



Malaysian Palm Oil Prospects & Opportunities in Pakistan

By

Fatimah Zaharah Md Nan

Faisal Iqbal

Malaysian Palm Oil Council



Outline

- Pakistan Agriculture Sector
- Domestic Oils and Fats Scenario
- Palm Oil Trade in Pakistan
- MPO Prospects and Opportunities in Pakistan
- Conclusion

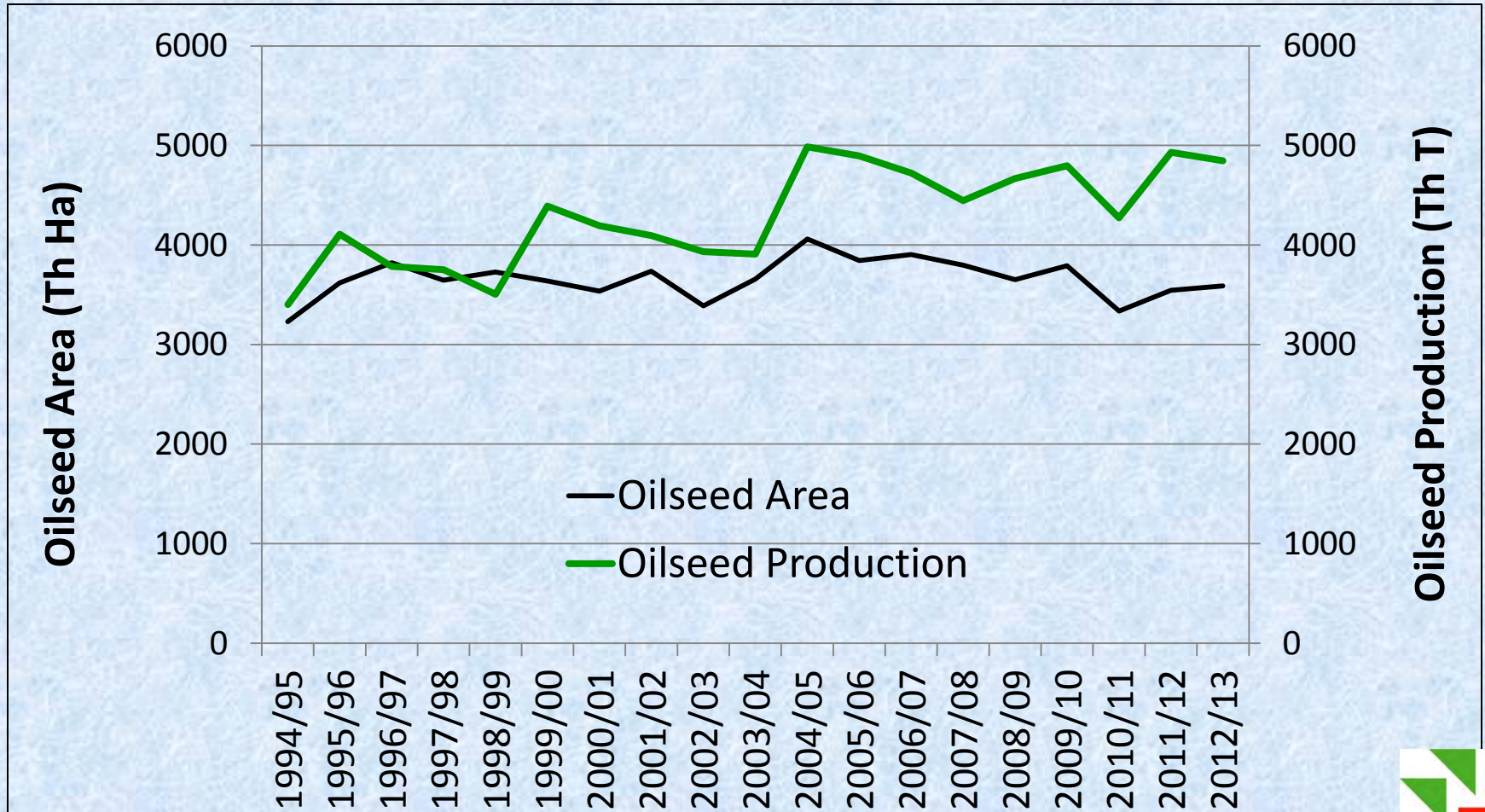
Pakistan Agriculture Sector

- **Total land area 770,880 sq km**
- **35% - agricultural land**
- **57% - permanent forest, mountain slopes, desert and urban settlements**
- **Contributes 24% of the total country's GDP**



