



## Halal Market for Palm Oil in Sub-Saharan Africa

THE global halal market is estimated to be worth RM10.9 trillion a year and is growing fast, with the global Muslim population alone approaching two billion. Halal products are not only for Muslim consumption but also widely appeal to non-Muslim consumers looking for high quality and ethical products, especially in food, cosmetics and personal care products and in the banking, financial and insurance industry as well.

Halal food now accounts for 18% of the global food market and its value is expected to increase to US\$650 billion this year. Among factors that contribute to the increasing demand for Halal food are growth in the Muslim population, which is the primary market for Halal food, rising incomes and purchasing power of Muslims, increasing demand for safe and high quality food, demand for a greater variety of products and greater awareness among Muslims on the need and necessity to consume only Halal food.

### The Concept of 'Halal'

From the Islamic perspective, Halal products mean products permitted or allowed to be consumed or used by Muslims. However, there is another term that is used together with Halal, which is Thoyibban. When used together, "Halalan Thoyibban" refers to food that not just permissible to be consumed but also contains good or wholesome, nutritious value in terms of quality, safety and is hygienically prepared.

The concept of Halal is quite simple, but the industry has become more complex and consumers are sometimes confused. The breathtaking pace of development and the diversification of sources acquired globally for processing and producing consumer products has made available a numerous amount of processed products in the market. It is therefore becoming increasingly difficult, and challenging, for Muslims to ensure the Halal status of consumer goods. This trend has raised concerns among Muslim consumers over the new, processed food and other products entering the consumer market.

Three basic principles must be adhered to before any food can be considered Halal. First, the foodstuff must be permitted by Allah. Second, the food must be obtained through Halal means. Even if a food product is Halal but when it is obtained through non-Halal means, then it is considered Haram. Finally, the material or food ingredients must be good and safe for consumption by all humankind. Muslims are forbidden to consume food or use products that can cause a detrimental effect to the body and mind.

### Palm Oil as Halal Alternative

Malaysia, as one of the largest producers of palm oil and the pioneer in establishing Halal laws and certification, has great potential to be a major supplier of Halal foods and products all over the world.

Today's consumer preference for healthier alternatives to products using

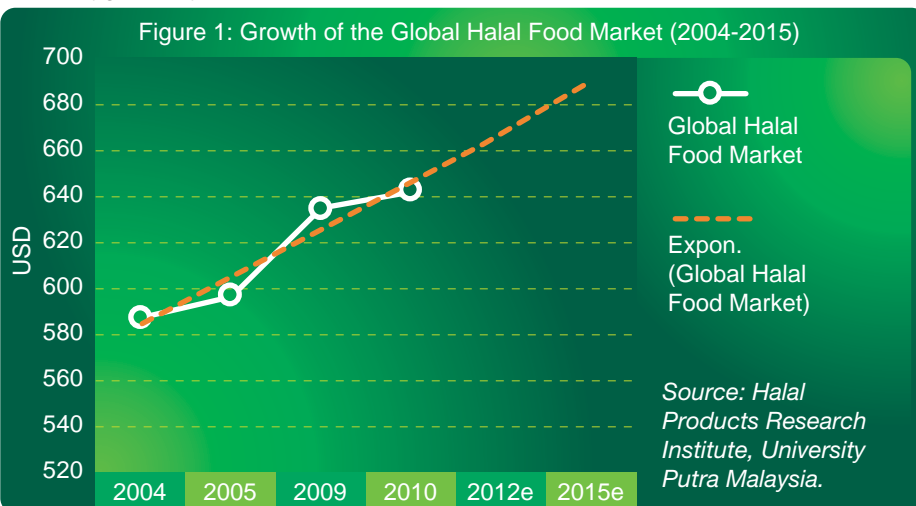
animal-based oils is boosting the demand for products using vegetable oils. Solid shortening from palm oil is a good alternative to shortening made from animal fat or hydrogenated fat.

Various products have been made available, through research and development to replace non-Halal fat in foods with palm oil. Examples of these are shortening, butter oil substitutes and cheese analogue. The advantages offered by palm oil and its fractions are that they are free of cholesterol and of trans fatty acids, which are harmful to the human body.

In the effort to find an alternative for butter, because of its high price, butter oil was substituted with lard, tallow and hydrogenated oils. Palm oil and palm stearin were found to have the characteristics imitating the properties of animal fats and hydrogenated oils, and therefore their use eliminates undesired, non-Halal ingredients in food products.

Palm-based shortening, which is ideal for frying in fast food restaurants, has been found to be an excellent substitute for solid animal fat, and it also provides a better frying performance. Palm oil is also widely used in bakeries as shortening, since it does not require hydrogenation.

