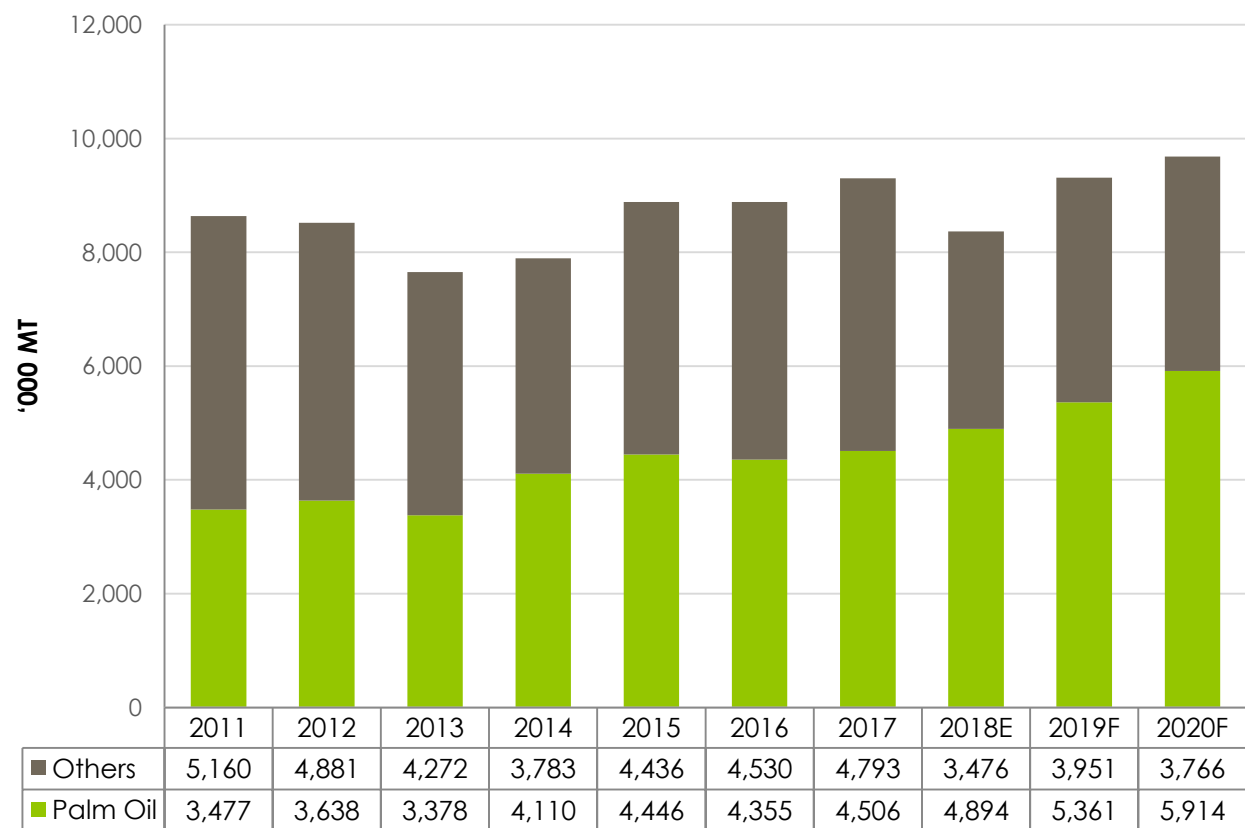


Opportunities and Challenges : Asia Pacific ex-China



Overview

Palm Oil Import



Source: Oil World

- Total oils & fats consumption in 2017 was 30,446,000 MT
- Total oils & fats import was 9,299,000 MT
- Palm oil has slowly become the major oil imported in the region, taken up more than 50% of total oil imports
- Palm oil will continue to grow in the region in the near future

Total Palm Oil Import Trends ('000 MT)