**PAKISTAN
OIL AND FATS
SUPPLY & DEMAND SITUATION**

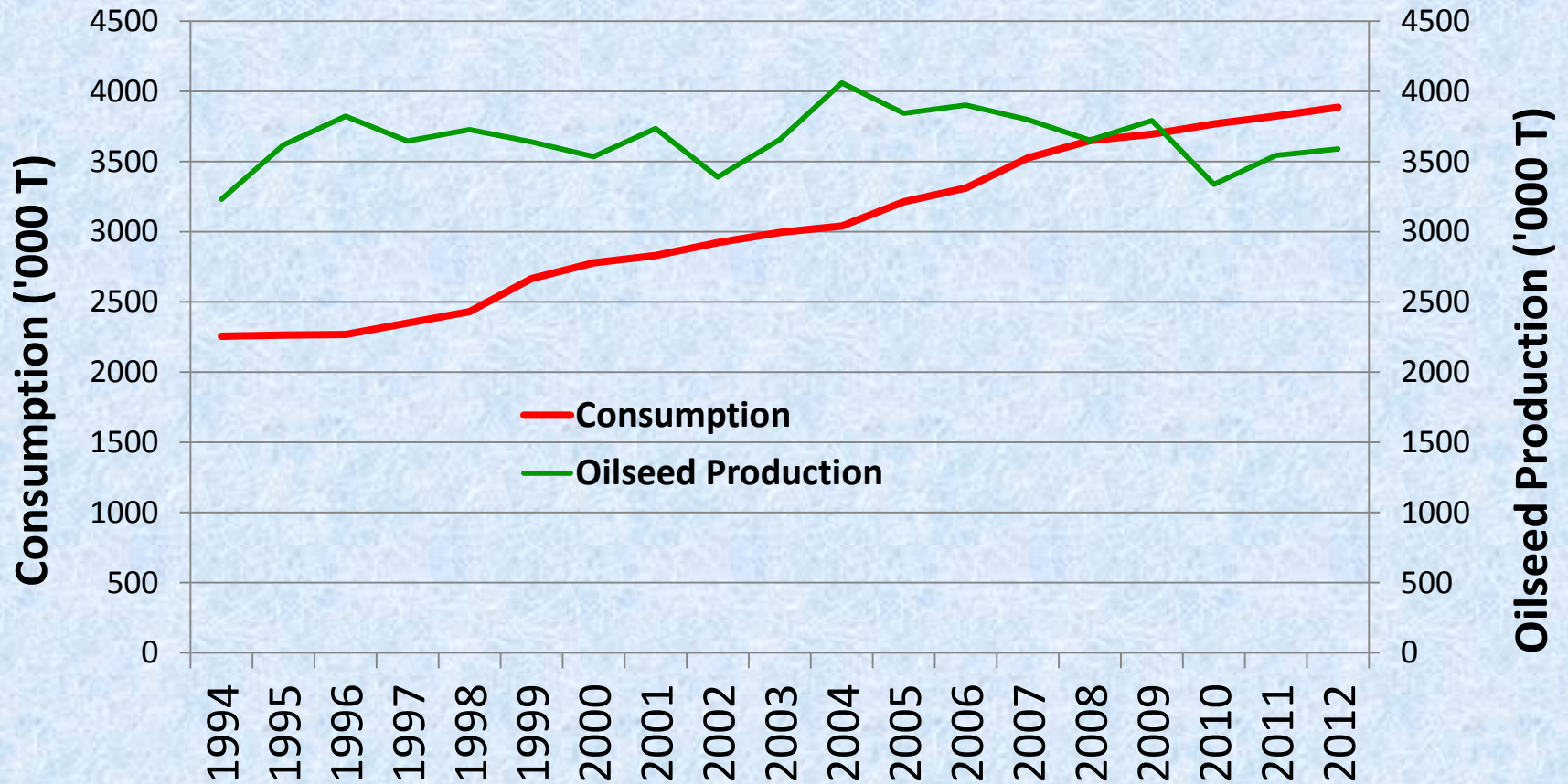
Pakistan – Oilseed Production