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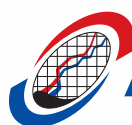
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## CPO futures set to test RM4,100

by *Benny Lee*  
Chief Market Strategist of  
NextView Group

DESPITE a weaker momentum in the month of January, the price of crude palm oil futures (FCPO) in Bursa Malaysia continues to surge on low supply and strong demand. FCPO rose 6.8% in one month, breaking the resistance level of RM3,880 to RM3,955 per metric tonne on 11 Feb 11.



FCPO daily chart as at 11 February 2011.  
Charted by Benny Lee using NextView Advisor Professional

The price of FCPO is now at its highest in 33 months. The palm oil market once again becomes a hot topic of the industry and market players. The number of contracts traded on Bursa Malaysia increased from a daily average of 11,024 in January to 12,424 contracts in the same period in February.

In January, Malaysia's palm oil output fell 14%, compared with December, to 1.06

million MT, according to the monthly report of the Malaysian Palm Oil Board (MPOB), which also notes that palm oil exports fell 6.2% to 1.21 million MT while palm oil stocks were down 12% to 1.42 million MT. The low production in the month of January has prompted the price climb in February.

The reversal pattern last month, based on the head and shoulder chart pattern, did not materialise as the price stayed above the RM3,600 neckline. FCPO continues to stay in the uptrend, with the short- to long-term 30- to 90-day moving averages still increasing.

I was expecting the uptrend to change its course last month because of weak technical indications, but the unexpected low palm oil output caused the price of FCPO to continue to show resilience in the uptrend. After testing the short-term 30-day moving average twice in January, FCPO is continuing its upward rally. The 30-day moving average is currently at RM3,780.

The momentum indicators, which showed weakness in the uptrend in January, became stronger in the short-term

momentum indicators and the price uptrend still exists.

Technically, the price is geared to making newer highs in the short-term. Price target is at RM4,100, based on a triangle chart pattern formed since early this year when the uptrend consolidated. The Fibonacci expansion from the short-term uptrend has a price objective of RM4,060. The immediate support level is at RM3,880, the previous resistance level and if the price breaks below this support level, it may move into a correction more again and find support at the uptrend level of RM3,700. This means that long as the price stays above the support level of RM3,700, the uptrend may continue.

The price uptrend should be able to be supported as long as the fundamental figures of supply and demand fall within the expectations. The month of February normally has the lowest figure for palm oil output. With this and continuous growth in demand, the price may be supported fundamentally.

In the recent export data, Malaysia's palm oil exports rose significantly on-month. SGS (Malaysia) Bhd estimated a rise of 28.5% of 432,000 MT for the Feb 1 to 10 period. Intertek Agri Services Sdn Bhd estimated a rise of 45.7% on-month at 437,480 MT.

With the technical and fundamental indicators, there is a high chance of the price moving higher and technically set to test RM4,100. There is also a possibility of the price climbing to historical highs.

With the current bullish price data, my longer-term forecast for FCPO price for the next six months is revised from RM3,700 to RM4,100. A stronger Malaysian ringgit against the US dollar may also help the FCPO uptrend. ■

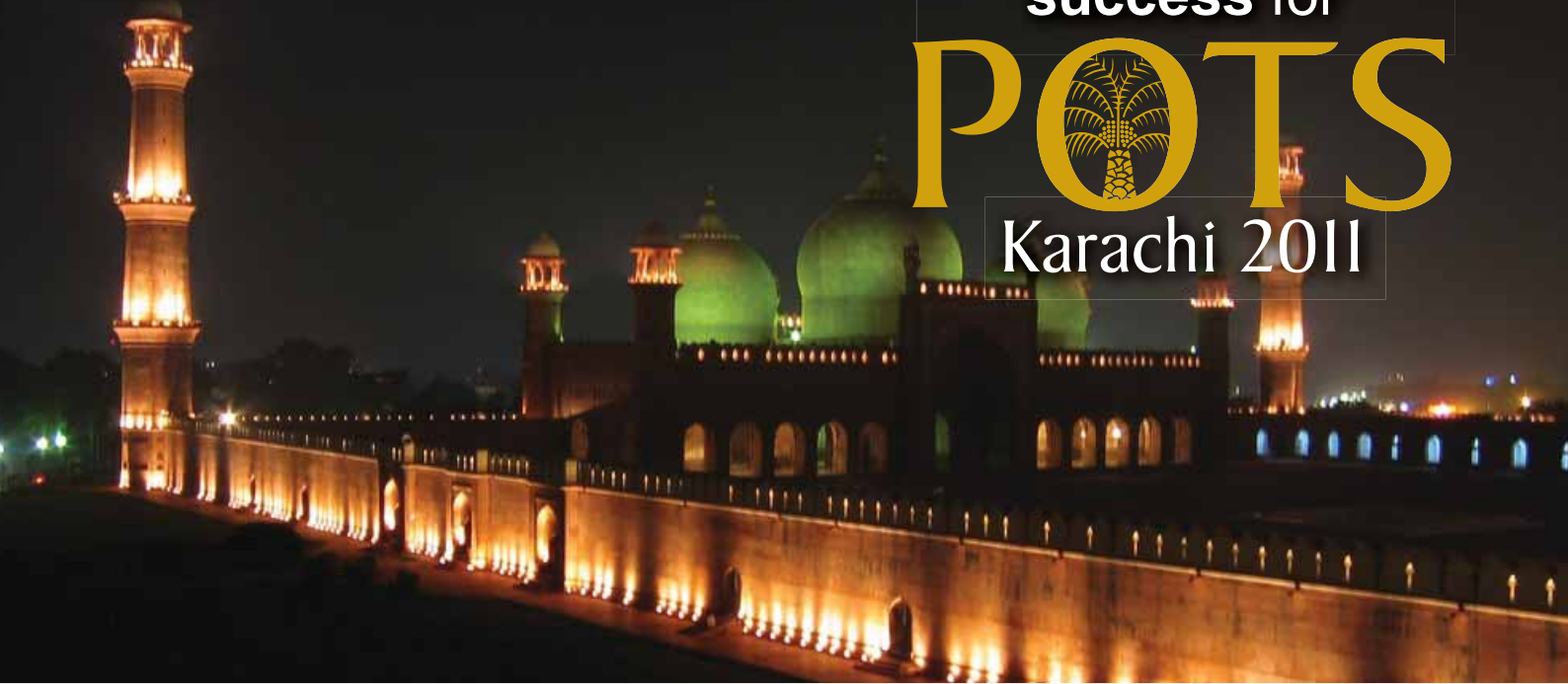
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*The above analysis and commentary is based on the writer's personal opinion towards the price of crude palm oil using technical analysis and should not be construed as any form of investment advice. The writer will not be responsible for any decision made from using the above article.*

