



UNITED OIL
Processing and Packaging

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As a leading Egyptian company in the palm oil industry, United Oil Processing and Packaging is proud to participate in the Malaysian Palm Oil Forum. Our participation will underscore the significance of palm oil in the Egyptian market and its impact on the food industry, particularly in comparison to other vegetable oils. Additionally, we will showcase the advantages of Egypt's strategic location, which enables it to efficiently service markets across Africa, the Middle East, and Europe.





EGYPT: A RELIABLE MARKET FOR PALM OIL

WITH EXPANDING PROSPECTS
IN THE FOOD INDUSTRY



Palm oil production has increased rapidly since the 1960s. Between 1970 and 2020, the world's production of palm oil increased by about 40 times.

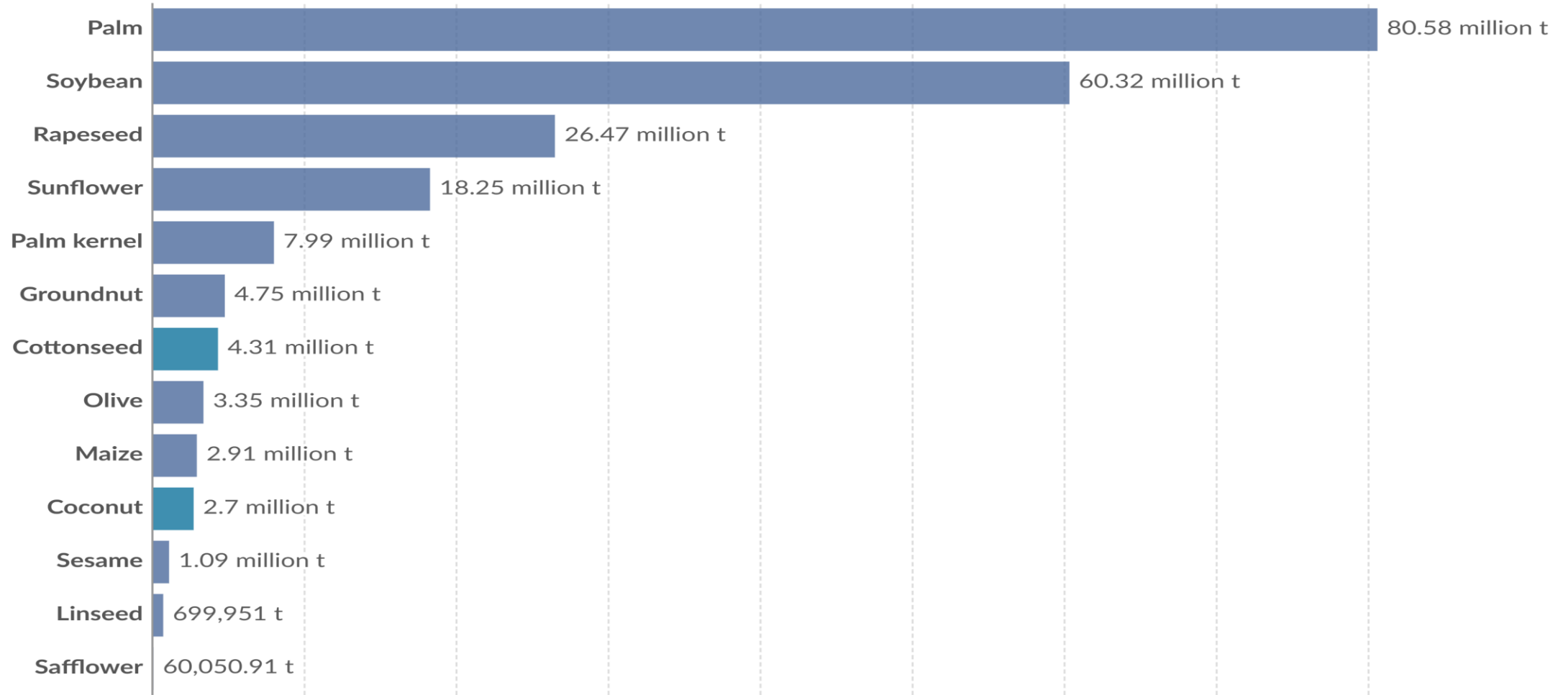


Palm oil is a very productive crop; as we will see later, it produces over a third of the world's oil but uses less than a tenth of croplands devoted to oil production



Global production went from only 2 million tonnes to around 80 million tonnes.

Vegetable oil production, World, 2021



Data source: Food and Agriculture Organization of the United Nations (2023)

OurWorldInData.org/food-supply | CC BY



PALM OIL VS. SUNFLOWER OIL AND SOYBEAN OIL: A COMPARATIVE ANALYSIS

Production Efficiency

•Palm Oil:

- **High Yield:** Oil palm trees produce significantly more oil per hectare than oil seed crops.
- **Lower Land Use:** Requires less land to produce the same amount of oil.

