

# PalmSphere



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M P O C

SALCRA, A PRIME MOVER IN  
AGRO-COMMODITY CIRCULAR  
ECONOMY

SAWIT KINABALU: A MODEL  
FOR SUSTAINABLE PALM OIL PRODUCTION  
WITH INTEGRATED CONSERVATION



**EDUPALM PROGRAMME:  
EDUCATING FUTURE  
GENERATIONS ON SUSTAINABLE  
MALAYSIAN PALM OIL**



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# MESSAGE FROM THE CEO



**Belvinder Sron**  
CEO of MPOC

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**Dear Readers,**

As we celebrate Malaysia's Merdeka month, I am delighted to welcome you to the fifth edition of "PalmSphere". This month, we reflect on our nation's journey towards independence while highlighting our continuous efforts to promote sustainability initiatives within the Malaysian palm oil industry.

Our cover story shines a spotlight on the EduPalm Programme, a significant initiative spearheaded by the Malaysian Palm Oil Council (MPOC) to educate future leaders and educators about the palm oil industry. This edition also highlights Sawit Kinabalu Group's (SKG) sustainable palm oil production model, which is integrated with conservation efforts at Sungai Pin Conservation Area (SPnCA). This model demonstrates a commitment to habitat enhancement, biodiversity protection, and community engagement, while also setting industry standards.

We also shed light on the Sarawak Land Consolidation and Rehabilitation Authority (SALCRA), a key player in the agro-commodity circular economy that repurposes palm oil industry waste into valuable products. Lastly, the latest updates on the European Union Deforestation Regulation (EUDR) are featured, to provide more information about the global regulatory landscape affecting our industry.

As we commemorate our nation's independence, let us also celebrate the strides we are making in sustainability. Your feedback and engagement are crucial as we continue to advance the Malaysian palm oil industry, aligning it with environmental stewardship and economic progress.





# EDUPALM PROGRAMME: EDUCATING FUTURE GENERATIONS ON SUSTAINABLE MALAYSIAN PALM OIL

MPOC proactively pursues creative initiatives to broaden national exposure and raise awareness about the sustainable Malaysian palm oil sector.

**THE** Malaysian Palm Oil Council (MPOC) has launched the EduPalm Programme, an initiative designed to give students and educators an in-depth understanding of the Malaysian palm oil industry. This three-day event, which took place from 26 to 28 July 2024 at SD Guthrie Ecogardens in Banting, Selangor, marked the debut of Malaysia's first comprehensive palm oil education programme.

The inaugural EduPalm session hosted 69 students from Universiti Malaya and Universiti Putra Malaysia. The EduPalm Programme aims to become a biannual event, extending its reach to students and educators nationwide. An upcoming session for secondary school teachers in the Klang Valley is scheduled for later this year.





Students participating in the EduPalm Programme gain hands-on experience and knowledge about the palm oil industry, cultivating early awareness of its national importance and sustainability practices.

Participants benefited from a diverse learning experience that included informative presentations on palm oil's sustainability, health benefits, and socio-economic impacts. A highlight of the programme is the Know Your Palm Oil (KYPO) field trip led by SD Guthrie officers, which offers participants a first-hand look at the oil palm plantation ecosystem.

To reinforce their learning, participants engaged in the Palm Adventure Race, an interactive outdoor game developed by MPOC. This activity combines educational challenges with fun, further deepening participants' understanding of the industry.

“

**Palm oil is a significant contributor to Malaysia's GDP, yet it often faces criticism due to environmental and social concerns. The EduPalm Programme bridges this gap by engaging future leaders – university students and secondary school teachers – in a dynamic learning experience focused on sustainability.”**

**Belvinder Sron**, CEO of MPOC, emphasised the importance of public awareness regarding the palm oil industry's sustainability efforts



MPOC anticipates the EduPalm Programme's growth, fostering a generation that understands palm oil's economic and sustainable importance. Related initiatives include school outreach programmes and collaboration with Les' Copaque Production to produce 'Upin & Ipin' educational episodes to raise awareness and appreciation of Malaysia's palm oil industry among young Malaysians.



The collaboration with Les' Copaque Production has already yielded significant positive outcomes. The 'Upin & Ipin' educational episodes have garnered over 13 million views in just six weeks on YouTube alone, reflecting their popularity and positive impact. These episodes were produced with the objective of shaping a positive perception of the palm oil industry among the youth, highlighting the industry's commitment to sustainability and ethical practices.

For a closer look at the impact of this campaign, [you can watch the episodes here.](#)



The palm oil sector is a significant pillar of the Malaysian economy, contributing RM94.95 billion in export earnings in 2023. Malaysia accounts for 23% of the world's palm oil production and 30% of total palm oil exports, positioning itself as a global leader in certified sustainable palm oil upheld by the Malaysian Sustainable Palm Oil (MSPO) certification.



