

**PRESS STATEMENT BY Y.BHG. DATUK PETER CHIN FAH KUI,
MINISTER OF PLANTATION INDUSTRIES AND COMMODITIES**

LICENSING IMPLEMENTATION UNDER THE MALAYSIAN BIOFUEL INDUSTRY ACT 2007

The Government, through the Cabinet Committee on Enhancing the Competitiveness of the Palm Oil Industries (CCPO), chaired by the Honourable Prime Minister, on 21 October 2008, had decided on the usage of B5, the blending of 5 percent biodiesel with fossil diesel, branded as Envo Diesel Ester (EDE) to be gradually implemented. The implementation would start off with the Government fleet of vehicles in February 2009. Subsequently, this will be followed by the industrial and transportation sectors respectively with expected full implementation by 2010.

2. The usage of biodiesel is among the thrusts of the National Biofuel Policy announced in March 2006. The usage of palm based biodiesel in the country would be beneficial in terms of increasing the demand for palm oil as well as reducing the emissions of greenhouse gases through the reduced usage of fossil diesel.

3. Commercial production of palm based biodiesel in Malaysia had commenced in August 2006, whereby the majority of the production was for export purposes. For the period August 2006 to October 2008, a total of 0.3 million tonne of palm based biodiesel was produced, out of which 0.29 million tonne were exported, valuing at RM889.36 million. Major importing countries were the United States of America, European Union and Singapore.

4. The Government had enacted the Malaysian Biofuel Industry Act 2007 with the purpose of providing legislation for the mandatory use of biofuel, licensing of activities relating to biofuel and for matters connected therewith and incidental thereto. The Act was approved by the Parliament and subsequently, assented by the *Yang Dipertuan Agong* on 18 July 2007. The Act was gazetted on 26 July 2007 and enforced on 1 August 2008. The licensing activities under the Act are stipulated under the Malaysian Biofuel Industry (Licensing) Regulations 2008 which was enforced on 1 November 2008.

5. Prior to the Act coming into force, all biofuel manufacturing license applications were processed and approved by the Ministry of International Trade and Industry (MITI). As of 31 October 2008, the Government had approved a total of 91 palm-based manufacturing licences with a total capacity of 10.2 million tonne, out of which 12 palm based biodiesel plants are presently in operation with a total capacity of 1.5 million tonne annually. Meanwhile, 4 other new plants with a total annual capacity of 190,000 tonne have recently been completed and undergoing preparation for commercial production.

6. With the coming into operation of the Malaysian Biofuel Industry Act 2007, all existing manufacturing licence holders are required to apply for a valid licence to undertake activities relating to biofuel from the Ministry of Plantation Industries and Commodities (MPIC). In this regard, MPIC will be liaising with all the 91 existing biofuel manufacturing licence holders.

7. The Government, on 19 December 2008, had agreed for biofuel (palm-based methyl ester) licence application to be reopened on a limited basis until 31 December 2009. Such a decision would allow MPIC to consider pending applications which were frozen since 29 June 2006 as well as new applications, subject to the fulfillment of the following conditions:

7.1 applying companies, including new applicants are required to show proof that they have secured financial position as well as stable feedstock to commence operations;

7.2 applying companies are undertaking capacity enhancement and have been in operation since 31 December 2007; and

7.3 applying companies produce phytonutrients from oil palm products and produce methyl ester as primary production or by product through the Biofuel Manufacturing Licence.

8. Further information pertaining to the licensing implementation under the Malaysian Biofuel Industry Act 2007 can be accessed to the Ministry's webpage at www.kppk.gov.my

Ministry of Plantation Industries and Commodities
Malaysia

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