Journal of Oil Palm, Environment & Health

Abstracts

**Palm Oil Trade Fair and Seminar (POTS) Digital 2021
Marketing Conference**

Malaysian Palm Oil Council
www.jopeh.com.my

Journal of Oil Palm, Environment and Health (JOPEH) is an Open Access online forum to share knowledge that focuses on oil palm cultivation, palm oil production and applications. This will include the impacts resulting from such activities, particularly those related to the environment. JOPEH will also feature articles related to issues and policies that affect any of the above palm oil industry activities. JOPEH is targeted to reach a wide spectrum of readers. The contents of the Journal will be in the form of original research papers, short communications, editorials, viewpoints and comments. Due to its wide array of topics, JOPEH will be useful to researchers, academicians, policy makers, practitioners and the general public who are associated with or have an interest in palm oil and the global oils and fats industry.

MALAYSIAN PALM OIL – FORGING FORWARD IN THE NEW NORM (5 – 8 JANUARY 2021)

The Palm Oil Trade Fair & Seminar (POTS) flagship programme of MPOC was launched in 2006 with an objective to enhance the development and growth of the Malaysian palm oil industry in local and international markets. To date, MPOC has organized more than 50 POTS in over 25 countries and it has become a benchmark and highly anticipated event in the annual calendar of the global oils and fats trade.

Considering the on-going developments restricting physical events, MPOC launched POTS Digital 2021, a fully online virtual conference bringing together world-renowned oils and fats industry leaders and experts. 15 world-renowned oils and fats industry leaders and experts delivered four insightful talks in the Current Issues session, followed by five presentations in the Innovation & Applications in Palm Oil Industry session. This was followed by the highly anticipated Market Updates & Price Forecast session with conference delegates logging in from all over the globe to hear from world-renowned experts giving their views on the oils and fats industry outlook for the upcoming year.

The complete set of POTS Digital 2021's Marketing Conference presentations and videos can be accessed at the website, www.mpoc.org.my

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1. Trade Practices and Legislation in the EU: Are They Restricting Free Market Opportunities?

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Abstract

In his presentation on *EU Trade Legislation and Practices: Are They Restricting Free Market Opportunities?* Peter Van den Bossche, Director of Studies and Professor of International Economic Law at the World Trade Institute in Bern, Switzerland, President of the *Society of International Economic Law*, and former Member and Chair of the WTO Appellate Body (2009-2019), discusses the importance of the EU in global trade and the importance and composition of trade between the EU and Malaysia. He examines the main objectives of the EU trade policy, as outlined in the 2015 European Commission Communication on *Trade for All*, and recent developments regarding these objectives. Most notably the European Commission mentions in the list of main trade policy objectives first the promotion of universal values regarding environmental, social and labour protection and fundamental rights. Van den Bossche next explores the non-preferential opportunities for trade with the EU from which all WTO Members, including Malaysia, under WTO law, and the preferential opportunities for trade with the EU under the EU GSP or EU FTAs, none of which are available to Malaysia. Finally, Van den Bossche discusses the different forms of current EU barriers to trade and observes that while some of these barriers are consistent with the EU's international obligations, others are of doubtful legality.

*Peter Van den Bossche is Director of Studies of the World Trade Institute (WTI) and Professor of International Economic Law at the University of Bern, Switzerland. Since 2018, he serves as President of the Society of International Economic Law. From 2009 to 2019, he was a Member of the Appellate Body of the World Trade Organization (WTO) and served as chairman of the Appellate Body in 2015. He is an honorary professor at Maastricht University, the Netherlands (since 2018), and a visiting professor at the University of Geneva (since 2018), at LUISS Guido Carli University, Rome, Italy (since 2016), at the Universidad San Francisco de Quito, Ecuador (since 2016), and at the College of Europe, Bruges, Belgium (since 2010). Since 2020, he is Editor of the World Trade Review, Cambridge University Press. Van den Bossche is the author (with Werner Zdouc) of *The Law and Policy of the World Trade Organization*, 4th edition (Cambridge University Press, 2017), 1077 p.; and (with SHAN Wenhua) of the Chinese edition of this book (Law Press – China, 2020), 1151 p. Van den Bossche is also the author (with Denise Prévost) of *Essentials of WTO Law* (Cambridge University Press, 2016), 302 p.*

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2. Malaysian Palm Oil Industry – Vision for the Future

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Abstract

The palm oil industry is an important driver for economic growth in the world especially in Southeast Asia including Malaysia. Today, palm oil is the most important tropical vegetable oil in the global oils and fats industry in terms of production value and trade. The industry has played a significant role in generating employment and export earnings in Malaysia.