Students of local universities successfully attended the 3-day comprehensive palm oil education programme, and more events are planned for later this year.



# SALCRA, A PRIME MOVER IN AGRO-COMMODITY CIRCULAR ECONOMY



A new chapter begins for the Sarawak Land Consolidation and Rehabilitation Authority (SALCRA), as it takes on the mandate to manufacture oil palm-based animal feed. This initiative has the potential to be a game-changer in reducing the cost of livestock feed and the overall cost of producing major livestock.

**GLOBAL** food prices have surged in recent years due to climate change, pent-up demand, and supply disruptions, significantly impacting consumers as their food expenditures rise. This inflation has impacted consumers and directly influenced the cost of living. In Malaysia, one notable impact is the increase in chicken prices due to higher costs for chicken feed. This surge affects the cost of living and raises concerns about potential shortages in countries reliant on imported food necessities.

Sarawak, facing the need for over 600,000 metric tonnes of animal feed annually for major livestock in the state, is prioritising food security and resilience. To achieve this, the Sarawak State Government aims to reduce dependence on imported animal feed by producing it locally.



Oil palm is the lifeblood of Malaysia's agricultural landscape and economy. In Sarawak, it contributes a substantial 68% to the state's GDP (2021) within the agricultural sector. However, oil palm waste, including empty fruit bunches (EFB), palm shells, and palm oil mill effluent (POME), poses a compelling disposal challenge.

In August 2023, the Premier of Sarawak, YAB Datuk Patinggi Tan Sri (Dr) Abang Haji Abdul Rahman Zohari Bin Tun Datuk Abang Haji Openg, mandated SALCRA to manufacture animal feed from oil palm waste. This pivotal mandate has ushered in a new chapter for SALCRA.



Rh. Awing (before)

Rh. Awing (present)

Established in 1976, SALCRA, as one of Sarawak's State statutory bodies, aims to alleviate rural poverty in Sarawak, pioneering a development model collaborating with Native Customary Rights (NCR) landowners to develop their NCR lands into productive oil palm plantations (1976-1985).

This development also brought about substantial physical infrastructure improvements to these rural communities, including the construction of roads and housing. During the era of Expansion and Diversification (1986-1995), SALCRA diversified into crops like cocoa, tea, rubber, and coffee, facing challenges due to market issues and diseases. Embracing the Commercial Management Approach (1996-2005), SALCRA focused on consolidating operations, enhancing productivity, and achieving better financial outcomes through estate mergers and strategic land utilisation. Transitioning to Wealth Creation (2006-2020), SALCRA diversified investments across the palm oil supply chain, fertiliser manufacturing, and other ventures. Challenges arose, with declining palm oil prices in 2017 and policy changes impacting finances post-2018.



From 2020 onwards, SALCRA strived to transform into a resilient, sustainable, and profitable organisation, leveraging valuable lessons from past policy shifts, price fluctuations, and global uncertainties. This transformation aims to ensure that SALCRA effectively navigates uncertainties while improving the quality of life for rural communities participating in the development areas.

In response to the growing need for resource efficiency and sustainability, policy initiatives are increasingly embracing the circular economy system. This approach focuses on three core principles:

1. To design out waste and pollution
2. To keep products and materials in use
3. To regenerate natural systems

This circular economy concept is one of the focal points for the Sarawak State Government's Post-COVID-19 Development Strategy (PCDS) 2030, launched in July 2021. PCDS 2030 envisions a thriving society driven by data and innovation, ensuring economic prosperity, social inclusivity, and a sustainable environment.


This aspiration will be achieved through six key economic sectors: manufacturing, agriculture, tourism, forestry, mining, and services. These sectors will be supported by seven enablers: digital transformation, innovation, education, human capital, utilities, basic infrastructure, transport, and renewable energy.



SALCRA's land development participants receiving their land titles



Today, SALCRA is a beacon of success, having developed over 55,000 hectares of land for more than 20,000 participants across 400 longhouses in Sarawak. These previously underutilised lands have been transformed into commercial agriculture estates, generating numerous job opportunities and business prospects. Participants in SALCRA's scheme are eligible to receive land titles, solidifying their ownership and contribution to this transformation. To date, SALCRA oversees 19 oil palm estates and 5 palm oil mills.



