



OPPORTUNITIES & CHALLENGES FOR PALM OIL IN THE USA

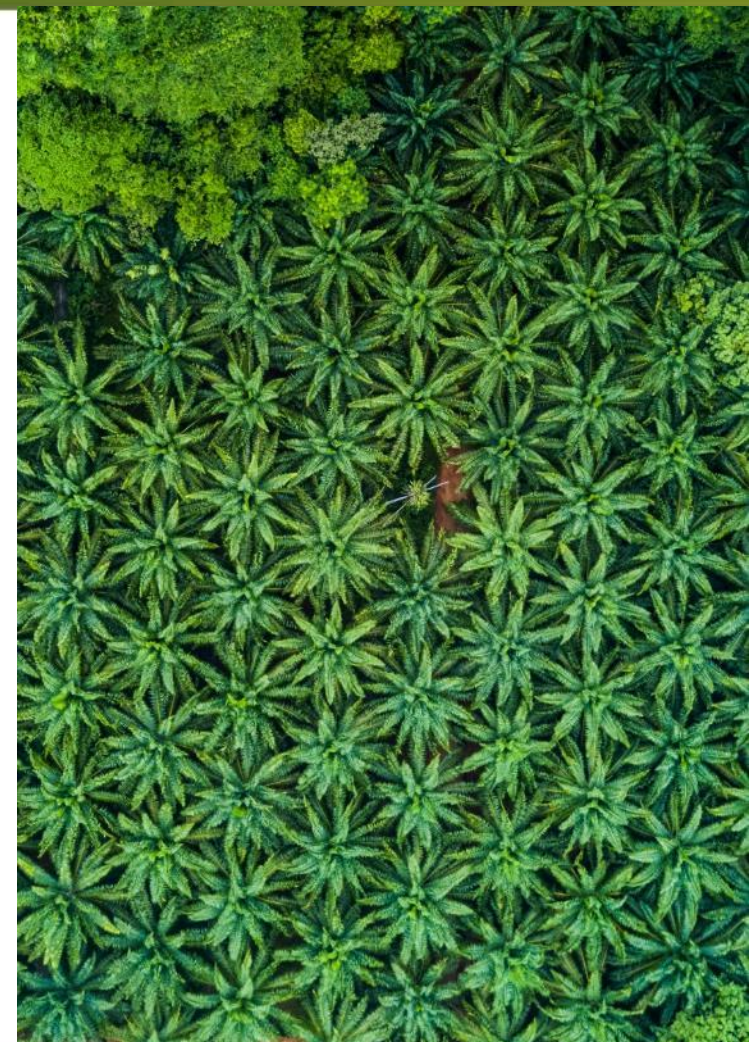


WAN AISHAH WAN HAMID
CEO, MALAYSIAN PALM OIL COUNCIL



Presentation
Outlines

- Global Oils & Fats Dynamics
- Americas Oils & Fats Dynamics
- USA Oils & Fats Dynamics
- Opportunities & Challenges for Palm Oil in the USA
- Strategy: Malaysia's Way of Capturing the Market
- Summary & Conclusion





GLOBAL

Oils & Fats Dynamics



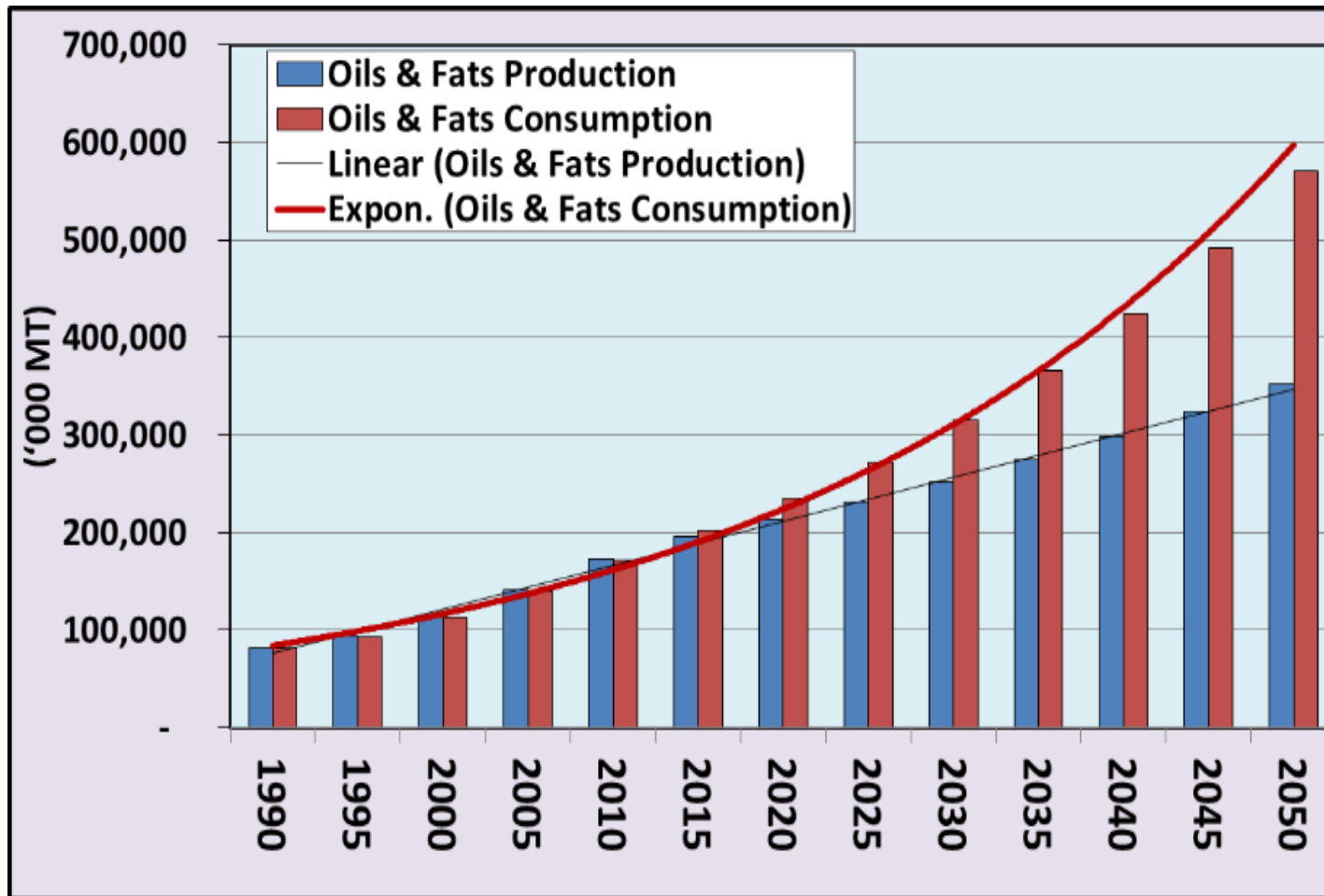
Projected Oils & Fats Consumption vs Production

According to an estimate, global human population will grow to over 9 billion by 2050

Food and Agriculture Organization of the United Nations (FAO) estimates the world will have to produce about 60 to 70 percent more food in the next 35 years,

