Regional Workshop 2014- Middle East & Africa

Sub-Saharan Market: Sustaining Palm Oil Market Growth and Opportunities

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Regional Outlook

- **Growth in Sub-Saharan Africa was 5% in 2013 and is projected to be 5.8% in 2014. East and West Africa recorded the fastest growth in 2013, above 6%**

- **Africa's medium-term growth prospects look good, projected to 5%-6% in 2015 . But recent Ebola epidemic currently afflicting West Africa is having a measurable economic impact in terms of forgone output, rising prices, low productivity and business disruptions**

- **Growth in South Africa had been lacklustre hit by protracted strikes , low business confidence and tight power supply. African currencies generally stabilized**

Economic Fundamental Risks

African Giants

- South Africa, Nigeria and Angola

Resource Rich

- Eq Guinea. Gabon, Uganda, Congo, Chad, Mali, Zambia, Liberia, Namibia, W. Sahara, Senegal

Economic Fundamental Risks

Fragile Economics

- DR Congo, South Sudan, Cote d' Ivoire

Weak States

- Cameroon, Madagascar, Malawi, Mauritania, Guinea, Niger, Sierra Leone, Burkina Faso, Burundi, Benin, Gambia, Somaliland

Emerging Economies

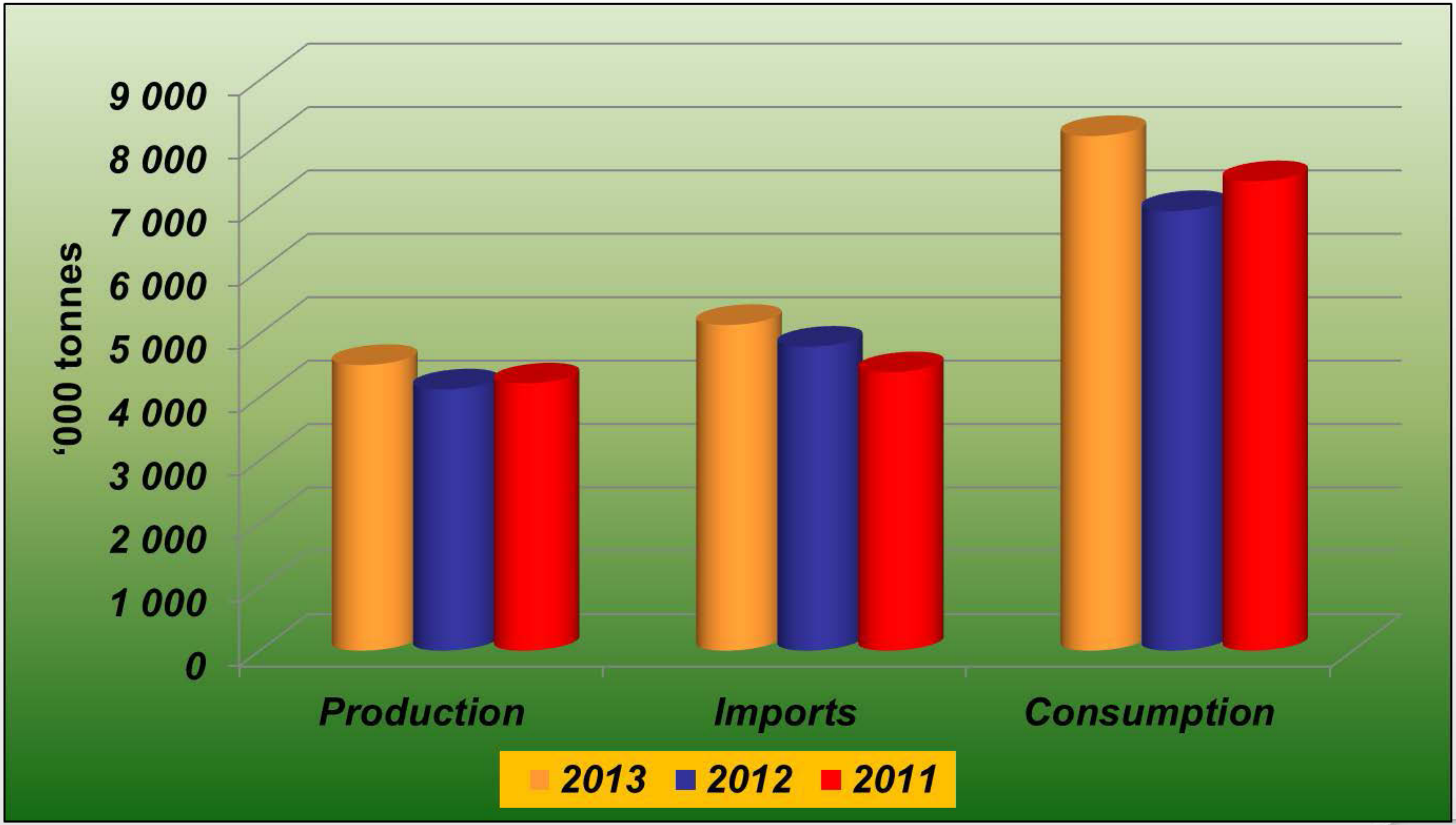
- Tanzania, Mauritius, Rwanda, Botswana, Mozambique, Kenya, Cape Verde, Seychelles