The presentation describes the significant contribution of the palm oil industry to the Malaysian economy especially in terms of contribution towards national GDP, export earnings, employment and global oils & fats supply. This achievement is expected to be improved while Malaysia maintains the plan to limit total oil palm cultivated area at 6.5 million hectares. To show the seriousness of the government's commitment, Malaysia will also ban conversion of permanent forest reserved area for oil palm cultivation and no new planting will be allowed in peatland areas.

By so doing, there will be an emphasis on accelerating productivity through advanced technology and to address other issues such as dependency on foreign workers. Several environmental measures have been put in place while successfully uplifting the lives of rural communities through oil palm cultivation. This is in addition to several other challenges such as selective negative reporting by NGOs who continuously blame oil palm industry as the main cause of deforestation, allegations of forced labour, protectionism and unfair treatment of palm oil, especially by EU policies.

An example of this is the impact of the EU Green Deal on its palm industry which includes a farm-to-fork strategy that may impose additional burden for palm oil to enter EU supply chains. Malaysia has taken steps to ensure palm oil complies with EU requirement and is committed to ensuring sustainability in the production. As proof of this commitment, a total of 5.1m hectares out of the 5.9m hectares of oil palm planted area is certified with Malaysian Sustainable Palm Oil certification while 432 out of 452 palm mills are also MSPO-certified.

Malaysia will also go ahead with its implementation of biodiesel policy to reduce the greenhouse gas (GHG) emissions rate in line with the country's aspiration towards achieving the GHG emissions reduction target of 45% of GDP by 2030. This will also reduce the country's dependence on fossil fuels. Free Trade Agreements (FTA's) and trade cooperation will also be established to ensure Malaysian palm oil gets a head start in new markets.

In conclusion, the presentation emphasised the visions for Malaysian palm oil such as continued improvement in the socio-economy, increasing export revenue, commitment to sustainability and wildlife conservation, productivity and yield improvement, value addition to palm oil products and positioning

Malaysian palm oil in new and emerging markets. There will be continuous engagements to disseminate true information on palm oil on its versatility, health, economic contribution as well as workers' rights while maintaining Malaysian palm oil reliability, efficiency, credibility in ensuring its supply food security.

Datuk Ravi Muthayah is presently the Secretary General of Ministry of Plantation Industries & Commodities, Malaysia. He holds a Master's in Business Administration from University of Kobe. A career government serviceman, Datuk Ravi Muthayah began his service in 1989, and has served in various capacities in Ministry of Finance, Ministry of Domestic Trade & Consumer Affairs, and Economic Planning Unit, Prime Minister's Department. He joined the Ministry of Plantation Industries & Commodities in 2018 as Deputy Secretary General and has served as its Secretary General since December 2019.

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3. Balancing Global Food Demand for Vegetable Oils/Fats and Deforestation: A Longer-Term Perspective to 2030 and 2050

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Abstract

Using a quantitative foresight modelling framework, IFPRI's IMPACT model (Robinson et al, 2015), we investigated the future of the palm oil sector and its dynamics with deforestation out to 2030 and 2050. Our projections show that total global demand for oilseeds is the strongest growing food sector over this time horizon, with a near doubling of demand for all oilseeds by 2050.

Palm oil dominates the oilseed sector by a good margin. Total palm fruit demand is projected to increase 170% by 2050 over 2010 levels while other major oilseeds only increase by 40 to 50%. Projections for total vegetable oil demand will increase to 386 million metric tons by 2030 and to 475 million metric tons by 2050 with palm oil occupying over 40% of this future market. Soybean and rapeseed oil are distant second and third rankings for total vegetable oil demand.

