FGV hopes govt will implement B10 biodiesel mandate – New Straits Times

FGV group president and chief executive officer ***Datuk Mohd Emir Mavani Abdullah*** *says the government should harmonise state sales tax for Sabah and Sarawak.* **Pic by Nurul Shafina Jemenon**

Felda Global Ventures Holdings Bhd (FGV), the world's biggest crude palm oil producer, is proposing for the implementation of B10 biodiesel mandate from the current B7 in the 2016 Budget.

"FGV hopes the government will implement the B10 programme soon. The programme is expected to soak up one million tonnes of crude palm oil (CPO) a year. This may lend support to palm oil prices as well.

"On the other hand, Indonesia has announced its B20 mandate by next year and the implementation of US$50 (RM215) per tonne levy to fund biodiesel subsidies to support its local players," FGV group president and chief executive officer Datuk Mohd Emir Mavani Abdullah told Business Times.

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Elaborating on FGV's 2016 Budget wishlist, he said the company hopes to see some form of replanting incentives, improvement in export duty structure as well as downstream support.

Mohd Emir said the group is committed to its aggressive replanting programme, aimed at improving vrop age to 60 per cent prime and matured, 20 per cent old and 20 per cent young trees by 2020.

" The government could consider an increase of special funds or incentives for the industry to encourage smallholders and corporate sectors to improve their crop age profile," he said.

To spur downstream activities, there should be incentives for the research and development of specialty fats and oleo chemicals. the same goes for biomass activities, which have a huge potential to be commercialised, Mohd Emir said.

" This demonstrates the country's commitment towards addressing global warming and climate change as well," he added.

Mohd Emir also suggested that Malaysia should review the current CPO export duty structure to stay competitive.

In July, Indonesia introduced new CPO levies, which affected Malaysian refiners competitiveness when the CPO price fell below RM2,250 per tonne.

" The new export levy has lowered the domestic CPO price in Indonesia by US$30 to US$50 a tonne, helping them to enjoy a margin advantage due to the differential in the export levy for refined palm products versus CPO.

” FGV also wishes the government to harmonise state sales tax for Sabah and Sarawak. Currently, the two states have different sales tax structure,” he said.