Sub- Saharan Africa – oils & fats profile

Oils and Fats Overview

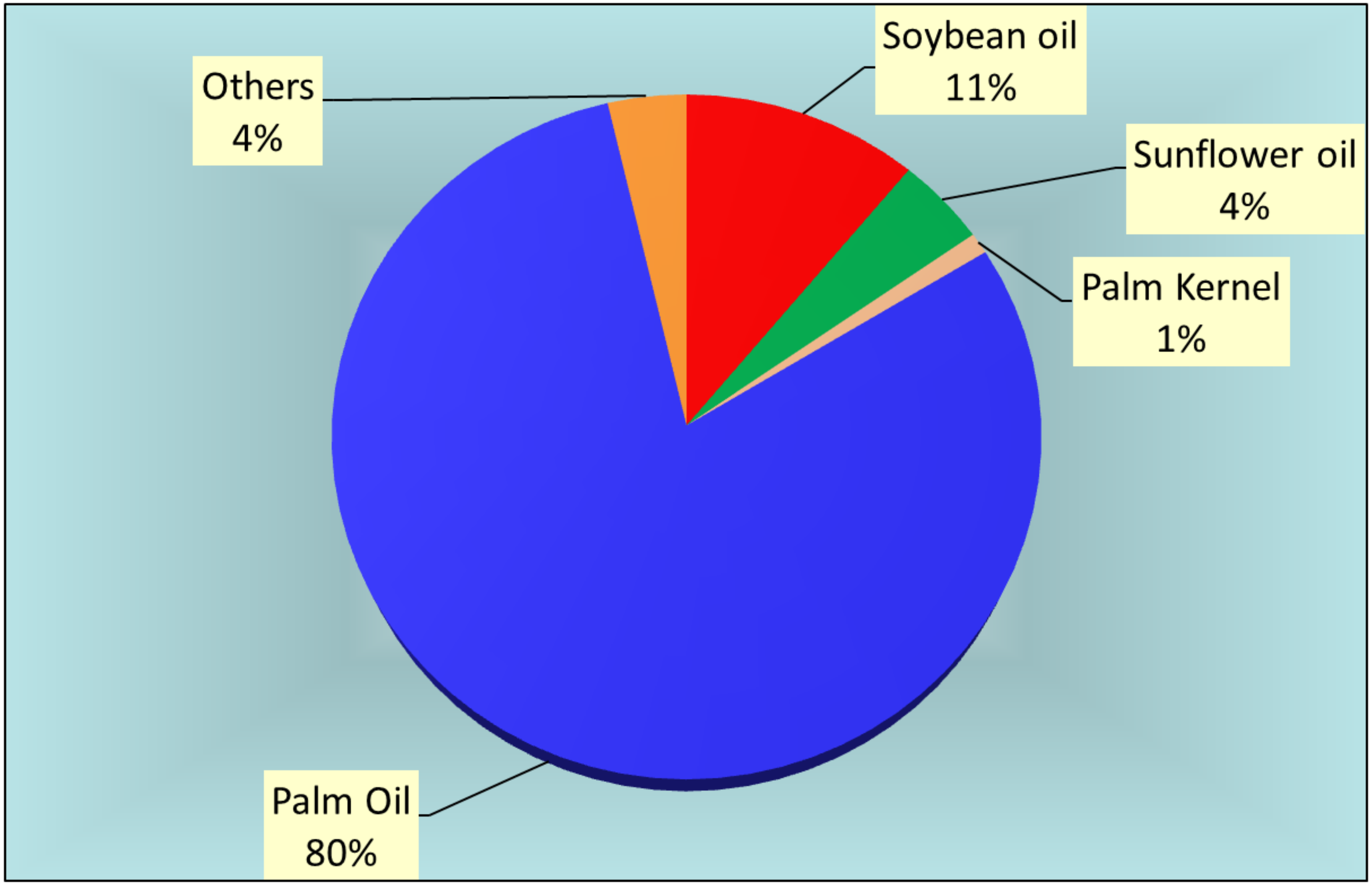
- With total population of 787 million, Sub-Saharan region's consumption of oils and fats recorded at 7.51 million MT in 2013.
- Production of oils and fats was only 4.5 million MT sufficient to cover 59 % of the total consumption.
- Oils and fats imports to the region in 2013 amounted to 5.10 million MT, out of which palm oil imports amounted to 4.16 million MT.
- Palm oil share vs. others vegetable oils stand at 81 %

