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Fuel for a sustainable future

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Getting to know
Malaysian Biomass Industries Confederation

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By Kenneth Joseph

Leong: Local SMEs will need to be wary of entering unprofitable deals with various multinational companies



Rethinking profit and sustainability

Forging ahead into the future of the Malaysian economy, many businesses, SMEs included, seem to place profitability at the highest pedestal in their business plans, often ruling out other concerns such as sustainability and eco-friendliness in an effort to maximise profit.

However, given the realities of today's modern world, it may be time to rethink this business paradigm for a more holistic alternative and biomass industry seems to offer just that platform for change.

Incorporating both the tenets of profitability and sustainability, the biomass industry champions the circular model of the economy, where waste and by-products from a certain industry are reused and recycled into higher value-added products.

These can then be used again by the industry or sold to others for profit.

Given the ambitious scale of the industry, the forerunners for the Malaysian biomass industry are the Malaysian Biomass Industries Confederation or MBIC for short, whose aim is to provide members with the latest know-how in biomass, while promoting and furthering the Malaysian biomass industry as a whole through its various networking, lobbying and advocacy initiatives.

Despite its youth (formed in 2012), the MBIC now boasts over 3,000 individual members who come from a variety of industries ranging from direct biomass industries to peripheral ones such as finance, energy production and manufacturing... all falling under the larger umbrella of MBIC.

Wide portfolio, wider scope

In an interview with *MALAYSIA SME*[®], MBIC president Datuk Leong Kin Mun said, "Generally, the biomass industry can be widely segregated into four categories, namely, bio-energy, bio-agriculture, eco-products and green chemicals of which MBIC targets strategically in its outreach and development."

"The first category, bio-energy scopes over areas such as biomass power plants, fuel switching from fossil fuels to renewable energy sources, biogas plant producers and energy pellets which can easily fetch an industry output value ranging from RM250 to RM300 per tonne.

"The next category, bio-agriculture focuses on products such as animal feed, aqua feed, algae, compost, and bio-fertilisers as well as related biotech applications for which the market value begins at US\$200 per tonne up to US\$300 per tonne especially for the bio-fertiliser category.

"Thirdly, we have the eco-products category that specialises in various everyday products such as the bio-composites in cars which can be sourced from woody

biomass or rice husks as well as meal packaging products that commands an impressive market value of up to RM7,000 per tonne.

“Lastly, we have the products that fall under the category of green chemicals including the likes of bio-sugar sourced from palm oil for bio-fuel purposes, bio-ethanol and bio-plastics which can also be profitable fetching up to a few thousand ringgit per tonne in the marketplace.

“Generally, the overall basis for the Malaysian biomass industry sits at 80 million tonnes per annum, which translates to RM16 billion based on a conservative average of RM200 per tonne. So, the potential is there however, there are certain areas that do require some further work.”

Hot buttons of the industry

Despite the strong latent potential, there is still much work to be done in order for the Malaysian biomass industry to work at its full potential. Perennial issues such as funding, lack of technology transfer and awareness are still the hot buttons for the biomass industry, similar to any other industry.

As highlighted by Leong, the root of the issue lies in the lack of awareness among industry players about the merits and importance of the biomass industry. He added that switching to biomass is not an overnight process, but requires patience and dedication from businesses in order to reap the rewards.

However, most businesses seek immediate gains and start the process rather late in the game, leaving them unable to reap the rewards that it brings. So this is the core of the issue, however once businesses have jumped on the bandwagon, they find that the cost and intricacy of the technology required is beyond their means and capabilities, both of finance and technical expertise.

This leaves them in a tough spot as they would subsequently require huge amounts of funding to be able to get on board with these biomass technologies for which the infrastructure and availability is lacking. This then brings the issue to the most pressing source which is the lack of legislation surrounding the financing and proper funding of the biomass industry.

MBIC hopes to be the platform to provide the latest and up-to-date information for these local biomass SMEs to put them in better stead to grow the industry as whole

of making unsavoury deals. As highlighted by Leong, such deals may often come in the form of multinational or foreign corporations seeking to make a quick buck at the expense of local Malaysian SMEs.

Leong said, “Often times, SMEs may be unwittingly lured into the promise of a quick buck by seemingly lucrative deals from multinational corporations, however more often than not, it may result in SMEs not being able to secure the full potential and value of their products.

“The direct cause of this issue is the lack of an industry standard when it comes to the valuation and prices of their products. Although, we at MBIC may have this industry knowledge, many individual SME players do not have a point of reference when it comes to determining the right market value for their products.”

This should be the mandate of the government, but it appears to be the case that there is a lack of consensus and clear definition of roles when it comes to specific biomass portfolios. “One example is that of coconut-based products, where there is no specific

government agency holding the responsibility for this.

“So, unfortunately, this leads to a scenario whereby SMEs may enter deals with various multinational companies not knowing the true value of their products, which leads them to experience poor financial performance in the mid to long-term.”

Blue skies on the horizon

However, this is not meant to paint a doom and gloom picture for SMEs. On the contrary, there is huge potential at hand. Indeed, MBIC is confident of the huge growth potential for the industry in the coming years.

Touching on this, Leong said, “The potential for the biomass industry is huge as it spans over many different sectors and industries, including manufacturing, agriculture, retail and defence too. However, in order to achieve this potential, the various seeding issues must first be tackled.



MBIC executive committee

Leong said, “Often times, the legislation that has been put into place is lacking in terms of industry-government collaboration in hashing out the relevant issues at hand. The government may be well-meaning in instituting the legislations at hand, however it may lack the specific veracity and relevance to the current industry needs.

“Thus, often times such legislation may inevitably leave industry players, SMEs in particular in a worse off position in regards competing with regional and international players. Inevitably, these industry players may become victim to unsavoury deals by larger international corporations.”