Most of this growth is occurring in East Asia & the Pacific, though South Asia and Africa South of the Sahara are also important markets seeing strong growth. Also of note, non-food demand for vegetable oils and fats is just as important, if not more so, than food demand. Production growth is biased towards area expansion, which has important implications for balancing palm oil market expansion with the need to conserve and manage forests and biodiversity. In our analysis of the implications of increasing palm oil productivity (Wiebe et al, 2019) we found strong potential to avert further severe forest incursion, but this requires careful management of the transition process to more efficient palm oil production.

Timothy Sulser is a senior scientist at the International Food Policy Research Institute (IFPRI) working with the CGIAR Foresight group. His primary work focuses on quantitative foresight modeling of the global agricultural sector using the International Model for Policy Analysis of Agricultural Commodities and Trade (IMPACT, <https://www.ifpri.org/project/ifpri-impact-model>). Timothy has worked in community development, agricultural extension, and farming systems modeling in Latin America. His work at IFPRI has covered a variety of agricultural and food policy issues, particularly on scenarios of climate change, technology advancement, biofuels, hunger and malnutrition, and natural resource use in South and East Asia and Africa South of the Sahara.

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4. Mitigating the Impact of 2020 Challenges – Forging the Way Forward

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Abstract

The presentation focused on global economies affected by border closures, demand disruption and shift in buying behaviours, commodity markets crash in Q1 & 2 2020, Covid-19 impacts. Other areas highlighted include protectionist policies, market rebound, and commodity price rebound in the second half of the year and 2021 expectations.

In mitigating the impact of Covid-19 pandemic, MPOC has taken several proactive steps to adapt to the new normal such as shifting its marketing & promotional activities from physical to digital platforms. Among the new initiatives was the setting up of Market Highlights, online webinar series, Palm Oil Link and the continuation of POINTERS. These initiatives played a key role in supporting the Malaysian palm oil industry in its market recovery and expansion efforts.

The paper also touched on the way forward for Malaysian palm oil which will adopt these strategies: -

- Create both virtual and physical platforms for engagement and business enhancement of MPO
- Identify opportunities for expansion in downstream and niche markets
- Address key market issues to maintain and enhance the Malaysian market share
- Strengthen the presence of MPOC on digital platforms to proactively address issues and identify opportunities
- Making MPOC the palm oil information hub by providing timely, accurate and relevant information to the industry for better understanding of Palm Oil market issues and opportunities

Malaysia's domestic refining uptake estimated at 15.6m tons, resulting in a CPO supply deficit of 0.5m tons. The tight supply scenario may lead to low monthly ending-stocks of about 1.5m tons for much of 2021, leading to higher prices. Malaysian CPO production in 2021 will likely increase only slightly by 200,000 MT to 19.6 million MT while exports of CPO is forecast to increase to 4.5 million MT leaving about 15.1 million MT for domestic refining. This situation would likely result in a CPO supply deficit of at least 500,000 MT and likely to be met by imports or from domestic carryover CPO stocks.

Indonesian production is seen at 45m tons in 2021 vs 43m tons year ago and Malaysian CPO exports to India will remain robust in 2021 as the current levy on Indonesian CPO exports will give a price advantage to the No. 2 growers. China's palm oil imports will face challenges this year due to lower prices of competing oils.

In conclusion, the outlook for commodities prices, palm oil futures are forecast at 3,650 ringgits (\$911) on average in 1Q 2021 over concerns that heavy rains in January-February will hurt production and limit supplies. Furthermore, La Nina and disruptions and persistent heavy rainfalls in Southeast Asia last year

may lead to tighter global palm oil supplies in 2021. For the full year, prices forecast to average at 3,217 ringgits vs 2,700 ringgits in 2020.

Following his postgraduate studies from University of London, and research stints in USA, Australia, Netherlands and at MPOB, Datuk Dr. Kalyana Sundram has clocked 39 years in palm oil research and industry. These include various aspects of oils and fats process technologies, nutrition, biomedical applications and technical marketing. He is a Fellow of the Malaysian Academy of Sciences, Fellow of the Nutrition Society and member of several international professional associations. Datuk Dr. Sundram is primarily acknowledged for his work on palm oil and has served on international expert consultations and committees at FAO/WHO, IUNS and MPOB. He publishes extensively and holds 24 patents. He has coordinated more than 200 research and promotion projects on palm oil including health, sustainability and wildlife conservation. Datuk Dr. Kalyana Sundram was the Chief Executive Officer of the Malaysian Palm Oil Council (MPOC), a non-profit organization focusing on palm oil promotion and marketing, addressing the anti-palm oil campaigns and uses science-based outputs to communicate on palm oil.