Source: Oilworld



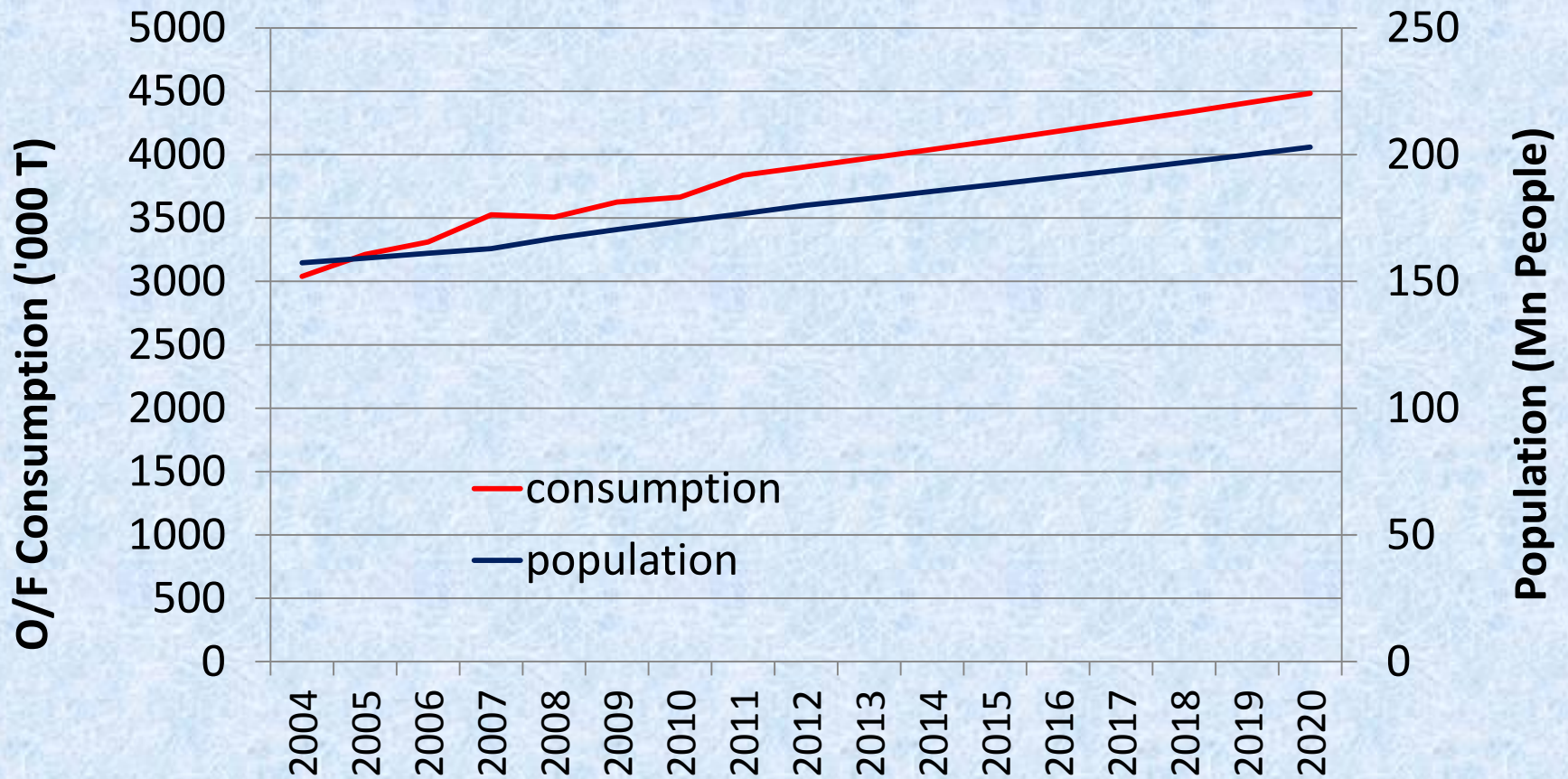
Pakistan Oils and Fats: Domestic Oilseed Production Vs Consumption