Sub-Sahara Africa: Oils & Fats Overview



Source: Oil World 2014

Sub-Saharan Africa
Imports of Oils and Fats in 2013



Source: Oil World 2014

OILS & FATS IMPORTS TO SUB-SAHARAN in 2013 (‘000 MT)

	Jan - Dec 2012	Jan - Dec 2013	Change (Vol.)	Changes (%)
Soybean oil	560	520	-40	-8
Sunflower oil	272	200	-72	-36
Rapeseed oil	16	9	-7	-72
Palm oil	3 742	4 166	424	10
Palm kernel oil	47	45	-2	-4
Others	157	165	-143	-983
Total	**4 794**	**5 106**	**161**	**3**

Source: Oil World 2014

PALM OIL BALANCE

Palm Oil Consumption

Palm Oil Consumption Southern Africa Region (000 MT)

PO Consumption	2013	2012	2011	2010	2009
Angola	230.2	172.3	169.8	137.4	104.9
Botswana	0	0	0	0	0
Lesotho	0	0	0	0	0
Mayotte	0	0	0	0	0
Mozambique	96.1	70.5	74.5	78.4	78.4
Mauritius	0	0	0	0	0
Malawi	19.1	13.1	15	12	10.1
Madagascar	64.8	55.8	47.3	33.4	44.1
Namibia	0	0	0	0	0
Reunion	0	0	0	0	0
Swaziland	0	0	0	0	0
South Africa	378.3	364.1	372.9	330.9	325.2
Zambia	0	0	0	0	0
Zimbabwe	18	15.2	13.5	13	19
Total	**806.5**	**691**	**693**	**605.1**	**581.7**

Palm Oil Consumption

PO Consumption West Africa Region

PO Consumption	2013	2012	2011	2010	2009
Benin	96	88	87	85.3	77.5
Burkina Faso	0	0	0	0	0
Cameroon	274.2	272.4	257.3	252.2	251.8
Cape Verde	0	0	0	0	0
Chad	0	0	0	0	0
Equilateral Guinea	0	0	0	0	0
Ivory Coast	205.6	205.9	197.5	213	213.9
Gabon	0	0	0	0	0
Gambia	43.1	45.4	41.9	29.2	40.2
Ghana	554.7	532.3	500.7	484.5	461.9
Guinea	0	0	0	0	0
Liberia	0	0	0	0	0
Mali	49.5	36.4	42.7	32.4	31.3
Mauritania	0	0	0	0	0
Niger	51	52.5	36.5	32.1	38.5
Nigeria	1872	1800	1728	1677	1570
Sao Tome & Principe	0	0	0	0	0
Senegal	104.1	84.4	61.8	30	41.4
Sierra Leone	0	0	0	0	0
Togo	100.1	96.7	94.7	91.3	86.4
Guinea- Bissau	0	0	0	0	0
Total	**3350.3**	**3214**	**3048.1**	**2927**	**2812.9**

Palm Oil Consumption

PO Consumption Central Africa

PO Consumption	2013	2012	2011	2010	2009
Congo Consumption	0	0	0	0	0
Congo Consumption	98.5	98.5	91.5	87.5	81.5
Total	**98.5**	**98.5**	**91.5**	**87.5**	**81.5**

PO Consumption East Africa Region

PO Consumptiob	2013	2012	2011	2010	2009
Burundi	0	0	0	0	0
Comoros	0	0	0	0	0
Kenya	425.1	414	394.1	377.3	359.9
Rwanda	0	0	0	0	0
Seychelles	0	0	0	0	0
Tanzania	256	238.3	221.5	207.5	199
Uganda	193.4	166.8	155.3	183.3	156.7
Total	**874.5**	**819.1**	**770.9**	**768.1**	**715.6**

