

Ministry of Industry encourages added value creating of oil palm to Oleochemicals Industry

Office of Industrial Economics (OIE) invited entrepreneurs of palm oil industry to brainstorming on a development approach of “Oleochemicals Industry” or manufacturing industry of natural extracts from oil palm for creating added value on the development of high value products from oil palm and related industries, including an approach of privilege and tax measures providing to attract Japan and China investors and manufactures of world class products to joint venture with Thai potential entrepreneurs, and super cluster investment promotion policy in Thailand’s southern zone.

On November 12nd, 2015, Mr.Arthit Wuthikaro, Permanent Secretary of Ministry of Industry, was a chairman to open a seminar of The Oleochemicals Industry Development Approach for creating added value on the development of high value products from oil palm and related industries, which is a sequel of the operation of the Ministry of Industry has acted as a subcommittee of palm oil mill plant development and the Office of Industrial Economics (OIE) has acted as a secretariat of the subcommittee, and was presented to the Board of National Palm Oil Policy Committee (NPOPC) on October 12nd, 2015. NPOPC had a resolution that assigned the Ministry of Industry to operate to create added value on the development of high value products from oil palm and consider an approach of privilege and tax measures promotion and supporting providing, including super cluster investment promotion policy in Thailand’s southern zone of the Board of Investment (BOI) to achieve practical results.

Mr.Arthit said that Thailand is a manufacturer and exporter of agriculture products in the top of the world. However, on consideration of the technological processing of Thailand’s agricultural products, it is mainly an uncomplicated manufacturing, and the production science of both agricultural and industrial has progressed and innovated in the production of new consumer products. Therefore, Thailand should create opportunities to increase production ability to add value to agricultural products by technology adapting, and should convey to the manufacturers group as an alternative production to product from the primary consumption to the initial product in the industrial sector and related industries.

Currently, import of raw materials and semi-finished goods for using in industrial sector has increased year by year. Chemicals are major imports products. Thailand has the potential to produce them, especially, the chemicals extracted or synthesized from fatty acids which are produced from an oil crops group, especially oil palm products. Such crops have been processed for consumption, animal feed and renewable energy mainly. The utilization in the Oleochemicals industry or manufacturing industry of natural extracts from the oil crops group (It is a transformation through biological processes with chemical processes in the oil crops group.) to be products with high added value by taking advantage of various substances contained in crude palm oil and palm kernel which have been destroyed in the processing and mixed in low value animal feed. Therefore, the development of the Oleochemicals industry for using in the related industries to create added value to high value products, does not have clearly a policies of development and promotion, including a required of investment fund, specialists and high manufacturing technology, as resulting, it is not enough incentives to investors in the related industry, although the products have high added value.

The Ministry of Industry has recognized the need to have the Oleochemicals industry development approach which creating added value continually throughout the production chain (Value Chain) of oil palm to stabilize the prices of agricultural products, create alternatives to farmers and replace import of chemicals. It is able to save foreign currency, stimulate investment and technological upgrading, and create innovations of Thailand's industrial sector further.

The seminar provided a great opportunity for personnel from government and private sectors to get new information, and to exchange views among experienced person against the Oleochemicals industry development approach. In additional, the Oleochemicals industry is a challenge for the palm oil industry of Thailand. It must be clear in a matter of policy in raw material, financial promotion and support measures, investment promotion and tax measures, as well as various environmental factors such as technology development and research, manufacturing processes and product testing, including, the needs of consumers and overseas market. It requires the cooperation of all sectors involved in creating the production atmosphere, trade and investment to result in the production and opportunity of the Oleochemicals industry to grow and develop continuously from the basic agricultural industry, reflect benefits back to the farmers and strengthen the economic basis of the country's resources sustainably. Information from the seminar can be used for business planning and a driving force to promote and support the development of the Oleochemicals industry concretely in the future.

Mr.Siriruj Chulakaratana, Director General of the Office of Industrial Economics (OIE.), said additionally that an approach of creating added value in the oil palm products development of Thailand has only two parts mainly including of a using in consumer and an adoption in energy. Therefore it should be added on of the Oleochemicals industry or manufacturing industry of natural extracts from the oil palm as an alternative to the development of palm oil mill plant. The targets of extract product from palm oil are Carotenoids, Tocopherol and Tocotrienol substances derived by an extraction of orange color substance in Crude Palm Oil (CPO) from fruit pulp of fresh oil palm, and Oleochemicals products derived by extraction of palm seed as raw material to obtain fatty acids such as Lauric acid and Myristic acid.

Currently, Oleochemicals substances and related products from the Oleochemicals industry have been used as a precursor in many industries such as the food industry, cosmetic industry, fiber and textile industry, and widely used in products in daily life such as cosmetic products, soaps, lotions, plastics, varnishes, lubricants and so on

Trend of Oleochemicals industry in the global market is expected to expand continuously in high growth rate in 2013 – 2018 by 1% - 6%. In the Asian market, it will be grow by 8.2%. Thailand use the palm oil for the production of Oleochemicals as a few manufacturers. So it is a new opportunity that plant of extraction of palm oil from the seed should come to be a manufacturer of Oleochemicals industry further. In financial analysis, it showed that the project investment amount in currently and the return on investment of the production of fatty acids from crude palm oil and palm kernel oil can get cost effective higher the production of extract for using as a bio-diesel fuel.

In addition, in the Oleochemicals industry development approach of Thailand, Thai potential entrepreneurs have an opportunity to enter the Oleochemicals industry by a mechanism of joint venture (Joint Venture) with leading global manufacturers, especially manufacturers from Japan, China and other countries have not raw materials. The public sector should support by adopting of government stimulus measures to encourage the investment from abroad.

OIE organized the seminar to provide the Oleochemicals industry development approach and brainstorm ideas from related persons consists of oil industry entrepreneurs in crude palm oil mill plant, refined palm oil refinery, related industrial plant, private sector, government sector and related agencies, to know the Oleochemicals industry development approach for creating added value on the development of high value products from oil palm and related industries, as well as to receive comments and suggestions which are helpful to establish the promotion and supporting measures of the development of high value products from oil palm sustainably.