

Gang up to fight anti-palm oil lobbyists

ALMOST 90% of the world's palm oil come from Malaysia and Indonesia. Together, these two countries dominate the global trade in palm oil.

From nowhere in the 60s, palm oil now accounts for more than 30% of the global trade in edible oils and fats, displacing a one-time favourite, soybean oil.

Palm oil's aggressive takeover of the world's edible oils and fats trade has rattled many competing oils, especially soybean oil.

Indonesia now leads the world production with Malaysia at a close second. The only other global palm oil player is Colombia (South America) which stands at a distant third in the ranking. Other smaller players include Thailand.

Producers of competing oils have always been unhappy with palm oil. Its yield, at up to 10 times more than the other oils, makes palm oil hard to match in terms of productivity. This has frustrated its competitors.

Despite attempts by soybean growers to increase yields, for example through the introduction of genetically-modified crops, they have not been able to come close to the palm oil yield.

High yield is not the only reason why competing oils have failed to unseat palm oil. Its superior performance in literally all the prod-

uct applications, especially frying, is another factor behind why palm oil is the preferred choice.

It is therefore not surprising that palm oil has been constantly harassed by producers of the other oils. In the earlier days, enemies of palm oil tried to use health concerns to discredit palm oil. They were unsuccessful because the science of nutrition was able to dispute their claims.

Remnants of such attack on palm oil continue to linger, with some companies still trying to discredit palm oil through the use of the "No Palm Oil" labels on their products. The sad part is that some of these products have already made their way into Malaysia.

Nowadays, the enemies of palm oil are turning to another issue to put palm oil in a bad light – its supposedly negative impact on the environment. The focus is on deforestation, and palm oil is being painted as a bad boy in the fight to mitigate climate change.

The European Union has recently introduced new import restrictions on palm biodiesel on the basis of deforestation. Although data provided by Malaysia say otherwise, EU lawmakers have somehow been persuaded to act against palm oil.

There is no denying that such acts to create non-tariff barriers against palm oil have,

to some extent, dented the global demand for it. This, coupled with the rise in palm oil stocks, has brought down the world price of palm oil to historically low levels.

Palm oil smallholders are suffering the most since they depend solely on the price of this commodity for their livelihood. Other players who also have investments in palm oil downstream are less affected.

It makes matters worse when palm oil smallholders are in the marginal economic group. If the prices stay low for long, they may be pushed back into poverty. I wonder whether the EU lawmakers realise this.

Since both Malaysia and Indonesia are badly affected, it is time they gang up to fight such enemies of palm oil.

Yes, there have been some moves by both countries to work together but many say they have not cooperated enough and continue to undercut each other.

They have not taken a common stand on the sustainability issue either.

There is a lot at stake for both countries if the attack on palm oil continues, and the world palm oil prices remain very low.

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