

Green GOLD

Palm Oil is a product guaranteed to stir strong emotions. Found in everything from ice cream, to cosmetics, to biofuels, it's a global phenomenon. However, the palm oil industry is also heavily implicated in a litany of environmental problems. Milestone caught up with Dr. Ahmad Parveez Ghulam Kadir, Director General of the Malaysian Palm Oil Board (MPOB), to discuss the balance between business success and natural preservation.

DR. AHMAD PARVEEZ GHULAM KADIR
DIRECTOR GENERAL @ MPOB

Alongside crude oil and corn, palm oil is perhaps the planet's most abundant and versatile commodity. Worldwide, a staggering 74.20 million tonnes of it were produced in 2020. Furthermore, Oil World forecasted that the global production of palm oil will reach 77.83 million tonnes in 2021.

In a typical Western supermarket, as many as half of the products on sale may contain it. Three billion people in 150 countries use it, in many cases unknowingly, while current statistics suggest that worldwide, the average human consumes 8 kg of the stuff every year. The entire palm oil market is expected to reach a value of \$93 billion by the end of 2021.

It is also an extraordinarily efficient crop. Oil palm can six to 10 times more yield on a land area basis than the other seasonal annual oil crops such as soya bean and sunflower. This means that if you take away oil palm and replace it with other oil crops, you need to clear – you guessed it – six to 10 times more land, most of which will be forests. Its resilience means it only requires replanting every 25 years, whereas other crops need to be replanted every year. These qualities have led to

a situation: in 2020, oil palm planted areas globally occupy around 23.9 million hectares or 8% of the total planted area of 10 major oil crops, which is 297 million hectares (Oil World). However, in term of production, palm oil was superior at 74.20 million tonnes or 35.5% of total world vegetable oil production out of 209 million tonnes in 2020. Around 85% of oil palm planted territory is in Malaysia and Indonesia.

In many ways, this booming industry has been transformative. The production of such a successful export has benefitted local economies and helped lift rural populations out of poverty. This economic power led the International Monetary Fund (IMF) to encourage Malaysia and Indonesia to produce even more of this miraculous

substance, until, in 2020, palm oil constituted 37.1% of Malaysia's agricultural output and 3.6% of its total GDP. Yet such expansion comes at a cost – the industry has become something of a folk-devil to environmental campaigners.

Anti-palm oil campaign initiated by western NGOs such as *Friends of the Earth* have accused the palm oil industry of "ecocide," while *Greenpeace* has led a sustained campaign against palm oil production for the last decade. These negative campaigns against oil palm cultivation that link it to deforestation, global warming, loss of biodiversity, and driving some wildlife to extinction are tarnishing the industry's image.

Malaysia's oil palm industry has always been mindful of these challenges and has applied appropriate best practices, including environmental impact assessments, management, and protection – in the development and operation of our oil palm industry. The industry has also committed to zero deforestation – and the conservation of forests.

Malaysia has pledged to maintaining at least 50% of its land as forest and green cover. The latest figure reported that about 55.35% of Malaysia's 33 million hectare-land area is forest. →



We think of the MPOB and its affiliates as a family





An oil palm plantation

Malaysia ranks among the top countries globally for having land area under forest cover. The government, with funding from oil palm growers, has also established the Malaysian Palm Oil Green Conservation Foundation to support conservation efforts and bring benefits to consumers of palm oil as well to enhance the image of palm oil as a sustainable product.

In balancing the protection of the environment and socio-economic development, the government has laid down significant policies towards sustainable oil palm cultivation. The first is to cap the total of oil palm cultivated area to 6.5 million hectares. The second policy is to stop the planting of oil palm in peatland areas and further strengthen regulations regarding existing oil palm cultivation on peat. Thirdly, the government is also working to ban the conversion of forest reserved areas for oil palm cultivation and, finally, to make oil palm plantation maps available for public access.

There is no denying that R&D will play an even more important role, as Malaysia has to continually boost yields within existing hectares to make up for the lack of land area for further expansion. The Malaysian Palm Oil Board (MPOB) has made remarkable achievements with its ground-break-

ing research on decoding the oil palm genome and discoveries of genes that control important agriculture traits, which were published in the highly respected scientific journal Nature. The genome breakthrough has laid the groundwork for further discoveries that can lead to new and improved oil palm varieties.

Having emerged from a background of research and development, to work at the forefront of Malaysian palm oil for the last 31 years, Dr. Ahmad Parveez Ghulam Kadir is fully aware of the debate his work arouses.

“This is such an important industry for our country,” he says, “the unique thing about Malaysian palm oil is that our crop is produced by half a million smallholders, with an average plot of only 3.5 hectares each, so it is really a national concern.



In Malaysia, palm oil is a national concern

But if course, it is full of challenges as well as opportunities.”

Since becoming director general of the MPOB, a government agency, in 2019, Dr. Ahmad Parveez has run an organisation comprising six research divisions, four supporting divisions, and a total of 2,500 staff. One of his first moves was to set about implementing a more people-focused policy, honed in on an appraisal system to manage internal promotions.

“We try to look at all aspects of an individual’s performance,” he says, “not just the key performance indicator.”

