

6th Global Oils and fats Forum

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Opportunities for Palm Oil in the USA Food Industry

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Outline of the presentation



- **Introduction**
 - Palm oil the global oils & fats market
 - Supply Security and food safety & quality
- **Trans-free palm based formulations**
- **Functional foods & Nutritional benefits of palm oil**
- **Conclusion**

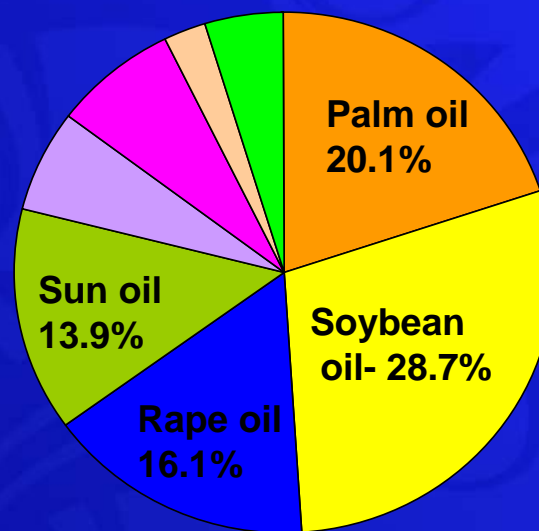
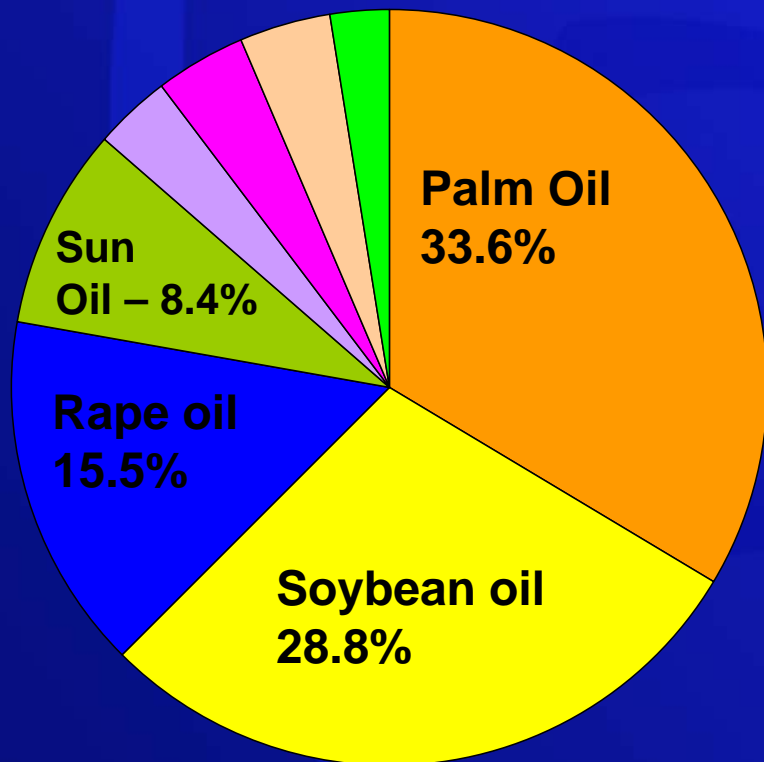
Introduction: importance of palm oil

- **Oils/Fats is one of the human basic nutrients needs (Carbohydrate, Protein and Fats)**
- **Palm oil is an important source of oils/fats for the world.**
- **Source of essential fatty acids, vitamins (carotenoids and tocotrienols) and energy**
- **Cost effective and highly functional; an excellent substitute for trans-fat**

8 Major oil: Share in world production

Jan – Dec 2008: 159.6 Mn T

1991/1992: 58.8 Mn T



80% of the world's 17 Oils and fats production (127.8 mill MT) during 2008 was made up by the 8 Major Oils. World palm produce output (CPO + PKO) represented 30% of the world's 17 Oils & fats production during 2008.