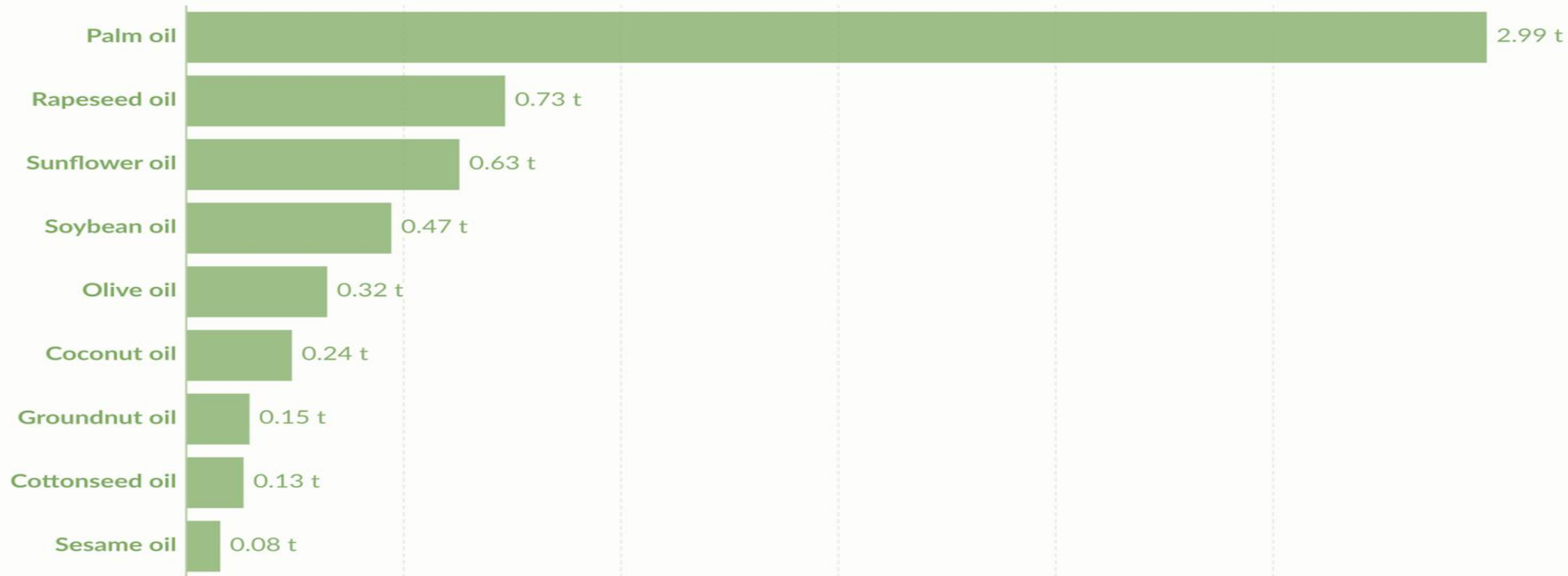
•Sunflower and Soybean Oil:

- **Lower Yield:** Sunflower and soybean crops have lower oil yields per hectare.
- **Higher Land Use:** Require more land for equivalent oil production.



Oil yields by crop type, World, 2021

Global oil yields are measured as the average amount of vegetable oil produced (in tonnes) per hectare of land. This is different from the total yield of the crop since only a fraction is available as vegetable oil.



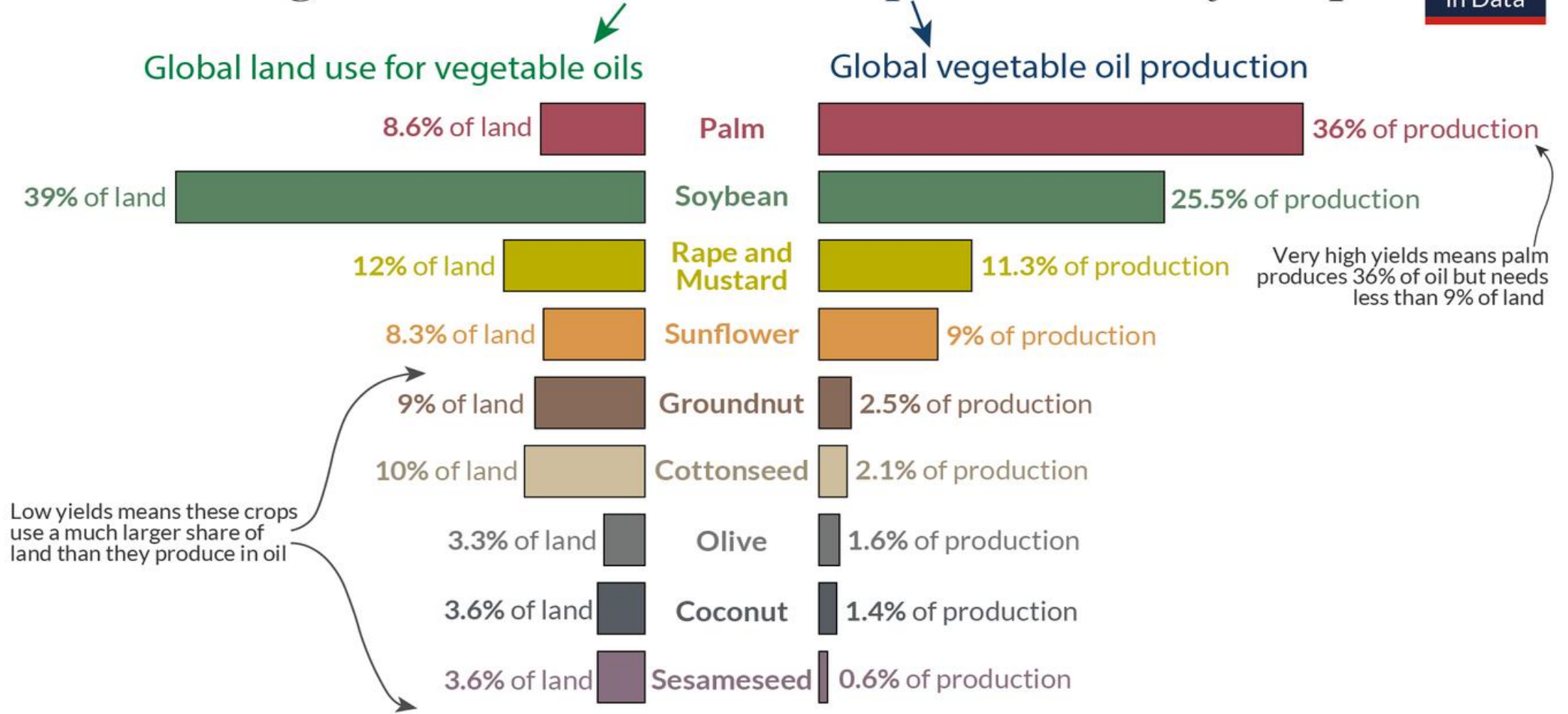
Data source: Food and Agriculture Organization of the United Nations (2023)

