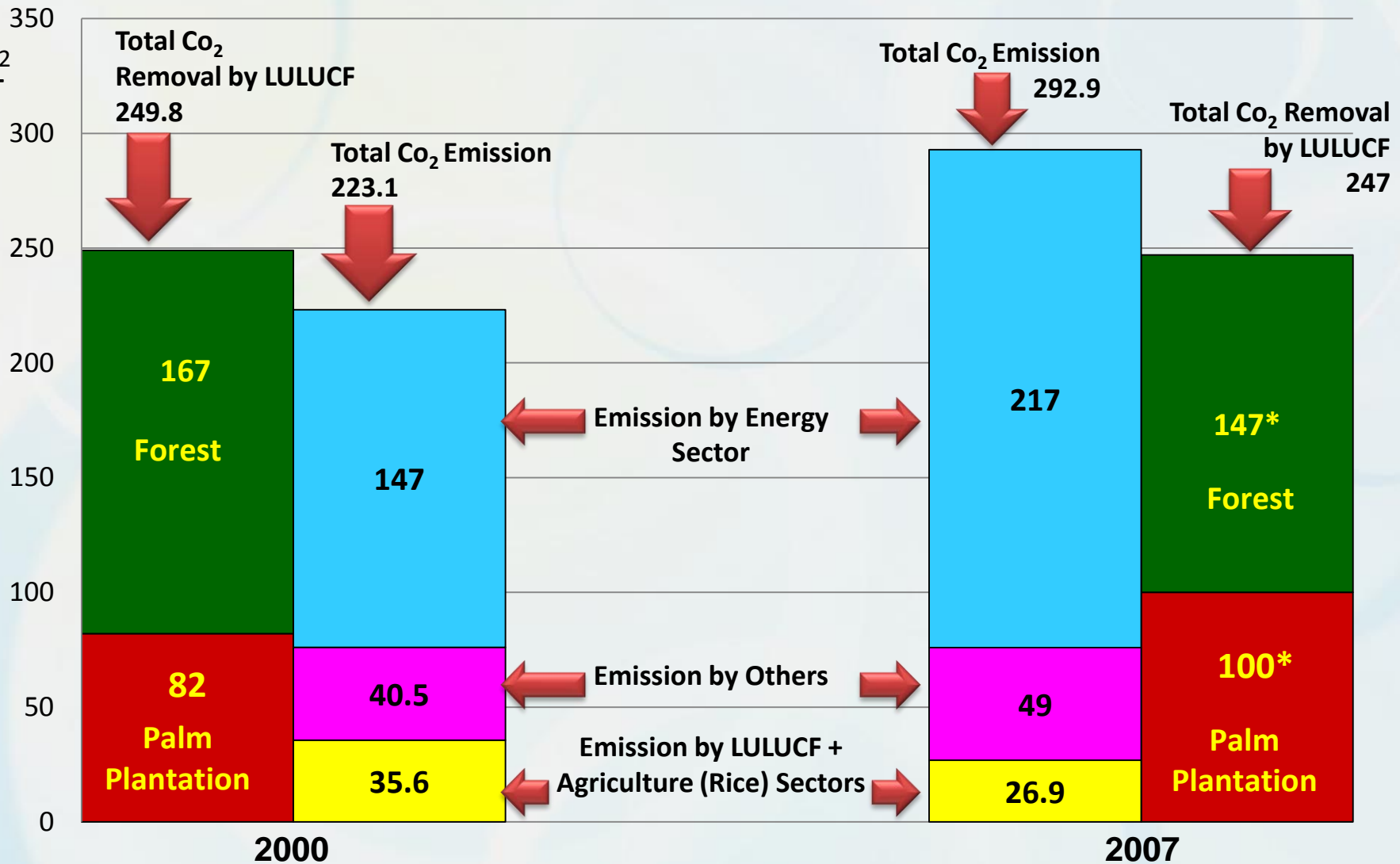
Oil palm occupies small percentage of world agricultural land in 2011

Land Use Type	Total Area (million ha)	As % of Area
Total world agricultural land	4900	100
Soyabean *	104.2	2.13
Rapeseed *	33.0	0.67
Sunflower *	24.4	0.50
Oil Palm *	14.4	0.29 ***
Coconut *	9.7	0.20
Other Oil Seeds *	68.1	1.39
Malaysian Oil Palm	5.0	0.10