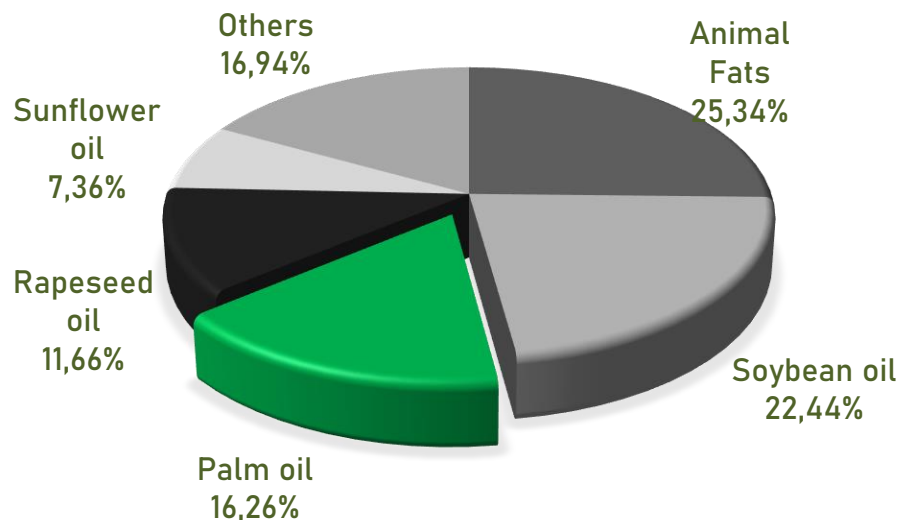
The gap projected demand and supply will continue to widen

Source: Oil World, FAO, MPOC's estimates

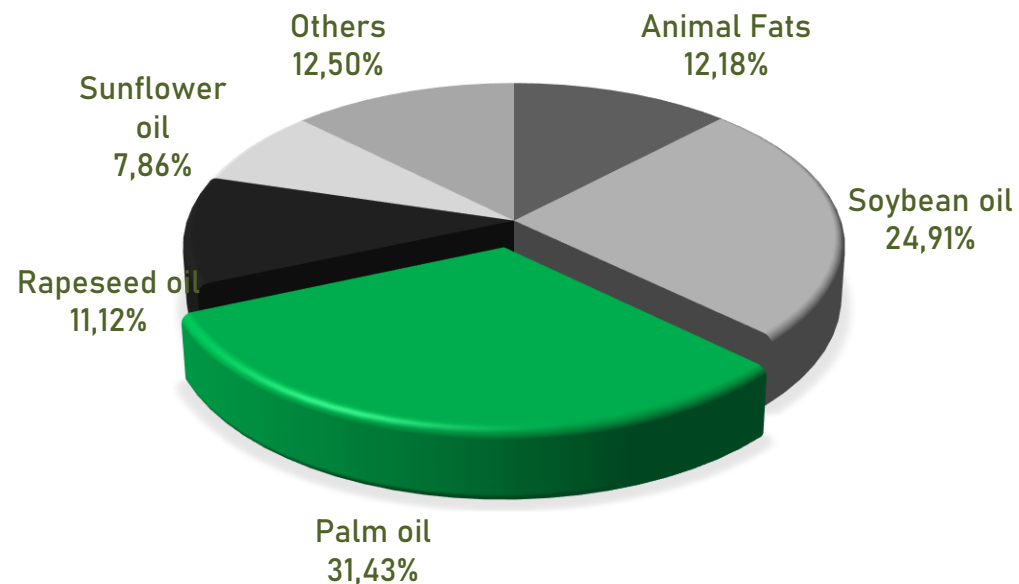


Global Oils & Fats Production (1990 vs 2021)

1990
80.89 mil MT

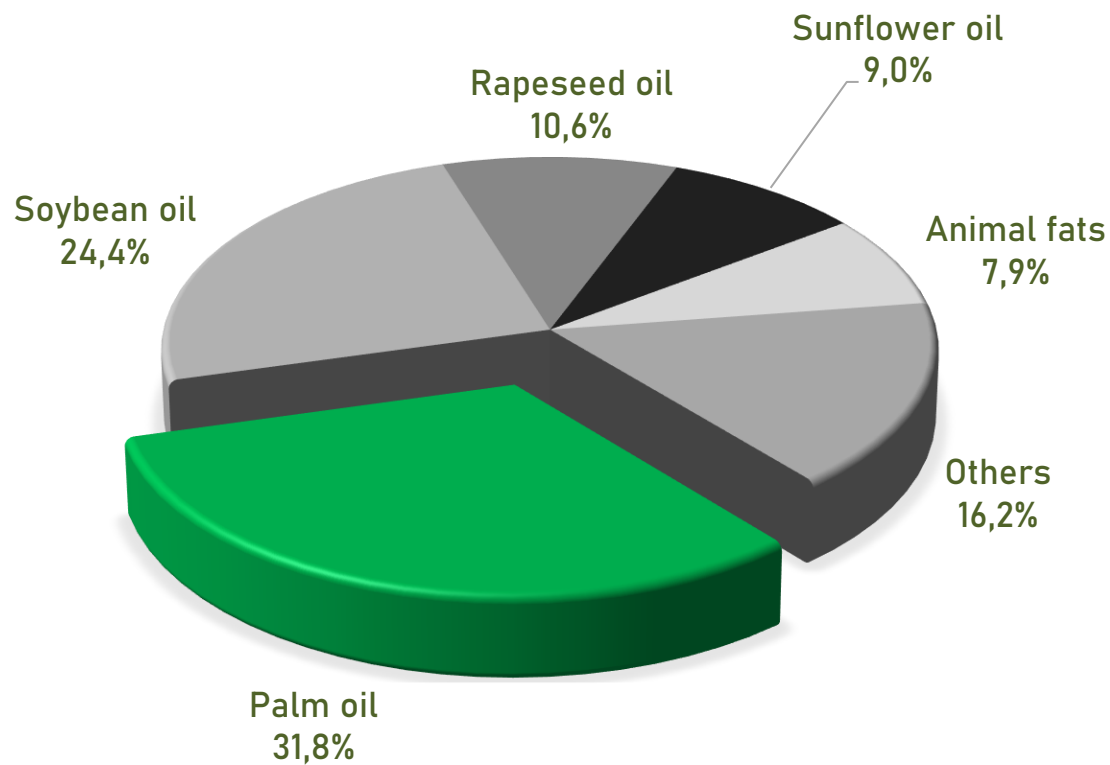


2021
241.44 mil MT



Source: Oil World

Global Oils & Fats Consumption – Palm Oil’s Contribution



Direct Food Usage (66%)



Biofuel (17%)



Oleochemical (14%)



Feed (1%)

