

## **Malaysian Palm Oil Association (MPOA)**

Make no mistake. Planting industry associations, groupings, councils and bodies have helped make Malaysia second to none in plantation agriculture. Enormous vision, sweat and toil has gone into converting what was initially primary forest into rows and acres of orderly planted perennial crops - rubber, oil palm, cocoa and to a lesser extent, coconut, coffee, tea and pineapple.

In a century of unrelenting effort, billions of dollars, both local and foreign, were invested. Now we are the envy of the world. Surely we owe a debt of gratitude to the various associations and individuals concerned who unstintingly gave the best to this cause.

The rites of passage were not always easy. Take rubber, for instance. It was not the first crop of the plantation industry as often thought. Coffee must take that credit. At the turn of the 20th century the bottom fell out of coffee prices and attention shifted to rubber through a mixture of good fortune, serendipity and circumstance. In a leap of faith, venture capitalists placed their bets on cultivated rubber as a serious contender to collect gutta-percha from the wilds of Brazil. The motorcar industry was non-existent and uses for rubber were limited. Henry Ford and mass produced "Tin Lizzies" came later and the rest is history.

Over production, the world depression, war time ruin and competition finally saw King Rubber give way to oil palm the last 40 years or so, but not without a fight. It is still widely grown - new clones, new techniques of planting and new uses have come and gone. Today rubber may yet be grown, but ironically more for its wood than for its bark! We have to recollect however briefly this colourful, interesting and economically important story of rubber to remind ourselves that nothing should be taken for granted.

Although on balance, rubber was a success story for the national economy and the investors, logic and business realism dictated the move from rubber to oil palm. And rubber's success paved the way for oil palm's greatness. Planting professionals with management and agricultural skills devoted their time and talents to the new crop. It was essentially a conversion process.

Industry associations - both crop specific and general interest - played key roles as repositories of collective knowledge, as lobby groups and as concerned parties to give direction and momentum for the tremendous changes the plantation sector was undergoing. There were many voices and many views - all genuinely expressed for the manifest good of the industry. But there was duplication of effort, overlap, no co-ordination and much frustration.

Until the 1980s, the industry was handling a crop mix of rubber, cocoa and oil palm. This lack of unity of the estate sector undermined the credibility of crop councils. The various councils and associations with a sterling record of commitment to the cause of plantation agriculture were bound by their own history but faced with the unfolding dynamics of a globalising world economy.

In the last 10 years, views were slowly and increasingly being expressed of a need for a consolidated voice for the plantation industry as a whole; of a need for securing the well being of a now globally important food crop; of a need for consensus and a common approach to secure new markets. In hindsight it must be said that what was being articulated was an industry-wide solution to meet the challenges of a global economy. Much debate, discussion and discourse finally culminated in the professional recommendation, supported by Government and industry, that a modified crop-specific body be formed to see the eventual emergence of a more integrated oil palm industry model.

Therefore I see it fit and proper to introduce the birth of an umbrella body, the Malaysian Palm Oil Association (MPOA), the newest and much awaited planting industry association in the pages of *The Planter*, the journal which is the publication of the oldest professional body in this country. Undoubtedly the Incorporated Society of Planters shares with us a common past and an enjoined destiny.

The rationalisation exercise of the various associations, advisory bodies and councils of the plantation industry in 1999 saw the birth of MPOA. In its wake, three large plantation sector organisations, namely the Rubber Growers Association (RGA, in operation since the early 1900s), the United Planting Association of Malaysia (UPAM, since 1897), the Malaysian Palm Oil Growers Council (MPOGC, since 1968) have been dissolved. This exercise is in line with similar mergers- for-strength taking place in other sectors of the nations economy, namely banking, insurance and manufacturing.

MPOA has been tasked with the important function of balancing the needs and interests of the various sectors for synergy and development of the plantation industry as a whole. Although a crop-specific body that will focus on oil palm, MPOA will also serve the interests of other plantation crops such as rubber, cocoa, tea and non-crop issues relating to land, labour, trade and pricing.

As an integrated single powerful voice, MPOA is expected to represent the complex needs of the plantation industry more effectively, particularly now that the economy is being rapidly globalised. MPOA's mission is to ensure the long-term profitability and growth of the Malaysian palm oil industry and other plantation crops including oil palm, rubber, coconut, sugar cane, cocoa, tea, banana and pineapple. To ensure MPOA achieves this mission, objectives consistent with its endeavour have been drawn up.

These are to :

- Act as the single united voice of the Malaysian oil palm and other plantation tree crop industry.
- Represent oil palm and other plantation crop interests to government, various statutory bodies, stakeholders and external parties.
- Promote the future growth and profitability of the industry.

- Support members by providing specific support services.

MPOA will provide representation for the industry at domestic and international levels while lobbying the special interests and needs of the industry. It will also provide long-term strategic thinking and direction. Further R & D policies and priorities will be shaped from a single vantage point. Plans are being made to support national marketing and promotion efforts and to disseminate industry- relevant information to members.

There are a host of issues and challenges facing the industry. High on the agenda are escalating costs, growing complexity of commercial competition and the increasing need to focus on R & D. At the micro level, MPOA has specifically targeted the following as priority issues. They are labour shortage, yield improvement, labour relations, wages and benefits, mechanisation, pricing, pest control, production cost control, applied research, plantation security, environmental concerns, marketing and promotion including branding strategies, land matters, taxation, cess and duty structures and shipping terms.

MPOA is structured to focus on priority issues and concerns of members. Any crop managed as a plantation will also be considered from time to time by the council for inclusion, Membership to MPOA is open to individuals and corporate bodies engaged in plantation tree crop agriculture of 40 hectares or more. To ensure a broad-based membership, an equitable fee structure based on a mechanism related to planted hectareage of the member entity is used.

The Constitution of MPOA promotes the formation of branches to achieve broad based representation at all levels. Through this mechanism plantation industry investors and management will be able through MPOA to raise, highlight and address issues arising in tandem with sister companies and private concerns operating throughout Malaysia. This remains the central and avowed aim of MPOA.

The benefits that will accrue to the plantation interests in the country will be both present and immediate in nature, and future and potential benefits should not be discounted. The formation of MPOA and its call for broad based representation to include all plantation lobby groups should be viewed as being akin to the formation of a trust body, to help perpetuate the dynamic contribution of the plantation sector in forging the nation's economic strength.

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