OurWorldInData.org/crop-yields | CC BY

Note: Based on oil production and area harvested data. Maximum yields can vary depending on the ratio of oil production to co-products (e.g. what fraction of soybeans or coconuts are used for oil production).



Share of vegetable oil land use and production by crop



Data source: Calculated by the authors based on production and land use data from the UN Food and Agriculture Organization (FAO) for the year 2018. OurWorldinData.org - Research and data to make progress against the world's largest problems. Licensed under CC-BY by the author Hannah Ritchie (Updated June 2021).

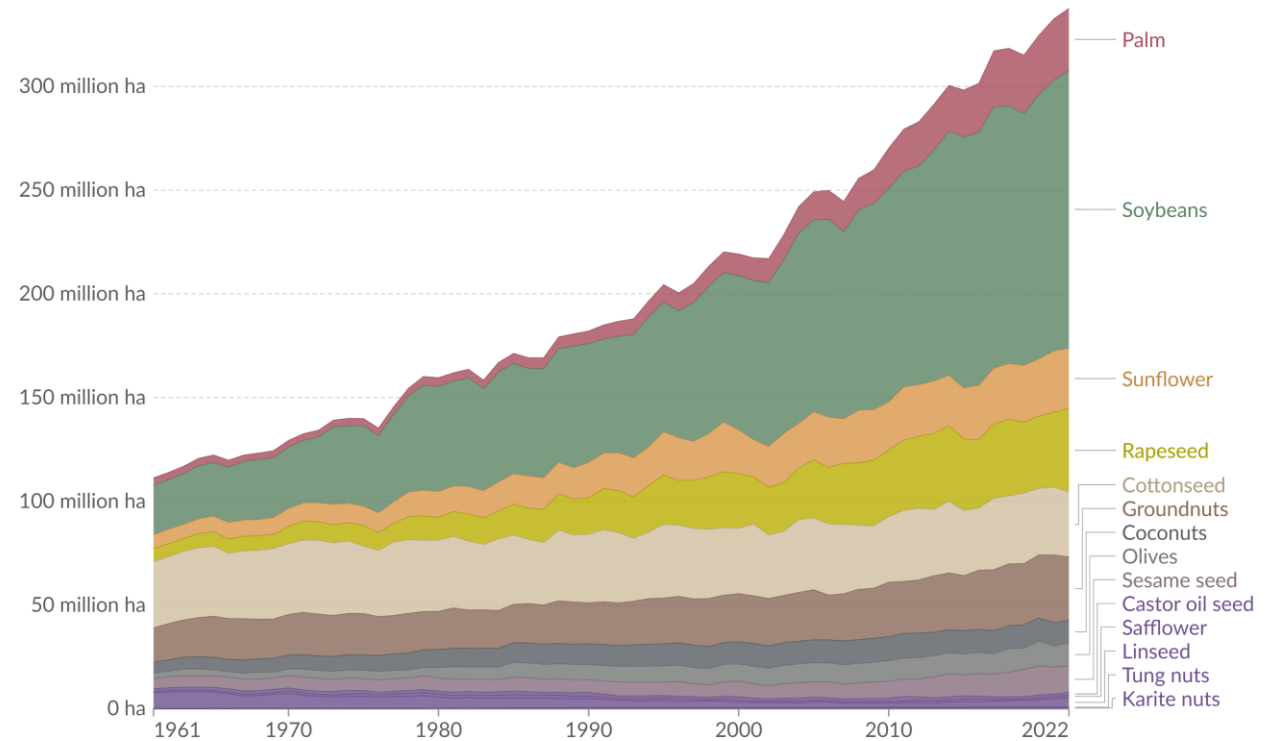
GLOBAL USAGE OF PALM OIL

The use of palm oil globally has seen significant changes, driven by both increasing demand and sustainability concerns.