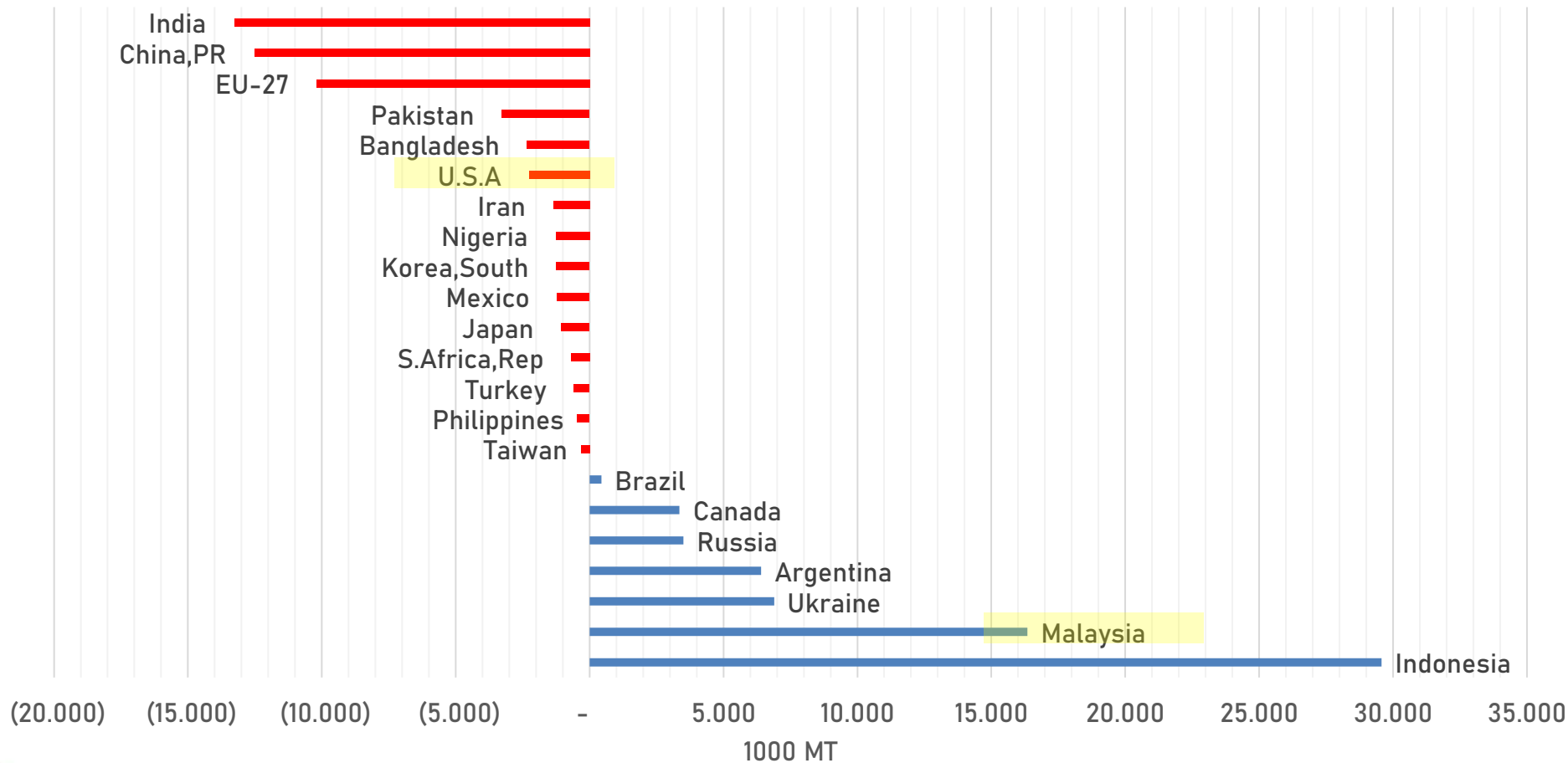


Others (2%)

**Untapped biomass potentials*

Source: Oil World

Global Oils & Fats Dynamics - Net Importers & Exporters



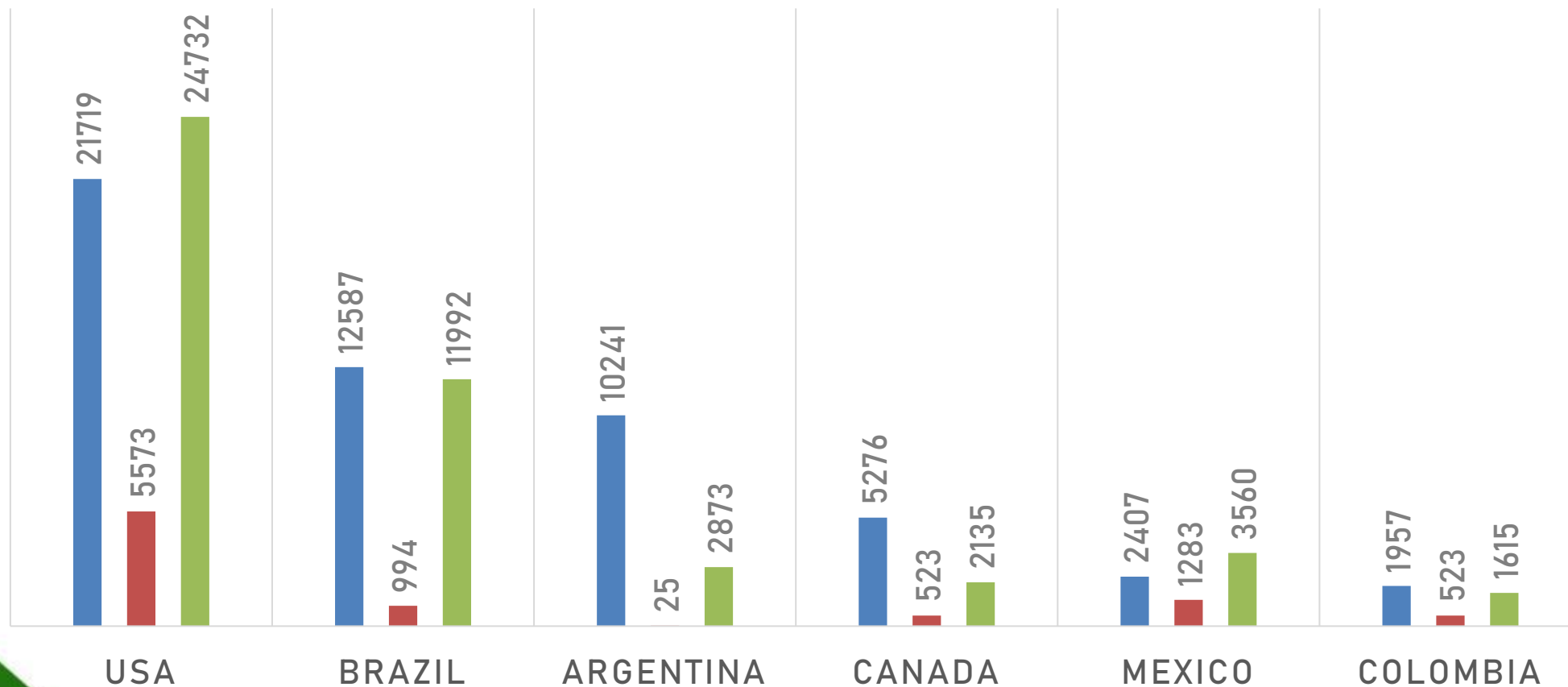
Source: Oil World

AMERICAS

Top 6 Oils & Fats Producers in 2021

('000 MT)

