Palm Oil Trade Awareness Program (POTAP)
27 October 2014

Malaysian Palm Oil in The Global Oils & Fats Development

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OUTLINE OF PRESENTATION

• ABOUT MPOC
• THE MALAYSIAN PALM OIL INDUSTRY
• MALAYSIAN PALM OIL IN THE GLOBAL OILS AND FATS SCENARIO
• CHALLENGES TO THE PALM OIL INDUSTRY
• CONCLUSION
PALM OIL TRADE AWARENESS PROGRAM (POTAP)
KUALA LUMPUR, OCTOBER 2014

MALAYSIAN PALM OIL COUNCIL

Promoting the market expansion of Malaysian palm oil and its products by enhancing their image, creating better acceptance through awareness of various techno-economic advantages and environmental sustainability.
OBJECTIVES

• To **enhance trade opportunities** in the market place by addressing the latest opportunities in the market

• To **encourage product diversification** using Malaysian palm oil as the key ingredient, thus gaining a prominent role in new and reformulated products

• To **improve understanding of palm oil**, enhancing its application and elucidating its numerous strengths and benefits

• To **uphold the good name of Malaysian palm oil** by closing the gap between the issues of perception, allegations and realities of palm oil

• To **safeguard Malaysian palm oil** as the most dominant in terms of market coverage, nutritional benefits, environmental sustainability and commercial success
MPOC ACTIVITIES

MARKETING & MARKET DEVELOPMENT

PROMOTIONS & BRANDING

SCIENCE & ENVIRONMENT

PROMOTIONS COMMUNICATIONS
ISSUES MANAGEMENT

Customers
Consumers of Palm Oil
Anti Palm Oil Campaigners

POTTS

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MPOC Activities

MARKETING & MARKET DEVELOPMENT

PROMOTIONS & BRANDING

SCIENCE & ENVIRONMENT

Seminars and Conferences
Palm Oil Industry Leadership Award (PILA) Dinner
Dialogues with traders/government officials
Consumer Education Programmes
Trade Exhibitions
Publication/Advertising activities
Market missions
PRIME/PRIME-INVEST
CARES
PR activities – Familiarization programs
Lobbying Activities
Market Studies
MPOC Serves Multiple Stakeholders within the industry
DISTRIBUTION OF THE MALAYSIAN OIL PALM BUSINESS & OWNERSHIP IN 2013

OIL PALM PLANTED AREA BY CATEGORY AS AT DECEMBER 2013

- Private Estates: 62%
- FELDA: 13%
- FELCRA: 3%
- RISDA: 2%
- Independent Smallholders: 14%
- State Schemes/Govt. Agencies: 6%

Source: MPOB
Total Area: 5.23 million Hectares
## DISTRIBUTION OF THE MALAYSIAN OIL PALM BUSINESS & OWNERSHIP IN 2013

<table>
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<th>Sector</th>
<th>Peninsular Malaysia</th>
<th>Sabah</th>
<th>Sarawak</th>
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<td>2,598,971</td>
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</tbody>
</table>

Source: MPOB
PALM OIL IN THE GLOBAL OILS & FATS MARKET

• Palm oil is the most produced vegetable oil in the world
• In 2004 palm oil pushed soybean oil into second place as the most produced oils & fats in the world
• Palm is generally the most affordable vegetable oil and the lowest cost oil to produce and to refine.
• By reason of its availability and (relatively) low cost, it is an important component of the increasing intake of oils and fats in the developing world
GLOBAL OILS AND FATS PRODUCTION 1990 – 2013 (‘000 MT)

Source: Oil World
PALM OIL – MAIN SOURCE OF GLOBAL OILS & FATS SUPPLY

- The world's current demand for oils and fats is being met by 17 major sources. Production of oils and fats totalled 189.9 million MT in 2013 of which palm oil and soybean production were 56 million tonnes and 43 million MT respectively, thus together accounting for more than 50% of the total.