Palm oil is the most widely produced and consumed vegetable oil in the world. Its demand continues to rise due to its use in food products, cosmetics, and biofuels ([Hansen et al., 2015](#)).

To meet the rising global demand sustainably, there is a push towards improving yields and adopting more sustainable agricultural practices. Enhancing the oil extraction rate and developing high-yielding varieties are critical steps ([Chew et al., 2021](#)).

Land use for vegetable oil crops, World



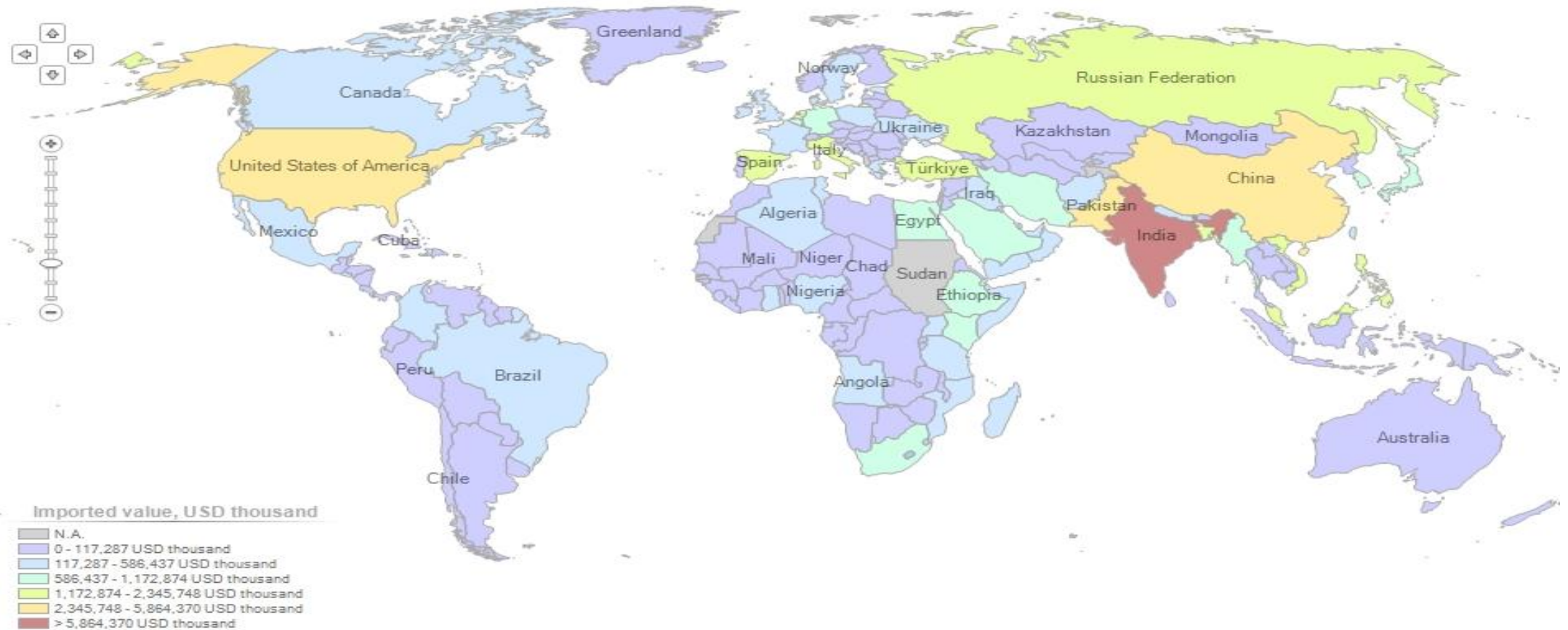
Data source: Food and Agriculture Organization of the United Nations (2023)

OurWorldInData.org/land-use | CC BY

WORLD CONSUMPTION OF PALM OIL

List of importing countries for the selected product in 2022

Product : 1511 Palm oil and its fractions, whether or not refined (excl. chemically modified)



SOURCES: ITC CALCULATIONS BASED ON UN COMTRADE AND ITC STATISTICS.



UNITED OIL

IMPACT OF BIODIESEL AND BIOFUEL MANDATES ON PALM OIL DEMAND

. Overview of Biodiesel and Biofuel Mandates

• Definition:

- **Biodiesel Mandates:** Regulations requiring a certain percentage of biodiesel to be blended with conventional diesel.
- **Biofuel Mandates:** Broader regulations mandating the use of biofuels, including ethanol and biodiesel, in transportation fuels.



KEY COUNTRIES AND THEIR MANDATES

- **Indonesia:**
 - **B30 Mandate:** Requires 30% biodiesel blend in diesel fuel.
 - **Impact:** Significant boost in palm oil demand for biodiesel production.
- **Malaysia:**
 - **B20 Mandate:** Requires 20% biodiesel blend in diesel fuel.
 - **Impact:** Increased domestic consumption of palm oil for biodiesel.
- **European Union:**
 - **Renewable Energy Directive (RED II):** Aims for 14% of energy in transportation to come from renewable sources by 2030, with restrictions on high ILUC-risk biofuels, including palm oil.
 - **Impact:** Mixed effects; while promoting biofuels, it limits the use of palm oil due to sustainability concerns.
- **United States:**
 - **Renewable Fuel Standard (RFS):** Requires increasing volumes of renewable fuel to be blended into transportation fuel.
 - **Impact:** Limited direct impact on palm oil, more focused on ethanol and soybean oil-based biodiesel.