**SALCRA has addressed the disposal challenges in the palm oil industry by repurposing EFB and POME into oil palm-based animal feed. These initiatives include:**

1. **Black Soldier Fly Meal:** Decanter cake, a waste product from the palm oil mill, is utilised as feed for black soldier fly larvae. These larvae transform the decanter cake into black soldier fly (BSF) meal, a crucial ingredient in producing oil palm-based animal feed.
2. **Palm Kernel Cake:** Kernels from palm oil mills are pressed to produce crude palm kernel oil (CPKO) for refineries, and palm kernel cake (PKC) is a component for making oil palm-based animal feed.
3. **Napier:** Napier is not a product of waste from the oil palm industry, but its pasture serves as an essential component in producing animal feed due to its nutritional value and suitability for livestock consumption.
4. **EFB Pellets:** EFB is converted into animal feed pellets, a convenient and economical way to provide fibre for ruminant animals.



Through these initiatives, SALCRA demonstrates the capacity to produce animal feed annually with an appropriate nutrient composition.



The process of making fibre mats entirely from EFB



The application of fibre mats on an oil palm tree

SALCRA has taken further steps to ensure zero waste from operations. Their latest product, Fibre Mat, a biodegradable material used for weed control and slope protection, is made entirely from EFB. It consistently garners high interest and demand, often selling out swiftly during exhibitions.

During the fresh fruit bunch (FFB) harvesting phase, oil palm estates generate residual parts of the tree, such as the fronds (large leaves) and the trunk (the primary part of the tree). Rather than discarding these leftover parts, this initiative repurposes them by shredding the materials into smaller pieces to feed animals. Repurposing these residual parts for animal feed ensures a zero-waste practice within the oil palm industry.

Aligned with PCDS 2030 and one of the global agendas in Sustainable Development Goals (SDGs): food security, the production of palm-based animal feed can be a game-changer in reducing the cost of livestock feed, which can, in turn, reduce the overall cost of producing major livestock.





Cattle integration on one of SALCRA's oil palm estates

As a key player entrusted by the State Government at the intersection of manufacturing and agriculture, one that focuses on local animal feed production, SALCRA continues opening doors to economic opportunities through job employment and business prospects. This initiative also promises to reduce imports by over RM80 million, yielding approximately 100,000 metric tonnes of animal feed for major livestock annually. Beyond its economic impact, this endeavour plays a crucial role in the mission to achieve a 25% self-sufficiency level (SSL) in beef production. Moreover, it aligns with the collaborative efforts of the Ministry of Food Industry, Commodity and Regional Development Sarawak (M-FICORD) towards becoming a Net Food Exporter by 2030.

This move towards a circular economy approach goes beyond merely mitigating the negative impacts of the linear economy. Instead, it heralds a systemic shift that fosters long-term achievements and resilience, benefiting the environment and society. SALCRA's commitment to a circular economy approach will set an exemplary benchmark for circular economy practices crucial in achieving long-term developmental goals, with an eye on the ultimate vision of transforming Sarawak into a developed state.



# SAWIT KINABALU: A MODEL FOR SUSTAINABLE PALM OIL PRODUCTION WITH INTEGRATED CONSERVATION

By: Naziah Nawawie for Sawit Kinabalu

**SAWIT** Kinabalu Group (SKG) stands out as a leader in the palm oil industry, demonstrating a commitment to conservation alongside profitable production. Their efforts at the Sungai Pin Conservation Area (SPnCA) showcase a comprehensive approach to habitat enhancement, biodiversity protection, and community engagement.

Sawit Kinabalu's conservation initiatives began in the early 2000s, well before certifications such as Roundtable on Sustainable Palm Oil (RSPO) or High Conservation Value (HCV) became prevalent. This proactive approach signifies a deep understanding of the environmental impact of palm oil production and a genuine desire for sustainability.



Aerial view of SPnCA



The SPnCA, a large-scale voluntary conservation area established by SKG, encompasses 2,632 hectares, representing 42% of the Sungai Pin Estate. This dedicated area allows the implementation of a robust Conservation Area Management Plan (CAMP), developed in collaboration with the Sabah Forestry Department in 2019. The CAMP ensures a science-based and well-coordinated approach to conservation activities.



Signing and handing over  
of the SPnCA CAMP

The SPnCA plays a crucial role beyond its boundaries. It serves as a critical link within the ecological network of the Kinabatangan floodplain. The floodplain ecosystem is a treasure trove of biodiversity, and maintaining its health is essential for conservation and sustainable resource use. The SPnCA facilitates wildlife movement, plant propagation, and genetic exchange, promoting a healthy and resilient ecosystem.

Sawit Kinabalu's dedication extends to riparian buffer zones and wildlife corridors, as riparian restoration and protection are crucial for maintaining healthy water flow and quality within the ecosystem.