USA Oils and Fats Domestic Usage (million lbs)

Domestic Food Use	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09*	% change
Coconut	1126	920	796	931	1111	915	1182	1200	1.5
Corn	1303	1535	1749	1760	1840	1967	1916	1924	0.4
Cottonseed	780	646	763	900	883	799	806	705	-12.6
Lard	656	995	553	610	712	722	801	790	-1.4
Palm	481	390	621	769	1314	1548	2098	2400	14.4
Palm Kernel	372	511	575	520	530	658	505	668	32.4
Rapeseed	1493	1300	1532	1626	1829	1867	2967	3268	10.1
Soybean (Food)	16730	16975	16718	16959	16445	15734	15333	15100	-1.5
Sunflower	333	252	384	215	390	611	590	594	0.7
Tallow-edible	1481	1540	1512	1529	1575	1463	1372	1400	2.0
Total (including others)	25016	25367	25529	26042	26912	26595	27845	28370	1.9

1 tonne = 2204.6 lbs

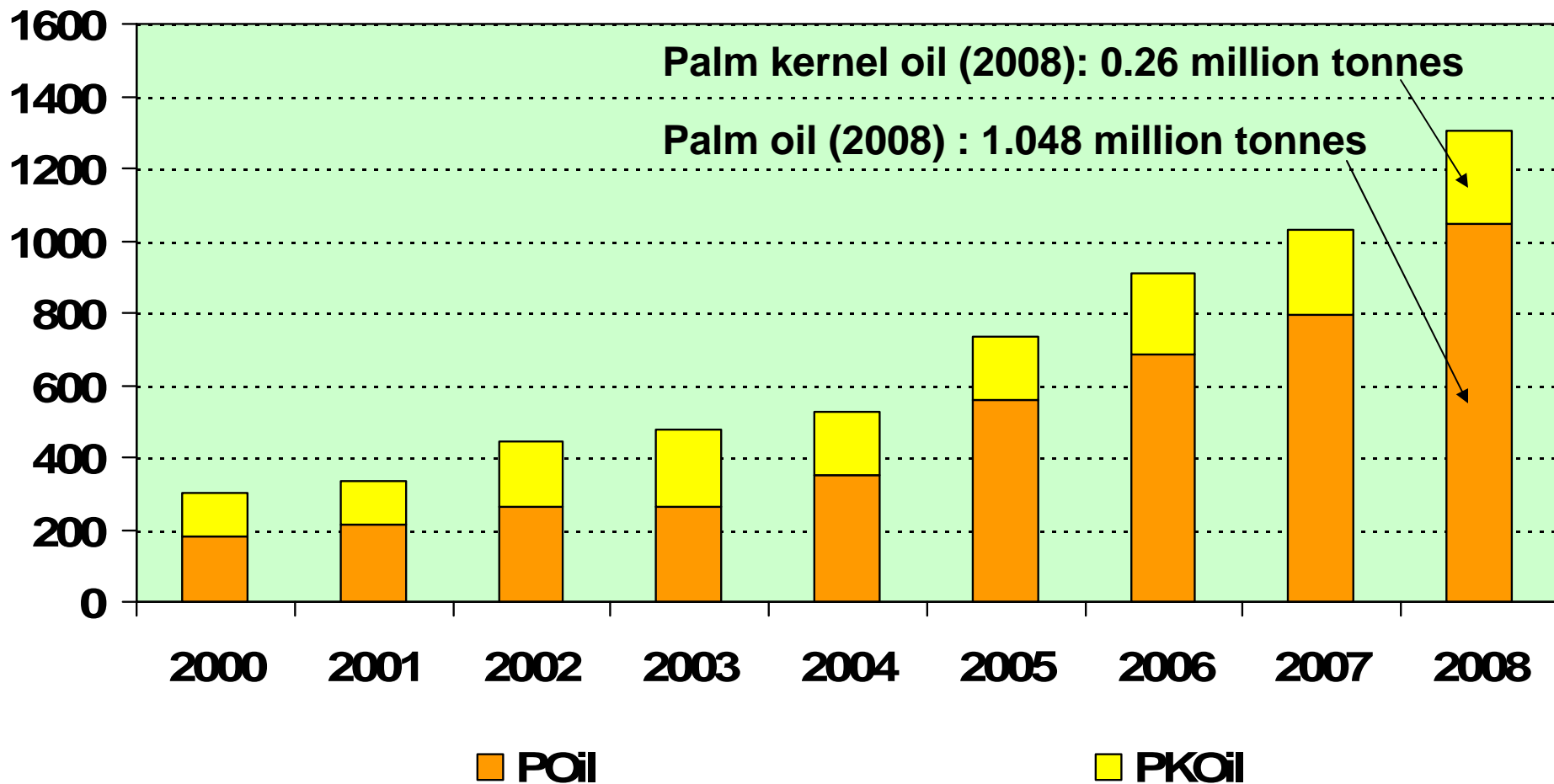
* Forecast; % changes of 08/09 over 07/08

