



PRESIDENTIAL ADDRESS
BY THE PRESIDENT OF MAPA,
TUAN HAJI MOHAMAD HELMY
OTHMAN BASHA AT THE
FIFTY-FIFTH
ANNUAL GENERAL MEETING

27 JULY 2021

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

It is with great pleasure that I welcome all members and members' nominees of the Malayan Agricultural Producers Association (the Association) to the 55th Annual General Meeting of the Association.

2. My sincere appreciation to the honourable members of the Council, Finance & Executive Committee, Negotiating Committee and the Secretariat for their commitment, support and cooperation rendered to the Association during the course of this financial year.

3. Gentlemen, I must say that once again the year under review has been an eventful one for the Association, to put it mildly. Through this global pandemic that is still sweeping across the world despite the best efforts to stem its tide, the industry has also had to face its own set of challenges. Nonetheless, with the dedicated contribution of members, the Association was able to address many of these challenges satisfactorily.

4. I am pleased to inform you that negotiations with staff employees union AMESU, are still in progress. Both parties have been able to narrow down the disputed articles such as revision of wages, annual increment and insurance subsidy.

5. The existing four (4) Agreements with NUPW, which is the workers union, is expiring on 31.12.2021. Both parties are expected to commence negotiations for new agreements sometime in October 2021.

6. The Association's activities for the financial year are contained in the Annual Report 2020/2021, which has already been circulated to all members.

7. Gentlemen, the year 2020 began with nations around the world rolling out aggressive measures to contain the pandemic, enforcing movement restrictions and closing borders. This severely impeded overall global economic activity with the world economy experiencing a sharp contraction that economists believe was worse than the Great Depression of the 1930s. As an open economy, Malaysia's GDP was also adversely affected.

8. A year and a half later, COVID-19 is still wreaking havoc on lives throughout the world. The pandemic is still raging and physical distancing and the wearing of masks are still the order of the day. It is our responsibility to continue to be vigilant, to safeguard our loved ones, our colleagues and our communities.

9. Here are some quick tips for what will stand us in good stead in the coming year:

Firstly, adopt a growth mindset.

In a fixed mindset, you say, “I tried this, it’s over”. In a growth mindset, you look for what you’ve learned. In the ever-changing environment these days, ultimately, we’re going to need to operate out of our comfort zones more often. Being adaptable and open to growth is vital.

Secondly, trust the small increments.

Small changes in how you work can gradually add up to big changes in productivity. Try one tip to start, and keep adding more as you find the strategies that work best for you.

Thirdly, be accountable.

Whether it’s weekly check-ins with a co-worker or setting your own deadlines, inculcating self-leadership and being accountable will help you keep track not only of your deliverables, but also your own growth.

[Sources: WHO, CDC, Hays, The New York Times]

10. As a gentle reminder gentleman, please also keep these in mind:
- a) Don't let your guard down. Be vigilant in adhering to hygiene and safety standards. We have the responsibility to protect our family, community and country from COVID-19;
 - b) Compliance is vital not only for your safety but also the safety of your colleagues, family, and society around you; and
 - c) To wear face masks when in public and at the office premises to safeguard ourselves as well as others. It is now, also a sign of respect.

11. The COVID-19 pandemic has changed the world, and its impact will be long lasting. Malaysia will not be spared. Businesses have spent much of the past year scrambling to adapt to extraordinary circumstances. While the fight against the COVID-19 pandemic is not yet won, with vaccines in sight, there is at least the expectation that there is light at the end of the tunnel – along with the hope that another train isn't heading our way.

12. It is a known fact that disruptive events like a pandemic can spark waves of innovation that may launch a new generation of entrepreneurs. Plato was right when he said that ***"necessity is indeed the mother of invention"***. During this pandemic, one area that has seen tremendous growth is digitalisation, meaning everything from online customer service to remote working, to supply-chain reinvention, to the use of

artificial intelligence (AI) and machine learning to improve operations. Healthcare too, has changed substantially, with telehealth and biopharma coming into their own.

13. Digitally enabled productivity gains have accelerated the Fourth Industrial Revolution. And there is no turning back. The great acceleration in the use of technology, digitalisation, and new forms of working are here to stay. Many executives claim they now move 20 to 25 times faster than they thought possible on things like building supply-chain redundancies, improving data security, and increasing the use of advanced technologies in operations.