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5. Achieving Traceability in Palm Oil Supply Chain

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Abstract

The Palm Oil industry has had a tumultuous year in 2020, with the COVID-19 Pandemic putting immense pressure on production due to lack of manpower and severe disruptions in supply chains.

On the Sustainability front, many enterprises are increasingly committing themselves to traceability for regulatory compliance and achieving sustainability goals. This has come into sharp focus during this pandemic in discussions on supply chain resilience, traceability and end to end visibility. This is of paramount importance in the Palm Oil Supply Chain. Companies typically spend millions of dollars annually to have visibility to the last mile of the supply chain to address this pain point. All such initiatives are siloed and do not include value propositions to other stakeholders in the supply chain, and thus it gets highly complex and less successful. It is also impractical and prohibitively expensive for small stakeholders to be part of many such ecosystems driven by different enterprises.

DIBIZ- a new “Collaborative Connected Digital Supply Chain Platform” on a Secured Cloud has been launched for the Palm Oil industry, where all stakeholders can conduct their supply chain transactions with minimum effort and at low cost(no upfront CAPEX) powered by a proprietary energy-saving Blockchain platform to connect enterprises to every stakeholder in their supply chain seamlessly providing real-time Digital Traceability with Geospatial analytics with specific value propositions individually and collectively. Everybody will have a winning proposition in this networked model. For the first time, smallholders in the Palm Oil Supply Chain will be included at no cost to them. This will enable smallholders to embrace sustainability and get adequately remunerated for their efforts. This could be a great opportunity for the Palm Oil industry to demonstrate real-time dynamic traceability and visibility with Geo-spatial analytics to prove that Palm Oil is indeed produced sustainably and conforms to NDPE norms. This should appease EU countries and the vocal NGOs who have been very critical of Palm Oil's sustainability, especially to meet the “Farm to Fork” demand as part of the new EU Green deal.

Mr. U.R. Unnithan is the Co-Founder and CEO of DIBIZ PTE LTD - a Blockchain powered connected digital supply chain platform and the Founder and CEO of SUMWIN Group - a technology company specialized in value added food, feed, oleo-chemicals, nutraceuticals and renewable energy. He has 36 years of professional experience in the field of Oils and Fats, Oleo-chemicals and Biofuels and is currently the President of the Malaysian Biodiesel Association, where he has been actively involved in the implementation Of the Biodiesel program in Malaysia since 2001. He holds a Master's degree in Chemical Engineering from the Institute of Chemical Technology in India. U.R. Unnithan is also a Gold Medal Winner at the APEX MBA program from the National University of Singapore and a graduate of the Advanced Management Program from Harvard Business School.

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6. Role of Artificial Intelligence in Advancing Oil Palm Sector

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Abstract

113 Industries is a data-driven company that specializes in using state of the art Natural Language Processing and Artificial Intelligence technologies to build a Consumer Behavior Model from large datasets (think millions of data points). The input data consists of online data ranging from social media to forums, blogs, discussion boards, review platforms, news and even patent filings. We then use this model to develop specific outputs such as behaviour-based Consumer Segments, Consumer Journey, Attribute Value Hierarchy, and Jobs to Be Done.

We have worked with over 50 of the Fortune 500 companies in multiple categories. In this presentation, we will discuss NLP and AI technology basics and more importantly, how we apply them to build our model and specific outputs. We recently completed a study for MPOC with Media Relations Agency lead by Mike Danielson and will refer to key aspects of the Palm Oil model. Like many categories and spaces, this one is rich with mentions and conversations on various aspects related to Palm Oil. Since these are purely organic, they provide a unique, unfiltered view into what the consumers are thinking, their motivations and drivers. Unique to our methodology, we are also able to uncover the “whys” behind the behaviours. What do they like? How do they use products? Who influences them the most? We also possess the capability to analyze how consumer views and perceptions compare to those promoted by the media, press, analysts and brands, and how that content is being consumed. Finally, we will discuss how you can leverage this methodology whether you are a grower, ingredient company, processor, distributor, retailer, or NGO.