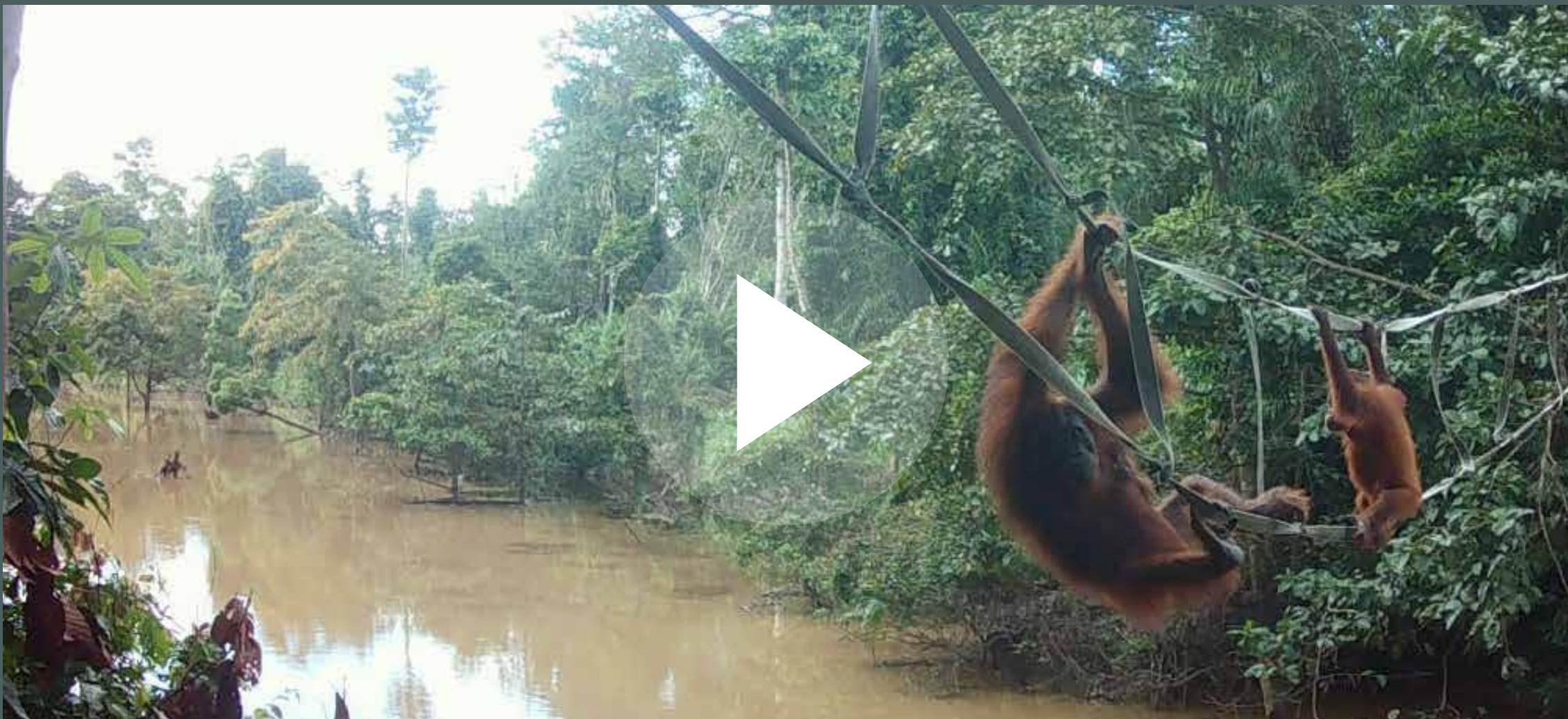
## The Success of SKG’s Conservation Efforts

Over 800,000 trees have been planted across approximately 758 hectares within the SPnCA, effectively restoring degraded habitat. Additionally, a reduction in poaching and illegal activities has been observed.



Tree planting in SPnCA

Perhaps most encouraging is the increase in the orangutan population, rising from 37 individuals in 2014 to 42 in 2022. This positive change demonstrates the effectiveness of Sawit Kinabalu’s conservation efforts.



An orangutan and its baby crossing the orangutan bridge in SPnCA



### Fostering a Sense of Community

SKG recognises the importance of community participation. They actively involve local communities in tree-planting activities, fostering a sense of ownership and responsibility for the conservation area. Capacity-building programmes provide valuable knowledge and skills, empowering locals to participate actively in conservation efforts and explore alternative income sources through activities like bead-craft training.



Beads craft training for the local communities

Looking ahead, SKG aims to elevate the SPnCA's status by applying for inclusion in the International Union for Conservation of Nature (IUCN) Green List (GL) of Protected and Conserved Areas. This prestigious recognition would strengthen the SPnCA's protection status and testify to SKG's commitment to responsible palm oil production.