14. It has been reported that COVID-19 has accelerated the adoption of digitalisation by businesses, the education sector and society. Studies have estimated that the economic value of digital trade-enabled benefits to the Malaysian economy, if fully leveraged, could grow to RM222 billion by 2030 from RM31 billion in 2019. This presents a new growth trajectory for many service-based industries and supporting sectors like E&E, e-commerce, and the gig economy.

15. Yes, it does appear that the future of work has arrived ahead of schedule. Before the COVID-19 crisis, the idea of remote working was in the air but not proceeding very far or fast. The pandemic changed all that. In a matter of weeks, tens of millions of people transitioned to work from home, in a wide range of industries.

16. The McKinsey Global Institute (MGI) estimates that more than 20 percent of the global workforce, mostly in high-skilled jobs in sectors such as finance, insurance, and IT, could work the majority of its time away from the office and be just as effective. It is happening not just because of the COVID-19 pandemic but also because advances in automation and digitalisation have made it possible; the use of those technologies accelerated during the pandemic. Microsoft CEO, Satya Nadella, in April 2020 said, ***“we’ve seen two years’ worth of digital transformation in two months.”***

17. Looking ahead while reflecting on our journey in the last 12 months, we must also start preparing for what the future will hold for us. If working from home becomes the new norm, we must ensure that work productivity momentum is kept up to speed. Although we are enjoying higher commodity prices now (which we know won’t last forever), it is time for the industry to change. We are at a crossroads. This once in a century event which may well become the norm going forward, could well be the catalyst for change we needed, to push us to make the right moves, for us to survive for at least another 100 years.

18. The year 2021 will be the year of transition. Barring any unexpected catastrophes, individuals, businesses and society can start to look forward to shaping their futures rather than just grinding through the present. The next normal is going to be different. It will not mean going back to the conditions that prevailed before 2020. Indeed, just as the terms “prewar” and “postwar” are commonly used to describe the 20th century, future generations will speak of the pre-Covid and post-Covid eras.

19. Gentlemen, we are pleased to note that the Government has been resolute in its stand to safeguard lives and protect the livelihood of the *rakyat*. The Government addressed the pandemic through a systematic approach that focused on three pillars – safeguard the *rakyat*, support businesses and strengthen the economy. These three pillars underline all subsequent economic stimulus packages. We are very thankful to the Government for the timely and prompt approach to address delicate issues.

20. Apart from implementing various stages of the Movement Control Order (MCO) since March 2020 to curb the spread of COVID-19, the Government has embarked on a series of economic stimulus measures totalling RM305 billion, entailing fiscal and non-fiscal measures. In this regard, the Economic Stimulus Package Prihatin Rakyat (PRIHATIN) totalling RM250 billion, was unveiled in March 2020, followed closely by the PRIHATIN SME worth RM10 billion in April 2020. In June 2020, the Government announced the short-term Economic Recovery Plan (PENJANA) totalling RM35 billion and in September 2020 released the RM10 billion additional package.

21. Gentlemen, together, whether as employers, or employees and their unions, we have braved and withstood this unprecedented situation as a nation. Our deepest gratitude must go to the front-liners whose efforts have saved countless lives and upheld Malaysia's healthcare system against the menace that still confronts us. *In Sya Allah*, we will prevail and overcome these odds too, and then aim to achieve positive results. We cannot afford to be complacent because the war against

COVID-19 is still raging. The race to vaccinate our people continues as the virus lurks in our communities. It is the same in all countries across the world.

22. As an industry however, we have more to contend with than the pandemic. There are other challenges facing us – from climate change to allegations of forced labour and modern day slavery in our operations.

23. It cannot be denied that the success story that is Palm Oil has attracted the envy of competitors. Early attacks on palm oil focused on aspects of health and nutrition. These were correctly addressed by engaging world-renowned laboratories to verify evidence that, in the end, nullified false accusations centred on the nutritional properties of palm oil.

24. Current attacks though, have shifted. These are much harder to address because they exist in the area of public perception. Perceptions are based on belief and, to some extent, can be manipulated. Perceptions are easily created and spread in an era where social media exerts a profound and extensive influence on decisions made, especially by the lay consumer. Discussions involving palm oil tend to be emotionally charged and based on perceived environmental and human rights violations by the industry.

25. As an example, oil palm is charged as one of the main drivers of deforestation. The proven facts show otherwise. The livestock industry uses 73% of the global agricultural land. Whereas in terms of productive

efficiency, oil palm plantations occupy less than 9% of cropland devoted to oil production but produces 36% of world's oil.. These facts have been repeated on many occasions and debated by scientific groups. Yet, the negative perception towards palm oil continues to proliferate unabated.