IMPACT ON PALM OIL DEMAND

- **Increased Demand:**

- **Southeast Asia:** Significant rise in palm oil demand due to mandates in Indonesia and Malaysia.
- **Global Influence:** Growing interest in biofuels drives demand, though sustainability concerns modulate this impact.

- **Market Adjustments:**

- **Price Fluctuations:** Increased demand for biodiesel can lead to higher palm oil prices.
- **Supply Chain Dynamics:** Need for sustainable sourcing and certification to meet international standards.



EU REGULATIONS AND SUSTAINABILITY COMPLIANCE: IMPACT ON PALM OIL AND THE BANKING SECTOR

New EU Regulations

- **Renewable Energy Directive II (RED II):**
 - **Sustainability Criteria:** Sets strict sustainability criteria for biofuels, including palm oil.
 - **High ILUC-Risk Biofuels:** Limits the use of biofuels considered to have high indirect land use change (ILUC) risk, impacting palm oil.
- **European Green Deal:**
 - **Climate Neutrality:** Aims for climate neutrality by 2050, influencing policies on renewable energy and sustainable agriculture.
 - **Deforestation-Free Supply Chains:** Proposes measures to ensure that products linked to deforestation, such as palm oil, are not allowed in the EU market.



IMPACT ON PALM OIL USAGE

- **Decreased Demand:**
 - **Restriction on Imports:** Reduced import of palm oil for biofuels due to sustainability concerns.
 - **Shift to Alternatives:** Increased use of alternative biofuels like soybean oil, rapeseed oil, and advanced biofuels.
- **Market Adaptation:**
 - **Sustainable Certification:** Greater emphasis on RSPO and other certification schemes to meet EU sustainability criteria.
 - **Traceability:** Enhanced traceability measures to ensure compliance with deforestation-free requirements.

Influence on the Banking Sector

- **Financing Restrictions:**
 - **Sustainable Investment:** Banks increasingly require sustainability certifications for financing palm oil projects.
 - **Risk Management:** Financial institutions assess the environmental and social risks associated with palm oil investments.
- **Green Bonds and Loans:**
 - **Sustainable Finance:** Growth in green bonds and loans targeting sustainable palm oil projects.
 - **Compliance Incentives:** Financial incentives for companies that comply with sustainability standards and regulations.

BROADER IMPLICATIONS

Industry Transformation:

Regulatory Compliance: Companies must adapt to new regulations or face market exclusion.

- **Consumer Awareness (“THE HYPE”):**

- **Demand for Transparency:** Rising consumer demand for transparency and sustainably sourced products.

The new EU regulations are reshaping the palm oil industry by enforcing strict sustainability compliance, influencing both market dynamics and financial sector involvement.

EGYPT'S FATS & OILS OVERVIEW

1. Historical Context

- **Early Adoption:** Palm oil was initially introduced in Egypt as an affordable alternative to other animal fats.
- **Market Growth:** Over the past two decades, the import and consumption of palm oil have steadily increased.

2. Key Drivers of Growth

- **Economic Factors:**
 - **Cost-Effectiveness:** Palm oil, at times, is more cost efficient compared to other vegetable oils like soybean and sunflower oil.
 - **Versatility:** Widely used in food production, cosmetics, and industrial applications.
- **Global Supply:**
 - **Increased Production:** Major producers, Malaysia and Indonesia have ramped up production, ensuring a steady supply.

