

Malaysia to implement initiatives to stabilize crude palm oil prices

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The Ministry of Plantation and Commodities (KPK), Malaysia has announced that it strives to ensure that crude palm oil (CPO) prices remain stable in the future by taking strategic measures such as collaborating with Bursa Malaysia to launch a CPO futures contract specifically for East Malaysia known as the East Malaysia Palm Oil Futures Contract.

The KPK said the government does not plan to regulate the price of Malaysian palm oil as a government-controlled product for now. The ministry affirmed that this was because the price of palm oil in the market is influenced by fundamental factors and market sentiment, which changes based on demand.

Ministry statement on 31 March states that, "Among the basic factors that influence the price movement of crude palm oil (CPO) is the low supply of palm oil and high demand for exports. These contribute to the increase in the price of palm oil in the market,â?•

Ministry briefing also stated that the increase in the price of soybean oil and Brent crude oil will also contribute to the CPO price because the prices of both products move in tandem in the market.

KPK also said it aims to increase the demand for palm oil and palm-based products through the strengthening of existing markets such as Pakistan, Turkey, and Asean countries and the exploration of new markets such as Africa, the Middle East and the Americas.

Among other initiatives is to strengthen strategic cooperation with Indonesia through the Council of Palm Oil Producing Countries to strengthen sustainable environmental practices, supply management, promotional activities and smallholder development.