Source: *Oil World

MALYSIAN OIL PALM PLANTATION IS CARBON SINK

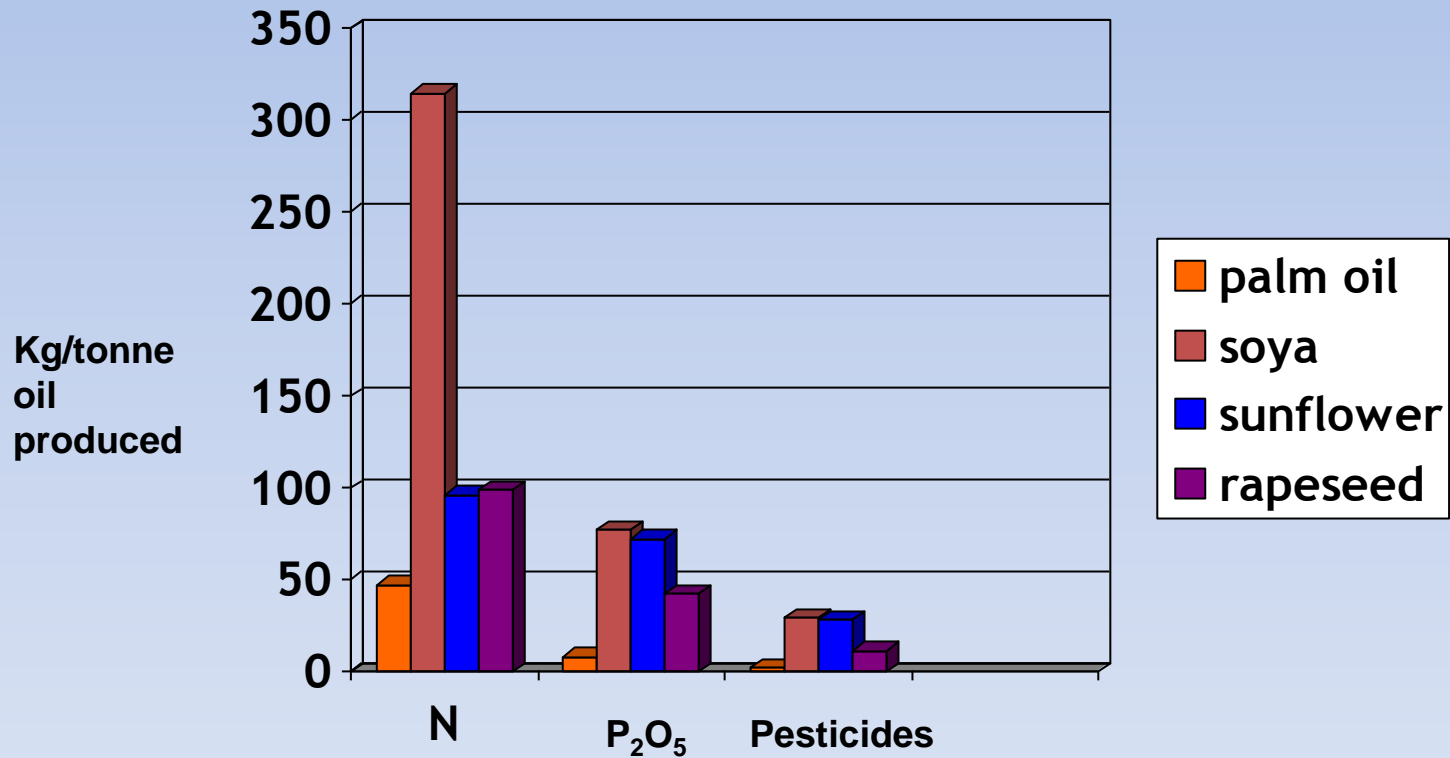
CO₂
MT



Land Use, Land Use Change and Forestry (LULUCF) is made up of Forestry and (Oil Palm) Plantation Sector