■ Production ■ Import ■ Consumption

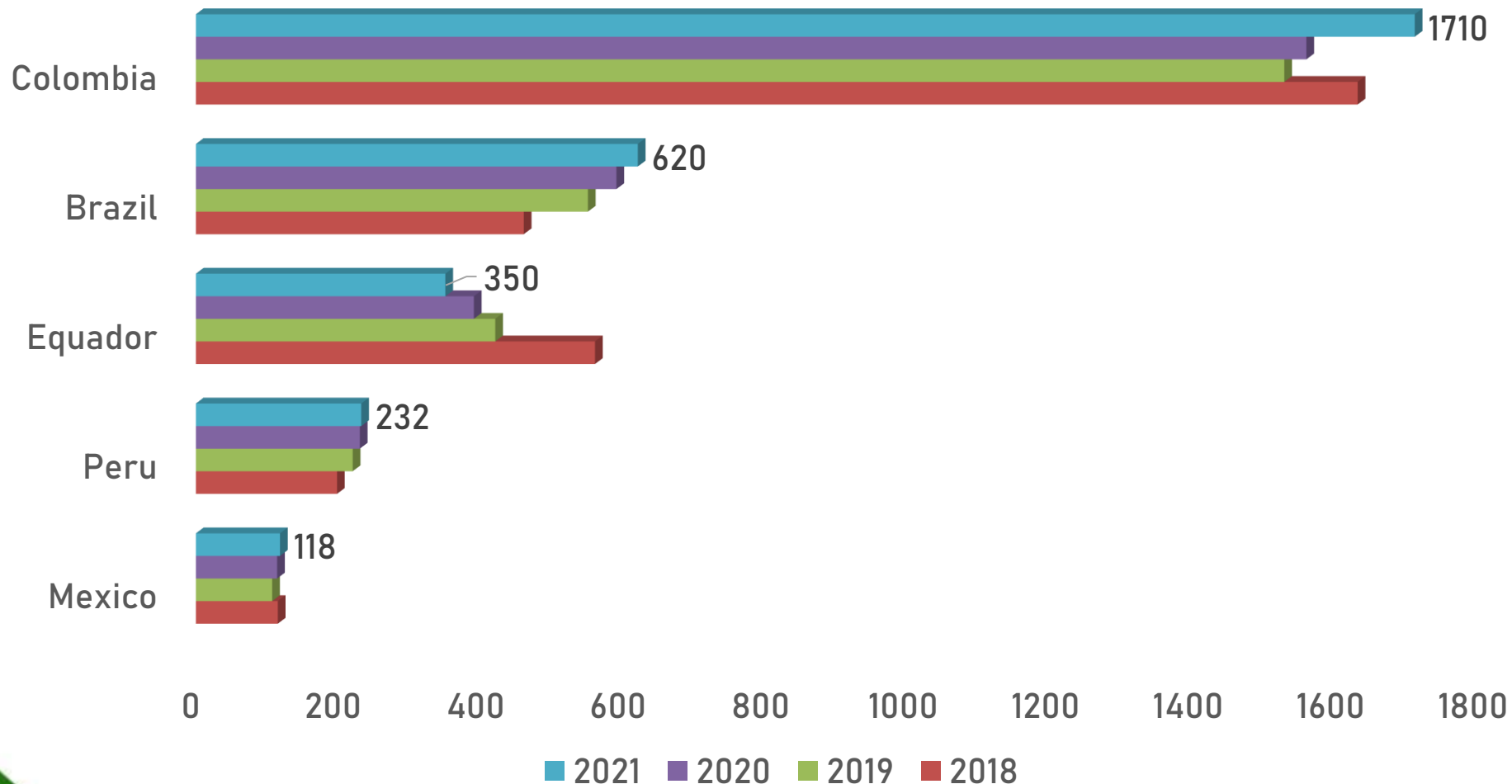


Source: Oil World

AMERICAS

Palm Oil Producing Countries

('000 MT)

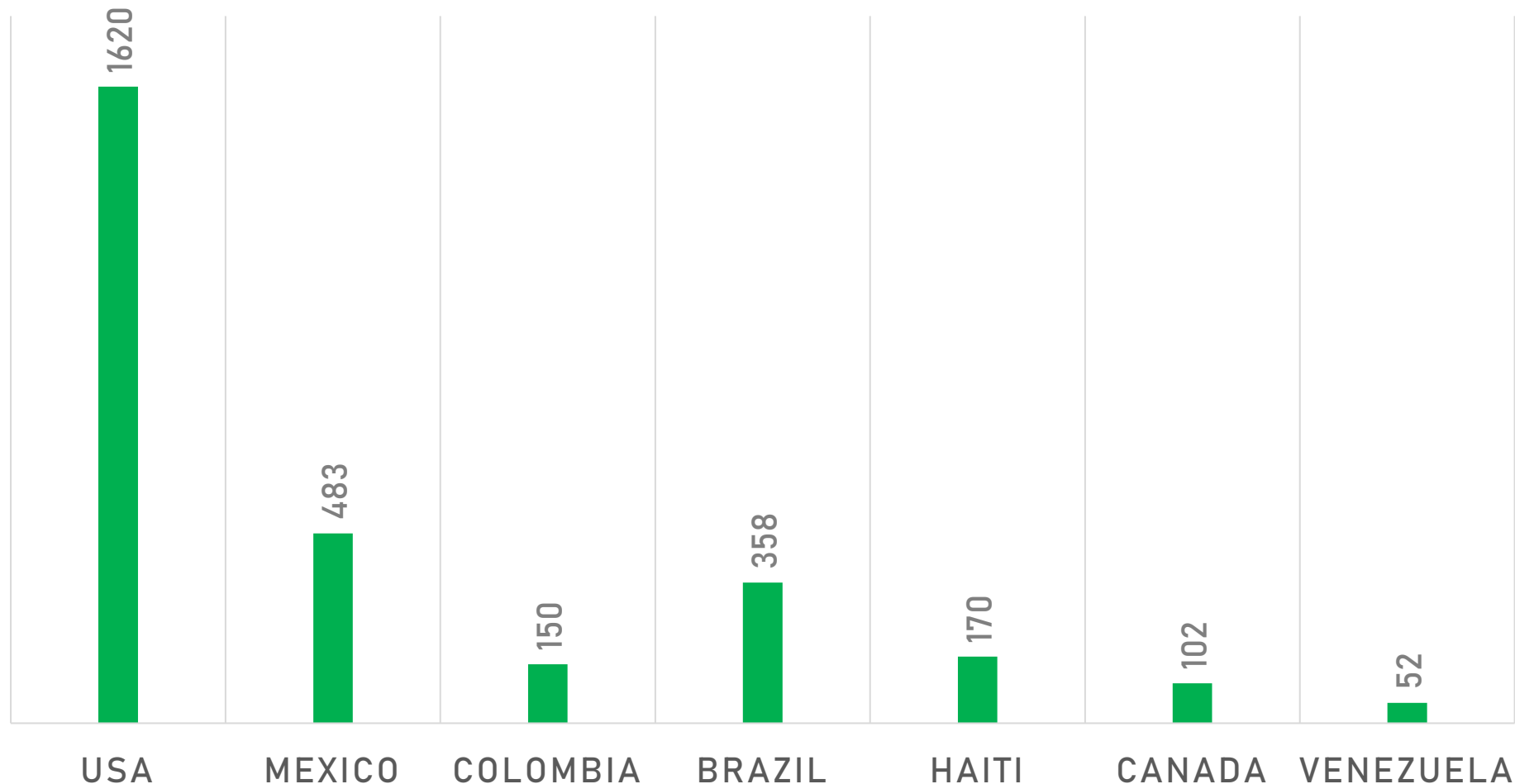


Source: Oil World

AMERICAS

Palm Oil
Imports in
2021

('000 MT)



