

A BLESSING FOR MALAYSIA AND OTHERS

PROSPERITY CROP:
Smear campaign against palm oil will only cause all parties to lose out

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FOOD and fuel are two essential things that humanity has sought to produce and provide for since time immemorial.

Malaysian Palm Oil Council chief executive officer Tan Sri Dr Yusof Basiron says oil palm is believed to be first grown by the ancient Egyptians.

In modern times, it is cultivated in West Africa before being brought to Malaysia and Indonesia for large-scale planting. And now, the crop has become a commodity in both countries.

"Whether as cooking oil, food ingredient, biofuel or feedstock, the world is truly powered by palm oil."

Yusof says a recent study by London-based consultancy firm Europe Economics has measured, for the first time, the economic benefits that palm oil brings to importing countries and the global economy, which is worth billions in gross domestic product (GDP).



Tan Sri Dr Yusof Basiron

Millions of jobs have been created and downstream industries have flourished from its demand. The scale of palm oil's impact is stunning and in Malaysia, the benefits are well known. "Oil palm cultivation is a source of income and pride for 300,000 smallholders in Malaysia, bringing investments and development to far-flung communities."

More than one million Malaysians are involved in the industry, and the positive tax revenue it generates for the government is invaluable.

"What is different about this groundbreaking work by Europe Economics is that it did not measure the GDP impact on producing countries."

Yusof says rather, it measured the impact on countries that imported the commodity, such as China, India, the European Union (EU) and the United States (US).

"The research found that US\$39 billion (RM160.86 billion) of GDP benefits worldwide are attributable to palm oil imports, representing 2.9 million jobs around the world."

In India alone, the biggest importer, the industry sustains more than one million jobs. In China, the economy benefits to the tune of US\$7 billion of the country's GDP annually.

"Western markets benefit just as much, with more than US\$6 billion of positive GDP impact across the EU, including 17,000 jobs in Germany, 12,000 in the United Kingdom and 18,000 in Italy."



As a food ingredient, palm oil is safe and is being used as a replacement for trans fatty acids.

Yusof says in the US, the employment number has reached 62,000 and it gives the country a GDP boost of US\$6.5 billion.

Palm oil is a truly-global product that equally benefits producers and importers.

Yusof says this is important, as there are campaigns underway in some countries to restrict the use of palm oil. They claim that palm oil production is harmful to the environment and that there are "possible" health concerns despite it not being true.

"Malaysia has strict and well-enforced environmental laws and regulations. The government preserves more than 50 per cent of the country's landmass as natural forests, which is a unique environmental commitment recognised by the United Nations."

As a food ingredient, palm oil is safe and being used as a replacement for

trans fatty acids (trans fats), which is known to cause health problems like cardiovascular disease.

"The phasing out of trans fats and other less-efficient fats explains the increase in palm oil demand, which has quadrupled since 1997."

He said the real reason for the on-going criticism against palm oil is simple and insidious.

"The protectionism that stalks world markets is readily apparent in the rhetoric of palm oil opponents."

The simple fact is that a low-cost, efficient and versatile oil from Asia is gaining a market share in Europe and elsewhere, and this causes domestic oil producers to be worried.

"They are right to be worried. In an open marketplace, palm oil has been consistently proven to be the best option for businesses and consumers."

He says domestic lobbies are politically powerful, and have pushed developed nations to tilt their markets in favour of local oil producers, such as import restrictions in Italy, high taxation in France and stringent certification dictated by non-governmental organisations in other countries.

The palm oil industry faces these challenges, and yet, continues to suc-

ceed. When the next round of lobbying comes, which it surely will, governments must consider the whole picture.

"The same economic advantage that endears palm oil to producers is also enjoyed by importers as outlined by Europe Economics, including jobs, growth, investment and tax receipts."

Yusof says taxing palm oil, which is recently proposed in France, and restricting its use for protectionist reasons, as proposed in some Italian regions, will hurt the economy of all countries involved in the industry.

"This is even before we mention the knock-on effects of palm oil use, such as lower food production costs leading to affordable prices for consumers."

"Restricting or demonising palm oil imports are economic strategies for disaster."

He says this is not only true intuitively, but also quantitatively as proven by the latest research.

Almost every economy can benefit from palm oil imports.

"Palm oil has been a blessing for Malaysia for many decades, bringing development, employment and hope. Those benefits, in the era of globalisation, are now being shared with every one," he says.



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Whether as food or fuel, the world is powered by palm oil.