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KUALA LUMPUR: The oil palm industry will need to urgently address the issue of falling palm oil yields, according to palm oil players.

They have expressed concerns and are relieved that the issue has been recognised by the government.

Also discussed at the annual Palm and Lauric Oils Price Outlook Conference and Exhibition 2025 (POC 2025), the players said the price gap between crude palm oil and other competing seed oils such as soy or canola oil, was at a historically wide gap.

According to them, the gap would cause structural demand for palm oil to drop even as the industry faces fierce scrutiny from sustainability advocates.

To encourage greater oil palm yields, the

government had pledged to conduct spot checks on the palm oil supply chain to ensure seedlings being sold at nurseries were of high quality.

Plantation and Commodities Minister Datuk Seri Johari Abdul Ghani said this would ensure the countrywide effort to increase palm oil yields would bear fruit eventually.

"The government will continue to focus on protecting the interests of the industry as well as the over 450,000 smallholders.

"To ensure that only high quality seeds will be used in replanting efforts, the government will conduct random checks to ensure that nurseries are selling the right product," Johari said in his speech at the event.

"Increasing yield, of course, is pivotal in securing the industry's longevity. The government has made replanting a priority to increase productivity without expanding

land-use," he added.

Meanwhile, he said the replanting of oil palm trees continued to lag in the country.

In 2024, Malaysia managed to replant 114,000ha, or 2% of total planted area, a decline from 2023 where replanting covered 132,000ha (2.3%).

Johari noted that this replanting remains below the recommended annual target of 4% to 5% or 285,000ha per year.

He also said there had been expressions of interest by potential investors to be involved in the conversion of palm oil waste to renewable electricity.

"This effort will require close collaboration with various stakeholders, particularly Tenaga Nasional Bhd and the Energy Commission. The ministry plans to expand grid connectivity to ensure seamless integration of renewable energy from the palm oil industry," he added.