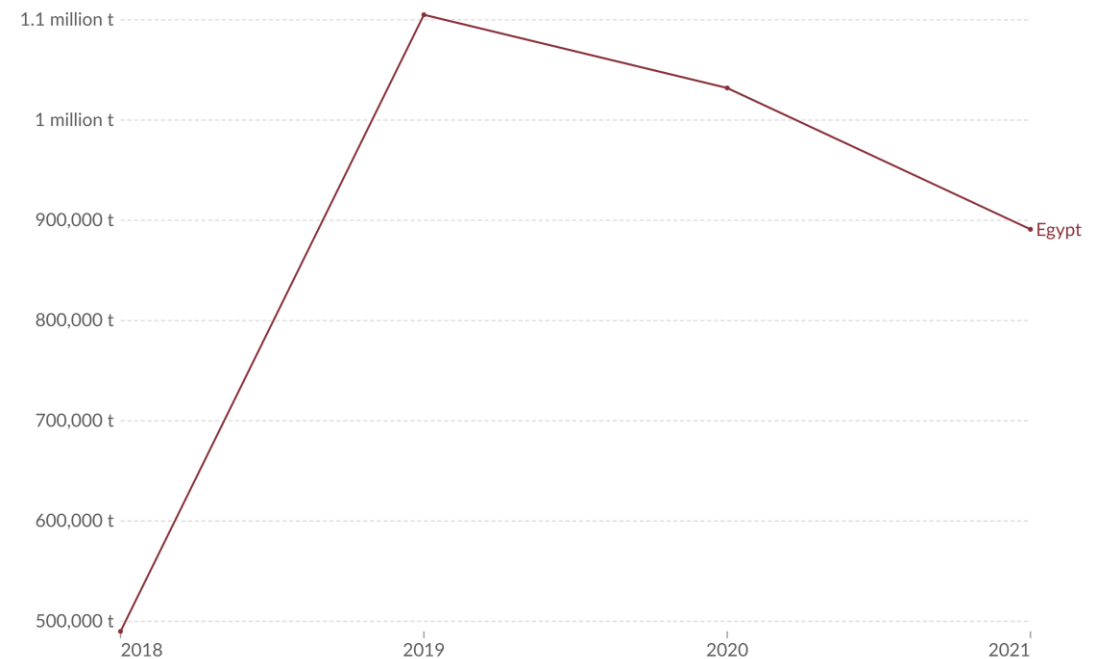


ECONOMIC IMPACT OF PALM OIL IN EGYPT

Market Dynamics

- **Import Volume:**
 - **Steady Increase:** Continuous growth in import volumes to meet rising domestic demand.
 - **Key Suppliers:** Predominantly sourced from Indonesia and Malaysia.
- **Pricing Trends:**
 - **Global Influence:** Prices influenced by global market trends, production levels, and international trade policies.
 - **Domestic Market Stability:** Efforts to maintain price stability through strategic imports and local policy adjustments.

Palm oil imports



Data source: Food and Agriculture Organization of the United Nations (2023)

OurWorldInData.org/palm-oil | CC BY

Industry Growth

• Food Industry:

- **Processed Foods:** High demand in the production of margarine, baked goods, and confectioneries.
- **Cooking Oil:** Widely used as a household cooking oil.

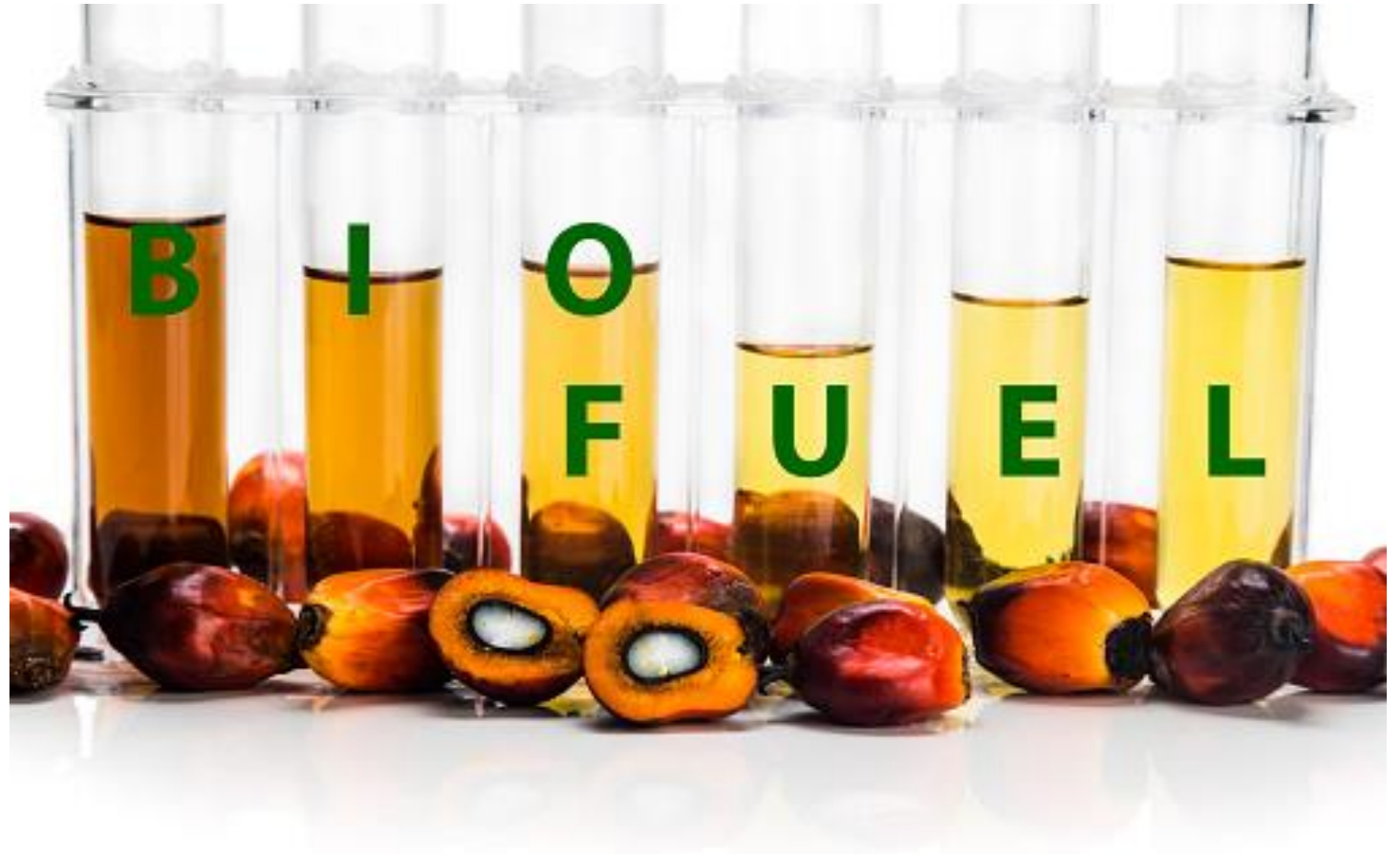


ECONOMIC IMPACT OF PALM OIL IN EGYPT

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- **Non-Food Sectors:**

- **Cosmetics:** Growing use in skincare and beauty products.
- **Biofuels:** Emerging interest in palm oil as a renewable energy source impacts global prices and increases market volatility.