26. Palm oil is also subject to multiple tests of sustainability. One attempt seeks to examine the form of land use change, as a consequence of the diversion from food to non-food applications of vegetable oils for use as biofuel feed stock.

27. There are other similar challenges, many of it existential. The plantation industry has no longer the option to remain silent. We have to act against destructive campaigns and at the same time, we must also examine ourselves to ensure that we are not who they say we are. We know that the world needs palm oil; it is essential, affordable, and certainly, a sustainable source of oils and fats. And we also know that to fight our corner, we need to have a full arsenal in place, including righteousness.

28. As the anti-palm oil campaigns continue, what is at risk is not just our industry, but a critical part of the food industry. Whatever our detractors want to say, certain facts are incontrovertible. The world's population stands at about 7.6 billion today and is expected to reach about 9 billion by 2050. At the same time, the availability of land remains roughly the same. In fact, land is becoming scarce, relative to the number of people who must be fed. According to UN figures, an additional 2.7-4.9 million ha of cropland will be required every year to feed the world's

population. But climate change, urban development and rural population migration affect agriculture.

29. In this world of limited resources but a growing population, can we live without palm oil? The answer is simple, no. To replace palm oil as an ingredient, the planet would lose at least another 200 million hectares of forest to replace the same amount of palm oil produced from 20 million of hectares of oil palm.

30. By 2050, an additional 35 million tonnes of oils and fats will be needed every year around the world. This poses a major challenge in that large areas of land will be required to meet the additional demand.

31. In order to produce 35 million tonnes of oils and fats, 88 million ha of land would be required for soybean cultivation or 58 million ha for sunflower. In contrast, only 9 million ha of oil palm would be needed to produce the same volume of food. The actual area may be smaller owing to productivity improvements over time.

32. Another consideration is carbon sequestration and agricultural inputs. Most of the plants producing soft oils store less CO₂ than palm oil, require more fertiliser and pesticides, and have lower productivity and a shorter lifespan compared to oil palm.

33. On a national level, the plantation industry contributes more than RM100 billion to our national economy. It provides livelihood to more than 500,000 smallholders and employ 1,000,000 people – the 2nd largest

after the Government sector. Many of us are products of the plantation industry, evidence of its success.

34. In short, this industry is critical, for us in MAPA and also for the country as a whole. We need to protect it. MAPA together with other voices of the industry will have to be more vocal in fighting headwinds that come our way. While I do believe at some stage common sense will prevail, we also need to be more strategic and tactical. It is not enough to do what we have always been doing, we need to think different and act different. That's the only way.

35. Internationally, we can no longer lie low. Instead, we must act cohesively, intelligently, and decisively. We also cannot act alone. Our brothers across the waters are in the same predicament, and they in fact have more to lose. If we can work together, united we will be stronger.

36. We know we are not perfect and there are shortcomings among ourselves. But we have come a long way in the last 10 to 20 years. Today, we have probably made the most significant improvements in the areas of environment, labour, gender and human rights in the vegetable oil industry. But that is not to say that there is nothing left to improve. In fact, it is an absolute truism that in our world, the only constant is change. The standards that we applied before and we believe were adequate are no longer so. We need to improve our game and we need to do it now.

37. The same applies on the operational side of things. If we can increase in yield say by 10%, it would mean that we do not need to find another 10% of new land to produce this 10% of extra oil.

38. And now, I come to the one issue that is affecting all of us today – labour. Gentlemen, we are very concerned about the serious allegations of forced labour and child labour and the petitions submitted to the United States Customs and Border Protection (US CBP) to exclude palm oil and palm oil products purportedly produced by forced labour and child labour.

39. The petitions were submitted without first soliciting any feedback. Worse, the US CBP's bans were issued without the benefit of a hearing or the presentation of evidence. This process leaves a lot to be desired. For most of us, real evidence of wrongdoing would galvanise us into action to right any wrongs. We believe this in turn could further help strengthen our practices locally and globally, to ensure we embed respect for Human Rights in our businesses.

40. Over the years we have made genuine progress in improving our labour practices through various initiatives and collaborations with multiple partners like NGOs. But as I have said before, we cannot stop progress, we have to continue working at it. Thus, implementing the NDPE (No Deforestation, No Peat and No Exploitation) commitments is a must and cannot be compromised. We must commit to eradicating instances on non-compliance of these commitments by imposing immediate and appropriate corrective actions if and when they arise.

