

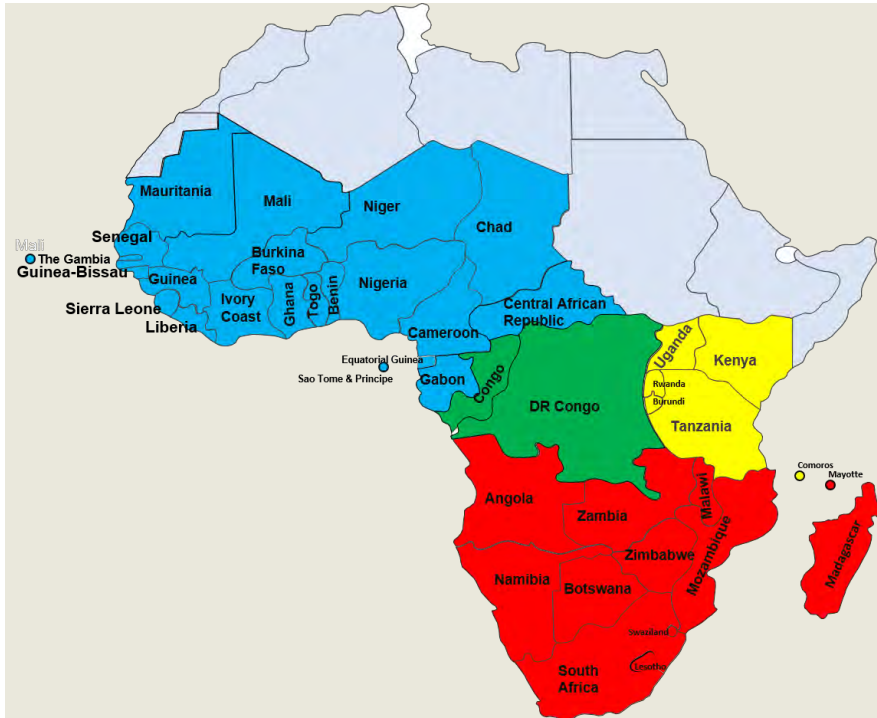
Challenges and Opportunities in Sub-Saharan Africa Palm Oil Market



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MPOC Market Forum
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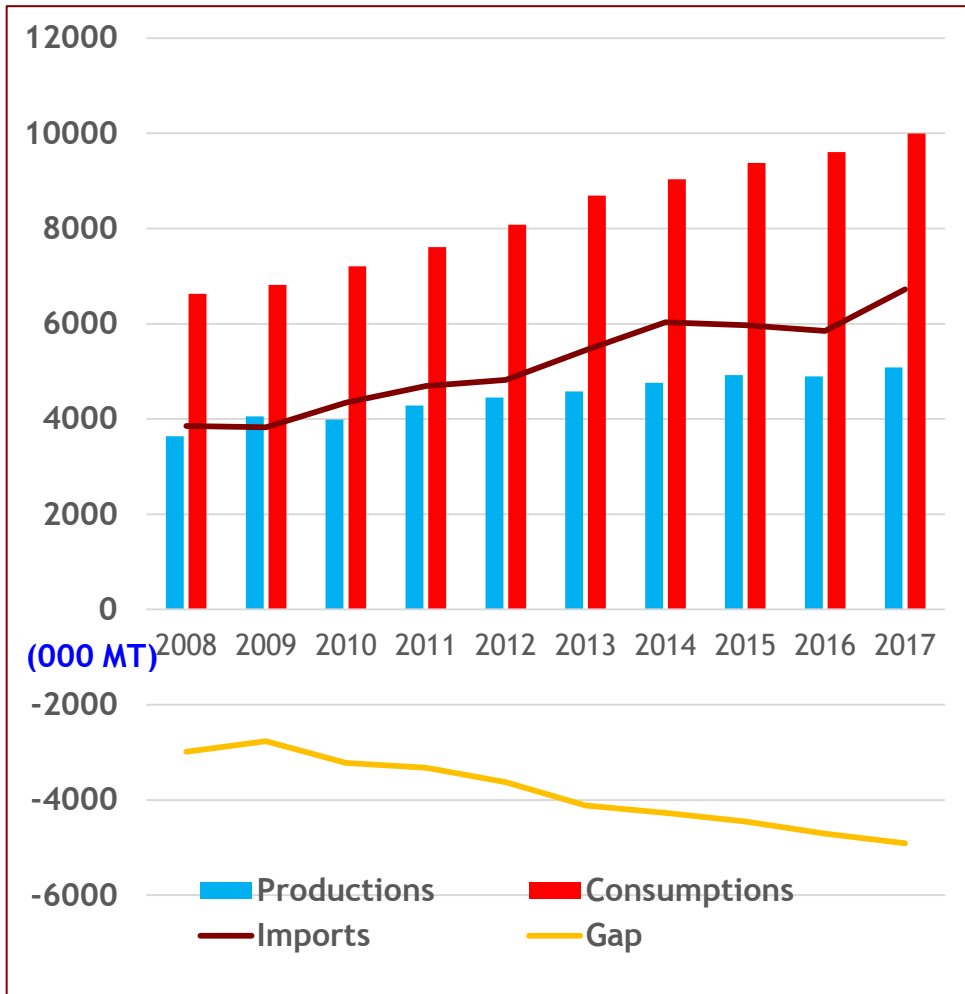