Source: Oilworld



Pakistan – Oils and Fats Consumption



Source: Oilworld

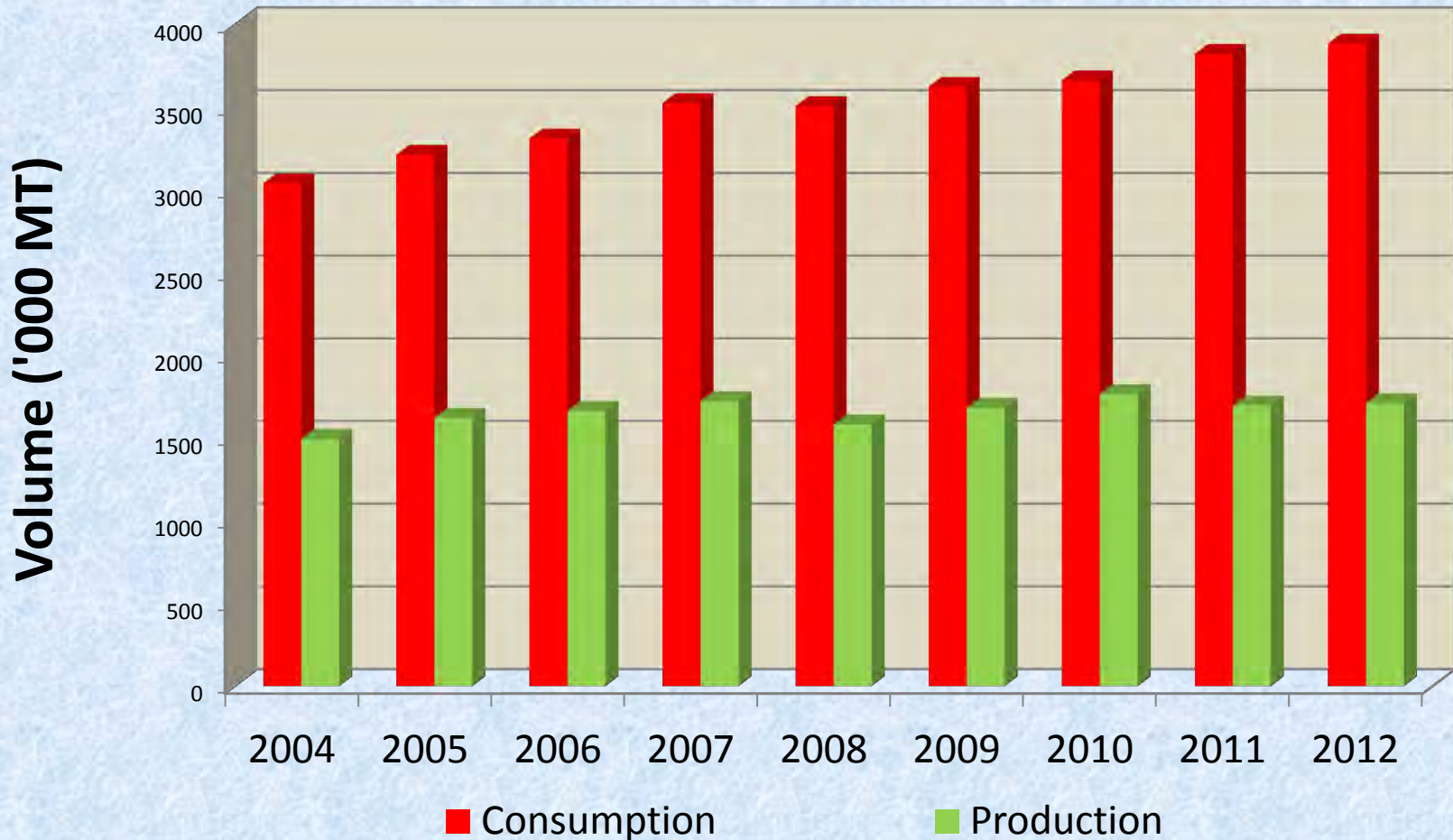


Pakistan Demographics Evolution

- Total population increased over four-fold
- Emergence of mega-cities
- Mega cities have a population of more than 10 million people
