

KEYNOTE ADDRESS
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MINISTER OF PLANTATION INDUSTRIES AND COMMODITIES

6TH GLOBAL OILS AND FATS FORUM
MONDAY, 5 OCTOBER, 2009
JW MARRIOTT HOTEL, NEW ORLEANS, LOUISIANA, USA

Yang Berbahagia Dato' Lee Yeow Chor
Chairman of Malaysian Palm Oil Council

Yang Berbahagia Dato' Hj. Sabri Ahmad
Chairman of Malaysian Palm Oil Board

Yang Berbahagia Dato' Dr. Mohd Basri Wahid
Director-General of the Malaysian Palm Oil Board

Yang Berbahagia Tan Sri Datuk Dr. Yusof Basiron
Chief Executive Officer of the Malaysian Palm Oil Council

Madam Nurmala Abd. Rahim
Deputy Secretary General 1, Ministry of Plantation Industries and Commodities, Malaysia

Honoured Guests, Distinguished Speakers, Ladies and Gentlemen,

A very good morning to everybody!

1. It gives me very great pleasure indeed to be here today, in this beautiful, wonderful and certainly most historic city of New Orleans, the biggest city in the state of Louisiana, United States of America. I am certainly glad that the Malaysian Palm Oil Council (MPOC), through its office in the Los Angeles, California, which is better known in this country as the American Palm Oil Council, chose New Orleans as the venue for this year's edition of the 6th Global Oils and Fats Forum.

Distinguished Guests, Ladies and Gentlemen,

2. This event has been exclusively brought to you by the Malaysian Palm Oil industry. The Global Oils and Fats Forum, or GOFF in short, in its sixth edition this year, is a biennial event organised by the Malaysian Palm Oil Council. This event is exclusive to the Americas. In markets in all other parts of the world, the Malaysian Palm Oil Council organises a markedly different event, a series called the Palm Oil Trade Seminar (POTS). The exclusivity conferred to this region implies the importance of the American market to Malaysian Palm Oil producers.

3. The Americas, the land of the western hemisphere, is home to some 35 countries and more than 910 million people. The US alone is home to one-third of the population in this

region, presenting an enormous market potential for the palm oil industry and specifically, to Malaysian Palm Oil.

4. From the Malaysian Palm Oil point of view, the Americas, in particular the US market, present a unique challenge. The US market is traditionally dominated by soybean oil, with about 49% of the total oils and fats consumed originating from soybean oil. And this should not be surprising, since the US produces about one-third of the world's soybean supply. Nevertheless, the total consumption of oils and fats in this country increased by about 3.38% per annum over the last five years, proving that there is ample room for other oils to make their presence and fill the demand gap left by soybean oil. While oils and fats consumption, as a whole, remained moderate in the region of 16.8 million tonnes over the last three years, opportunities for growth remain aplenty, especially for palm oil where its usage has been increasing at a much faster pace compared with other vegetable oils. The average annual growth of palm oil usage the last five years has been about 36%, the highest among the other vegetable oils available.

Ladies and Gentlemen,

5. For Malaysia, the palm oil sector is one of the main pillars of the national economy. This sector has contributed significantly to a continuous inflow of earnings through the export of the raw commodity and value-added products to the global market. Last year, palm oil accounted for about 9.8% of the total exports by Malaysia and contributed RM65.19 billion or US\$18.1 billion in revenue, remaining the country's second largest export revenue earner in 2008.

6. To Malaysia, the Americas are very important markets. In recent years, there has been a significant upward trend in palm oil export from Malaysia to this region. Evidence of the growing amount of Malaysian Palm Oil imported into this region, especially to the US, was seen last year when it exceeded 1 million metric tonnes for the first time, joining the "tonnage millionaires" select group of destinations such as the EU, China and Pakistan. This shows that Malaysia stands much to gain from the continuously good trade partnership with countries in the Americas, and the US in particular.

7. Nevertheless, Malaysia need not be the only country gaining from her palm oil trade with the US. There are many economic activities the US can undertake that will allow her to gain economically as well. One example of this is downstream activities such as the production of biodiesel from crude palm. This will certainly benefit US producers since the use of palm oil as feedstock for biodiesel is much cheaper compared with the use of other oils - and ensures maximum profitability for the producers, especially now, with the prices of mineral oils steady.

8. Apart from the economic gains the US stands to amass by processing and producing palm oil-based products and supplying them to the world market, other key reasons for the US to bring in more Malaysian Palm Oil are that the oil is cheaper than other vegetable oils in the world; is readily available; has a long, well-documented list of health benefits and is also sustainably planted and harvested in Malaysia.

9. Considering this scenario, I strongly urge everyone to grab this opportunity and react now, to ensure that both Malaysia and the US mutually benefit from an active and healthy trade partnership. Malaysia and the US, and possibly the other countries in this region, should

embark on a number of collaborative initiatives to further enhance our trade relationship in this precious commodity. The hosting of this 6th GOFF in New Orleans, Louisiana, is a major step in this direction, which is also aimed at attracting new entrepreneurs and invigorating the palm oil trade. I sincerely believe that if business communities of both countries move to form partnerships and strategic alliances, there will be plenty of opportunities for both countries to expand the palm oil business. Evidence of such successful joint ventures can be seen in the Malaysian oil palm sector's partnerships with companies in countries like the Netherlands, China, Japan, Pakistan, Bangladesh, Vietnam and even Liberia in the African continent. These are only a few of the many testimonies on how Malaysia has built strategic alliances with key partners to gain access to markets, and at the same time commit itself in not only selling or exporting palm oil, but playing a major role in developing downstream activities in the importing countries as well.