SUB-SAHARAN AFRICA



- ▶ 41 countries and 5 territories
- ▶ Population – 910 million (*UN, Oct 2018*)
- ▶ Combined GDP- \$ 1.45 trillion (*IMF, Apr 2018*)
- ▶ Average economic growth in the region is estimated to have risen from 2.3 percent in 2017 to 2.7 percent in 2018, (*World Bank, Oct 2018*)

Oils and Fats Supply Gap (2008-2017)



- ▶ For the past ten years, production of oils and fats increased from 3.6 Million to 5.0 Million MT)
- ▶ Consumption has increased from 6.6 to almost 10.0 million MT
- ▶ Supply gap jumped from 2.8 to 4.9 Million MT.

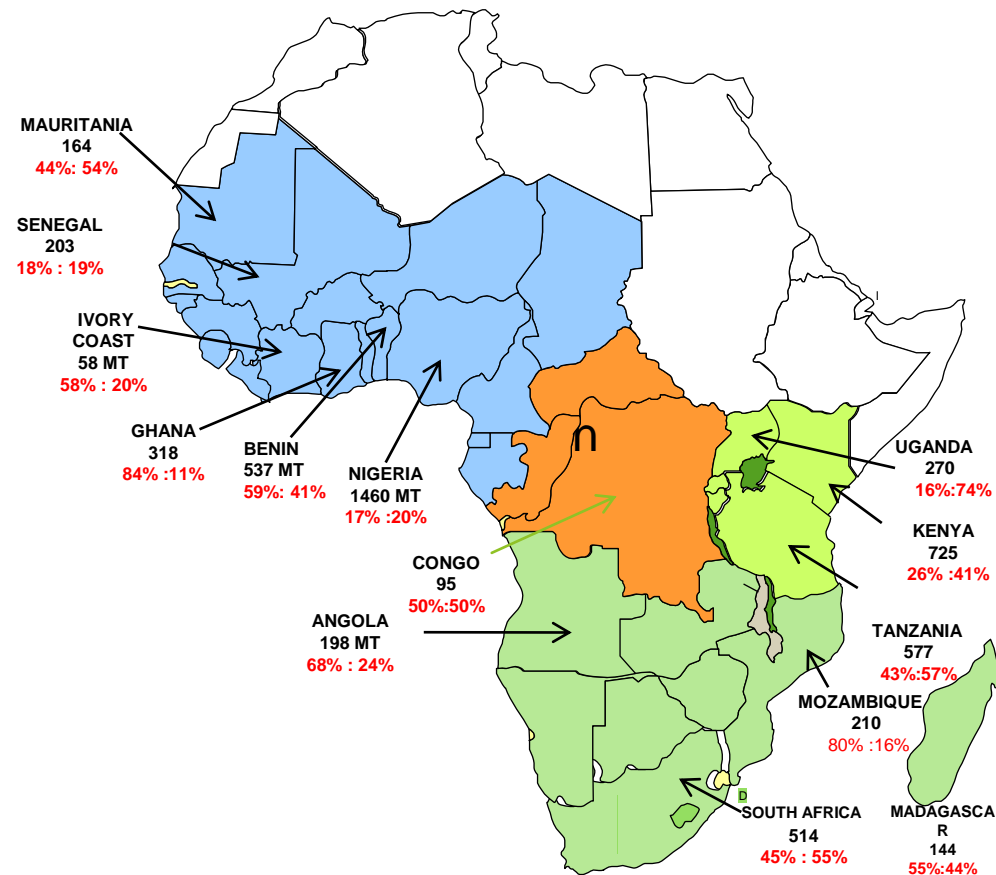
Source: Oil World Annual 2018

Palm Oil Imports into SSA Region ('000 MT)