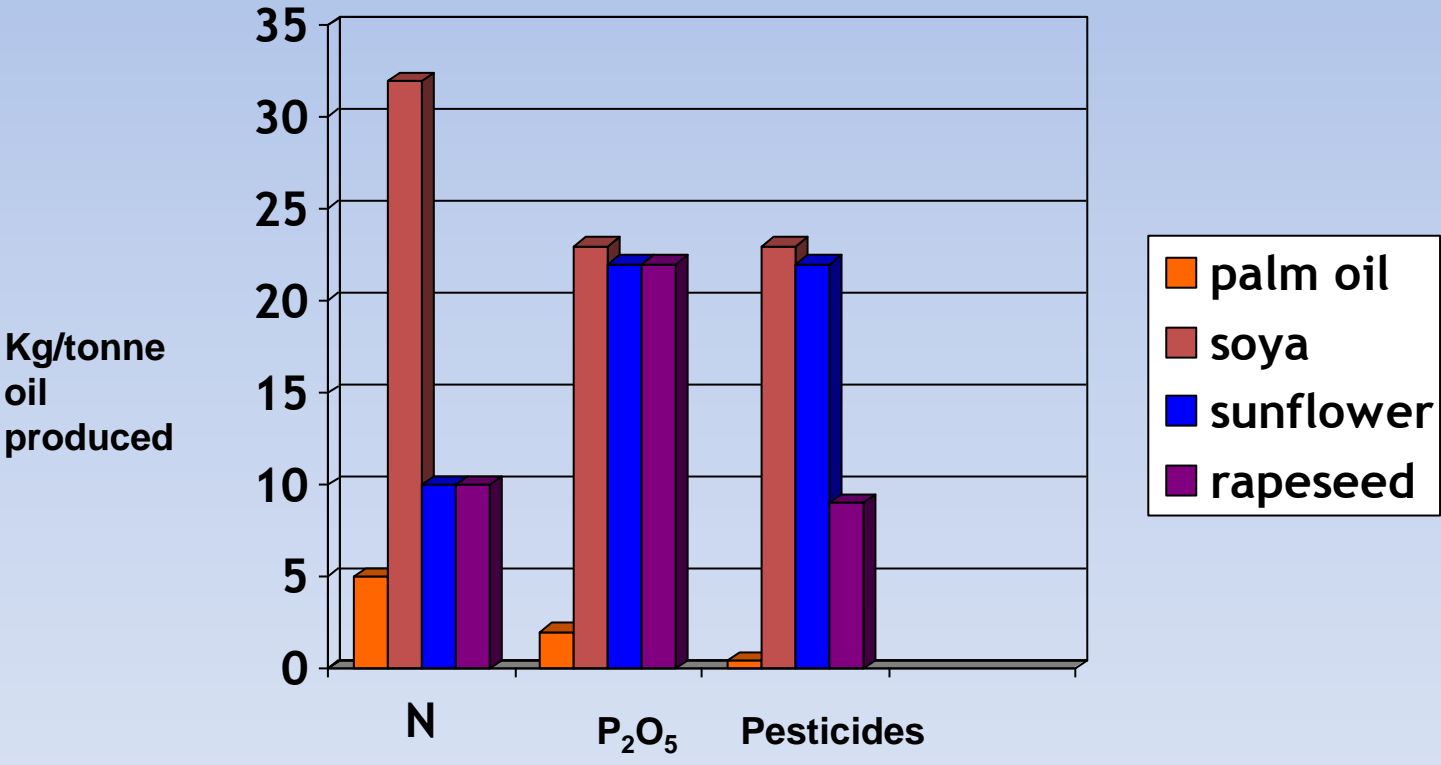
* Trend Estimate

Low input requirements of oil palm



Source: FAO (1996)

