

Biodiesel scheme faces delay

Ministry looking at cost concerns, weighing between B5 and B3 blends

By **HANIM ADNAN**
nem@thestar.com.my

SUBANG: The full implementation of the mandatory biodiesel blend programme could be deferred to next year, said Plantation Industries and Commodities Minister Tan Sri Bernard Dompok.

He said the ministry was still looking at the fuel's extra cost of about four to five sen per litre, mainly due to transport and blending costs, which needed to be handled amicably prior to selling the fuel.

The Government has a one-off capital expenditure (capex) of about RM200mil for the biodiesel programme but is concerned about the extra cost and which party would absorb it.

"We don't know whether to pass it

to consumers, petroleum companies or the Government (to absorb it as subsidy)," Dompok told reporters after the official launching of Malaysian Timber Council's (MTC) guidebook, *On-site Identification of Some Common Timbers Used in Malaysia*, yesterday.

The Government had initially targeted to introduce the mandatory B5 biodiesel fuel programme in January this year. It is also believed that the Government is still deliberating on whether to opt for the B5 (5% biodiesel and 95% diesel) or B3 blend (3% biodiesel and 97% diesel).

"Hopefully, we can stick to the B5 blend as the production of biodiesel will take up about 500,000 tonnes of palm oil, which is good given the current high palm oil stocks level," Dompok said. According to the Malaysian Palm

Oil Board, Malaysia currently produces almost two million tonnes of palm-based biodiesel per year.

Despite the approved 91 biodiesel licences, only seven biodiesel plants are in operation. Production volume, however, is under 10% of the total installed capacity of the plants in operation.

Earlier, at the MTC guidebook launch, Dompok said the timber industry faced many challenges from rising operation costs to shrinking export markets. He said the global recession had affected Malaysia's timber products exports in 2009, with the value of exports going down to about RM19.8bil from RM22.8bil in 2008. "We will be happy if exports in 2010 can climb back to the 2008 level," the minister said.



Dompok (centre) looking at the newly launched MTC Guidebook. Looking on are the ministry's deputy secretary-general Datin Paduka Nurmala Abdul Rahim and MTC CEO Cheah Kam Huan.