Source: Oil World

AMERICAS

Malaysian Palm Oil Imports

('000 MT)

Country	Jan-Dec 2021	Jan-Dec 2020	Change (MT)
USA	268,625	540,349	(271,724)
Canada	13,212	12,905	307
Guatemala	11,950	1,219	10,731
Brazil	8,546	9,141	(595)
Trinidad	7,711	6,167	1,544
Other Americas	24,619	42,207	(17,588)
Total	334,663	611,988	(277,325)

Source: Oil World



USA

Oils & Fats Dynamics

USA Market Snapshots



U.S. Palm Oil Import

Data issued by U.S. Census Bureau indicated that total palm oil imports into the U.S. from Jan-May 2022 amounted to 682,000 T. Malaysia's market share was 9.5%



Palm Oil Entry Points

The East Coast ports remain the major entry points for palm oil into the U.S. Port of New Orleans, Savannah and Newark handled 79% of palm oil imports in Jan-May 2022



Oils & Fats Applications

Food applications accounted for the highest market share in the North America vegetable oils market

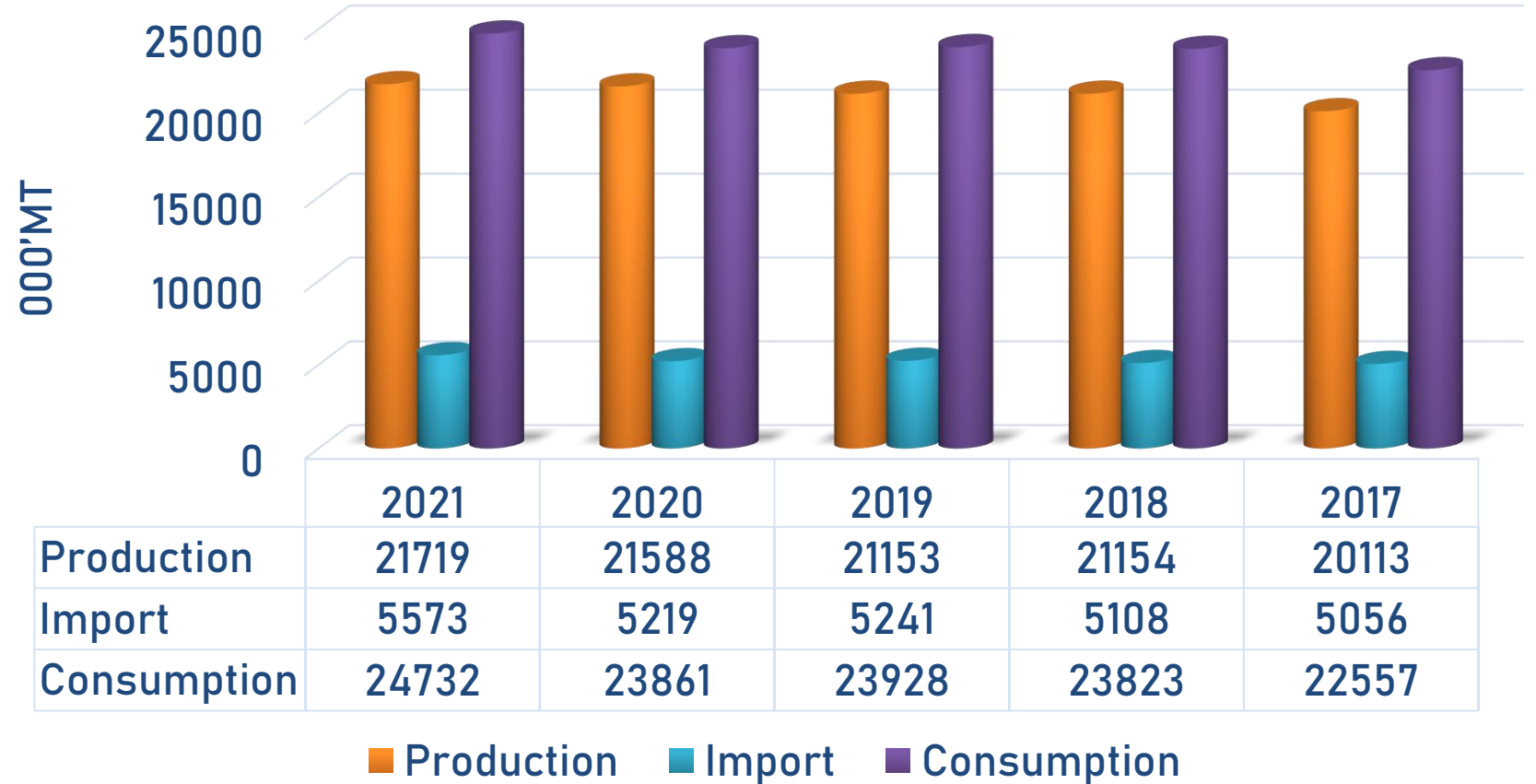


U.S. Market Outlook

In 2021, U.S. total oils and fats imports amounted to 5.57 Mn T. Palm oil imports constitute 29 percent of the total imports.

USA

Balance of Oils & Fats ('000 MT)