SUB SAHARA TOTAL	**5129.8**	**4822.6**	**4603.5**	**4387.7**	**4191.7**

Palm Oil Production

PO Production West Africa Region

PO Production	2013	2012	2011	2010	2009
Benin	56	53	46	46	44
Burkina Faso	0	0	0	0	0
Cameroon	225	230	235	235	230
Cape Verde	0	0	0	0	0
Chad	0	0	0	0	0
Equilateral Guinea	0	0	0	0	0
Ivory Coast	415	405.2	400	344.7	358
Gabon	0	0	0	0	0
Gambia	0	0	0	0	0
Ghana	410	420	420	400.9	420.7
Guinea	0	0	0	0	0
Liberia	0	0	0	0	0
Mali	0	0	0	0	0
Mauritania	0	0	0	0	0
Niger	0	0	0	0	0
Nigeria	960	940	930	885	870
Sao Tome & Principe	0	0	0	0	0
Senegal	0	0	0	0	0
Sierra Leone	0	0	0	0	0
Togo	77	75	64	72	70
Guinea- Bissau	0	0	0	0	0
Total	**2143**	**2123.2**	**2095**	**1983.6**	**1992.7**

SUB SAHARA TOTAL	**2207**	**2185.2**	**2157**	**2050.6**	**2055.7**	**10655.5**

Palm Oil Import

Palm Oil Import Southern Africa Region

PO Imports	2013	2012	2011	2010	2009	Total
Angola	239.2	148.3	138.8	107.4	65.9	699.6
Botswana	0	0	0	0	0	0
Lesotho	0	0	0	0	0	0
Mayotte	0	0	0	0	0	0
Mozambique	118.1	71.5	72.7	73.2	72	407.5
Mauritius	6.8	8	6.3	4.2	5.8	31.1
Malawi	19.1	13.1	15	12	10.1	69.3
Madagascar	64.8	55.8	47.3	33.4	44.1	245.4
Namibia	0	0	0	0	0	0
Reunion	0	0	0	0	0	0
Swaziland	0	0	0	0	0	0
South Africa	379.1	402.3	365.5	349.4	330.9	1827.2
Zambia	45	49	45.9	60.1	33.6	233.6
Zimbabwe	19.1	15.1	14.7	12.8	17.7	79.4
Total	**891.2**	**763.1**	**706.2**	**652.5**	**580.1**	**3593.1**

Palm Oil Import

PO Import West Africa Region

PO Import	2013	2012	2011	2010	2009	Total
Benin	260	200	190	181.3	158.5	989.8
Burkina Faso	24	27.1	23	19	17	110.1
Cameroon	65	52.3	21.3	26.2	29.8	194.6
Cape Verde	0	0	0	0	0	0
Chad	0	0	0	0	0	0
Equilateral Guinea	0	0	0	0	0	0
Ivory Coast	65.6	80.5	36.5	74.4	34.2	291.2
Gabon	0	0	0	0	0	0
Gambia	43.1	45.4	41.9	29.2	40.2	199.8
Ghana	290.7	242.3	147.7	143.6	104.2	928.5
Guinea	77.4	55.8	53.3	41.6	21.9	250
Liberia	0	0	0	0	0	0
Mali	49.5	36.4	42.7	32.4	31.3	192.3
Mauritania	102.1	113.2	93.7	77.1	82.6	468.7
Niger	51	52.5	36.5	32.1	38.5	210.6
Nigeria	960	870	855	780	720	4185
Sao Tome & Principe	0	0	0	0	0	0
Senegal	94.1	92.4	64.8	25	44.4	320.7
Sierra Leone	0	0	0	0	0	0
Togo	79	41	30.9	20	24	194.9
Guinea- Bissau	0	0	0	0	0	0
Total	**2161.5**	**1908.9**	**1637.3**	**1481.9**	**1346.6**	**8536.2**

Palm Oil Import

PO Import Central Africa Region

PO Import	2013	2012	2011	2010	2009
Congo Brazzaville	30.8	30.2	29	26.7	26.1
Congo Zaire	85	85	80	78	74
Total	**115.8**	**115.2**	**109**	**104.7**	**100.1**

PO Import East Africa Region

PO Import	2013	2012	2011	2010	2009
Burundi	0	0	0	0	0
Comoros	0	0	0	0	0
Kenya	510	436.1	455	536.6	487.1
Rwanda	0	0	0	0	0
Seychelles	0	0	0	0	0
Tanzania	246.1	246	251	224.2	200.9
Uganda	241.5	201.9	187.7	203.1	171.4
Total	**997.6**	**884**	**893.7**	**963.9**	**859.4**