Anupam Singh is an entrepreneur with over 25 years of experience in designing, building and delivering innovative solutions and services. Anupam co-founded 113 Industries in 2010 to help Fortune 500 companies develop and market breakthrough products and solutions. 113 Industries combines Artificial intelligence, Machine Learning and Natural Language Processing technologies to provide Data Driven Insights on consumers at a scale of millions of consumers. Many of the leading companies including Hershey, Clorox, Colgate-Palmolive, Coca-Cola, PepsiCo, P&G and SC Johnson have used this platform. Anupam's career spans working at technology giants including IBM, Lockheed, and HP, as well as multiple successful startups including FORE Systems, FreeMarkets and Landslide. Anupam also guest lectures on NLP, Data Science at Carnegie Mellon University. In his spare time, Anupam enjoys sports (especially cricket and tennis), travel, sketching and music.

Jenna is a strategic thought professional who has provided her expertise as lead consultant on more than 50 projects during her time with 113 Industries—where her client partners have ranged from executives at Fortune 500 companies to healthcare providers to advertising agencies. She heads the company's Insights team and is constantly on the hunt for new technologies to better serve clients. Her past experience in inventory management and visual merchandising grounds her in each project with the objective of understanding consumer buying behavior from an in-store and online perspective. In all that she does professionally, Jenna is motivated by representing the voice of the consumer through thoughtful and meaningful data collection.

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7. Renewable Feedstocks and its Complex Opportunities

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Abstract

The renewable transport energy market is undergoing a major overhaul with rising sustainability goals across the globe for land and air travel to 2030 and beyond. Focus is increasingly centred on hydro-treated vegetable oils and sustainable aviation fuel made from wastes and residues to meet these targets and away from first-generation biodiesel made from crops, specifically palm oil, in the main EU market where its new Renewable Energy Directive II comes into effect in 2021. This presentation will outline the challenges and opportunities that lie ahead for Malaysian and Southeast Asian suppliers of biofuels and feedstocks attempting to navigate the changing landscape, finding new markets for palm and sourcing more advanced raw materials.

Pierre Lever heads the Argus Asia business and is based in Singapore. He is responsible for strategic, commercial and market activity and close to 200 staff across Singapore, Dubai, Mumbai, Beijing, Shanghai, Tokyo and Sydney. Pierre joined Argus in 2011 after management roles in other fast growth information providers. Pierre holds law degrees and an MBA from the IMD business school in Lausanne, Switzerland.

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8. The Impact of No-Palm Oil Biofuel

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Abstract

The speaker, Mr. Long Tian Ching is the Deputy President of the Malaysian Biodiesel Association and the Director of Vance Bioenergy, a biodiesel producer based in Pasir Gudang, Malaysia. His many years of experience in the palm biodiesel industry has given him the benefit of seeing all the ups and downs of the industry.

The topic he will be speaking is titled: "The Impact of No-Palm Oil Biofuel – Update and Analysis". Firstly, he will be covering the overview and possible policy changes with respect to the Renewable Energy Directive (RED) II targets. Besides that, he will be sharing the various views and actions which EU member states have taken towards the ban of Palm Biofuel.

Following this, he will be elaborating on the driving force for the ban of Palm Biofuel. The main driving force being the negative sentiment of the European consumers, he will further illustrate how it has evolved from an anti-palm movement on the food industry, to a negative movement against palm used in biofuels.

Next, he will cover the trends and outlook for the palm biodiesel exports to the EU. The palm biodiesel export numbers have been declining sharply and the estimated export number for 2020 looks to be much lower, in part to the ongoing anti-palm movement. Even though tight regulatory limits for Palm Biofuel have been set, it is anticipated that EU member states will start with an ever lower initial limit and could accelerate the decrease to zero.

In conclusion, he will be sharing his opinions on how Palm Oil and Palm Biofuel producers have to anticipate that the exports to the EU will drop substantially. To mitigate this decline, both the Indonesian & Malaysian Governments should increase their national biofuel blending mandates.