- Production of palm oil has grown faster than that of any other oil or fat and overtook soybean as the most produced oil in 2005.
AVERAGE ANNUAL GROWTH IN WORLD VEGETABLE OIL PRODUCTION (1990 – 2013)

Average Annual Growth (1990 – 2013)
- Palm Oil (7.03%)
- Rapeseed Oil (5.2)
- Soybean Oil (4.6%)
- Sunflower Oil (4.4%)
- Coconut Oil (-0.01%)
- Palm Kernel Oil (6.3%)

Source: Oil World
Attacks on palm oil by Environmental NGOs

Palm oil, the hidden ingredient in thousands of everyday products, is driving rainforest destruction.

This report Greasy palms – palm oil, the environment and big business explains what needs to be done to stop it....
CHALLENGES TO PALM OIL INDUSTRY

NGO POLIVIES INFRINGE SOVEREIGN RIGHT OF A COUNTRY

➢ It fails to consider the scientific impact on the development of underdeveloped countries with plentiful access to land banks

➢ Imposition of no deforestation policy means denying them of their sovereign right to develop land for agriculture purpose as without agriculture such a state or country will be condemned to stay in perpetual poverty

➢ No international or UN framework that supports a “No Deforestation” policy

➢ There is no permanent grassland or low carbon stock land as forest will be re-established over time
CHALLENGES TO PALM OIL INDUSTRY

Government Policies Not Favouring Palm Oil

- Certain countries have protectionist measures imposed to protect their oilseeds against competition from imported palm oil
- Lobbies by local associations to impose higher duty
- Active lobbying by NGOs to curtail palm oil use
- Proposed labeling laws against palm oil
- Continuous ban on refined palm oil or other palm products
CHALLENGES TO PALM OIL INDUSTRY

TRADE PROTECTIONISM

With all its positive attributes, the oil palm industry is subjected to certifications, while other oilseed producers are not required to, or have yet to adopt certifications. Efforts to implement the requirement for certification must be mandated for all vegetable producing countries, to ensure a level playing field.
Corporate Social Responsibilities

Malaysian Palm Oil Wildlife Conservation Fund

- Launched in 2006
- USD 6.25 mil (RM 20 mil): 50% from the Malaysian palm oil industry & 50% from the Government
- MPOWCF welcomes donations & grants
- MPOC will match third party funding on a 1:1 basis
A joint effort between SWD and MPOC to establish the Borneo Elephant Wildlife Sanctuary (BEWS). This is aimed to protect and conserve the Pygmy Elephant. BEWS will ultimately become a research and reference centre for the Pygmy Elephant.

Active participation and investments from oil palm sector is anticipated to realize this objective for the long term!
PROGRAMMES

Satellite-tracking, Population Dynamics, Ecology And Conservation Of The Bornean Banteng In Sabah

MPOC’s Collaboration with the Danau Girang Field Centre of Cardiff University, UK to conserve unique and rare wildlife
Conclusion
Way Forward

Reach & Teach strategy
* Allows for teaching consumers on a product- educational / print media/ documentaries – long on copy lobby work

Reach & Touch strategy
* Advertising /PR/ GR

Branding strategy
* COA & COB/ brand adoption by suppliers/ forest biobanks

New focus for Europe & USA market
This scheme provides opportunity to those admitted into scheme to assure their clients that:

- Their palm oil is obtained from oil palms cultivated on legal agricultural land
- Using responsible agricultural and management practices evolved over many decades
- The oil palm is as responsibly cultivated similar to other oil seed crops eg rapeseed and soyabean
CONCLUSION

- Palm oil will continue to be a major source of oils & fats that is required to meet global food security demands.

- Oil palm cultivation is shown to require less land to produce each unit equivalent of edible oil.

- When arable land is limited, it makes sense to choose palm cultivation over other oilseeds given the higher yields from oil palm.

- Higher yield projections increasing stepwise from 4MT/ha to almost 12MT/ha will make palm the oilseed crop of choice in many countries aspiring for greater food (oils) security.
Conclusion

- Palm oil is a major revenue earner for Malaysia and it can be the same for the developing countries.
- Palm Oil will assist the developing countries to promote poverty eradication and improve income for small holders and uplift the economy of developing nations.
- Palm oil production respects and adopts the 3Ps principles of sustainability – People, Planet and Profit.
THANK YOU

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