Low pollution load from oil palm



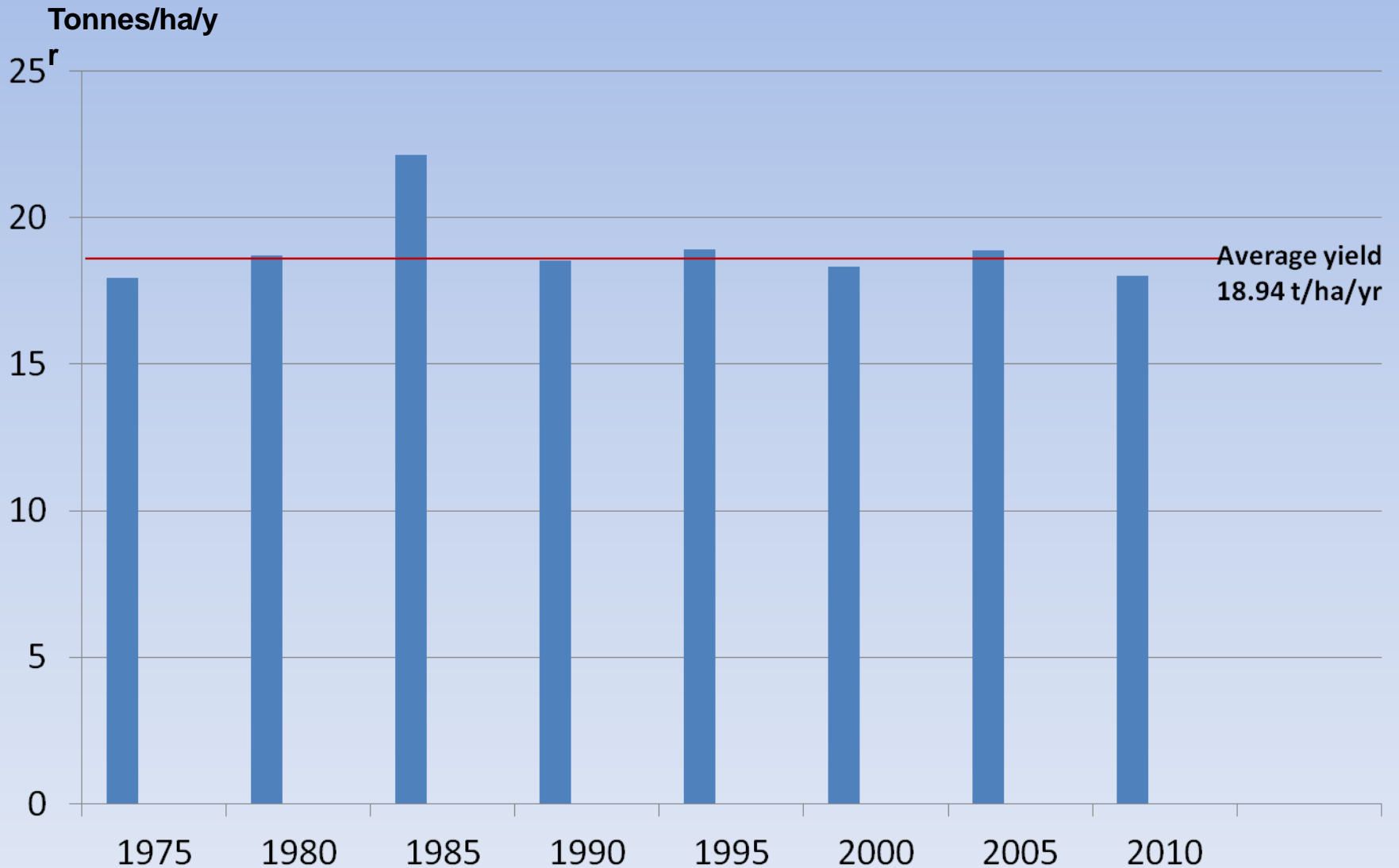
Source:FAO (1996)

Mileage per hectare per year - based on a VW Polo -



Source: "Biofuels", Fachagentur Nachwachsende Rohstoffe e.V. (FNR), 2006 ;
Preusser (2008) and own data