following the rally in February. The MACD indicator has crossed above its trigger line, suggesting that the short-term uptrend is continuing.

The RSI and Momentum Oscillator indicators bounced-off from the middle level, showing that the bulls are still in control. However, in the longer term, the uptrend momentum is still weak. The long-term divergence between the

An overwhelming success for  
**POTS**  
 Karachi 2011



IT WAS only the second time that the Malaysia-Pakistan Palm Oil Trade Fair & Seminar (POTS) was held in the city of Karachi, in January this year, and it turned out to be a grand success, largely due to the overwhelming, enthusiastic response from both Pakistani government agencies as well as industry players in the country and from Malaysia.

The event was held from Jan 17 to 19 at the Sheraton Hotel in Karachi, with “Retaining Leadership, Reinforcing Relations” as the theme. Jointly organised by the Malaysian Palm Oil Council and Malaysian Palm Oil Board, the three-day function saw not just the seminar but also an exhibition and a visit to Port Qasim Authority.

POTS Karachi 2011 had more than 200 people taking part, among them the Malaysian Minister of Plantation Industries and Commodities Tan Sri Bernard Dompok, Pakistan’s Federal Minister for Industries and Production Mir Hazar Khan Bijrani, and also the senior management of MPOC, MPOB, MPIC and leading industry members in both the countries.

Despite being an agriculture-based economy, Pakistan is a net importer of oils and fats. Indigenous production of oilseeds only meets 25% of its total requirements, which have reached 3.5 million MT a year. Malaysian palm oil has always played a pivotal role in the edible oil sector in Pakistan and accounts for about 62% of the country’s total consumption and 95% of the total imports.

Pakistan has been one of the most consistent and dependable export destinations for Malaysia and the import

volume exceeded 2.1 million MT last year, making Pakistan the second largest buyer of Malaysian palm oil. MPO is one of the most significant commodities in the bilateral trade between the two countries, which is valued in excess of US\$2 billion.

Minister Mir Hazar Khan Bijrani in his opening remarks expressed appreciation for the efforts of MPOC and MPOB in organising POTS Karachi, bringing together the key players in the palm oil industry of both countries.

He also praised the cordial relations between the two countries and called for the further enhancement of this relationship through meaningful cooperation in economy and trade, suggesting that Malaysian investors also consider opportunities in agriculture, livestock, IT, construction and infrastructure development in Pakistan.

Tan Sri Dompok in his remarks recognised Pakistan as one of the most important buyers of palm oil from Malaysia, noting that this was also aptly reflected in the number of successful Pakistan-Malaysia joint ventures that have created a landmark in the global oils and fats industry.

The Malaysian Minister also called on more Malaysian companies to look into collaborating with Pakistani companies in developing other oils and fats areas, such as oleochemicals, biomass utilisation and animal feed.