41. While on the one hand we are facing charges of forced labour, on the other, we are facing an acute labour shortage. If left unaddressed, this will lead to the national fresh fruit bunch (FFB) yield declining further. Malaysia recorded an FFB yield of 16.73 tonnes of oil per hectare last year compared with 17.19 tonnes and 18.89 tonnes in 2018 and 2017 respectively. The shortage of manpower is due to the prolonged freeze on the hiring of foreign workers due to COVID-19. The pre-MCO survey undertaken by the Malaysian Palm Oil Board (MPOB) showed a shortage of 31,021 harvesters. However now the shortage is estimated to be around 62,000 harvesters. Based on a conservative estimate of productivity per harvester of 1.5 tonnes of FFB a day at 280 working days a year, the crop loss amounts to 17.143 million tonnes a year or close to a 20% loss in yield. This translates to a loss in production of 3.429 million tonnes of Crude Palm Oil (CPO) and 857,000 tonnes of palm kernel a year. Malaysian production of CPO fell 3.76% to 19.1 million tonnes in 2020 from 19.86 million tonnes in 2019. Production is expected at below 19.0 million tonnes in 2021.

42. As the labour crunch continues, the reality of our situation is staring us in the face. So, I must remind you of my address last year. I spoke about mechanisation. I cannot stress enough the critical need for the plantation industry to intensify efforts to mechanise estate operations. Not only will mechanisation help to reduce labour dependence, it will reduce cost of production. Mechanisation is also a means to improve productivity and to ease some of the tasks now being performed manually. As an added benefit, mechanisation can also help in our effort to promote the recruitment of locals; if a job is no longer regarded as one of the “3Ds”

(Dirty, Dangerous and Difficult), it will become more attractive and appealing. Ultimately, it will allow us to operate with higher land to man ratio and reduce our dependence on imported labour. The pandemic has shown us that when the borders are closed, the situation calls for *kita jaga kita* and effectively this means we have to wean ourselves of foreign labour. We cannot afford to be put into this position again.

43. In March 2020, twelve (12) industry associations including MAPA, MEOA and MPOA appealed to the government to look into the three major issues i.e. shortage of workers, high taxes and problems in market access. The appeal was made subsequent to the implementation of the new MPOB cess of RM2 per tonne on CPO and CPKO to support mechanisation and automation. It is estimated that in 2020 oil palm industry paid RM5.3 billion or 30.7% of their business profit to the government in the form of MPOB cess, windfall profit levy (WPL), sales tax imposed by Sabah and Sarawak State Governments and income tax.

44. Once again, we appeal to the government, not to cripple this industry. It is tough enough out there; what we need is more support.

45. Gentlemen, in closing, I wish to make an important point. MAPA is one of the oldest and the largest trade union of employers in Malaysia. MAPA is also the only relevant and capable organisation to uphold and defend the interest of members in all relevant matters, particularly in relation to employment and industrial relations.

46. Therefore, plantation companies should continue to unite under the umbrella of this Association so that challenges confronting the industry are addressed collectively, consistently and completely.

47. Last but not least, I am indeed extremely pleased to place on record our sincere appreciation and thanks to the dedication of members of the Council, the Finance/Executive Committee, the Negotiating Committee and all the Sub-Committees, including the Secretariat, for their untiring efforts and invaluable contributions during the year under review. My sincerest thanks to those who had served as council or committee members but are no longer with us.

48. I leave you with this thought: As the saying goes, **“when the going gets tough, the tough gets going”**. The survival of our industry is in our hands. *InSyaAllah* by collective will and effort, we will win.

Thank you.

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Reference

<https://ourworldindata.org/palm-oil>

The story of palm oil is less about it as an isolated commodity, but more about the story of the rising demand for vegetable oils. Palm oil is a very productive crop; as we will see later, it produces 36% of the world's oil, but uses less than 9% of croplands devoted to oil production. It has therefore been a natural choice to meet this demand.

<https://www.ofimagazine.com/news/malaysian-palm-oil-production-to-increase-to-19-6m-tonnes-in-2021>

Malaysian palm oil production is expected to increase slightly by 200,000 tonnes to 19.6M tonnes in 2021, against 19.4M tonnes a year ago, the Malaysian Palm Oil Trade Fair and Seminar 2021 (POTS Digital 2021) heard on 5 January.