	2011	2012	2013	2014	2015	2016	2017	2018E	2019F	2020F
Philippines	543	371	234	690	782	931	1,175	1,010	1,115	1,231
Myanmar	395	509	605	664	782	786	828	897	972	1,053
Vietnam	596	603	583	679	713	742	835	870	951	1,039
Japan	588	577	591	599	620	647	708	759	789	820
South Korea	292	325	334	439	449	472	507	560	595	633
Singapore	681	844	619	589	610	612	599	604	602	599
Taiwan	154	160	188	206	210	189	197	226	234	243
Thailand	96	105	83	88	109	30	24	130	142	156
Australia	112	103	103	110	119	141	148	132	138	145
Papua New Zealand	5	24	18	26	35	31	45	53	66	82
	18	19	20	20	18	19	19	17	16	16

Source: Oil World

Opportunities - Philippines

- Philippines oils & fats consumption in 2017 was 1,630,000 MT
- Oils & fats import stood at 1,412,000 MT and palm oil constitute 83% from the total import at 1,175,000 MT
- Malaysian palm oil export to Philippines in 2017 was 752,000 MT
- Increasing middle class consumers and change in lifestyle which will spur demand
- Rapid development of tourism sector in Luzon, Western Visayas and Mindanao

Opportunities - Myanmar

- Myanmar oils & fats consumption in 2017 was 1,224,000 MT
- Oils & fats import stands at 842,000 MT and palm oil constitute 98% from the total import at 828,000 MT
- Total Malaysian palm oil export to Myanmar in 2017 was 134,000 MT
- Low production on sesame and groundnut due to low price demand by crushers
- This has open doors for higher imports of palm oil into Myanmar
- **New ventures in packed oil segments** as middle class consumers are growing and prefer trusted brands for their oil.

Opportunities - Vietnam

- Vietnam oils & fats consumption in 2017 was 1,339,000 MT
- Oils & fats import stands at 919,000 MT and palm oil constitute 91% from the total import at 835,000 MT
- Total Malaysian palm oil export to Vietnam in 2017 was 630,000 MT
- Significant growth in manufacturing sector in Vietnam particularly in the food industry
- Urban migration

Opportunities - Japan

- Japan oils & fats consumption in 2017 was 2,861,000 MT
- Oils & fats import stands at 1,011,900 MT and palm oil constitute 70% from the total import at 708,000 MT
- Total export for Malaysian palm oil to Japan in 2017 was 502,715 MT
- Japan recorded strong palm oil imports growth for the last 3 years with CAGR of 6.9%
- Japanese buyers are looking to **shift to sustainable palm oil by 2020** and willing to accept multiple certifications including MSPO
- Mainly driven by industrial usage, **palm oil is still untapped in the HORECA sector where it is still dominated by soft oils**

Opportunities - Korea

- The Republic of Korea oils & fats consumption in 2017 was 1,512,000 MT
- Imports of oils & fats has been strong at 8.9% CAGR for the last 3-years
- Oils & fats Import stands at 1,112,000 MT
- Total export of Malaysian palm oil to Korea in 2017 was 404,350 MT
- The Republic of Korea's production of oils & fats recorded marginal growth, showing flat trends due to urbanization resulting in reduced arable agriculture land and shift in labor force
- **Palm oil has the potential in the horeca sector by substituting, converting or complimenting** from use of corn oil and soybean oil.

Challenges

- Indonesian palm oil is catching up with Malaysian traditional market in the region
- Identifying reliable partners
- Misconception on palm oil nutrition facts
- Increased demand by local manufacturers around the region on sustainable sources as they are pressured by western partners to tighten sustainable supply chain
- Lack of awareness and technical know-how on the many uses of palm oil and palm products are still prevalent in certain markets

Suggestions

- Malaysian companies should be more personalized in terms of building rapport with buyers
- Physical presence and investments in growing countries i.e. Myanmar and Philippines
- JV with local reliable companies

THANK YOU