Officially supported by the three leading industry associations in Pakistan – the Pakistan Vanaspati Manufacturers Association, the Pakistan Edible Oil Refiners Association and the Pakistan

Soap Manufacturers Association, POTS Karachi received overwhelming response from the industry in Pakistan and Malaysia, with the sponsors – Dalda Food Pvt Ltd, Sime Darby Bhd, KL-Kepong Bhd, Hamza Vegetable Oil Refinery, Punjab Oil Mills, Madina Group, Mapak Edible Oils, Bursa Malaysia, IFFCO Pakistan, Mujahid Group and Waheed Group – quickly taking up the exhibition slots.

The plenary paper was presented by MPOC Chief Executive Officer Tan Sri Dr Yusof Basiron, followed by papers on nutrition, palm olein blending, palm kernel cake application and price outlook, which were presented by both local and international speakers. Dr David Jackson of LMC was unable to participate in the seminar due to unavoidable circumstances.

The event also received wide coverage from the local media, with some 20 news stories printed the next day and eight news channels airing footages of the press conference and POTS Karachi functions.

Overall, POTS Karachi 2011 can be described as an overwhelming success, not just for the participation of individuals from numerous organisations but also for the encouraging response and support from the Pakistani government officials.

Truly meaningful meetings and discussions took place, and Malaysians returned home convinced that the trade relations between our two countries have been further strengthened, and that more investments, not just in palm oil but in other industries as well, are certain to take place.

## PART 2

## Incentives to attract MPO sector to plant and refine oil palm in Cameroon



THE oil palm tree in Cameroon generally grows in the wild. The industrial exploitation of the tree began back in 1907, when the country was under German colonial rule. In fact, the first industrial plants, established in Edéa, were promoted by German settlers. More were then set up on the coastal plains and around Mount Cameroon.

The oil palm crop was further developed under the Franco-British regime. By the 1960s, Cameroon's annual production of palm oil had reached 42,500 MT and palm kernel oil, 37,200 MT. Today production stands at around 190,000 MT a year, of which 40% is from small village and community plantations and the rest from large commercial plantations such as the CDC, Pamol, SOCAPALM and Ferme Suisse.

The existence of small and community plantations makes the Cameroonian palm oil sector very unique, compared with those in Indonesia, Malaysia, Thailand and other countries where the industry is dominated by large plantation companies. Village plantations have been promoted by the government through several mechanisms.

First, community cooperatives are encouraged around big plantations, with financial assistance from the state. Second, oil palm plantations set up by villagers receive technical and small subsidies or long-term credit facilities from the large industrial plantations.

At the beginning of the 1990s, SOCAPALM set up a third mechanism, through which planters received what they required directly from the agro-industrial firm, with the costs incurred repayable over a period. As of Jan 1, 1999, these plantations were situated in Ndian, (1,629

ha), Lobé (2,508 ha), Bota (191 ha), Bénoé (508 ha), Dibombari (3,574 ha), Eséka (2,024 ha) and Edéa (1,963 ha), covering an area of 12,397 ha in total.

Since palm oil has traditionally constituted (and remained) the dominant source of consumable oil in Cameroon, a combination of smallholdings and large plantations has enabled the country to keep up with the demands of its rising population, and even being able to supply to neighbouring countries such as Gabon, Equatorial Guinea, Chad and Northern Nigeria.

The modern palm oil plantations blend well in the national economy, creating diverse and dynamic sub-industrial sectors such as the manufacture of soap. A new and emerging sub-sector currently being experimented by the Cameroon Development Corporation is the opening of the vast plantation lands to cattle rearing.

Cattle-rearing constitutes an economic activity confined to North Cameroon, essentially because of the existence of large open spaces for grazing. Early trials have been successful and may open an additional economic expansion only possible because of the existence of oil palm plantations.

In short, without the palm oil industry, local ways of life and traditions may die. The economy of entire regions – the South West Littoral and Central regions of Cameroon and the surrounding villages – may collapse. Oil palm plantations have offered stable, long-term employment for 50,000 people. In addition, suppliers and the diverse and dynamic sub-sectors that depend on these plantations employ another 40,000 workers.

There are three categories of imported products: free-to-import products which do not incur any restriction, products that require a technical permit or a certificate of conformity from a competent government ministry (Health, Security, etc) and products that are prohibited from import. However, every import must be inspected for quality, quantity, price and so on before it is allowed to land.

Reforms have been made to facilitate inter-zone export and import and to create a customs barrier in harmony with the rest of the Economic Community of Central African States.

For this purpose, there is a Common External Tariff (CET) comprising five rates – 0%, 5%, 10%, 20% and 30% – according to the nature of the goods but not depending on the origin of the goods); General Preferential Tariff (GPT) related to inter-zone export and import; a temporary additional tax applied for a period of three to six years that aims to protect certain local sectors in the zone; excise tax of 25%; and TCA, a tax on the business turnover, which is like VAT.

