

Waste to wealth

Leong (center) showing the report to his MBIC colleagues



Malaysia's biomass industry is on the cusp of a boom, and entrepreneurs who can recycle waste can really make it big, say industry leaders.

The Malaysia Biomass Industries Review 2015/2016 was launched by Minister in the Prime Minister's Department Datuk Mah Siew Keong at the MBIC Corporate Dinner on 30th July. It provides up-to-date data and statistics on the generation, utilization and production of biomass and its downstream products, as well as write-ups on more than 70 prominent stakeholders.

Malaysia's biomass industry is on the cusp of a boom, and entrepreneurs who can recycle waste can really make it big, say industry leaders.

Consider the following: Malaysian SME's currently export more than RM4 billion in biomass products and services per year, a number of Malaysian firms are gearing up for IPOs, and there is unabated interest in Malaysian biomass from foreign firms and governments keen on profits and global low-carbon agendas. The prospects for the industry are further buttressed by Malaysia's year-round sun and rain, forests, agricultural base, plus a plethora of industry grants, loans and incentives.

So confident are entrepreneurs about the industry's prospects that Datuk Leong Kin Mun, president of the Malaysia Biomass Industries Confederation (MBIC) refers to its recently launched industry review as a "manual for becoming a green millionaire."

"I would say that a business with the industry knowledge who has read our industry publication could become a green millionaire," says Leong. "That's how great the

potential in this industries. We are yet to scrape its surface!

"The government has drawn up an industry master plan and provided various incentives, but given the huge scope of the industry and the need to dovetail policy to industry needs we have decided to come up with an industry review. Our publication uses private sector inputs to point to problems and prospects, and serves as a guide both to policy makers and new investors," he told *MALAYSIA SME*® in an interview.

He says the industry is well-suited to SMEs. "The big boys like Sime Darby and IOI are in the oil palm industry, which is worth billions, and are less keen on biomass as compared to SMEs, which are able to utilise a large number of small raw material supplies and leverage on a whole range of government incentives which are industry targeted," he observes.

He estimates that there are currently more than 1,000 large and small SME's involved in the biomass industry. "The best way ahead for SMEs in this industry is to enter joint-ventures with bigger raw material suppliers and upstream processors," he advised.

Two entrepreneurs were presented industry recognition awards at the function. Chang Kong Keong of CHE Group won the Export Excellence Award for providing renewable energy engineering services in Vietnam, Cambodia and the Philippines, valued at USD 1 billion (RM3.8 billion) for this year alone. The Entrepreneurial Excellence Award went to Danny Ng, managing director of MTS Fibromat for the high-value use of biomass

in erosion control, slope protection and river bank rehabilitation.

Leong says that due to the country's natural diversity and agricultural resource base which fuels the industry's potential, there has been a flood of inquiries from foreign groups on funding, technology transfer, market research, R&D and commercialisation, FDI, and import-export. "These foreign entities have realised the enormous potential of Malaysia's biomass industry, and are very keen to forge links with us. China, for example, wants to use our palm fibre to green their deserts," he said.

Currently the main source of the local biomass industry's renewable organic matter comes from oil palm, timber, rice husk, coconut trunk fiber and sugar cane waste. Additionally, unutilised solid waste in Malaysia's urban areas offers huge untapped potential.

All these organic materials can be used to produce bio-energy, bio-agriculture, eco-products and bio-chemicals. Bio-energy involves the conversion of biomass feedstock into solid biofuel (pellets, briquettes), and biomass power plants (co-firing, methane capture). It also covers the production of liquid bio-fuel such as diesel and ethanol. In addition there is the manufacturing of value-added eco-products such as pulp and paper, bio-composite, and bio-plastics as sustainable substitutes for fossil-based materials. Another aspect is producing valuable green chemical products such as sugar alcohols, ethanol, and lactic acid.

The Minister earlier told the gathering that in 2014, MIDA approved

RM83 million worth of investments in the industry, a boost of 50% from the previous year. MIDA also offers matching grants of up to RM10 million per project to eligible firms under MIDA's Domestic Investment Strategic Fund.

There was also disbursement from three funds under the Malaysian Technology Development Corporation, namely the Technology Acquisition Fund Commercialisation of R&D Fund, and the Business Growth Fund. In addition, the industry can rely on MATRADE's Services Export Fund and Ministry of Science, Technology and Innovation (MOSTI) TechnoFund.

Soft loans are also being disbursed. The government's Green Technology Financing Scheme has RM3.5 billion in soft loans available. As of 2014, a total of RM2 billion was allocated to green projects, 28 of which were biomass-related.

In addition to financing, biomass

SMEs, technology providers, logistics companies and traders, to government agencies, research institutions as well as universities, financial institutions, investors and foreign parties.

The MBIC, set up in mid 2012, grew out of an EU-Malaysian government sustainability initiative. Its founding members include award-winning biotechnology (BioNexus Status) and new green products manufacturing companies, producers of biomass solid biofuel and biomass energy project developers, manufacturers in the pulp and paper industry, bio-composite, green building materials and bio-fertiliser makers, as well green chemical companies. At the macro-level, Malaysian Industry-Government Group for High Technology (MIGHT) played a critical role in drawing up an industry action plan.

Over 300 industry stakeholders from public and private sectors at-



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firms are also eligible for a whole range of business incentives such as pioneer status, bio-nexus status, investment tax allowances, feed-in tariffs and investment incentives offered by the economic corridors.

The MBIC publication is meant to serve industry stakeholders across the value chain. This ranges from upstream generators, downstream manufacturers, entrepreneurs,

tended the book launch and dinner. They included senior officials from the Ministry of Water, Energy and Green Technology, Malaysian Investment Development Authority (MIDA), Malaysia External Trade Development Corporation (MATRADE), Sustainable Energy Development Authority (SEDA), MIGHT, and Malaysian Timber Industry Board (MTIB). **MSME**