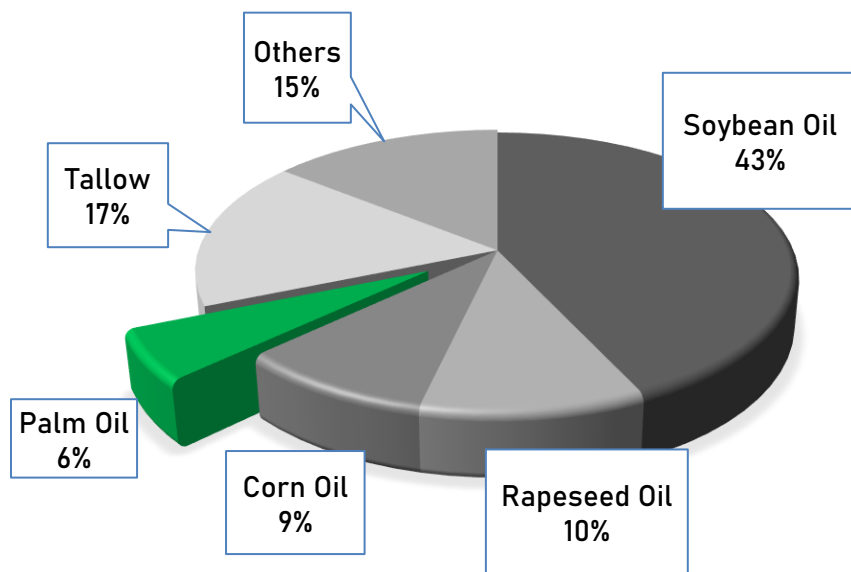
Source: Oil World

Source: Oil World, MPOC market analysis

Source: Oil World

USA
Biggest
Importer and
Consumer in
Americas

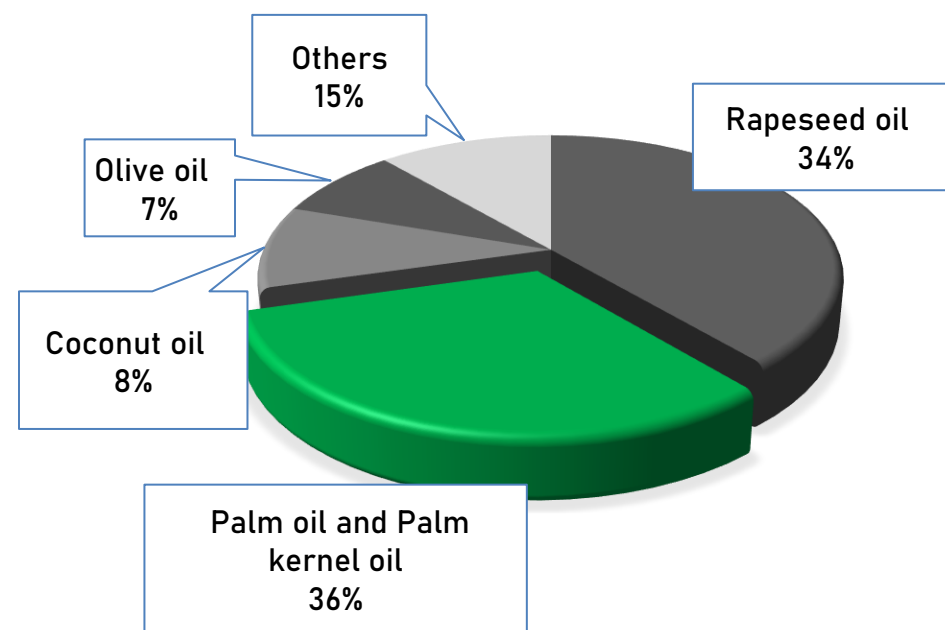
CONSUMPTION 2021



Total oils and fats consumption in 2021 amounted to 24.7 million MT

Source: Oil World, MPOC market analysis

IMPORT 2021

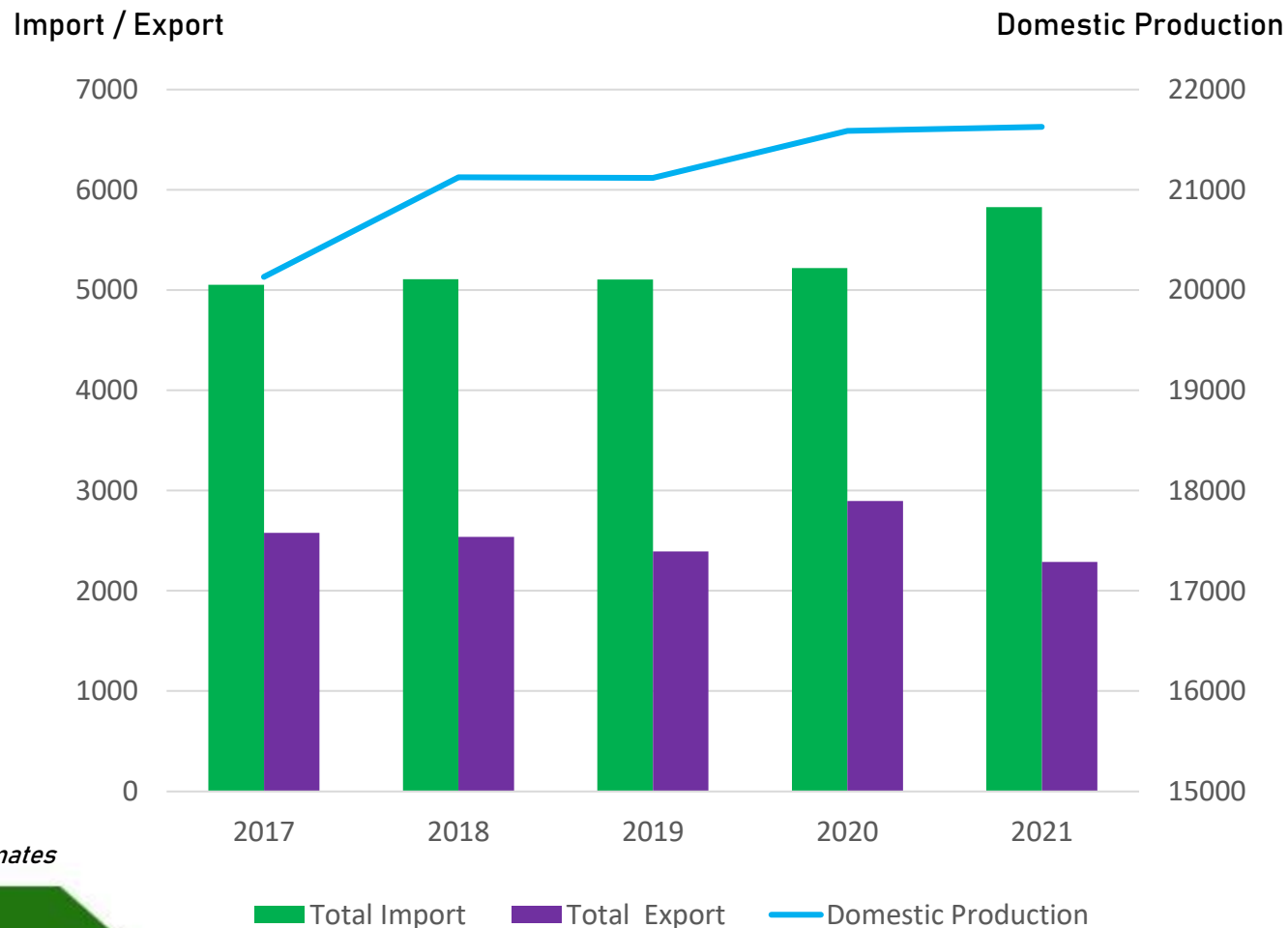


Total oils and fats import : 5.57 million MT

Source: Oil World

Oils & Fats Balance

USA Oils & Fats Dynamics (‘000 MT)



- The US is one of the top global producer of soybeans and soybean oil
- Despite positive y-o-y growth of domestic production, imports also increased y-o-y
- This is underpinned by declining export trends
- This is a clear picture of USA's increasing gap for oils & fats which indicates vast potential for palm oil