Sawit Kinabalu's conservation efforts at the Sungai Pin Conservation Area offer a compelling model for the palm oil industry. Their dedication to habitat enhancement, biodiversity protection, and community involvement demonstrates that sustainable palm oil production is possible. As SKG pushes for international recognition of the SPnCA, it is hoped that its efforts would inspire others in the industry to embrace a more sustainable future.





**Mariamah Yunus,**  
an oil palm independent smallholder  
in Kinabatangan, Sabah

Photo Credit @ Wild Asia 2024

# MALAYSIAN SUSTAINABLE FARMER CHRONICLES: WOMEN SMALLHOLDER EMPOWERMENT IN OIL PALM

Breaking gender stereotypes in oil palm farming, independent smallholder Mariamah Yunus not only calls all the shots but is also empowered to give back to her community.

**THE** 1980s marked the closing chapter of the logging industry in Sabah. Large tracts of lowland forests were converted into agricultural land or left to regenerate. Mariamah Yunus's parents were among the pioneers to start an oil palm smallholding in the Kinabatangan District.

"In those days, if you cleared and developed vacant land, you could apply for land rights from the *Jabatan Tanah* (Lands and Surveys Department)," says the second-generation oil palm smallholder. Mariamah's parents had moved their young family from Kampung Segaliud in Sandakan to seek greener pastures. Most settlers planted crops like rice and cocoa. Mariamah's father went out on a limb and chose oil palm.

"He jumped into the deep end. With no (oil palm) planting knowledge or experience, he tried and failed the first three times," recalls Mariamah, then a primary school student. The seedlings did not survive, or the trees did not fruit. Elephants and wild boars from a nearby forest reserve wandered onto the farm and wiped out the young trees.



“We even lit fires at night to scare off the wildlife,” Mariamah adds. Fourth time lucky, they finally reaped their first harvest five years later. Her father’s ‘triumph’ convinced the other villagers, who were sceptical at first, to follow suit.

“My father never gave up. He was tenacious!”

### **Closing the Gender Gap**

Mariamah narrated her family history as we lounged on the outdoor patio of her sizable house in Kampung Batu Puteh, Kinabatangan District. It did not take long for us to realise that the apple does not fall far from the tree. A dynamic female independent smallholder, Mariamah owns her land, manages her farm, and makes all the decisions, bucking gender stereotypes in a traditionally male-dominated industry. In the oil palm sector, women are typically seen as farm helpers who assist their husbands or male family members in running their smallholdings. They often lack resources like land, financing, training, and market access.

Mariamah’s farming journey began in the 1990s in Kampung Sentosa Jaya, Kinabatangan. A two-hour drive south of Sandakan, Sentosa Jaya is a settlement established in 1981. With a population of 422, three-quarters of the households here are involved in oil palm, either working for mills or estates or running their smallholdings.

Fresh out of high school, Mariamah ran a mom-and-pop store on the banks of the Kinabatangan River. After she got married to her husband, a primary school teacher, they decided to plant oil palm to improve their livelihoods. Following her father’s footsteps, she cleared a vacant land and applied for land ownership in 1998.

“In the early years, it was all a communal effort—from land clearing and planting to harvesting, our families and neighbours helped out,” says Mariamah, who is of Bugis descent. By the time they reaped their first harvest, Mariamah’s husband had been posted to a school in another village. She was left to manage the farm and household alone with three young kids in tow.





Mariamah resides in Kampung Batu Puteh and volunteers in many community programmes designed for socio-economic upliftment, where 43% of the population falls into hardcore poverty.

“He rarely came home, at most once a month, so I had to (and still) hold the fort,” says the 46-year old smallholder. “And being a woman, I feel like I have to go above and beyond to prove myself.”

Seven years after planting the first seeds, she earned enough income to hire contract workers to do the heavy lifting.

### Steep Learning Curve

In 2018, **Wild Asia** extension agents arrived at Mariamah’s village to engage farmers to join the **Wild Asia Group Scheme (WAGS)**. WAGS offers free technical advice and capacity building to help independent smallholder farmers meet national and international certification standards, as well as to improve their farm management practices.

To date, WAGS has nearly 2,000 members, 49% of whom are female smallholders. Women have equal access to training on good agricultural practices that increase productivity and lower costs, occupational health and safety, environmental stewardship, and record-keeping.



In 2014, she joined the **Malaysian Palm Oil Board (MPOB)**'s replanting programme and received support in the form of seedlings and fertilisers. However, enhancing training opportunities could further empower independent smallholders like her towards sustainable production.