SUB SAHARA TOTAL	**4166.1**	**3671.2**	**3346.2**	**3203**	**2886.2**

Consumption and Per Capita

Country	Population (Mil.)	Consumption Oils & Fats ('000 MT)	Per Capita Kg/Person
Angola	21.5	320.5	**14.9**
South Africa	52.8	1,286	**24.4**
Tanzania	49.3	606.6	**12.3**
Kenya	44.4	448.9	**10.1**
Benin	10.3	116	**11.2**
Ivory Coast	20.3	287.6	**14.2**
Ghana	25.9	608.4	**23.3**
Nigeria	173.6	2,436.2	**14**

Sub-Saharan Overview

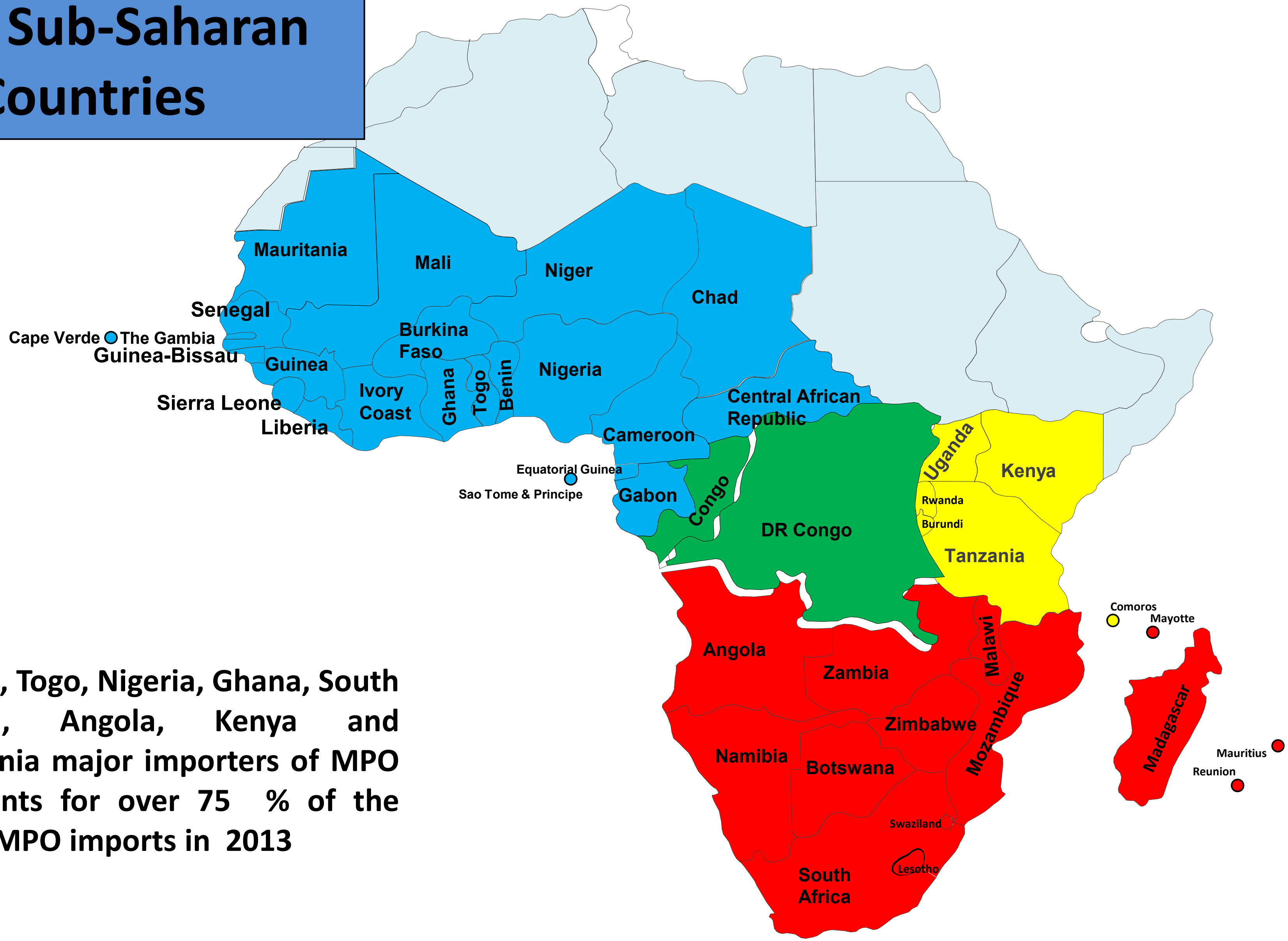
Review of Regional Situation

Palm oil import and consumption remain stable despite , Ebola Epidemic , political turmoil and economic slowdown in several countries in this region`