Dr. Ahmad Parveez also encourages an open forum on organisational decisions. Rather than adopting a top-down approach, he prefers team members to give their views, so that proposals can be decided on collectively. He has implemented a system for staff to provide feedback on issues they face, twice a year, to ensure that employees at all levels feel that their voices are being heard.

“It is important to us that everybody feels a sense of belonging in our organisation,” he says. “Everybody is important.”

The MPOB occupies a wide-ranging role within the industry and part of its remit is regulation.

“Of course, we provide research and development services” Dr. Ahmad Parveez explains, “but we also strategise.” This work centres around examining challenges the industry may face and forming a plan to tackle them. Without that, continued growth would be impossible.

Like everything else, palm oil has had to withstand the devastating impacts of the coronavirus pandemic. Malaysia locked down in March 2020 and this posed great difficulties to a sector with such a diverse and far-flung supply chain. “When you rely on smallholders so heavily,” he explains, “transport and logistics are such key elements. It was very important for us to have government support to keep the supply chain open.”

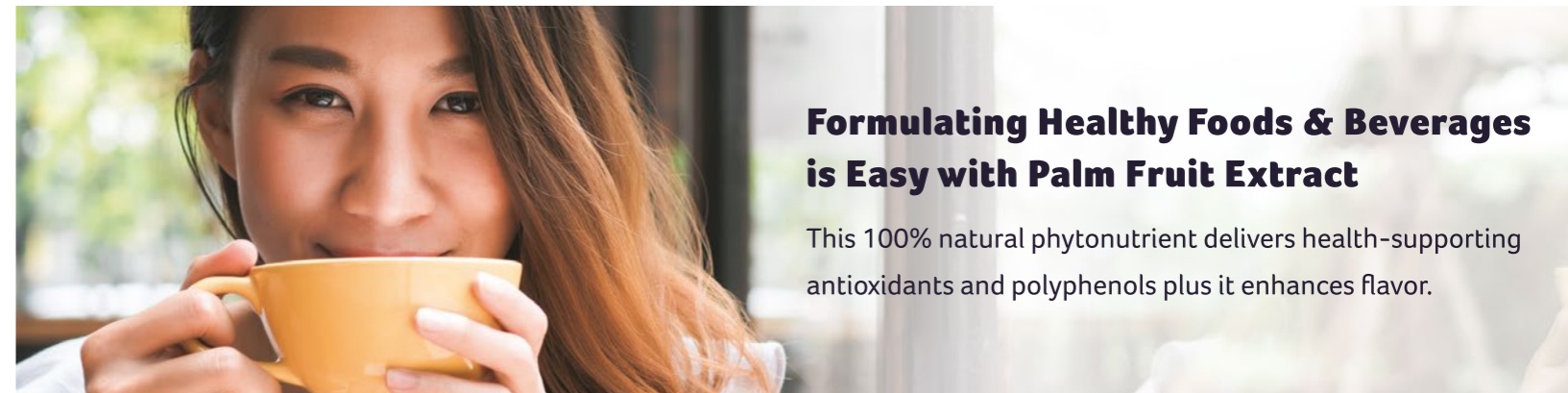
The world palm oil market is very much in favour of palm oil that has sustainability certification and therefore, the Malaysian Sustainable Palm Oil (MSPO) certification offers the reliable and sustainably certified Malaysian palm oil products to the world as well as rebranding Malaysian palm oil that was produced in more sustainable manner. The mandatory implementation of MSPO to ensure the industry fully adheres to sustainable practices as part of its commitment to address the global warming and preserve biodiversity.



Palm oil R&D

Under its stipulations, the rate of deforestation is now decreasing, while schemes have also been put in place to protect particularly vulnerable species, including the pygmy elephant and Borneo orangutan. Global Forest Watch last year reported that Malaysia has shown reduction on forest loss for four years in a row. Whether these measures are enough to assuage international concerns remains to be seen, but they certainly represent a step in the right direction.

Looking to the future, the MPOB has identified four key areas on which to focus. Naturally, the stand out of these are sustainable development, alongside food safety and nutrition, yield performance and mechanisation. With palm oil continuing to expand its industrial and energy uses, alongside its many pre-existing applications, the future for the industry certainly appears fruitful, if managed well. By channelling their collective energies into these areas, Dr. Ahmad Parveez fully expects the MPOB to continue to thrive.



Formulating Healthy Foods & Beverages is Easy with Palm Fruit Extract

This 100% natural phytonutrient delivers health-supporting antioxidants and polyphenols plus it enhances flavor.



Boosts focus & concentration



Promotes a healthy mood



Supports clearer thinking



Mellows bitter notes



Improves mouthfeel



Supports sugar reduction goals

Palm Fruit Extract is for food, beverage and nutraceutical applications, especially coffee, tea, chocolate and reduced-sugar snack and confection formulations. Contact us to learn about our market-ready, finished products.



Non-GMO



Clinically tested



Rainforest Alliance



FSC



MPOB



Phenolaeis
Transforming health.



Imagine the Possibilities
617.600.4444 | phenolaeis.com