**Before I knew about sustainability certification, my farming approach was a hit-or-miss affair. I know there is much more to learn (about farming), and I wanted to harness my full potential."**

**Mariamah Yunus**

Like farmers before her, Mariamah "blanket" (rampant) sprayed herbicide to manage weeds, planted seeds from loose palm fruits or inferior seedlings, and applied chemical fertiliser only when she had spare cash.

"I learned that rampant herbicide spraying degraded the soil and contaminated my farm's pond (water source)," says Mariamah. Many of her seedlings either did not survive or produced low yields due to poor-quality seedlings and nutrient deficiency.

"I didn't know the right kind of fertiliser to buy, how to apply them effectively, and how to stack the fronds 'correctly' to ensure the organic matter provides nutrients back to the soil," she adds.

Through WAGS training, Mariamah switched to manually controlling weeds using a grass cutter and improved fertiliser use efficiency. She learned to log details like fresh fruit bunches (FFB) yields, costs of chemical inputs, farmhand wages, sales, and profits. WAGS staff also tracks her progress through the logbook.

"Before this, I never kept records of yields and production expenses," says the mother of five. "Now I can manage my expenses. Whenever FFB prices drop, I know where to reduce expenditures." Mariamah also received a shelf to store chemicals safely on, and personal protective equipment (PPE) like a safety helmet and gloves, courtesy of MPOB.



In 2019, her farm was certified by Malaysian Sustainable Palm Oil (MSPO). But the tangible shifts caught her off guard.

Since joining WAGS, her yields have nearly doubled, and her production costs have decreased by 40%. When palm oil prices skyrocketed during the COVID-19 pandemic (2021-2022), many smallholders like Mariamah received a windfall.

“Our oil palm income averaged RM12,000 to RM15,000 a month at the time,” says Mariamah, smiling. She channelled the profits into building a new house next to her home and rented it out for additional income. Today, her 6.07ha farm rakes in about RM6,000 monthly, with annual production averaging 100.67 metric tonnes.

“Most importantly, my soil and trees are healthy in the long haul, and my farm is better managed,” says Mariamah. A steady income also allows her to spend more on her children’s education, nutrition, and healthcare. Her perpetual challenge is finding contract workers to perform manual labour such as harvesting and transporting FFB. When push comes to shove, like during the pandemic, she relies on relatives and neighbours to undertake ‘gotong-royong’ (communal work).

Through WAGS training, she learned the crucial steps to farming better: reducing the usage of chemical inputs and refraining from open burning.



## Fostering Economic Resilience

Not one to rest on her laurels, Mariamah swears by the mantra – “*sediakan payung sebelum hujan*,” a Malay proverb meaning to prepare for any eventualities. To her, that means having other sources of income to weather the capricious palm oil prices. In her backyard, she plants Napier grass (*Pennisetum purpureum*), sugarcane, and bananas as fodder for livestock, and sells them at the nearby Borneo Elephant Sanctuary (BES).

The returns are modest, about RM700 a month. But Napier, for example, is easy to grow and manage and can be harvested weekly, she added. She also grows vegetables, herbs, and fruit trees for her family’s consumption.

“I’m always looking for ways to make extra income, and I advise my female allies to do the same,” she quips. Two of her kids are still in school, while the three older kids are working adults. “My principle—be self-sufficient and independent!”

Although Mariamah is eligible to join Wild Asia’s **WAGS BIO** programme, which requires a commitment to chemical-free farming, she is still deciding whether to join.

“I’m not sure I can afford the time and energy just yet,” she admits with a smile.



Always on the lookout to gain extra income by diversifying the plants, Mariamah empowers other women to be self-sufficient and independent.



## Paying It Forward

As a woman who is always on a mission, being economically empowered means Mariamah can help those in need.

An ardent volunteer, she donates her time and money to organisations like the *Muslimah Aali Yusuf*, a grassroots social welfare organisation for Muslim women, KRT (*Kawasan Rukun Tetangga* - Neighbourhood Watch) and KOSPEN, a community-based health intervention programme.

Although Mariamah's farm is in Sentosa Jaya, her family home is in Kampung Batu Puteh, 10 km south of Sentosa Jaya. 43% of the village's population falls under the hardcore poverty (monthly household income below RM1,000) category, based on a [2018 study](#) by the Sabah Forestry Department. Mariamah helps out in many community programmes designed for socio-economic upliftment.

She has been offered leadership posts in *Muslimah* and the JKKK (Village Development and Security Committees) thanks to her leadership traits, high energy, and dedication. But she turned down the offers because she has more than enough on her plate.

"Oil palm farming has provided us with a decent livelihood and quality of life," says Mariamah, who welcomed her first grandchild in March. "I'm just blessed to be in a position to do my bit to help our community."

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Discover the inspiring story of Mariamah in this [short documentary](#) and witness how sustainable oil palm planting has transformed her life.