- Pakistan's urban population expanded over seven-fold
- Dramatic social changes have led to rapid urbanization
- In 1950, only 29.8% of people lived in urban areas
- By 2020, an estimated 57% will live in cities



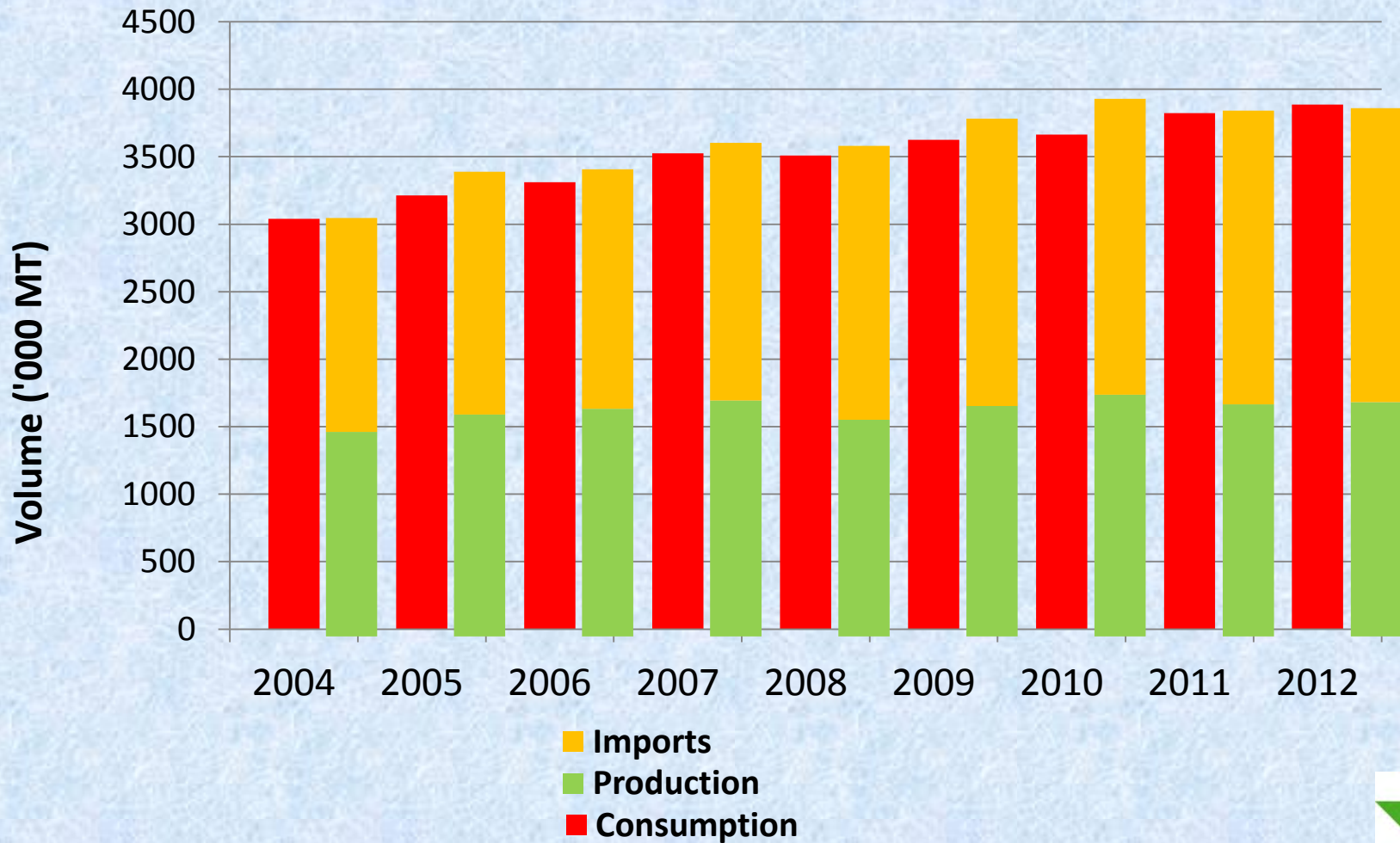
Pakistan – Oils and Fats Consumption Vs Production