Nigeria, Kenya , South Africa, Ghana, Benin, Tanzania, Uganda and Angola remained the biggest importer for palm oil in 2013 accounting for 75 % of the region's total import

Political unrest persist in Madagascar, Central Africa Republic and Northern part of Nigeria

Map of Sub-Saharan Africa Countries



Benin, Togo, Nigeria, Ghana, South Africa, Angola, Kenya and Tanzania major importers of MPO accounts for over 75 % of the total MPO imports in 2013

Sub- Saharan Africa – oils & fats profile

Current MPO Exports

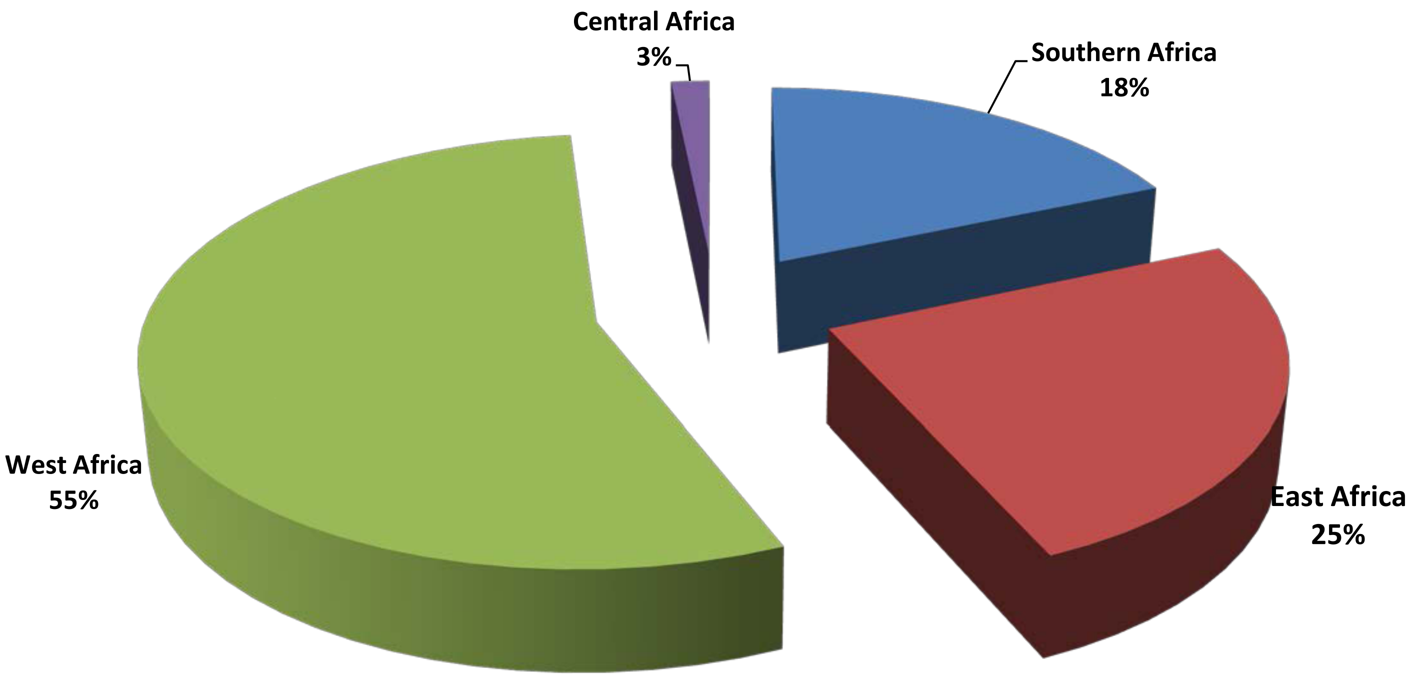
- In 2013, MPO exports volume to Sub-Saharan Region recorded 1.7 million MT from 1. 5 million, up by 13% compared to the volume recorded in 2012. MPO share stood at 46% market share
- Benin, Angola, Tanzania, Togo, Nigeria, Ghana, South Africa and Kenya remained the biggest importers of MPO in this region (78% of total share)
- MPO exports to region (Jan-Sept 2014) recorded 1,481,342 MT increased by 14%.   MPO exports is expected to exceed 1.7 MT by end of the year