There are more: the fee for health and veterinary inspection (products of animal origin): 3% on CIF value, and there is also the Phytosanitary Tax (Chapters 6 to 24 and some goods of Chapters 1 and 3) at 50 CFA per tonne

This puts the current import duty on refined palm oil at US\$3/litre and for crude palm oil, it is 35%.

### Import duty restrictive

Cameroon heightened the import duty on cooking oil to US\$3/litre in effort to increase local production of edible oils and fats, particularly palm oil. Since the increase in import duty, there has not been any new import of cooking oils, including palm olein, in jerrycans. The increase has increased the local price of palm oil further, which has been welcomed by refineries and plantation companies, and brought about new investments in refining capacities and oil palm plantations.

The new import duty is applied only to cooking oil in consumer packs. Crude palm oil is allowed to be imported by manufacturers at a lower import duty under a number of permits given by the government, meaning that the quantity imported is still controlled by the government. Thus, refineries are the beneficiaries of the new duty structure as they have no competition from imported cooking oils. The cooking oil brands from two local refineries have been dominating the edible oil market after the new duty structure came into force.

### Positive outlook for the Malaysian Palm Oil Industry

The new duty structure is in fact a form of incentive to attract investments in the refining and plantation sector. It is therefore recommended that Malaysian palm oil exporters consider entering

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## Palm Oil: A Great Future in the United States

IMPROVING economic conditions in some countries, along with a weakening US dollar, have contributed largely to the steady increase in global commodity prices since early last summer. However, there still remains a stronger demand for vegetable oils in many countries, including China, India and the United States.

As a result of this increase in demand, the United States Department of Agriculture (USDA) and other experts are expecting global vegetable oil stocks to fall sharply this year, closely resembling the situation in the mid-1970s. Furthermore, the USDA projects a rise in vegetable oil prices due to increased demand by the food sector, rather than a demand for fuel, which seems to have stabilised.

The current and projected scenario for vegetable oils has created a scenario for palm oil to enjoy further increased demand in countries where factors of public policy, nutrition science and consumer attitudes create a favourable landscape for driving continued demand. In the United States, for instance, there has been an overall steady increase in palm oil usage in the past 10 years. In 2010, the United States was the fifth largest importer of Malaysian palm oil.

This steady increase in US demand for palm oil can largely be attributed to the continuous move towards removing trans

fatty acids from the food supply. The move away from trans fats began with food manufacturers responding to demands from the public health community for its removal and a growing desire by consumers for trans fat-free products. However, in more recent years, public policy has begun to help drive the removal of trans fats as well. With bans on the usage of trans fats by food service establishments in municipalities in over 15 US states and a growing number of pending proposals in the remaining 35 states, there is a great likelihood that more food service providers will be seeking a suitable trans fat replacement.

The public health policy agenda of many of these municipalities and states is not limited to banning or restricting the sale of trans fats. Many state and local governments are attempting to build what many call "healthier communities" by making investments to create environments to help residents lead healthy lifestyles. These investments often include repairing sidewalks and public parks to allow greater access to physical activity, along with community events to promote healthy eating. These efforts, coupled with the ongoing national dialogue on nutrition and health, are contributing to a change in the way consumers view the food they consume.

This change in consumer attitudes is compounded by a growing trend among health experts to speak up on the environmental impact of dietary behaviour. In making decisions on what foods to buy, consumers are increasingly considering factors beyond the nutritional quality or calorie content of the food items.

More and more consumers are looking at what many are calling the "wellness factor" of food.

This translates to consumers weighing how the food they consume contributes to their wellness, their families and the environment. This idea was commonly understood by many in the food industry as consumers looking for "organic" on the labels. However, recent consumer research shows that consumers have a greater interest in seeking out products that carry some type of certification for sustainable growing and harvesting practices, as well as animal welfare.

The current climate around public policy and consumer perception is complicated by the US government's slowly evolving dietary guidance. Current advice from the government, embodied in the Dietary Guidelines for Americans (DGA), has been at the heart of much of the confusion consumers have over fatty acids. With guidance that concentrates on advising consumers to "eat a low fat diet" and "choose foods low in saturated fat," many health experts and consumer researchers agree that the government is causing more confusion, rather than educating the public on what they really should be consuming.

This "low fat" trend in the DGA has been constant since the 1990s and does not seem to be headed for any drastic change. Many experts agree that the DGA guidelines on fat are a key driver in guiding the public away from fats with no tangible health benefits. These experts base their opinion of this situation on a

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## Halal Market for Palm Oil in Sub-Saharan Africa

The Malaysian Palm Oil Board, through research and product development, has introduced widely-accepted alternatives to hydrogenated oil with the use of palm oil. One example of this is soft margarine, which has been formulated to be an easy spread on bread or biscuits, just by squeezing the container. This product requires some hard stock from palm stearin, with the other ingredients being liquid oils.

