

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY  
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT  
POLICY

Voluntary  Public

**Date:** 10/6/2015

**GAIN Report Number:** MY5013

## Malaysia

**Post:** Kuala Lumpur

### Replanting incentives for oil palm companies

**Report Categories:**

Oilseeds and Products

**Approved By:**

Joani Dong

**Prepared By:**

Abdul Ghani Wahab

**Report Highlights:**

A replanting program will allocate \$22.7 million to replant 83,000 ha of old palm oil estates for a three month period starting October 1 to December 31, 2015. The program could reduce Crude Palm Oil (CPO) production by 250,000 tons in 2016.

## **Malaysia announces replanting incentives for oil palm plantation companies**

The Malaysian Palm Oil Board (MPOB) announced on September 26, 2015, the allocation of \$22.72 million (RM\$100 million) for a replanting program geared to oil plantation companies for October 1-December 31, 2015. This incentive will be based on a first-come, first-serve basis. An incentive of \$341 (RM\$1,500) per ha will be disbursed for 33,000 ha, followed by another of \$227 (RM\$1,000) per ha to be disbursed for 50,000 ha. Thus, total replanting areas targeted will be 83,000 hectares of unproductive old palm plantations.

Smallholders are not included in this incentive program as they are covered under a separate replanting program in which US\$2,045 (RM\$9,000) per ha were allocated in 2014. The replanting program is expected to reduce crude palm oil (CPO) production by 250,000 tons in 2016, which in turn, will have medium-term, positive effect for CPO prices.