Source: Oil World, FAO, MPOC's estimates

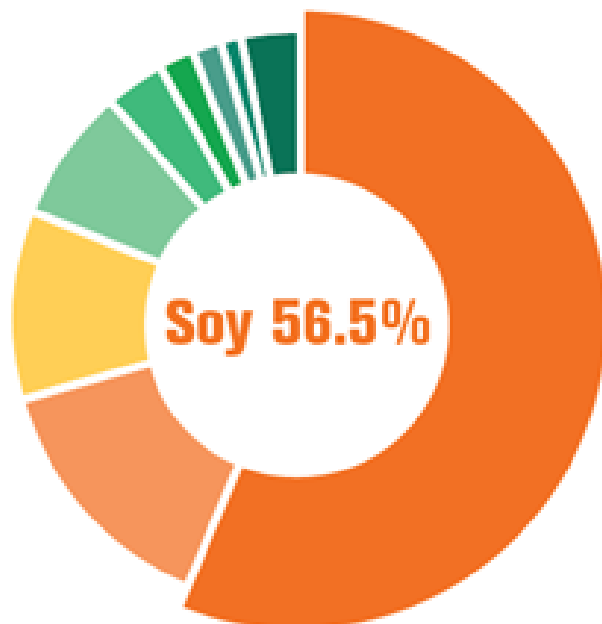


OPPORTUNITIES & CHALLENGES

for Palm Oil in the USA

USA
Vegetable Oil
Consumption
(‘000 MT)

U.S. EDIBLE VEGETABLE OIL CONSUMPTION¹



MARKET SHARE	OIL VARIETY
56.5%	Soy
14.1%	Canola
10.7%	Corn
7.5%	Palm
3.2%	Coconut
2%	Olive
1.7%	Sunflower
1.2%	Cottonseed
3.1%	All other

- ▶ Cooking oil
- ▶ Salad Dressings
- ▶ Baked Goods
- ▶ Crackers
- ▶ Barbecue Sauce
- ▶ Shortening
- ▶ Non-dairy Creamers
- ▶ Potato Chips
- ▶ Mayonnaise
- ▶ Breads
- ▶ Whipped Topping

Potential in the USA

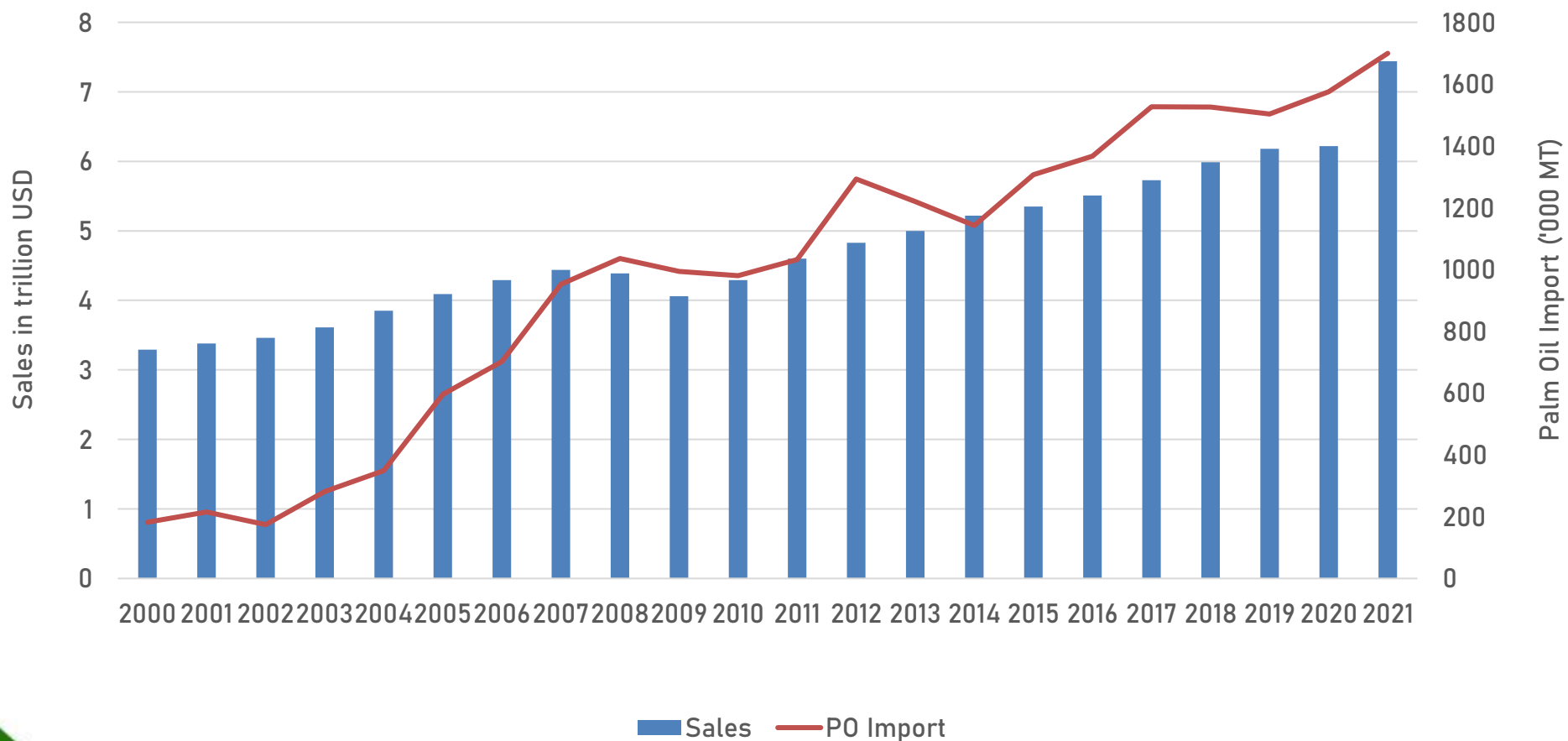


- ▶ The U.S. Census Bureau projects the United States population will be 332,403,650 on Jan. 1, 2022.
- ▶ This represents a 0.21% increase in population or an additional 706,899 people since New Year's Day 2021.
- ▶ Continued growth for food industry