In Malaysia, 5.65 million hectares of land have been cultivated with oil palm (MPOB 2023). Independent smallholder farms like Mariamah Yunus's (40.46ha of land or less) account for 14.5% (0.82Mha) of this planted area. As of 2023, there are 214,680 independent smallholders in Malaysia.



**Malaysian Sustainable Farmer Chronicles** is a collaboration between Wild Asia and MPOC that shares the innovations and best practices of MSPO-certified smallholder farmers in Malaysia.



# FREQUENTLY ASKED QUESTIONS (FAQ)

Your go-to guide for understanding the palm oil industry and gaining insights into sustainability, environmental impact, and industry practices.

## QUESTION:

What is the EU Deforestation Regulation (EUDR), and how does it affect the Malaysian palm oil industry?



**EU as a Major Consumer**  
The European Union (EU) is the world’s largest trading bloc and a primary consumer of agricultural commodities such as palm oil, timber, cocoa and coffee.



**Driver of Deforestation**  
The EU’s growing demand for food, feed, fuels, and biomass has driven increased production of these commodities, leading to global agricultural land expansion. This expansion has been identified as the main driver of deforestation and forest degradation globally.

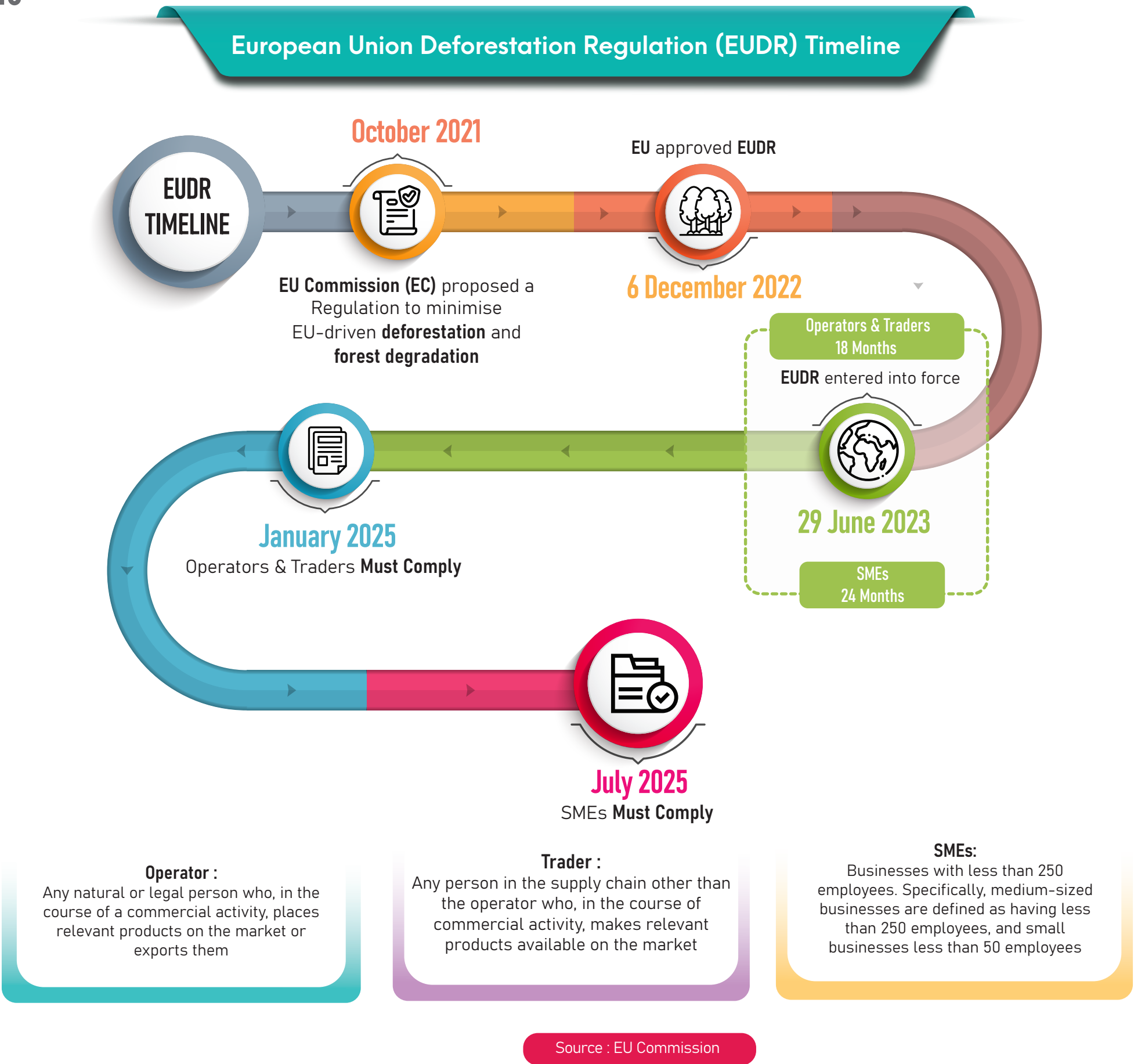


**EU’s Response**  
Recognising its impact on global deforestation, the EU Commission proposed a regulation in 2021, later legislated as the EUDR. Its’ key objective is to minimise EU-driven deforestation and forest degradation.