EGYPT'S ROLE IN THE GLOBAL MARKET



Fostering a regional hub (import, production, export and trading infrastructure) aiming at penetration to MENA, East Africa and Eastern Europe along with the domestic market in Egypt.

Safeguarding against global commodity markets price fluctuations.

Recruiting and training competent staff with global exposure.

Supporting and attracting feed industries that want to setup production facilities in Egypt, like cosmetics industries, biodiesel production etc..



STRATEGIC FOOD SECTOR INDUSTRIAL HUB SERVING AFRICA, GCC AND EUROPE

EGYPT: A STRATEGIC FOOD SECTOR INDUSTRIAL HUB SERVING AFRICA, GCC AND EUROPE

Products		MENA	South Europe	East Africa	Egypt
Special fats		+	+	+	+
Palm Oil		+	+	+	+
Palm Olein		+	-	+	+
Palm Derivates		+	+	+	+
Packed Products		+	+	+	+



WHY SOURCE FROM EGYPT?

A STRATEGIC GEO-POLITICAL LOCATION



ALLOWING investors
access to markets in
Africa, Asia and Europe

12% of world trade passes through
THE SUEZ CANAL

BENEFIT FROM COMPETITIVE PRICES



The cost of production in Egypt is lower than it is elsewhere
offering very competitive prices



WHY SOURCE FROM EGYPT?

EGYPT is a signatory to several multilateral TRADE AGREEMENTS

Europe

- European Union-Egypt Free Trade Agreement (Association Agreement)
- Egyptian-European Mediterranean Partnership Agreement



Africa

- The African Continental Free Trade Area (AfCFTA)
- Community of Sahel-Saharan States (CEN-SAD)
- The Common Market for Eastern and Southern Africa (COMESA)



Asia

- Egypt and China entered into a trade accord. (1995)
- Egypt and Indonesia signed an agreement for activating bilateral trade exchange with Indonesia.
- EAEU Free Trade Agreement. (Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia)



Middle East

- Greater Arab Free Trade Area Agreement
- Egypt has signed several bilateral agreements with Arab Countries: Jordan (December 1999), Lebanon (March 1999), Libya (January 1991), Morocco (April 1999), Syria (December 1991), and Tunisia (March 1999).