Another Halal product already in the market is SAFAR or speciality animal fat replacer. It is a solid product made from 100% palm oil derivatives and formulated to replace raw beef fat, chicken fat and chicken skin in the production of meat products such as burgers, sausages, meatballs and nuggets. Solid fat made from palm oil binds well in the product preparation, thus being an excellent replacement for animal fats. Solid fat contributes to about 30% in reconstituted meat products such as sausages and burgers. A simple blend of palm oil and palm stearin will provide the animal fat replacement needed, with the desired texture.

Various other palm oil-based products that can be used as substitutes to the existing ingredients in the market include cream and confectionery fillings, palm-based santan substitute, palm-based mayonnaise and palm-based chocolate spread.

### Halal Beauty and Cosmetics Industry

The global market for Halal cosmetics and personal care products is growing at remarkable pace, leading to increasing customer awareness of the need for Halal-based cosmetics and beauty products. The global cosmetics and personal care industry was estimated to be worth US\$318 billion in 2010. The Halal cosmetics business alone is estimated to be worth US\$560 million dollars annually and is seen as next in line for growth after the lucrative Halal food and Islamic finance sectors.

Research indicates that this growth is being driven by increased consumer knowledge about the ingredients used and the way they are produced. A survey conducted by KasehDia Consulting revealed that the level of awareness about Halal cosmetics is slowly and steadily increasing, with consumers set to opt for Halal cosmetics, if and when they are readily available.

With so much cosmetics and personal care products now containing ingredients from palm oil, Malaysia is in prime position to establish itself as the leading supplier of Halal products in this industry. Industry players need to carry out more aggressive promotions and create awareness, not only among Muslim consumers, that they should be concerned about the composition of the cosmetic products they use, make them aware that Halal products are available and that Malaysia is able to provide them.

### Halal Market of Sub-Saharan Africa

It is estimated that Muslims make up 240 million or about 30% of the 800 million population of Sub-Saharan Africa. Nigeria has the largest Muslim population in Africa, with about 78 million or half of the country's population. Other countries in the region that have sizeable Muslim populations include Ethiopia, Niger, Tanzania, Mali and Senegal.

Countries in the region with high percentages of Muslims are Mauritania, Niger, Somalia, Mayotte, Djibouti, Senegal, Gambia and Mali, where Muslims make up more than 90% of their total populations. Sierra Leone and Guinea have Muslim populations of between 70% and 85%.

The export of Malaysian palm oil (MPO) to countries in the Sub-Saharan region from January to December 2010 touched 1.33 million metric tonnes, mainly made up of cooking oil and palm olein. Aggressive efforts are therefore required to increase exports of other products, such as Halal food substitutes and Halal cosmetics and personal care products to 240 million Muslim populations in the region.

### Halal Product Requirements

The food industry needs to have a full understanding of the requirements for producing products for the Muslim

market. It also needs to understand the import requirements of countries with Muslim populations. Many countries have passed laws and established Halal guidelines, not only for imported products but also for food manufactured for the domestic market.

Malaysia is recognised internationally as a pioneer in establishing Halal standards and the Halal certificate issued by the Department of Islamic Development Malaysia (JAKIM) is accepted worldwide. Malaysia is one of the leaders in the manufacture of Halal food and is a world model for Halal certification.

The issue of Halal certificates by JAKIM has become a standard for other countries to follow as it involves very strict guidelines and also balances Islamic requirements and complies with other global standards, such as the ISO compliant standard MS1500:2004, Good Manufacturing Practice (GMP) and Good Hygiene Practice (GHP).

Besides the Halal certificate issued by JAKIM, there are 51 Halal bodies worldwide as of November 2010, including in Sub-Saharan Africa, which are recognised by JAKIM. The Malaysian Palm Oil Council (MPOC) has a very close working relationship with the South African National Halal Authority, which is based in Durban, South Africa.

### Recommendation

Halal products have become mainstream consumer goods and Halal products are a serious matter for Muslims all over the world. At the same time, these products provide good business opportunities for Malaysian palm oil industry players. Properly processed, Halal-certified consumer products are they key to capturing the lucrative Halal market. Halal products have their own

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Table 1: Countries in Sub-Saharan Africa with large Muslim Populations (2009)

Countries	Total Population	Muslim Population	Percentage of Muslims
Nigeria	154,487,000	78,056,000	50.4%
Ethiopia	82,782,000	28,063,000	33.9%
Niger	15,290,000	15,075,000	98.6%
Tanzania	43,768,000	13,218,000	30.2%
Mali	13,016,000	12,040,000	92.5%
Senegal	12,530,000	12,028,000	96.0%
Burkina Faso	15,750,000	9,292,000	59.0%
Somalia	9,030,000	8,895,000	98.5%
Guinea	10,073,000	8,502,000	84.4%
Ivory Coast	21,104,000	7,745,000	36.7%
Rest of the region	422,000,000	47,618,000	11.3%
Regional Total	800,000,000	240,632,000	30.1%