Review of Regional Situation

Region	Jan - Dec 2011	Jan-Dec 2012	Jan-Dec 2013	Jan-Sept 2013	Jan-Sept 2014	Change (Vol)
West Africa	1 156 712	1 004 584	1 108 496	856 318	812 526	-43 792
Southern Africa	343 550	300 155	300 075	235 968	274 776	38 808
East Africa	83 867	171 155	252 554	158 338	370 193	211 855
Central Africa	78 562	54 302	64 189	43 176	23 847	-19 329
Total	**1 662 691**	**1 530 196**	**1 725 314**	**1 293 800**	**1 481 342**	**187 542**

Source: MPOB Statistics, Jan-Sept 2014

Malaysia's Palm Oil Exports By Sub-Region Sub Saharan
(Jan- Sept 2014)

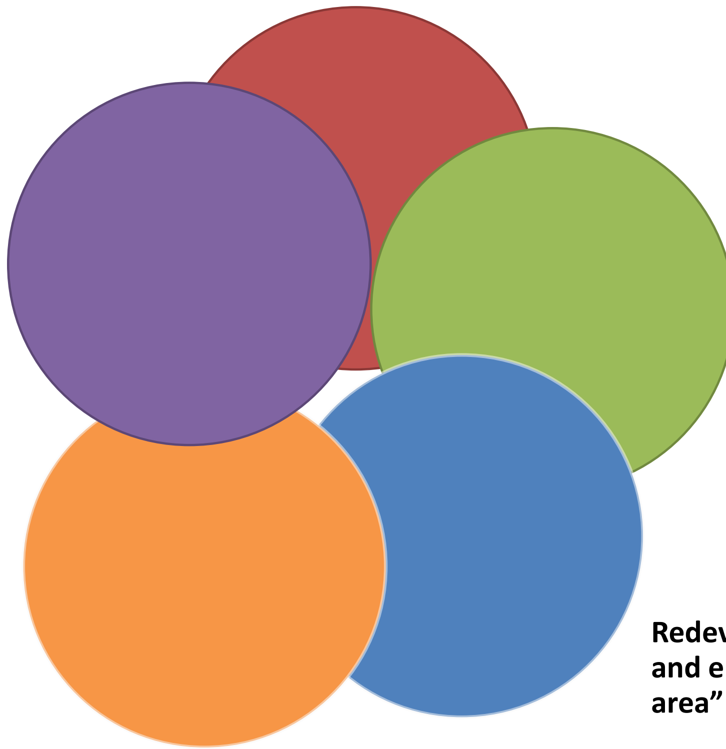


Source: MPOB Statistic, Jan-Sept 2013

Sub-Sahara Africa : Issues and Challenges

Structural constraints – lack infrastructure, storage facilities, small order volumes, limited purchasing power, lack banking facilities and fluctuations in currency

Unclear and Uncertainties in the implementation of new trade policies in certain countries – Nigeria, Senegal and Cote D'Ivoire



Continuous internal political conflicts and unrest disrupt palm oil exports – recent conflicts in Nigeria Congo Rep and Cote' D'Ivoire

Redevelop market access and entry points to "conflict area"

Region Overview – Southern Africa

- 14 countries in the sub-region, with 170 million people. South Africa is the biggest market (24 kg/person/year) and advanced in terms of infrastructure and facilities for importation of oils and fats into the region.
- Other potential markets: Zimbabwe, Angola, Madagascar, Mozambique
- Smaller landlocked countries: Malawi and Zambia
- No serious trade issue, however having inherent problems such as lack of purchasing power, lack of credit availability, purchases of small consignments, trade via traders/brokers

Region Overview – Western Africa

- Over 375 million population , most populated sub-region, 47% of Africa's population
- Palm oil producing region over 2.1 million MT per year and consumed about 3.5 million MT per year
- Nigeria- biggest market, 173million people with per cap consumption – 14 kg/year
- Trade issues:

  Official ban of bulk PO imports lifted but imposed 35 % import duties

  Communication restriction

  Lack of proper trade financing

  Senegal – imposed palm oil imports ban
- Other potential – Mauritania, Cote d'Ivoire

Region Overview – Eastern Africa

- Kenya is the biggest market and importer of palm oil into East Africa (510,000 MT in 2013)
- Other potential markets: Tanzania (246,000 MT) and Uganda (241, 500 MT) in 2013
- Trade Issues:

  Duties structure of East African community

  Movement of goods between East Africa community

Market Overview: Central Africa

- Three countries – Central Africa , DR Congo and Congo
- Potential market: DR Congo
- Government is willing to provide land for large scale oil palm development, encourage investments in upstream, mid-stream and down-stream activities

- Trade Issues:

  High risks

  Low purchasing power

  Lack of trade financing

Regional Trade Agreements

- ECOWAS-The Economic Community of West Africa Countries (15 countries)
- SADC- Southern African Development Community (14 countries)
- SACU-South African Custom Union (5 countries)
- EAC- East African Community (3 countries)
- COMESA – Common Market for Eastern and Southern Africa (14 countries)
- NEPAD- New Partnership for Africa's Development (5 countries)

MARKETS & OPPORTUNITES

Potentials and Utilization

- Palm oil has already been well accepted by end-users in Sub-Saharan, opportunities still exist for palm oil to further increase its market share and consolidate its position in the near future
- Palm oil is the most consumed edible oil in Africa and accounts for over 70% of edible oil consumption
- Palm oil consumption to grow by more 60% between 2014 to 2030 (USDA report)
- Sub-Saharan’s palm oil consumption to reach 8.2 million MT in 2030 with per capital consumption at 7.5 kg
- Food accounts for 45 % of palm oil consumption, 25% is used for soaps and 15% used in margarine and 15% accounts of others

Pull Factors Palm Oil Expansion in Sub-Saharan

- Sub-Saharan Africa’s robust GDP growth, boasting per capita income
- The middle income group are price-sensitive users of palm oil
- Demand for processed food from growing urban population will spur palm oil use and consumption
- According to World Bank, Africa’s urban food market are set to increase fourfold , to exceed USD 400 billion by 2030
- Africa’s population is growing at much faster pace than India and China
- In 2030, Africa is set to have a larger population than India and China, projected 2. 2 billion people

Sub-Saharan Africa’s Demand Pyramid

Traditional Use: Palm is traditional and preferred edible oil in most of Africa

Modern Markets: Demand for convenience food, fast foods, snack foods etc

Rising Incomes: Increase palm oil based consumer products (ice cream, confectionery, margarine etc)

Population Growth: Significant increase in population by 2030

Potential in Edible Sector

- Palm oil in command position due to the technical and economic balance it renders vis-à-vis other competing oils and fats, thus in general switching will not cause quality deteriorations
- Blending of palm olein and sunflower oil/soy oil in cooking oil sector has been realised and need to be enhanced
- Manufacture of various type of margarine, shortening and confectionery fat
- As deep frying oil/fat in snack sector and household
- Speciality fats in the confectionery industry

Potential in Non-Edible Sector

- Good prospects for palm oil products (palm stearin , soap noodle, PFAD) in soap production.
- A large number of soap manufacturers already switching from tallow to palm oil in soap production
- Oleochemicals products such as stearic acid and glycerine holds good potential for exports
- Stearic acid can be used in replacing paraffin wax in the candle industry while glycerine find its way in the pharmaceutical industry

Markets: In Case of South Africa

Markets Serviced

- **Bulk Products:** Snack food Industry, Ice industry, Coffee Creamer Industry
- **Frying Products:** Food service industry distributors, Fast Food Outlets, Hotel Industry, Catering Industry and supermarket chains
- **Baking Products:** All Baking Manufacturers and Confectionary Manufacturers
- **Specialty Products**: Customized blends for all food requirements Smaller landlocked countries: Malawi and Zambia
- **Non-foods:** Soaps and candles industry

Business Opportunities : Summary

- **Upstream : Large Scale Plantation and Out growers**

  Main Issues: Land Tenure and drought, low production and yield

- **Mid-Stream: Milling Sector**

  Main Issues: Small mills and scatter

- **Downstream: Refining, solid fats, baking fats and margarine, confectionery and soap production**

- **Ancillary Services: on-shore storage tanks**

CONCLUSIONS: SWOT

Opportunities/Strengths	Limitations/Threats
• Palm oil is native or traditional in most parts of Africa • The size of the population and low per capita consumption in Africa provide basis for further increase in oils and fats capital consumption as low 1 kg to as high as 30 kg. • Stimulus for higher demand for oils and fats arising from developments such as political stability and economic reform • Opportunities in industrial frying and soap production	• Limited purchasing power, lack of foreign exchange, dependency on credit facilities and aid • Market access compounded by commercial related issues such as limited shipping service and high freight cost resulting from small shipments • Market dominance by international traders or dealers. These traders have established strong linkages with shipping companies

Thank You

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