Sustainable high yields as proof of sustainability

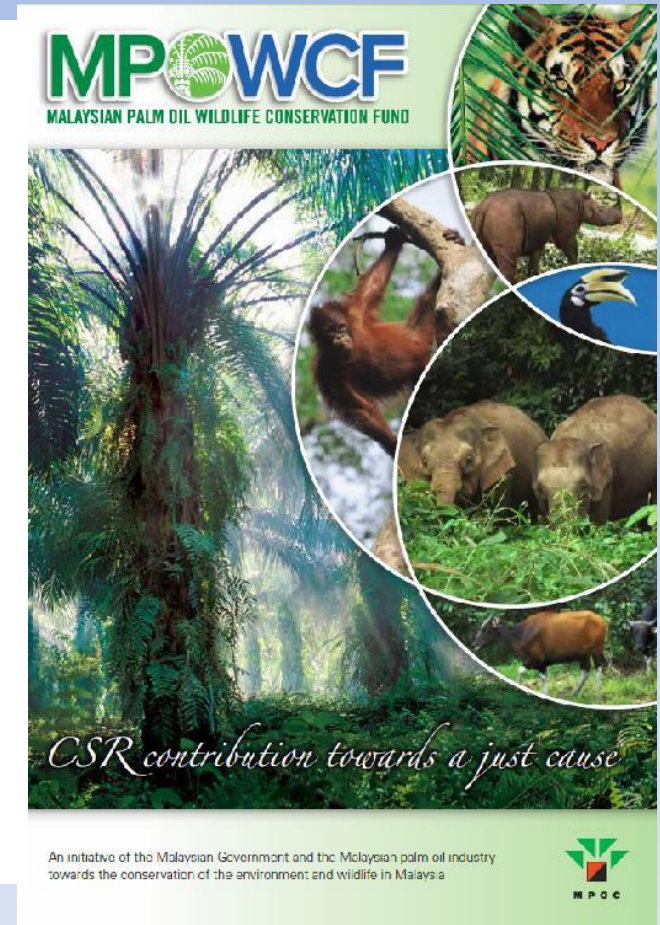
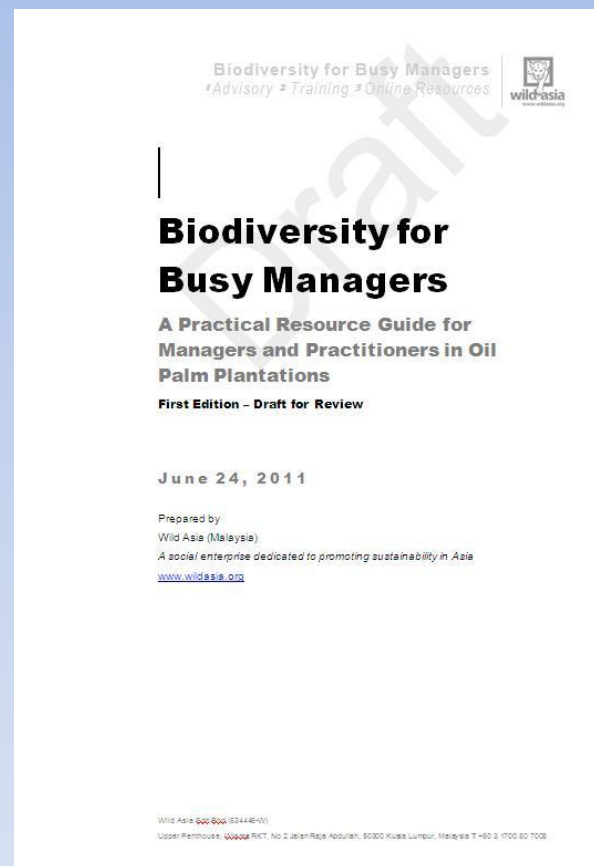


Commitment to corporate social responsibility

- At farm level, good infrastructure and amenities (rural township)
- At national level, levy collection to subsidize cooking oil price, food security

Newer Initiatives: Malaysian Palm Oil Wildlife Conservation Fund

- Launched in 2006
- RM 20 million revolving fund
- Conservational efforts for wildlife
- Sabah Wildlife Rescue Centre



Conclusions

- 3Ps (People, Planet, Profit) is holistic approach to sustainability
- Malaysian oil palm industry attains long term sustainability by satisfying 3Ps
- Malaysian palm oil industry strives to attain sustainability and then to remain sustainable
- The sustainable oil palm crop helps in the process
- Long term consistent high oil palm yield is proof of sustainability
- Major number of RSPO certified plantations and mills are Malaysian companies
- Newer initiatives undertaken to foster sustainability efforts e.g. MPOWCF

THANK YOU