**Legislation and Compliance Deadline**  
EUDR aims at increasing demand for commodities and relevant products that are deforestation-free and legally produced.





QUESTION:

What is the Malaysian palm oil industry’s position in addressing the EUDR?

- Malaysia as a Low-Risk Country - Recognising Malaysia’s sustainability and forest conservation efforts/policies and commitments in EUDR’s Country Benchmarking System
- National Schemes Recognition - EU’s recognition of Malaysia’s national sustainability certification scheme: The Malaysian Sustainable Palm Oil (MSPO) as a pathway towards meeting the EUDR requirements
- Smallholders Exemption - Ensuring that Malaysia’s smallholders are exempted from the EUDR requirements

MPOC EFI Webinar

MPOC collaborated with the European Forest Institute (EFI) and key stakeholders to discuss preparations, challenges, and solutions for EU operators and Malaysian exporters to comply with the EUDR.



Close to 500 participants attended this webinar, during which industry stakeholders highlighted the constraints affecting its compliance preparations, particularly the lack of clear guidance and clarity from the EU on the EUDR's requirements and the sheer volume of information involved, which is further compounded by the complexities of the palm oil supply chain.



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### **EFI Updates on Malaysia's MSPO Certification Scheme**

Dr. Josil Murray, Technical Expert at EFI, presented the latest updates on Malaysia's effort to improve the MSPO certification scheme. Key updates focused on:

- Deforestation-related definitions
- Legality
- Geolocation and traceability in palm oil production



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### **Challenges for Malaysian Exporters in EUDR Compliance**

Ku Kok Peng, Chief Sustainability Officer of Kuala Lumpur Kepong Berhad, shared the many challenges Malaysian exporters face in preparing for the EUDR.

- Risk of smallholder exclusion
- Limitation of compliant supply to the EU, and at higher costs
- Urgent need for the EU to resolve uncertainties as exporters prepare EUDR-compliant shipments by September or October 2024



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### **Wilmar International's EUDR Preparations**

Daphne Hameeteman, General Manager, Sustainability, External Engagement at Wilmar International, shared insights on:

- Wilmar's stakeholder engagement efforts
- Participation in the EUDR information system pilot testing
- Challenges in meeting the EUDR requirements and managing the extensive documentation needed for due diligence
- The need for improvements in the EU Information System and concerns whether the EU operators have sufficient volume (of EUDR-compliant palm oil) by 2025 due to these challenges





### EU's Support for National Sustainability Certification Schemes

Henriette Faergemann, First Counsellor for Environment, Climate Action, and Digital Cooperation at the European Union Delegation to Indonesia and Brunei Darussalam, emphasised the EU's support for schemes like the MSPO:

- Role of MSPO in assisting EU operator and traders in conducting due diligence obligations
- Acknowledgment of Malaysia's preparedness
- EU's commitment in addressing the challenges and technical constraints faced by Malaysian exporters and EU operators



**Malaysian exporters have made significant financial and technical investments to meet the EUDR requirements, focusing on geolocation, legality information, and supply chain traceability. However, many small farmers in the palm oil supply chain face difficulties and risk exclusion from the supply chain. Despite these efforts, providing the necessary due diligence information remains challenging due to the complexities of the palm oil supply chain."**

**Belvinder Sron**, CEO of MPOC

She urged the EU to promptly address the lack of guidance and uncertainties faced by the Malaysian palm oil industry before the EUDR enforcement date of 1 January 2025. She reaffirmed the industry's readiness to collaborate with the EU to address these uncertainties and bottlenecks.

The MPOC EFI Webinar can be viewed online [here](#).





## Malaysian Palm Oil Council (MPOC)

Level 25, PJX HM Shah Tower,  
No. 16A Jalan Persiaran Barat PJS 52,  
46200 Petaling Jaya,  
Selangor Darul Ehsan, Malaysia

Tel: +603 7806 4097

Fax: +603 7806 2272

Email: [palmsphere@mpoc.org.my](mailto:palmsphere@mpoc.org.my)

Web: [mpoc.org.my](http://mpoc.org.my)