Potential
in the USA

Food
Services

USA Retail and Food Service Sales VS Palm Oil Import

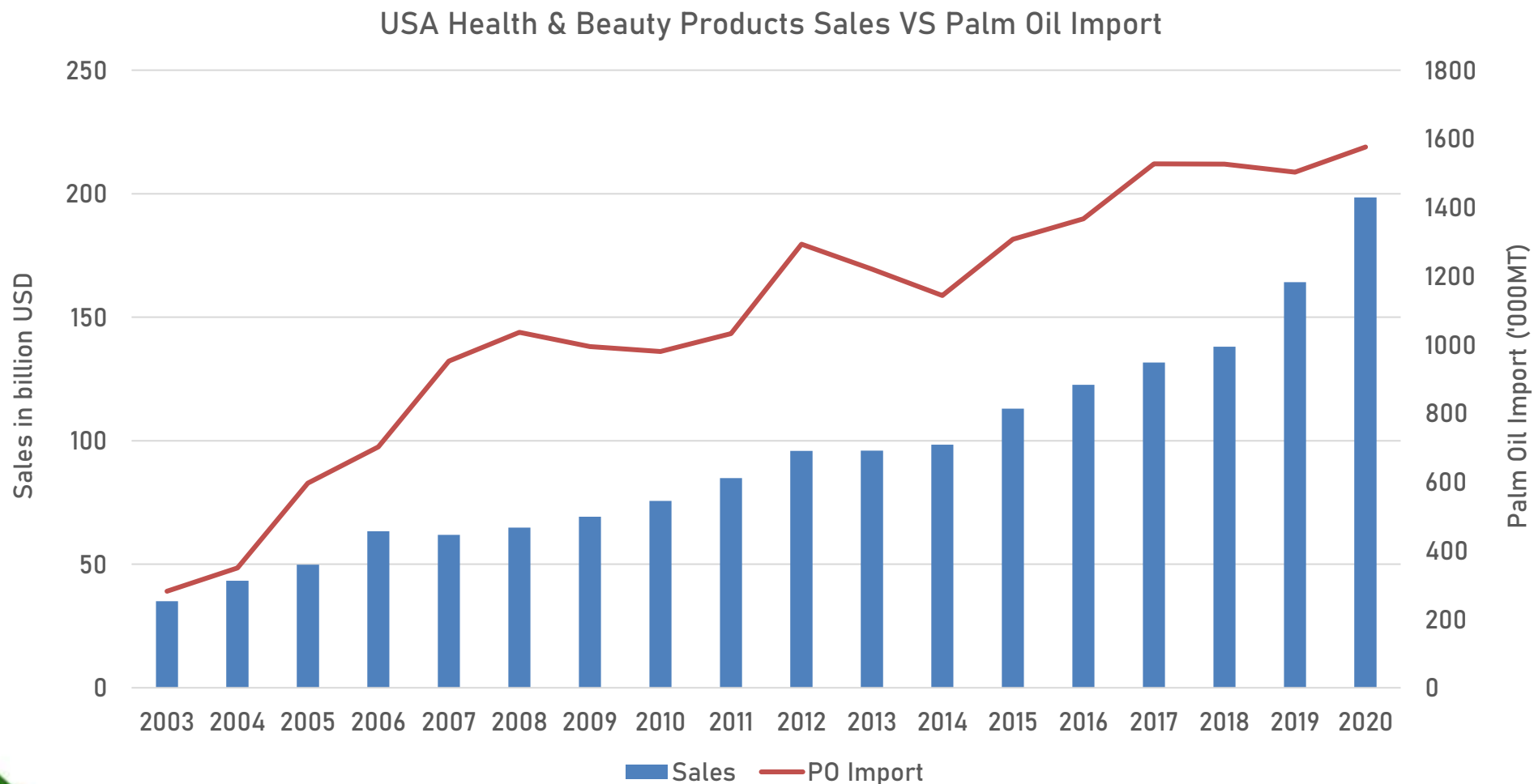


Source: USDA and US Census Bureau

Potential
in the USA

Health &
Beauty
Products

Source: USDA and US Census Bureau



Continued Potential of the USA



Demographic growth and diversified ethnicities



Increasing demand for processed food and foodservice industries



Rising awareness on healthy lifestyle



Increasing utilization of palm oil and its derivatives in non-food uses



Growing outlets to obtain food; food delivery, phone app

Nutrition (Tropical Oil / Saturated Fats)

- In 1984, CSPI organized the first national campaign to pressure fast-food restaurants and food companies to stop frying with beef fat and tropical oils, which are high in the cholesterol-raising saturated fats that increase the risk of heart disease.
- We all know the real problem is trans fat from partially hydrogenated vegetable oil and saturated fat has no correlation with CHDs
- But, the stigma of saturated fat still lingers in the minds of the Americans



Climate Change

Forest Act 2021

- The U.S. Congress were set to unveil legislation to reduce illegal deforestation globally by restricting the trade of certain agricultural commodities.
- Companies would have to improve their tracking of supply chains for certain commodities, especially palm oil, cocoa, soy and cattle products, as well as rubber and wood pulp, to prove they come from areas that have not been illegally logged.



Forced Labour



- Between 2016-2021 the uptick in WROs was even more profound. In that period, CBP issued 36 WROs on goods from eight countries and fishing vessels, 64 percent of which occurred in 2020 (15) and 2021 (eight)
- If CBP finds that the information "reasonably but not conclusively" indicates the use of forced labor under Section 307, and the good is being imported or is likely to be imported, the agency will issue a WRO and will detain the goods covered in the order.

STRATEGY

Malaysia's Way of Capturing the Market



Strengthening Local Policies to Meet Global Demand

- National Action Plan on Forced Labour – inter-ministerial collaborations (13 Ministries) to ensure that no forced labour throughout all key industries in Malaysia
- Include Ratification of ILO's Article 29 on forced labour by Malaysia
- Malaysian Sustainable Palm Oil (MSPO) certification – a government commitment, making sure environmental protection and forced labour are key components for the Malaysian palm oil industry – no new planting on natural forests, HCV, SIA assessments, GHG emissions scheduled plan for improvements



Palm Oil Image Building

- Work with Local Consultant
 - Work with local consultant to understand on the ground issues and sentiments on palm oil and related industries and later strategize the best way to communicate the right information
- Use of Media
 - Use conventional and digital media to disseminate positive palm related information, and create meaningful dialogue
- Use of Technology
 - Improved transparency and traceability of palm oil supply chain through MSP0 Trace system that is available online and on mobile apps. Plans to put to blockchain to improve credibility.



Stakeholders' Engagement

- Industry
 - Discussions on market updates, Malaysia's policies that facilitate trade i.e. NAPFR and potential products where palm oil and its derivatives can be used with manufacturers and traders
 - Discussion with local associations and agencies i.e. American Soybean Board
 - *The 12th Palm Oil Seminar Series (POSS) Seattle, Washington, Interaction and networking session with senior officials of the United Soybean Board (USB), Promoting palm-based animal feed and animal nutrition products at the World Dairy Expo in Madison, Wisconsin*
- Government
 - Ministerial visits, discussions with CBP and ILO to inform Malaysia's efforts in mitigating issues raised
 - Awareness program with all foreign missions in the USA to get them informed on the latest information on palm oil
 - *Passport DC, Washington DC, USA*



Stakeholders' Engagement

- Subject Matter Experts, Social Influencers, Users
 - Work with nutrition professors, chefs, restaurant owners, health influencers through programs that demonstrates the goodness of palm oil in their respective fields
 - *Cooking demonstration and food tasting sessions at the Worlds of Flavor event in California, Palm oil workshop at the Worlds of Flavor event, Cooking demonstration for the Asian food catering and food service sectors and palm oil briefing in Flushing, New York*
- Consumers
 - Make consumers understand through ground activation activities to answer all the confusions created by anti palm oil NGOs
 - Roadshows, in collaboration with local companies to create awareness on palm oil's positive attributes and sustainability efforts



Summary

- Producing Countries Need to Work Together
 - All palm oil producing countries need to band together and put in a concerted messaging on how palm oil is actually part of the solution to global food security
 - Acknowledge each other's efforts by creating a common standards that will be use for trade to prove quality / sustainability
 - Stronger lobby and put pressure on anti-palm oil campaigns around the world by pulling resources, or embed in local legislation to halt products or country that have blatant anti-palm oil policies
 - TOGETHER, we can WIN!





XX OIL PALM
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THE TRANSFORMATIVE
POWER OF OIL PALM

Thanks