10. There are many opportunities Malaysia's palm oil sector can offer the entire world. Many world renowned companies have come to Malaysia to establish joint ventures, not only because of readily available palm oil and palm kernel oil, but also because Malaysia offers the right policies for the growth of the palm oil downstream sector. Even in the upstream sector, such as in oil palm plantations, contributions from relevant multi-national parties are still needed. These include the areas of technology, labour, agricultural expertise and raw materials. One such example is the recent development in genome sequencing for palm oil, which can eventually lead to improved production yield and contribute to the betterment of the palm oil industry as a whole.

11. Apart from all these developments, the marketability of palm oil can also be enhanced, thanks in no small part to innovations developed by Malaysia. All these years, Malaysian Palm Oil Board, for example, has been hard at work in making palm oil more versatile in terms of its applications in not only for the food sector, but also the non-food sector, particularly in oleo-chemicals.

Distinguished Guests, Ladies and Gentlemen,

12. As the Minister in charge of Plantation Industries and Commodities, I am glad to say that the Malaysian Government views the Americas as a great trade partner. We value the cordial relationships that exist between us, and we seek a continuous, fruitful, beneficial and long-lasting economic understanding not only on a government-to-government level, but also people-to-people. As such, I urge all captains of industries and leaders of business communities present here today to seek out your Malaysian counterparts and get the facts directly from them, instead of listening to the tunes of third parties with their own agendas to fulfil.

13. Needless to say, palm oil has suffered from a negative perception from day one. From its nutritional content right to the planting method, palm oil endured sustained attacks from many quarters throughout the years. However, more often than not, those attacks were eventually proven baseless. A vital example is the touting of palm oil as unhealthy because of its saturated fats content. While many food products require edible oils, the process of hydrogenation of those oils only resulted in the creation of harmful trans fatty acids. Consequently, the US government realised the danger of trans fats in the diet and quickly moved to make it compulsory for producers to label the content of trans fat in their food products. Malaysia commends this 2006 ruling by the US Government, as this greatly assists consumers in understanding the contents of their food they consume and helps them to make

better choices. And what better choice is there than palm oil? Palm oil, due to its solidity, need not be hydrogenated, thus its status as a trans fat free oil. At the moment, palm oil usage in the production of shortenings accounts for 40% of its consumption in the US. As a palm oil producing country, Malaysia is certainly glad that consumers in the US are realising the nutritional value of palm oil as opposed to the baseless allegations brought up by certain sectors.

14. Again, I urge everyone present here today, seek your information directly from your Malaysian counterparts as they would be the best source of your reference, especially when it comes to "good 'ol palm oil".

Ladies and Gentlemen,

15. Opportunities are available in abundance, especially when it comes to the vast potential palm oil holds. Palm oil is indisputably the most cost-efficient edible oil as it produces more oil per planted hectare than any other oil-bearing crop. In terms of oil yield, the palm tree bears about 10 times more oil than competing crops like soybean, for example, and requires less input of pesticides, fertilisers and fuel per unit of oil produced. Therefore, the only thing that palm oil needs is a well regulated industry with sound policy adoption, such as zero-burning policy and plantations on legal agricultural land, such as that practised in Malaysia, to ensure the sustainability of the industry. In doing this, we are assuring the rest of the world that the benefits of this golden oil can be shared across the globe with the "greenest" available practices and minimal impact on the environment.

Ladies and Gentlemen,

16. Palm oil offers many opportunities ahead. Malaysia and the nations of the Americas should look for ways to forge partnerships and closer relationships to handle areas of common interest we may face in the future. Together, we can take our partnerships in the region into new and even more productive areas. I am pleased to say that Malaysia is, and will always be, committed to significantly improving its business relationships with not only the US but other the nations of the Americas as well. And that is among the reasons why the Malaysian Palm Oil Council maintains a regional office in Los Angeles. By operating our regional office in the US, we believe we can enhance trade opportunities in this region and at the same time, give our support to palm oil industry players in the region, whenever and wherever. Therefore, I cordially invite everyone here to fully utilise our regional office in Los Angeles and explore the abundance of opportunities on offer.

17. Finally, I wish everybody a fruitful forum and I look forward to hearing your thoughts and ideas as we work together to realise our shared ambition of enhancing trade and forging new relationships.

18. Last, but certainly not the least, I would like to again express my heartiest congratulations to MPOC and MPOB for successfully organising this event and also to express my sincere appreciation to you, the wonderful people of the US, for your kind and warm hospitality in hosting us during our stay here in this beautiful State of Louisiana.

On this note, I hereby declare the 6th Global Oils and Fats Forum open.

Thank you.

Yang Berhormat Tan Sri Bernard Dompok
Minister of Plantation Industries and Commodities
Monday, 5 October, 2009