Long Tian Ching is a Co-founder and Director of Vance Bioenergy Sdn. Bhd. (www.vancebioenergy.com). Established in 2005, Vance Bioenergy is a leading ISO 9001-certified producer of palm biodiesel, pharmaceutical-grade refined glycerine, tocotrienols and other palm-based oleochemicals for use in many industries. Mr Long is also the Deputy President of the Malaysian Biodiesel Association. Prior to this, Mr Long was an investment banking Vice President at Lazard where he specialized in M&A and managed more than US\$5 billion worth of completed transactions across Asia. Mr Long has an MBA in Entrepreneurial Management from the Wharton School, where he graduated as a Palmer Scholar. He also has two undergraduate degrees from the University of Pennsylvania in Finance and Computer Science and Engineering. Mr Long is a Chartered Financial Analyst.

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9. Global Outlook for the Oleochemicals Market

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Abstract

Oleochemicals are a key downstream component for the palm sector, and critical for the PKO market. Both production and increasing consumption are mainly in the APAC region now and will continue to be so.

Oleochemicals are extremely flexible and typically end up being ethoxylated and/ or sulphonated, and used as surfactants. There are well over 3,000 surfactant types thus showing the critical importance and flexibility of oleochemicals. Their carbon chain will also afford them usage in different sectors with C12-14 being the workhorses in the largest segment, soaps and detergents, whereas the C8's and C10 are more used in personal care and industrial applications.

Despite bumps (COVID-19, over-expansion 5 years back), the market will continue to grow as population increases, a growing middle class has more disposable income, and the products are based on green feedstocks, and thus their future remains bright.

Chris works in the Financial Advisory practice in Southeast Asia specializing in Corporate Strategy & M&A. He brings 25 years of experience in growth strategies, M&A, turnaround and operational excellence, focused on providing advisory services to Corporates, Financial Institutions and Governments and has been in Southeast Asia for over 18 years. His particular area of focus covers the Agricultural sector and its associated value chain, and has conducted over 50 engagements in the palm oil sector covering upstream cost optimization, refining optimization, trading, biodiesel, fatty alcohols, fatty acids, fatty esters, speciality fats and oils and soap noodles.

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10. Global S&D of Oils & Fats and Price Outlook

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Abstract

The price explosion of most oilseeds, vegetable oils and oil meals during the past few weeks has been caused by ongoing crop concern in South America (despite some improvement in rainfall) as well as a sharper than expected decline in palm oil stocks (primarily in Malaysia) and the strikes in Argentina (which reduced soya oil and meal exports by two thirds) in Dec.

These factors came on top of the already existing bullish factors, primarily the huge US soybean exports and record Chinese import demand as well as the supply shortage in sunflower seed and products.

On top of that, biodiesel production exceeded expectations worldwide, contributing to the global production deficit of oils & fats. It is questionable how long biodiesel admixture rates will be maintained at the current high costs.

Most commodities are currently in deficit worldwide. Stocks are declining. This is true for palm oil and soybeans & products as well as the sunflower and rapeseed complexes and grains. There will be a fight for acreage in the northern hemisphere spring in March and April. This will keep prices well supported.

Following the steep price appreciation, palm oil futures on the BMD and soya oil futures on the CBOT are vulnerable to a technical correction, caused by fund selling off some of their (unusually large) long positions (profit-taking). But such a technical correction should be short-lived. Global fundamentals will still be tight for palm oil, soy oil and other vegetable oils in the medium term and we expect a price recovery after such a setback during February and March.

Price Determining Factors to Watch:

1) Soybean production in South America: It is still very dry in several regions. Improved rainfall was noted but partly came too late. We have now made additional downward revisions. For Brazil, we now forecast the soybean crop at 128 and for Argentina, at 46 Mn T. The total South American crop is a combined 16-17 Mn T below the potential that would have been possible this year with normal weather.

2) Farmer selling in Argentina: We estimate that a record 14 Mn T of old-crop soybeans will be in the hands of Argentine farmers at the end of March 2021, when the new season begins, and the next soybean crop will start to be collected. The doubling of Argentine soybean stocks from a year earlier will more than offset the prospective decline in South American production from a year earlier. As a result, total South American soybean supplies will be up from a year ago in 2021.

