

SPECIAL LUNCHEON ADDRESS

Enhancing Malaysia's Commodity Exports and Globalising the Plantation Industry

by

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at

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Bismillahirrahmanirrahim

Assalamualaikum Warahmatullahi Wabarakatuh and a very good afternoon.

1. First and foremost, I would like to extend my thanks and appreciation to the Malaysia Global Business Council and KSI Strategic Institute for Asia Pacific, as well as, the Economic Club of Kuala Lumpur for inviting me to this Global Business Forum 2023. It is indeed a great pleasure and honour to be with all of you, this afternoon.
2. This Forum comes at an opportune time, as Malaysia under this Unity Government, is entering a new era of stability and capable stewardship, positioning us for a more rapid economic recovery

and growth. I believe the Forum's theme of "Future Forward Malaysian Business" is essential and precise as Malaysian businesses prepare to enter an optimistic post-pandemic era and chart the new and robust growth trajectories in the coming years.

3. As I'm sure everyone here knows, we're off to a good start in rebuilding our economy, which, like the rest of the world, was negatively impacted by the COVID-19 pandemic. Despite the global headwinds, Malaysia has outperformed the expectations set by the 12th Malaysia Plan. In terms of exports and imports, we managed to meet our targets three years earlier. Our trade performance in 2022 surpassed RM2 trillion for the second year in a row, marking our fastest growth since 1994.

Ladies and Gentlemen,

4. Agricultural commodity sector is undeniably an important economic driver for Malaysia. This sector has come a long way since the formation of the country and we have made substantial progress in achieving good outcomes. For many years, the agricommodity sector has been Malaysia's vital channel in elevating the standard of living of our people that includes reducing the poverty in Malaysia.
5. Not only it provides jobs, income and business opportunities for the rakyat but it also plays a major role in contributing to the national Gross Domestic Product (GDP) and trade performance. To date, this sector employs nearly 431,000 people, not including

private and organised smallholders, which is estimated to be an additional 728,000 people.

6. I am proud to report that in 2022, our agricommodity sector has recorded a total trade value of RM268.1 billion with a trade balance of RM146.5 billion. The export income from agricommodity products stood at RM207.3 billion or equivalent to 13.4% of the country's total export income.
7. Along with that, for the period of January to September 2022, this sector has contributed RM61.3 billion to the Malaysian GDP, or 5.5% of the total national GDP. This significant amount shows that agricommodity sector is a vital component in enhancing our nation's long-term economic growth.
8. Realising the importance of agricommodity, the Ministry of Plantation and Commodities (MPC) has established the National Agricommodity Policy 2021-2030 (DAKN 2030) as a comprehensive framework that will steer and shape the future of this sector.
9. Launched in March 2022 with the vision of "Advancing Agricommodities for Sustainability and Shared Prosperity", the DAKN 2023 provides a clear roadmap and plan of action that will help to unleash the real potential of the agrocommodity sector, especially the ministry's eight keys commodities (namely oil palm, rubber, timber, cocoa, pepper, kenaf, biomass and biofuel) as well as to ensure the readiness of all industry players in facing the future challenges.

10. As a living document, this policy framework that was developed based on five core thrusts; sustainability, productivity, value generation, market development, and inclusivity; will be adjusted from time to time to reflect the latest developments in the agrocommodity sector and inputs from all stakeholders to ensure it remains relevant and able to achieve the set goals.

Ladies and Gentlemen,

11. In pursuing the opportunities offered by agricultural commodities, I would like to stress that Malaysia has never neglected environmental sustainability. With the world now witnessing a growing demand for sustainably produced commodities, we realised, it is very important to balance our current needs without compromising the ability of future generations to meet theirs.
12. For this, Malaysia has pledged our commitment to fulfilling the environmental, social and governance (ESG) requirements that are in line with The United Nation's Sustainable Development Goals (SDG). We have undertaken several measures to ensure it can be achieved and will continue to do so.
13. Taking into account that oil palm is the largest commodity sector in the country, we are currently focusing to expand the Malaysia Sustainable Palm Oil (MSPO) certification scheme. To date, MSPO certification has reached 97.93% or 5.62 million hectares of planted areas. In addition, about 98.71% or 458 mills in the country have also been certified.