Source: NIOP Pre – D. Reeb: USDA, AES – March 09.

Lembaga Minyak Sawit Malaysia • Malaysian Palm Oil Board



Exports of Malaysian palm oil products to the USA ('000 tonnes)



Driving factors for palm oil uptake in the USA

- Compulsory labeling of trans fat
- Plan for increased for usage of Biofuel
- Successful palm based consumers' products - Oreo cookies and Smart Balance
- Good advertising on products such Smart Balance (Trans Free)
- Presence of palm oil agencies in USA: MPOB-TAS and APOC
- Competent palm oil centered companies like Aarhus, Fuji Oil, Cargill and Unilever

Quality and Food Safety

- **MPOB's Code of Practices for the entire oil palm supply chain – ensure consistent quality & food safety and compliance to international standards**
- **PORAM Standard Trading Specification for processed palm oil (Int. trade)**
 - RDB palm oil, RDB Palm Olein, RBD Palm Stearin
 - CPO – local specification (Also traded globally)
- **PORAM Contract**
 - Well established infrastructure for global trade
 - Arbitration procedure to settle any dispute



Malaysian Palm Oil Board

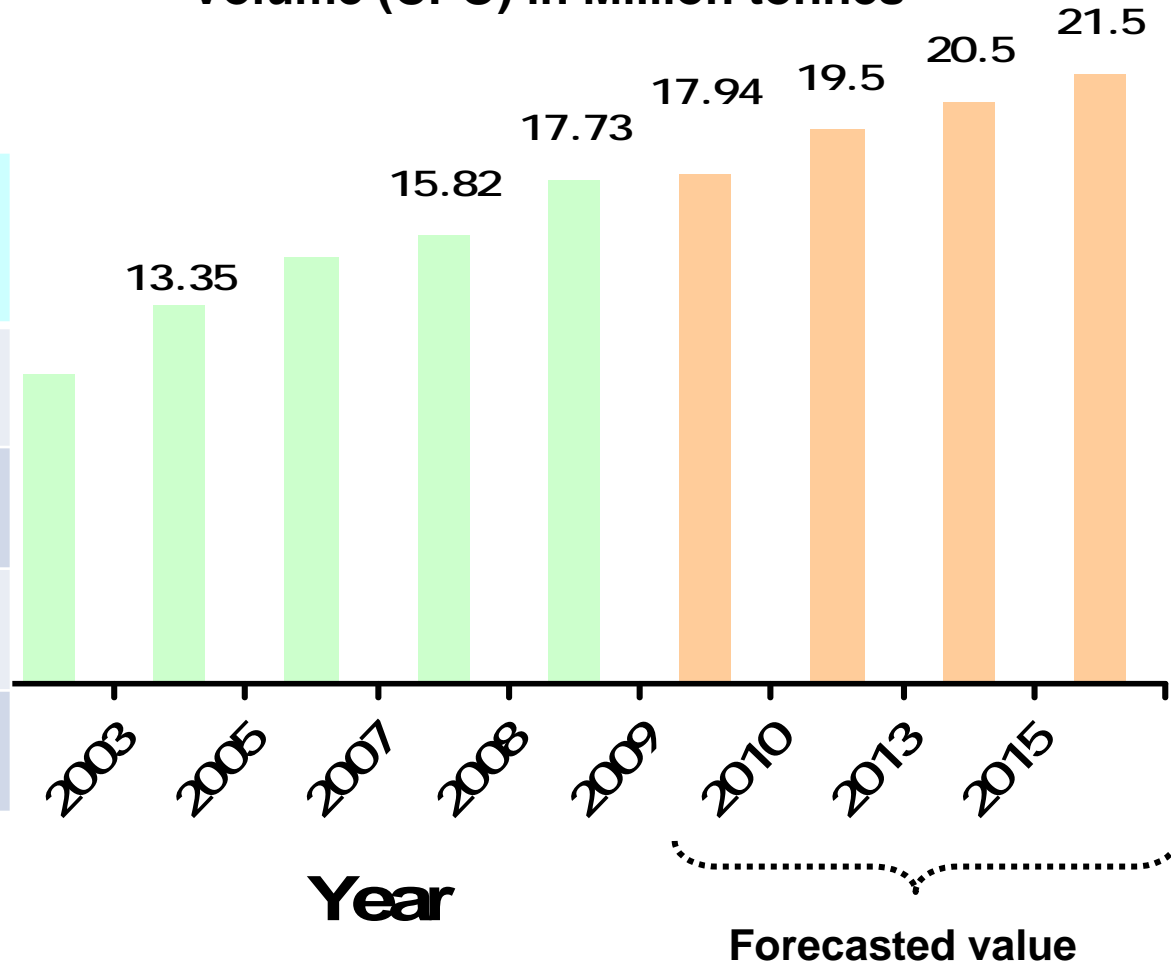
Strong Government Policy to support the industry
Well established Quality Assurance Program