The pace at which Argentine farmers will sell their record old-crop and their new-crop supplies will have major impacts on soybean crushings and the availability of soya oil and meal in the weeks and months ahead. At the moment selling is not attractive for them owing to the currency exchange regulations and the export tax of 33%.

But once the Argentine government announces a devaluation of the peso and selling becomes more attractive for farmers, Argentine soybean disposals could rise sizeably despite this year's lower than the expected crop.

3) Palm oil production and supplies: For Oct/Sept 2020/21 we estimate world production of palm oil to recover by 4.4 Mn T. However, with stocks at the start of the season down 2.4 Mn T, the global supply growth will only be about 2.0 Mn T. This will keep palm oil prices relatively high throughout this season. But we expect a moderate price setback later this year if our production estimate materializes. Heavy rainfall and local floods, as well as ongoing labour shortage, have resulted in harvest delays and production losses in recent weeks.

In Oct/Dec world supplies were unusually tight, due to very small stocks and lower than expected Malaysian and Indonesian production. World consumption of palm oil declined by 1.1 Mn T from a year earlier in Oct/Dec 2020 and by 3.6 Mn T in the calendar year 2020. This is the first annual decline in world palm oil consumption.

World palm oil supplies will remain comparatively tight in Jan/March 2021, despite a prospective year-on-year increase in production. The seasonal increase in April/June and July/Sept will be more moderate than usually. There is concern that the shortage of labour is going to intensify in Malaysia, magnifying production losses.

4) Biodiesel production: We consider it likely that biodiesel admixture mandates will not be fulfilled this year owing to the unusually high prices and price premiums of oils and fats over fossil fuels. This may apply to Indonesia, Malaysia, Argentina, Brazil and other countries.

In Indonesia, the general acceptance of the biodiesel programme is at risk. The sharp increase in Indonesian palm oil export levy and tax in December and January came mainly at the expense of domestic prices, creating the unusual situation that Indonesian producers receive much less for the product than their Malaysian counterparts.

5) Oilseed production in 2021/22: With current high prices it is likely that farmers will sharply expand plantings and investments in fertilizers and crop protection measures to boost production of soybeans, rapeseed, sunflower seed and other oilseeds. On the assumption of about normal to favourable weather and on our tentative estimates of production and consumption, I anticipate a global production surplus in oilseeds in 2021/22.

In my opinion, vegetable oil prices are likely to stay elevated and above-average throughout the calendar year 2021. The prospective below-average growth in palm oil output will make it difficult to replenish world stocks of oils & fats. But we at OIL WORLD anticipate a recovery of world production of oils & fats, which is likely to result in some setback in prices already in the Apr/June quarter. An additional – though moderate - price decline is likely to occur in July/Dec 2021.

Thomas Mielke is Executive Director of ISTA Mielke GmbH in Hamburg (Germany), OIL WORLD, a leading research organization that provides global supply, demand and price analyses, statistics and forecasts for all the major oilseeds, vegetable oils & animal fats and oilmeals as well as for biodiesel and livestock products with clients in 100 countries. He is a frequent speaker at conferences and workshops all over the world. Thomas Mielke joined the OIL WORLD team in the mid-1970s, after studying economics. He is a member of the Programme Advisory Committee of the Malaysian Palm Oil Board and is giving lectures at the University of Hamburg (TUHH). In 2014 Thomas Mielke received a Lifetime Excellence Award of the Malaysian industry in recognition of his contributions and commitments. OIL WORLD was founded in 1958 and is recognized worldwide as a leading independent, authoritative and unbiased information provider. The WEEKLY and daily FLASH reports can be obtained from www.oilworld.de and also an OIL WORLD report in Mandarin is released 2 times a week.

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11. Palm Path Post Pandemic/During Endemic

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Abstract

Going back in history, after Cold War, the world settled into a new international system marked by THREE forces (i.e.) Geopolitical (American Power), Economic (Free Market) and Technological (Information Revolution). All seemed to work together to create a more open and prosperous world (GLOBALIZATION) but it was still a world full of events/crises - some of which would GO out of control. Examples of a few such events/crisis are The Asian Financial Crisis, The SARS & MERS, The 9/11 attack, The Global Financial Crisis and now The COVID-19.