Source: Oilworld



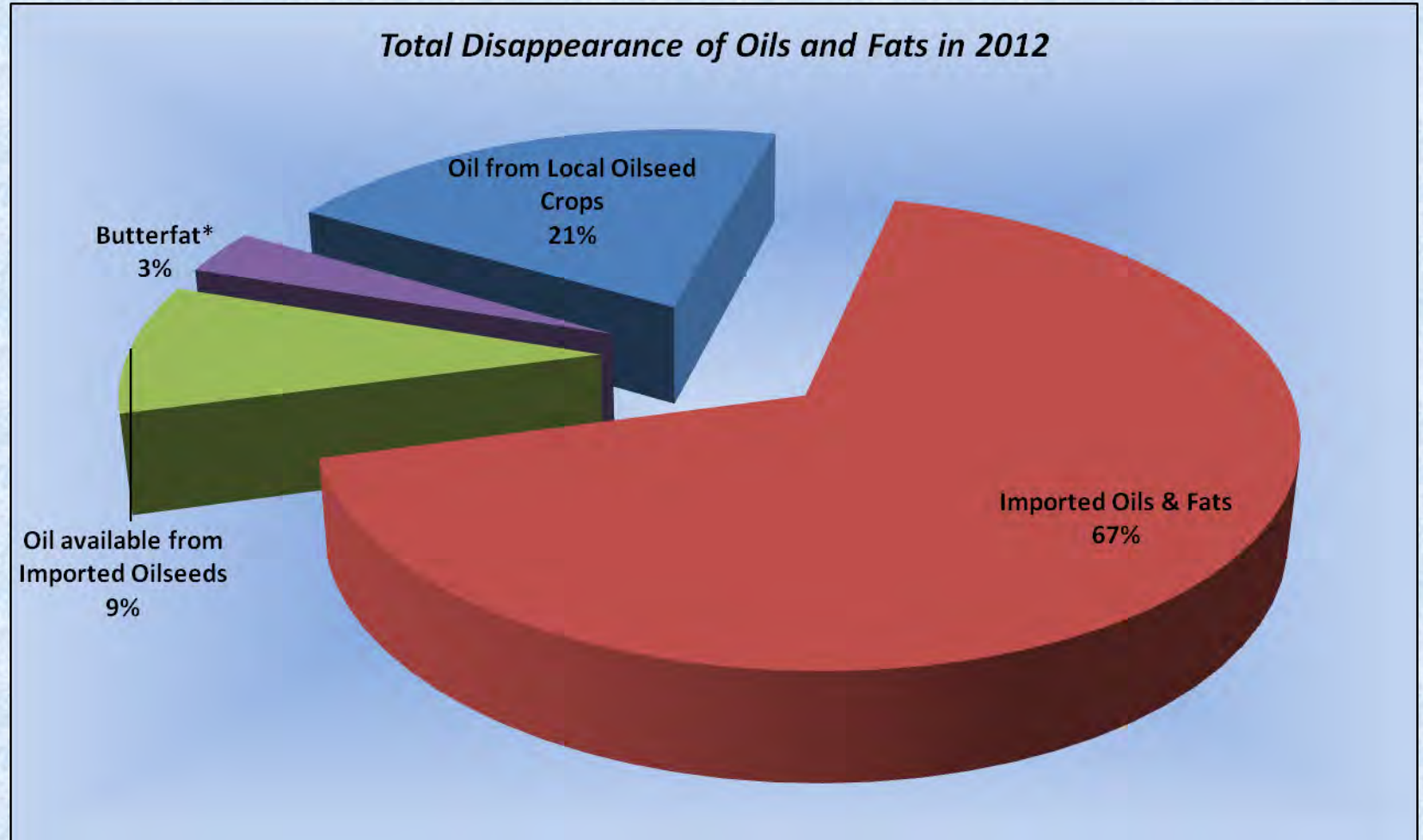
Pakistan – Oils and Fats Consumption Vs Production