South America

- Egypt-MERCOSUR Free Trade Agreement

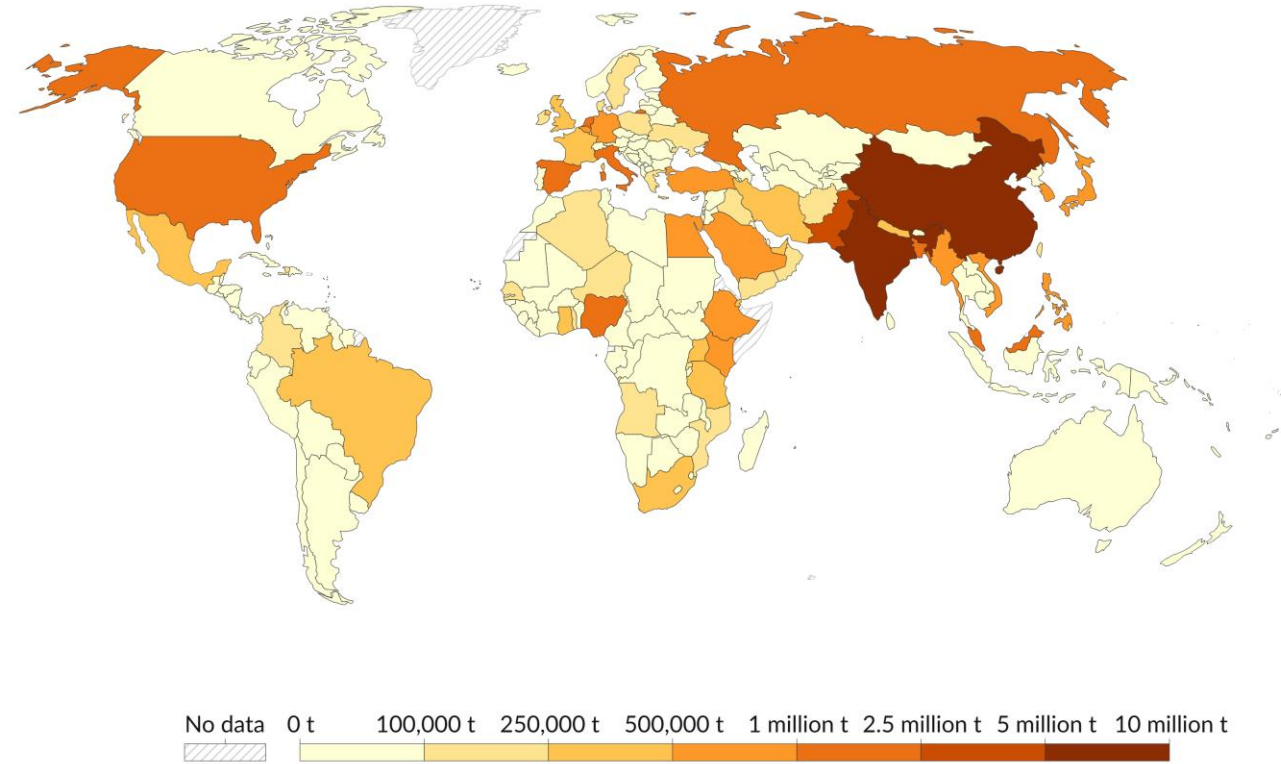


Palm oil imports, 2021

Our World
in Data

Current Market Challenges

- **Rising Demand:** Significant growth in demand from the food industry for cooking oil, margarine, and processed foods.
- **Geopolitical Disruptions:** Increasing global volatility affects shipping lanes, insurance costs, product availability.
- **Health and Sustainability:** Growing awareness of health impacts and sustainability concerns influencing consumer choices and regulatory frameworks.



Data source: Food and Agriculture Organization of the United Nations (2023)

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***EGYPT: A
STRATEGIC
FOOD SECTOR
INDUSTRIAL
HUB SERVING
AFRICA, GCC
AND EUROPE***

Championing the development of a comprehensive regional hub for import, production, export, and trading infrastructure is crucial for driving economic growth in Egypt.

This strategic initiative will penetrate key markets in MENA, East Africa, and Eastern Europe, significantly enhancing our domestic capabilities.

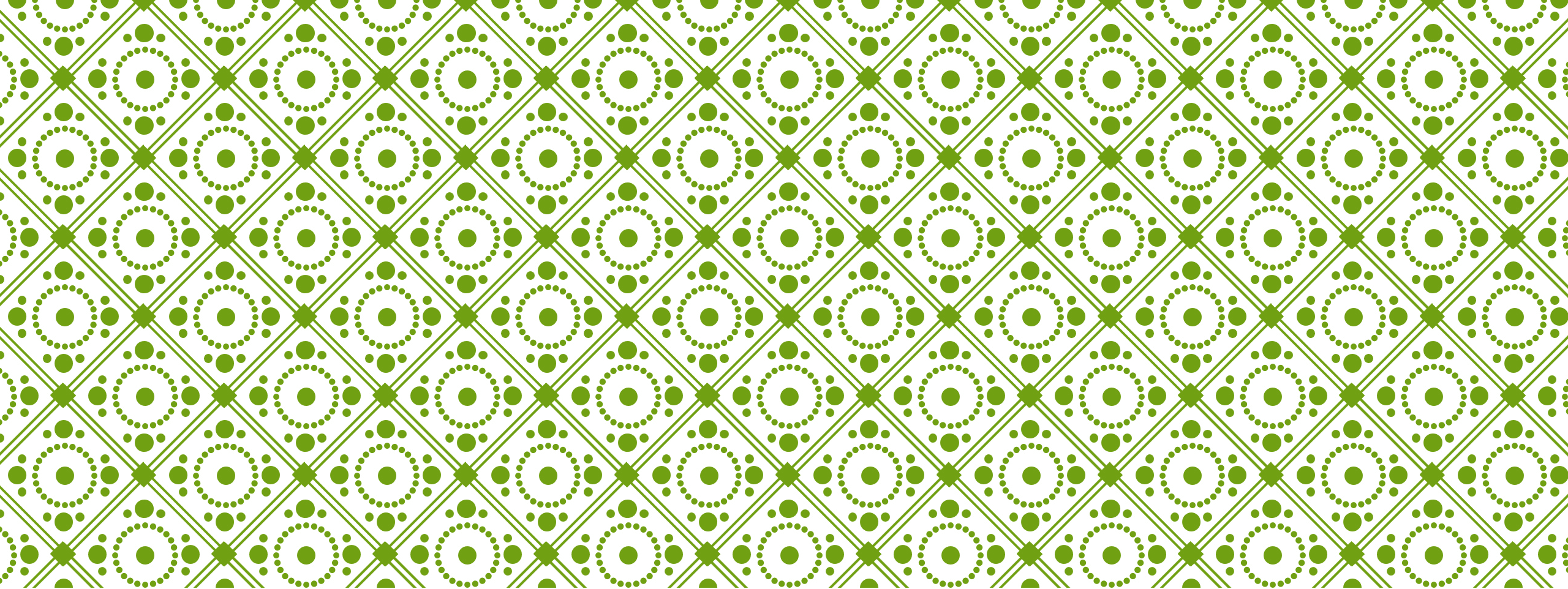
By supporting the industry, you will help safeguard Egypt's economy against the volatility of global commodity prices, ensuring stability and prosperity.

Your endorsement is vital for transforming Egypt into a pivotal player in the regional and global markets



- Food security vs price stability vs food availability
- Politically driven mandates generate inflationary costs to fundamental commodities
- Industrial and Regional synergies are one of the ways to mitigate growing supply instability.

FOOD FOR THOUGHT



THANK YOU

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