While they are all different but they have something very common (i.e.) they are all ASYMMETRIC SHOCKS. Which means things that start small but end up sending seismic waves around the world (Chaos Theory: The Butterfly Effect).

Just to illustrate, COVID-19, as we know a pandemic, started from tiny viral particle, circulating in a bat in China Hubei province, has brought the world to its knees.

While researching the current paper on understanding the spread of COVID-19 and its effect on commodities with a key focus on Palm, we have seen that every country has started to work on COVID vaccine by crashing its lead time from a Decade to almost a year, with a high possibility that COVID-19 will be contained or will be behind us once the vaccine is rolled out.

Of course, the coming of the vaccine doesn't mean an immediate end to the pandemic as it will take months for it to be rolled out and to be available to individuals across the countries or world. However, in between vaccine development & the vaccination starting in few countries, over the last couple months, we have seen an erratic spurt in new COVID-19 cases in various countries and also the mutation of a new strain.

Hence, in the current situation, it looks like COVID-19 is here to stay for the next couple of years (a trend seen during SARS & MERS).

Ali Muhammad Lakdawala is a prominent speaker at various national and international forums on Commodities & Risk Management.

He is an invited Member of:

- *Solvent Extractors' Association of India (SEA of India) Imported Vegetable Oil Processors Council*
- *Indian Vegetable Oil Producers' Association (IVPA) Steering Committee*

Education:

A Commerce Graduate with Masters in Management Studies (MBA with Specialization in Finance: Rank Holder in Economics) from Mumbai University (India) and Diploma holder in Supply Chain Management - from the Confederation of Indian Industry (CII).

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12. Pakistan – A Consistent Market for Palm Oil with Huge Potential to Diversify the Trade

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Abstract

In my presentation, I will highlight the importance of Pakistan as a dependable and consistent edible oil import destination for palm oil. Pakistan is a net importer of oils and fats and the total annual consumption of edible oil is approximately 4.4 million MT. The indigenous edible oil production in Pakistan is barely 0.5 million MT which leaves a huge gap in demand which is met with the import of edible oil and oilseeds. I will also discuss the role of palm oil in the total oils and fats market in Pakistan. In 2020, the share of palm oil in the total import of edible oils and fats was approximately 97%. Indonesia and Malaysia are the two suppliers of palm oil. Indonesia leads in the bulk exports of palm oil while Malaysia has an edge in the finished products market.

In the second part of my presentation, I will discuss the potential of diversification of palm oil usage in the growing food industry of Pakistan. I will also highlight some areas for expansion in the food and non-food sector which are likely to offer opportunity, especially for Malaysian palm oil suppliers. I am confident that with a population of over 220 million, Pakistan is expected to remain a net importer of oils and fats for the foreseeable future.

In the end, I will share my outlook for the prices of palm oil in the first quarter of 2021 based on the market facts and data available. In my opinion, the MDEX has already appreciated too much towards the end of December and it is likely to maintain the level of RM 3100 – RM 3300 in the first quarter to attract demand.

Mr Abdul Rasheed Janmohammed is Chairman of Pakistan Edible Oil Refiners Association (PEORA). He is also the Chairman of Pakistan Shippers' Council of Federation of Pakistan Chambers of Commerce & Industry (FPCCI). He is the Chief Executive Officer of Pakistan Edible Oil Conference (PEOC) and Westbury Group of Companies, which comprises of 8 different local and joint venture companies. Mr. Janmohammed is member of managing committee of some organization such as Karachi Health Association (Kharadar General Hospital), Executive Committee of Federation of Pakistan Chambers of Commerce & Industry (FPCCI), Member Executive Committee of All Pakistan Solvent Extractors' Association (APSEA), Executive Committee of Rice Exporters Association of Pakistan (REAP) an active member of Rotary Club, Karachi as well. Mr. Rasheed Janmohammed is in the Edible Oil business since 1980 and actively participates in all the leading Edible Oil Conference as a Speaker.