Source: Pew Research Center's Forum on Religion & Public Life • Mapping the Global Muslim Population, October 2009

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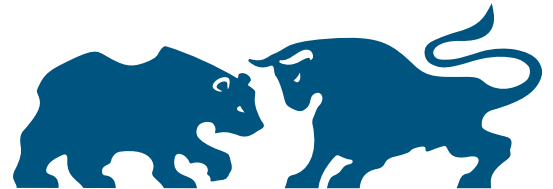
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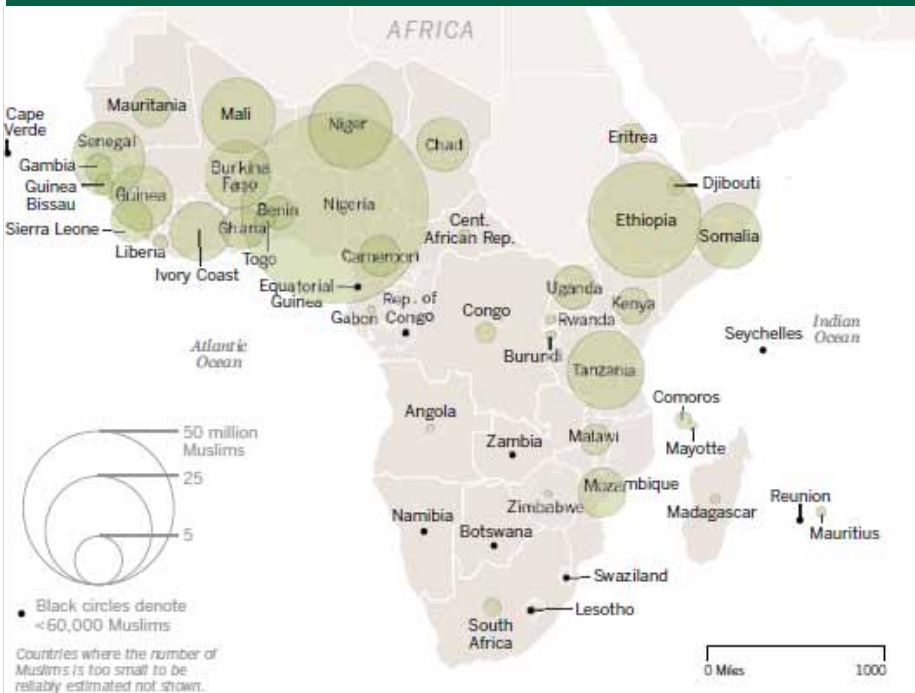
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## Halal Market for Palm Oil in Sub-Saharan Africa

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Figure 2: Geographical Distribution of Muslim Population in Sub-Saharan Africa



Source: Pew Research Center's Forum on Religion & Public Life • Mapping the Global Muslim Population, October 2009

advantages, also because they are suitable for everybody, Muslims and non-Muslims alike.

As exporters, Malaysian palm oil players have many advantages, since they already have established global networks and strategic marketing strategies in place. With help from government agencies such as JAKIM, Halal Industry Development Corp, Matrade, MPOB and also MPOC, our palm oil industry should work to become a world leader not only in terms of palm oil exports but also in providing Halal products for the food, cosmetics and personal care industries.

Despite Malaysia being the pioneer in the Halal products market, other countries have overtaken us as leading players in this segment. Industry players must put more concerted efforts to capture this lucrative market and reclaim the country's position as the leading provider of Halal food and products, and help establish Malaysia as the Global Halal Hub ■ Iskahar

◀ Continued from page 5

## Incentives to attract MPO sector to plant and refine oil palm in Cameroon

Cameroon's palm oil refining sector as there is a ready local market, besides a huge neighbouring market, for the oil and its products.

Malaysian plantation companies should also consider investing in offshore plantations in Cameroon, where weather conditions are suitable for oil palm, besides there being ample fertile volcanic land. Politically, the country is very stable

and arable land is very cheap and underdeveloped.

Water supply is available from rainfall and rivers and labour is also relatively cheap. The regional markets for palm oil are huge, and there is no stringent scrutiny from NGOs on palm oil export to Europe. There are already successful private investors in the sector in Cameroon.

### Opportunities abound

Cameroon has not been doing very well in the oils and fats sector despite having huge areas of underdeveloped land. The country does not produce enough oils and fats for its own requirement. It produces some 200,000 MT of palm oil a year and smaller amounts of other oils such as groundnut and cottonseed, and thus imports palm oil to fill the gap.

Imported palm oil products have been cheaper than locally-produced palm oil despite the import tax of about 55% imposed. The local industry was not too

happy about this situation and urged the government to increase the import duty on palm oil on the pretext that it would expand local production of palm oil.