Lure of the quick buck

As highlighted, despite the strong potential that the biomass industry holds, SMEs will need to be wary so that they do not fall into the trap

“Paramount to this would be for Malaysian biomass SMEs to equip themselves with the necessary and sufficient industry knowledge in order to succeed. It appears that there is much confusion and misinformation surrounding the marketplace at the moment, so this needs to be tackled first.

“Unfortunately, many SMEs may be misled by certain statements promising huge and quick potential in the biomass industry. This is misleading and it takes time to build up your base in order to be able to reap the financial rewards that it brings.”

“MBIC hopes to be the platform to provide the latest and up-to-date information for these local biomass SMEs to put them in better stead to grow the industry as a whole, while building up the nationwide network of both SMEs and large corporations in the local biomass sector.”



Getting to know MBIC

By Kenneth Joseph

What is the breakdown of the biomass industry and MBIC's members?

The biomass industry is still in its infancy in the Malaysian business scene despite being around for a number of years.

The players in the industry are also rather fragmented and relatively small in scale. MBIC's portfolio includes green product manufacturing companies, producers of biomass solid fuel, biomass energy project developers, established manufacturers in the paper and pulp industry, green chemical companies and commercialisation entrepreneurs.

However, apart from these are players who are directly and wholly involved in the biomass sector, there are other players that

been serving in the capacity of president for MBIC for a total of two terms now and my current post will expire next year. Following this, it is hoped that my deputy president, Kester Chin will succeed me as the second president of MBIC. Nevertheless, despite not holding the post of president, I will still be actively involved in the promotion and development of the biomass industry through my own corporation Biomass SP and in continuous partnership with our various members and executive committee members as well.

What are the benefits of joining MBIC?

The benefits of joining MBIC are manifold as we are actively involved in various areas

What is your message to industry players in the biomass industry?

First and foremost, my key message to these players is to seek proper advice and information prior to embarking on any investments or ventures in the biomass industry. While there may be many channels promising quick and easy returns, this is simply not true and just like any other industry, time is required before profits can be reaped. Secondly, in a growing and budding industry such as the biomass industry, there is a strong need for centralised sharing of information and efforts in order to catalyse the growth of the industry and MBIC strives to provide such a platform for members, while



MBIC in Profile

The Malaysia Biomass Industries Confederation (MBIC) was officially launched by His Royal Highness Yang Di-Pertuan Besar Negeri Sembilan Darul Khusus, Tuanku Muhriz Ibni Almarhum Tuanku Munawir on 9 May 2012 and it was formed by the Honouree members of the EU-Malaysia Biomass Entrepreneurs Nurturing Programme (EUM-BENP), a flagship project of the EU-Malaysia Biomass Sustainable Production Initiative (Biomass-SP), a development cooperation project between the European Union (EU) and Malaysian Government.

Realising the synergy that could be derived from various biomass available from Malaysia, MBIC is formed as a non-profit organisation to develop the biomass industries in Malaysia through strategic partnership among biomass SMEs, major feedstock owners, research institutes, and other local and international biomass stakeholders.

In the long term, MBIC aims to be the strategic platform where various biomass sectors are able to synergise their needs and interests for the development of biomass industry as a whole. MBIC will also act as a platform to commercialise, market and utilise the applications of high value biomass products, whilst promoting the principle of sustainable

consumption and production, and to maintain a conducive ecosystem for the sustainable growth of biomass industry.

Objectives of MBIC

1. To promote application of the principles of sustainable consumption & production (SCP) among members of the biomass industries, and at the same time, contribute towards
2. climate change mitigation efforts.
3. To protect, safeguard, and promote resources, industry interests, revenue potential of biomass industry.
4. To promote creation of conducive ecosystem for high value biomass commercialisation, marketing, and usage.
5. To promote the interests of biomass industry and privileges of the members.
6. To act as one-stop reference centre to disseminate industry-relevant information to members and related stakeholders.
7. To foster relationship and dialogue session with industry, public bodies, civil societies, etc.
8. To carry out the task of balancing needs and interests of various sectors for synergy and development of biomass industry as a whole.
9. To promote the growth of the biomass industry jointly with the Government, stakeholders and relevant parties.
10. To establish Malaysia as internationally recognised biomass hub.
11. To promote internationally recognised sustainability certification of biomass products in Malaysia.
12. To provide an effective and interactive framework for international co-operation and consultation in all issues related to the biomass industry.
13. To identify and create new markets for the promotion of the biomass industry at both domestic and international levels.

can also be categorised under the biomass umbrella such as energy producers, financial experts dealing in biomass and various other players and industries.

Therefore, it is very ambiguous at the moment and there needs to be more streamlining in terms of who and what are biomass players. Nevertheless at this moment, it can be said that anybody who deals with the processing and improving of any biological waste can be classified as biomass companies.

Who were the past presidents of MBIC?

Well, I am the current president of MBIC and given that we are a relatively new organisation having been formed only in 2012, there have not been any past presidents of MBIC at this moment. I have

in the biomass industry. Firstly, the most obvious benefit would be the constant supply of latest information and industry insights that MBIC gathers from its extensive network and dispenses to its members through its various channels. Additionally, MBIC members will also be able to build strong partnerships with other members who are all involved in various sectors of the biomass industry. This will allow them to short-circuit the process and meet the people they need to meet very quickly and efficiently. In addition, MBIC also organises its annual networking seminar that brings in various speakers to share on various topics, while providing an opportunity for members to network with industry and non-industry professionals more comprehensively.

continuously growing and increasing its member base in order to be able to serve and fulfil its primary objective more effectively and comprehensively.

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