MPO vs. IPO Market Share (%)

Palm Oil Share : MPO: 42%
IPO: 37%

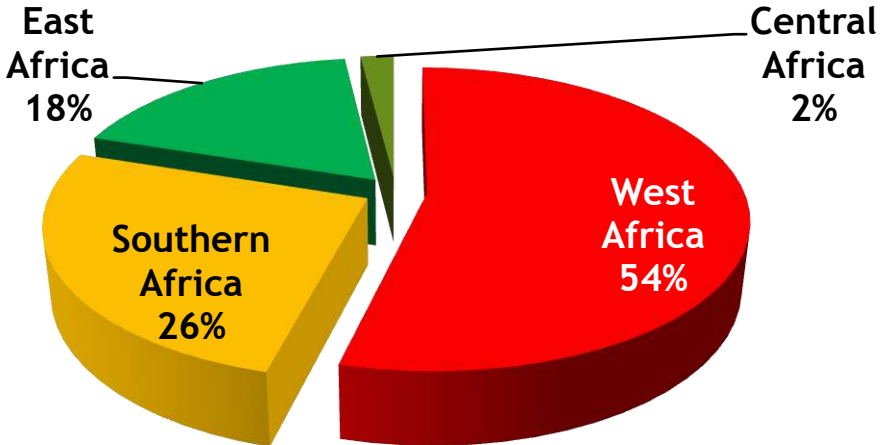
COUNTRY	2017 (000 MT)
Malaysia	2433
Indonesia	2130
Others	1190
TOTAL	5753



Source: MPOB, Oil World

MPO Export to Sub Saharan Africa (MT)

Percentage by Region



	2013	2014	2015	2016	2017	2018 (Jan-Sep)
West Africa	1,108,496	1,136,588	1,076,892	1,006,239	1,317,459	819,557
Southern Africa	300,075	363,802	506,805	559,237	627,216	404,748
East Africa	252,554	417,115	380,972	502,734	444,728	378,074
Central Africa	64,189	28,721	42,539	36,803	43,874	30,596

Source: MPOB

CHALLENGES

- ▶ **Lack of market information**
- ▶ **Access to financing. Lack of foreign exchange**
- ▶ **Inadequate infrastructure. Lack of storage and transport facilities. High transport costs landlocked countries.**
- ▶ **High rate of inflation and high price of locally sold cooking oil, not consistent with the purchasing power of local consumers.**
- ▶ **Competition from locally produced palm oil in West Africa and Sunflower Oil in South Africa and Tanzania**
- ▶ **Government policies such Nigerian ban on import of packed products oils and high tax on others.**

OPPORTUNITIES

- ▶ **Palm oil is the most consumed edible oil in Africa and accounts for over 70% of edible oil consumption**
- ▶ **The demand for CPO has increased due to increasing refining capacity.**
- ▶ **Imported palm oil is cheaper than locally produced.**
- ▶ **Increasing palm oil market demand in cooking sector, shortening and margarine and specialty fats.**
- ▶ **Plenty of room for growth due to the size of the population and low per capita consumption.**

OPPORTUNITIES

- ▶ **Seek platforms and hubs. West and East Africa region have highest potential due to existing demand, large population size and highest growth rates.**
- ▶ **African trade barriers are falling and intra-African trade holds enormous potential**

CONCLUSION

- ▶ Sub-Saharan Africa is quickly becoming an attractive market for Malaysian palm oil exporters, as a result of having the world's fastest growing population, growing demand and expanding economy.
- ▶ Doing business in Africa provides unique challenges and endless opportunities.

*Thank
you*

A close-up image of a fountain pen nib, showing the gold-colored metal and the black resin body. The nib is positioned at the end of the word 'you' in the 'Thank you' text.