In April 2009, Cameroon raised the import duty on cooking oil to a high of US\$3/litre. This put a sudden stop to the import of palm oil into the country, but refineries were allowed to import crude palm oil. The high duty rate encouraged local refineries to increase their capacities to meet the local demand. Soap factories were also allowed to import crude palm oil and palm stearin for production at the normal import duty rate. Other palm oil products are not affected by the new import duty.

The price of locally produced crude palm oil has always been higher than the world price of crude palm oil, although the production cost of crude palm oil is cheaper than in Malaysia or Indonesia. With cheap land and labour, it is clear that investments in oil palm plantations, mills and refineries in Cameroon will be very profitable.

This situation has already brought about the opening of a number of new plantations by the government and private sectors. Cameroon is a ready market for palm oil. It is perhaps timely for Malaysian investors to look towards this part of Africa for offshore plantations. It may be a little risky, but the potentials are huge and competition, little. ■ Kumar

The other taxes are:

Withholding Tax:	1% on CIF value
Excise Duty:	25% on CIF value
VAT:	17.5%
Municipality surcharges:	10% VAT
CEMAC Municipality Tax:	1% CIF value
Information Fee:	0.45% on CIF value
OHADA Tax:	0.05% on CIF value

# Antistatic Filterelements

»For Fractionation Process«

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filtration systems  
**klinkau**



## Antistatic Filterelements

»For Edible Oil Fractionation«

For several years, membrane filter presses have been utilized in the palm oil fractionation industry.

During the filtration of the oil slurry, electrostatic charges are generated with high charge density. These electrical discharges induce an aging process on the membrane surface causing the material to become brittle. This results in premature failures of the membrane filter plate.

To avoid these damages and to prolong the life of the membrane filter plate, Klinkau has developed a special antistatic material compound with excellent flexing properties.

The special Klinkau antistatic material compound also ensures a safe working environment and is certified according to LMBG for the Food Industry (German utility patent Nr. 20 2006 007 248.9). An appropriate grounding of the membrane filter plate is essential to protect the membrane. With proper grounding, the harming electrostatic charges are dissipated, therefore, prolonging the life of the membrane filter plate.

The antistatic material compound is available for all of Klinkau's membrane plate product lines including welded and replaceable membrane designs. The Klinkau product line meets all international standards to satisfy any capacity requirement.

The Klinkau antistatic membrane plate product line is also recommended for winterization applications. High flow rates, which are a prerequisite for polishing filtration applications, can be easily accomplished with Klinkau membrane filter plates.

For mid fractions or palm kernel oil, Klinkau has developed membrane filter plate systems designed for 30 bar squeezing or higher if requested.

- 1 High Pressure Plate**  
30 bar high pressure plate with special feed eye arrangement.
- 2 Membrane Filter Press**  
Membrane filter press equipped with Klinkau antistatic membrane filter plates in a typical single fractionation.
- 3 Grounding Connections**  
Membranes with grounding connections to dissipate the electric charges.

## Palm Oil: A Great Future in the United States

growing body of evidence that shows a weak connection between saturated fat and heart disease, weight gain and diabetes.

The positive forecast for palm oil exports to the United States, the ongoing removal of trans fats from food, changing consumer attitudes towards food and the conventional wisdom on fats pose both opportunities and challenges for driving greater demand for the use of palm oil in the United States.

As more trans fats are removed from the US food supply, food manufacturers will continue to look for suitable replacements for this highly functional ingredient. The opportunity will be to effectively drive food manufacturers to palm oil as the preferred trans fat replacement by building consumer support through communicating the new scientific findings on fatty acids, along with promoting the sustainable practices of the Malaysian palm oil producers. To be successful in driving the demand for palm oil, this approach must be strategic, coordinated and well thought-out.

As food manufacturers remove trans fats from their products, it will be important for the palm oil industry to tell its very positive story to the food industry on how palm oil is a functional replacement for trans fats. Of

course, in the United States, like virtually everywhere else, the consumer is the ultimate driver for the success of many food ingredients. As consumers continue to seek out information about the foods they buy, it will be important to promote not only the positive nutritional properties of palm oil, but also to provide them with information on the sustainable and animal-friendly practices of the Malaysian palm oil industry. Moreover, a contrary voice to challenge the conventional wisdom on fatty acids will go a long way in helping build consumer confidence in choosing products that contain a functional trans fat replacement, such as palm oil.

The American Palm Oil Council and its industry partner, Loders-Croklaan, have in recent years teamed up to capitalise on the opportunities the United States holds for Malaysian palm oil. Together, they have achieved a significant amount of success in the areas mentioned above, as well as in other efforts in science and research. However, this is a critical time now in the United States when it comes to food. The palm oil industry will be missing out on a great opportunity if it does not take full advantage of what the future holds for palm oil in the United States. ■ APOC

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