14. The MSPO certification has also been improvised through the introduction of MSPO-Trace, which can trace the whole supply chain of palm oil products. In this context, the MSPO standard is expected to reduce ambiguity and increase credibility aiming at getting recognition in the international market.
15. Contrary to negative Western media portrayals of palm oil, it is, without a doubt, the most efficient oil-bearing crop. Oil palm accounts for only 0.6% of the world's agricultural land use but produces 35.5% of global vegetable oil output. If palm oil were to be substituted for other vegetable oils, such as sunflower, rapeseed and soy, a 7 to 9-fold increase in the land area would be required to produce the same amount of oil.
16. It is a matter of fact that palm oil offers a sustainable way to meet the world's rising demand associated with food security, climate change, scarcity of arable land and growing population. As such, international markets should recognise our MSPO certification and accept our products as sustainably produced.
17. With regard to the timber sector, the country, two years ago launched the Malaysian Forestry Policy to reaffirm the importance of certification with special reference to the Malaysian Timber Certification Scheme (MTCS) in promoting sustainable forest management (SFM). Despite being one of the world's largest timber exporters, Malaysia has retained more than 50 percent of its landmass.

18. In 2020, Malaysia was awarded the gold medal for achieving the biggest increase in forest area certified by the Programme for the Endorsement of Forest Certification (PEFC) with over 950,000 hectares of certified forest or an annual increase of over 20%, making it a total of more than 5.2 million hectares. To date, 37 Forest Management Unit (FMU) certifications have been issued with a total area of 5.80 million hectares. All MTCS-certified timber products are also allowed to carry the PEFC label, which is accepted in many developed countries, most notably in Europe.

Ladies and Gentlemen,

19. As we discuss global challenges, allow me to say a few words about digitalization in the plantation industry. Although one does not often put digitalization and plantations together, MPIC has been working with the industry to introduce the framework of The Fourth Industrial Revolution which aims to increase productivity and efficiency.
20. In 2021, the Malaysian Palm Oil Board (MPOB) launched the Mechanisation and Automation Research Consortium of Oil Palm or MARCOP to address the problem of high dependency on foreign labour in Malaysia's palm oil industry. MPOB also is currently working with the Fusionex Group to develop the smart palm oil mills concept that aims for zero discharge which will give a new dimension to the manufacturing sector, especially in terms of efficiency and continuous operational monitoring and user-friendly.

21. I believe all these are just the beginning. As technology continues to advance, more mechanisms and innovations will be developed and deployed, which in turn will enable a more rapid transformation in our agricommodity sector.

Ladies and Gentlemen,

22. While we are eager to bounce back from the difficult time, we have to be cognizant of the fact that many economic analysts predict that this year may be quite challenging. The global economy is expected to experience a slowdown due to higher interest rates and inflation which will affect investment; sluggish international market demand conditions, particularly in the United States (US) and European Union (EU) markets; as well as the ongoing Russia-Ukraine conflict.

23. Due to these factors, the World Bank is projecting global growth to slow down from 2.9 percent in 2022 to 1.7 percent in 2023. In the wake of this economic downturn, Malaysia's estimated GDP growth in 2023 is expected to be 3.7% compared to 4.7% which was previously targeted.

24. However, I am a great believer that every cloud has a silver lining. There is always an opportunity, even in adversity. A perfect example is a situation where geopolitical conflicts cause supply chain disruptions. While on the one hand, such situations are very unfortunate and regrettable, on the other hand, we may be able to reduce the gap in the global supply chain with our agricommodity products, which would naturally be experiencing high demand.

However, the ability to fulfill the increased demand lies in our ability to continue to increase productivity and bring our products to market expeditiously.

25. In tangent with that, we must also continue to push against negative campaigns towards our commodities, in particular palm oil, especially with the latest move by the EU through the EU Deforestation Regulation (EUDR) on selected commodities, including palm oil, cocoa and timber, that they have erroneously linked to deforestation. This new legislation is expected to become another trade barrier taking into account the due diligence requirements, which indirectly will increase administrative and production costs.
26. Needless to say, we view this matter with great seriousness and we will be joining hands with other countries that are also impacted by these moves, to collectively put our position across, demand fairer treatment and correct the negative campaign against our products.

Ladies and Gentlemen,

27. We are now indeed living in extraordinary times. And extraordinary times require extraordinary moves. This is not the time for business as usual but rather for business unusual. As we make sense of the ever-changing political, social and economic landscapes, we must find opportunities to meet emerging needs; to create new demands and not just be satisfied with fulfilling the existing ones. Now is the time for Malaysian businesses to be innovators, disruptors, and trailblazers.

28. I have every confidence that Malaysian businesses have the capability to shine on the global stage, especially with the right support and linkages to lift them to the next level. I believe this Forum is an excellent avenue to find such support and linkages and I congratulate the organisers for convening this forum for the benefit of all participants. I sincerely hope this year's Global Business Forum will meet its objective of keeping the Malaysian business community well-informed of challenges and opportunities while serving as a platform for the conception of strategic moves to enhance business performance and competitiveness both locally and internationally.
29. Once again, thank you to the organisers for inviting me, and congratulations to the recipients of the Global Business Icon Leadership Awards. I wish all participants continued success in their respective businesses. Thank you.

Wabillahi Taufik Wal Hidayah Wassalamualaikum Warahmatullahi Wabarakatuh.