Source: Oilworld



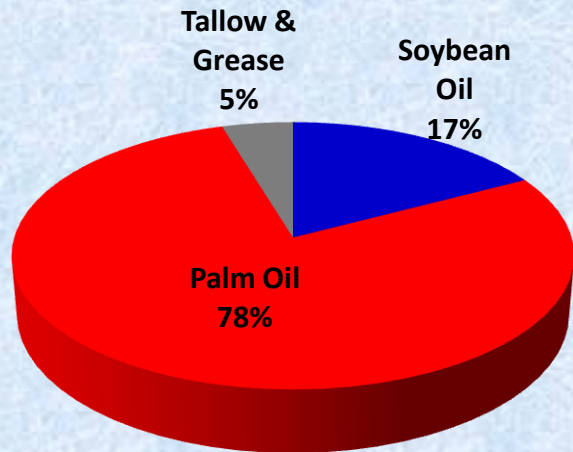
Pakistan - Oils and Fats Consumption



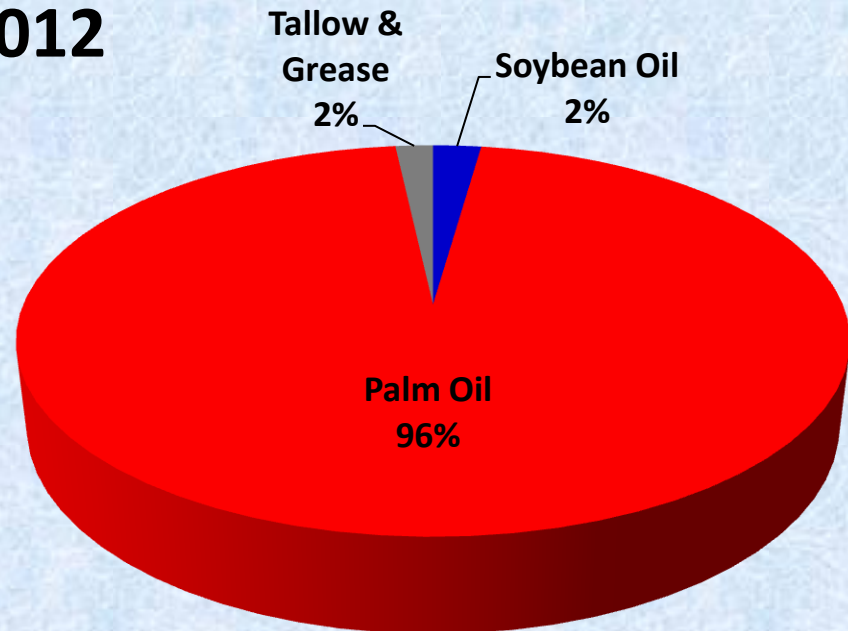
Source: Economic Survey & Port Data from Shipping Agents