Supply Security – National Target: 8.8 t/ha/yr

**Focus on R&D
to increase yield**

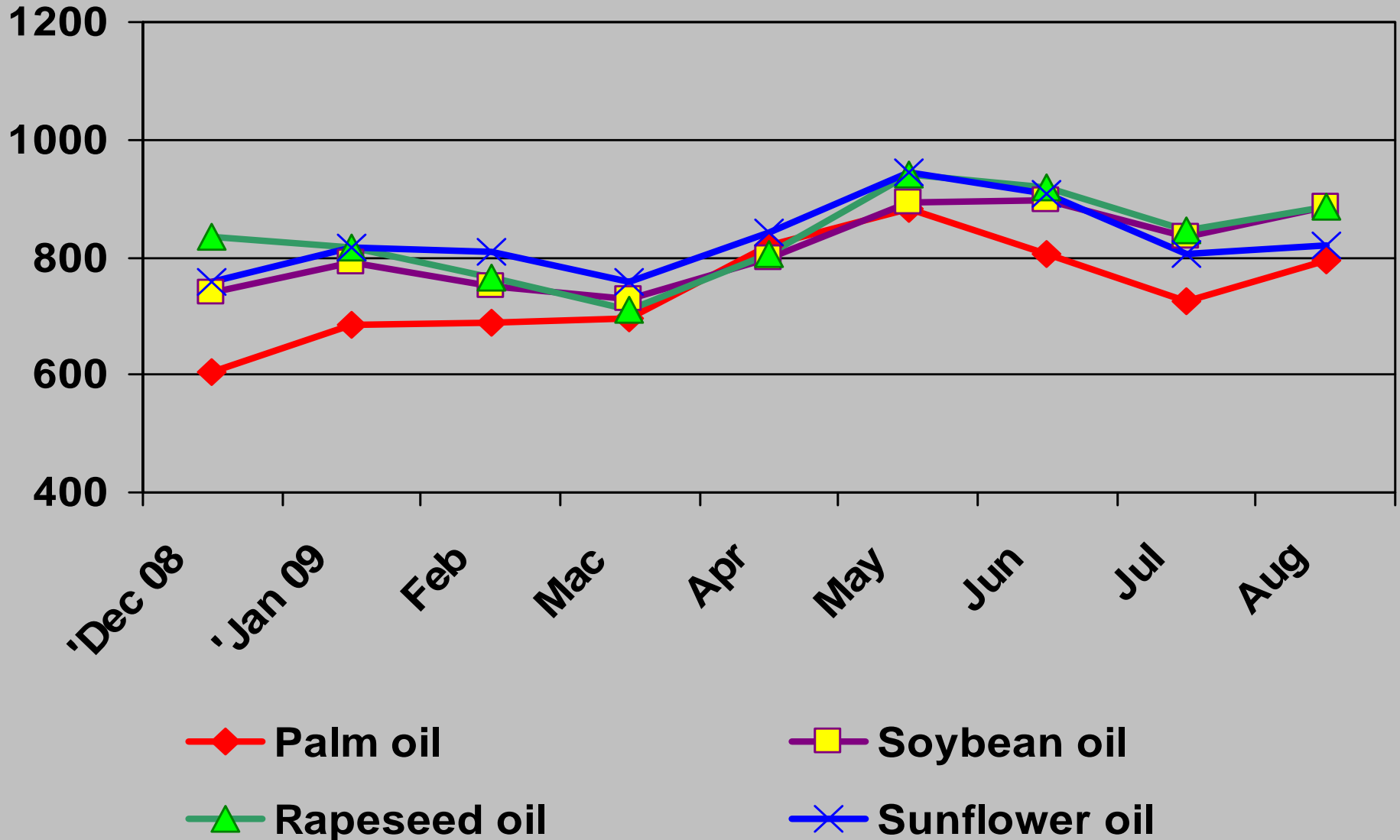
Volume (CPO) in Million tonnes



Parameters	CPO Yield tonnes/ha/yr)
National Average for Malaysia	4
Best Managed Oil Palm Plantation	8
New Varieties of Oil Palm	10
Biological Potential of Oil Palm	18

Palm oil price vs. other vegetable oils (USD/tonne) - NW Europe Price

Source: MPOB weekly statistic report



Discount Palm Oil vs Other Oil (USD/tonnes)

Oil	Dec 08	Jan 09	Feb	Mac	April	May	Jun	Jul	Aug
Soybean	-132	-106	-59	-31	-21	-9	-91	-112	-93
Rapeseed	-230	-132	-75	-13	16	-56	-115	-121	-94
Sunflower	-153	-132	-118	-61	-21	-61	-102	-80	-27

MALAYSIAN PALM OIL PRODUCTS



Fractionation Process



Fractionation Process



Novel Frying oil from palm



- **NoveLin**

- Fulfilling WHO/FAO and AHA health requirements
- Iodine Value > 60
- Good Cold Stability (AOCS)
- Suitable for temperate climate
- High content of natural antioxidants (extended frying time)
- Blend of palm olein and soft oil.
- **Free of Trans-fatty acid**

Trans Free: Palm based interesterified (IE) fats

- **Hard stock or fat blend for:**
 - Margarine, Shortening, Spread, Pastry fats
- **Advantages of IE fats hard-stock**
 - Rapid crystallization
 - Right melting properties & good plasticity
 - Eliminate/reduce post-hardening problem
 - Free of TFA
 - Healthy formulation – low SAFA solid fat (29.5% SAFA)

Palm oil as a replacement for trans fat

- **SMART BALANCE**
