

# Export bid to slash palm oil surplus

## Bio-diesel plan to also help absorb excess

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The Commerce Ministry plans to seek the cabinet's approval on a proposal to boost exports of crude palm oil to slash the surplus of palm oil in national stocks.

At least 600,000 tonnes of palm oil surplus should be exported this year as the total national stock of palm oil is estimated to reach 850,000 tonnes in the same year, said Boonyarit Kalayanamit, director-general of the Internal Trade Department.

Usually, the maximum national stock of palm oil should be maintained at between

200,000 and 300,000 tonnes per year, he said.

He said the government should speed up raising the export of crude palm oil with a target set at 50,000 tonnes per month, he said, adding a measure intended to provide incentives for palm oil exporters to step up their exports was already picked.

Already agreed on by the national committee on palm oil policy chaired by Deputy Prime Minister Prawit Wongsuwon, the measure is to provide palm oil exporters a subsidy in a form of a transport-cost compensation at 1.75 baht per kilogramme, he said.

The ministry will also propose for the cabinet to tomorrow approve an associated proposal to set up a committee to follow up on progress in the implementation of the proposal to spur palm oil exports, Mr

Boonyarit said.

The total national stock of crude palm oil has gone up to well over 400,000 tonnes already and is expected to continue rising given this year's crop of fresh oil palm nuts that is higher than usual, he said.

The crude palm oil price currently stands at between 20 baht and 21 baht per kilogramme, he said.

The prices of fresh oil palm nuts with at least 18% oil content, meanwhile, are on the rise, he said.

In Chumphon, for instance, fresh oil palm nuts are bought at 4.10 baht per kg, from between 3 baht and 3.10 baht per kg last month, he said, attributing the price increases to the global crude oil prices that are now on the upward trend.

The Energy Ministry's policy to support the production of the B20 bio-diesel for use

on trucks is another important factor driving up the prices of fresh oil palm nuts, he said. The bio-diesel will cost 3 baht lower per litre when compared to regular diesel fuel, he said.

The B20 production plan is expected to require about 250,000 tonnes of crude palm oil per year, which should help absorb a great deal of excess palm oil in national stocks and drive up the prices of fresh oil palm nuts as well, he said.

The Energy Ministry has started implementing a bio-diesel production plan, he said.

As for the long-term plan for resolving problems surrounding the country's palm oil production, his ministry plans to seek the cabinet's approval on a proposal to support oil palm growers to improve their production efficiency by replacing old oil

palm trees in their plantations with higher quality species.

Tossapol Kwanrod, a coordinator of rubber and oil palm growers said he agreed with the promotion of alternative fuels. However, he wants authorities to step up measures to stop those illegally importing palm oil, and wants the Ministry of Commerce to liberalise the price cap set by the Public Warehouse Organisation which limits the purchase price of crude palm oil at 21 baht per kg.

A source at the ministry said the average price of fresh oil palm nuts with at least 18% oil content stood at 3.10 baht per kg as of May 1 and later rose to 3.20 baht per kg a week later. After that the prices continued rising by 5 to 10 satang per kg a day until they became 4 baht per kg at the end of May, the source said.