Pakistan - Oils and Fats Imports

1993



2012



Source: Oilworld

Pakistan Oils and Fats Consumption Pattern



Pakistan Oils and Fats Consumer

- Oils and Fats Processing Industry
- Food Industries (Vanaspati, Food Manufacturing, Hotel & Catering)
- Household
- Non Food Users (soap, personal care and etc)

Pakistan - Oils & Fats Processing Industry

The oils & fats industry in Pakistan constitutes the following:

- Physical Refining Industry
- Chemical Refining Industry
- Solvent Extraction Industry



Pakistan - Oils & Fats Processing Industry

	No of Units	Capacity (mn t)	Utilization	Share of imports
Physical Refining	10	1.5	28%	20%
Chemical Refining	90	3	50%	72%
Solvent Extraction	27	1.4	66%	14%

Pakistan – Food Industry



Pakistan : Demographics Evolution

- Urbanization
- Changing Lifestyles
- Income Growth
- Improve Standard of Livings

Pakistan Oils and Fats Prospects & Opportunities

Growing Food Sector in Pakistan



Growing Food Sector in Pakistan

- Fast food industry in Pakistan which started formally in 1997 with launch of McDonalds has grown significantly over the past 15 years
- Industry registered a growth of 15% in the first 10 years and then continued at an average rate of 7%
- Leading international chains like McDonalds, Pizza Hut, Dominos, Hardees, KFC, Nando's, Papa Johns, Subway etc. have presence in Pakistan

Growing Food Sector in Pakistan

- Despite difficult economic, security and political conditions, new international food chains have opened outlets in Pakistan
- New fast food joints like Burger King, Papa Roti, Fat Burger, Yogen Fruz, Tutti Frutti Frozen Yogurt etc.. are making ways into Pakistan
- Palm olein is being used by most of the fast food industry leaders for frying purposes. Major fast food chains do import directly from Malaysia.

Growing Food Sector in Pakistan

- Palm olein based specialized frying oil is being produced by local industry to cater the need of the local organized and unorganized sector (restaurants, ready to eat food joints and snack)
- Other niche market such as confectionery, ice cream and chocolate as well as non dairy milk replacer and creamer could be among new areas to be explored

Growing Food Sector in Pakistan (Household)

- Urbanization and establishment of hypermarkets such as hyperstar has created demand for consumer pack products.
- To cater the demand of more sophisticated consumers , consumer pack super olein was introduced and so far there are 2 superolein brand available in the markets.

Other potential areas (non food sectors)

- Soaps & Oleo chemicals
- Paints & Pharmaceuticals
- Animal feed

MPO Way Forward

- To strengthen existing market share through product diversification
 - Blending of olein
 - Introduce more consumer pack olein
- To intensify market expansion in oleochemical sectors and animal feed

conclusion

- Limited resources in term of agricultural land availability will continue to be Pakistan major challenges towards self sufficiency
- Population of 180 million and growing at 1.5% - 2% every year – huge demand for oils and fats
- Changing consumers demographics – urbanization, improve standard of livings
- Growing fast food and snack food market means more opportunities for usage of palm olein

conclusion

- Palm oil price competitiveness would make palm oil the preferred choice.
- Logistic advantage over other competing oils (soft oils)
- Versatility of use
- Strong Malaysian presence with joint ventures



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