 - A successful blend of palm oil and soft oil to meet AHA (1:1:1) health requirement
 - No hydrogenation and no Trans-Fatty Acid in the formulation
 - Suitable for cooking & baking
 - Gained substantial market share in the spread segment



Palm oil's minor components – ingredients for functional foods & supplements

- Palm oil is rich with:
 - Tocotrienols/ tocopherols
 - α and β Carotenes
- Fortification with palm based phytonutrients for ready to eat foods/snack
- Vitamin enriched 'health drinks'.
- Natural vitamin E supplement

Phytonutrients



- **Vitamin E**
- **Vitamin A precursor**
- **Phenolics**

Why choose palm oil for food applications?

- **Functionality and versatility**
- **Most cost effective ingredient**
- **Free of Trans Fatty Acid**
- **High oxidative stability**
- **Consistent supply**
- **Healthy, well-balanced natural oil**
- contains vitamin E, Carotenoids & other phytonutrients
- **Variety of products through blending & fractionation process**



Conclusion:

- **Palm oil has great potential to support US food industry - consistent supply**
- **Most cost effective ingredient with unique composition**
- **A versatile oil to meet customers' need through blending, fractionation & interesterification**
- **Blending with local oil to deliver functionality and trans free formulation;**
- **Palm oil will continue to contribute significantly to global oils & fats supply.**

*Thank
you*



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