

PALM OIL TRADE FAIR & SEMINAR (POTS) 2014

KEYNOTE ADDRESS

BY

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MINISTER OF PLANTATION INDUSTRIES AND COMMODITIES, MALAYSIA

PALM OIL TRADE FAIR & SEMINAR (POTS) KUALA LUMPUR

SHANGRI LA HOTEL

KUALA LUMPUR, MALAYSIA

TUESDAY, 28 OCTOBER 2014

Yang Berhormat Dato' Ar. Wan Mohammad Khair-il Anuar Wan Ahmad

Chairman

Malaysian Palm Oil Board

YBhg. Datuk M. Nagarajan

Deputy Secretary General

Ministry of Plantation Industries and Commodities

YBhg. Dato' Lee Yeow Chor

Chairman

Malaysian Palm Oil Council

YBhg. Datuk Dr. Choo Yuen May

Director General

Malaysian Palm Oil Board

YBhg. Tan Sri Datuk Dr. Yusof Basiron,

Chief Executive Officer

Malaysian Palm Oil Council

Distinguished Guests, Ladies and Gentlemen,

A very good morning to all of you.

I would like to record my appreciation to all of you for taking time off from your busy schedule to attend the Palm Oil Trade and Seminar (POTS) Kuala Lumpur 2014. I am indeed honoured by your presence, in particular members of the oils and fats fraternity. I also wish to thank the Malaysian Palm Oil Board (MPOB) and Malaysian Palm Oil Council (MPOC) for organising POTS Kuala Lumpur 2014.

2.This is the fifth edition of POTS KL since 2006. This biennial event is aimed at congregating the various stakeholders in the palm oil industry to discuss trends in the palm oil trade, as well as new developments in the use of palm oil, a versatile oil for both food and non- food applications.

3.I also take this opportunity to welcome all participants to POTS KL 2014. To participants from overseas, I wish you Selamat Datang and hope you will have a memorable stay in Malaysia.

Ladies and Gentlemen,

4. The theme of POTS KL 2014, Malaysian Palm Oil: Sharing Vision, Shaping Decisions aptly reflects the abundant opportunities in palm oil trade. Palm oil continues to assume an important component in the global oils and fats trade. In this context, this industry is an important pillar of the nation's economy and a major contributor to export earnings. This event provides the platform to all the industry players our vision in developing this industry as well as efforts undertaken to make available this versatile oil in the global food supply chain.

5. The organisers' of POTS KL 2014 have brought together expert speakers in the field of oils and fats from around the globe with the objective of sharing their knowledge and experience. These speakers will dwell on among others, next year's global oils and fats production trends and trade. The papers presented will definitely be informative and will benefit the participants of POTS KL 2014. In conjunction with this event, there will be an exhibition on palm oil and related products.

Ladies and Gentlemen,

6. Palm oil and palm kernel oil production in 2013 was 62.5 million metric tonnes, and these accounts for 32.9% of the global oils and fats output of 190 million tonnes. In terms of global export trade, about 75.8 million tonnes of edible oils were exported in 2013 and palm oil and palm kernel oil exports were recorded at 47.3 million tonnes and this account for 62.5% of total oils and fats exports. Malaysia alone produced 19.21 million tonnes or 34.2% of total global palm oil production in 2013 and exported 18.2 million tonnes, which is 41.2% of world palm oil exports. This is also equivalent to 24% of the global oils and fats trade. As the leading edible oil traded, palm oil has gained worldwide acceptance and will no doubt continue to be the mainstay in oils and fats scenario and a source of functional, nutritious, as well as a competitive ingredient for the food and non-food industries.

7. Malaysia believes that there are opportunities to further expand and make available this nutritious oil to the global community. However, palm oil development has been portrayed among others, as a contributor towards depletion of the forest and displacement of the wildlife habitats.

8. Malaysia would like to reiterate that we still retain more than the 50% of the forest cover commitment made at the Rio Summit in 1992. Currently, the forest cover in Malaysia is 61.2%. On top of this, Non Governmental Organisations (NGOs) in Europe have been pressuring the major multinational end users of palm oil to adopt procurement policies that exclude palm oil

from deforested areas. We feel that such pressures are not warranted and there is no need to succumb to such pressures taking into account oil palm in Malaysia is grown on gazetted land meant for agriculture. In addition, newly planted areas are owned by smallholders and not large business entities. Any restriction placed will affect the Government's efforts in providing rural employment opportunities and raising the income level.

9. Despite these challenges, Malaysia is determined that its entire palm oil production is in accord with sustainable practices and standards. Recently, we have instituted our own Malaysian Palm Oil Sustainable Standard (MSPO) and in the near term this will be adopted throughout the industry. In the end, our target is that all Malaysian palm oil is certified sustainable, even our small holders are being educated on these practices and our national policies are well geared to achieve these targets.

Ladies and Gentlemen,

10. The anti palm oil campaigns have started another massive scare tactic among palm oil consumers, threatening them with untoward health consequences when consuming palm oil. They have claimed in their propaganda that palm oil is a trigger for heart disease because of its higher saturated fatty acid content. They choose to ignore the emerging scientific evidence from the likes of Harvard and Cambridge Universities, that fats including saturated fats are not associated with heart disease related mortality or death. Indeed in a latest medical publication, fats are touted as beneficial compared to high carbohydrate diets.

11. In the case of palm oil, we stand behind our claim that has been substantiated by more than 170 nutritional trials, that we have commissioned to better understand palm oil's health effects. Despite these advances, we continue to be troubled by misplaced policies and propaganda. These are far and wide, and evident in many countries. To quote some examples, the no-palm oil labels in France and Belgium and the recent report regarding the proposal to encourage the blending of palm oil with other oils in Singapore to reduce palm oil consumption premised at promoting healthy living and reducing cardiovascular deceases.

12. We will respond to these through several channels and provide evidence on the basis of facts. It is always an uphill task, but I can assure you that we will continue all such efforts. Otherwise our friends in the trade, represented by many of you here today, could be victimized. As always, we are hopeful that truth will finally prevail and palm oil will continue to provide an affordable and sustainable source of fats for the many uses it has already been well established.

13. In addition, we will continue to support research work including clinical trials to provide evidence that palm oil is indeed a safe and nutritious oil. We believe that opportunities are abundant and limitless for the private sector to discover new opportunities from our research evidence. The development of the Malaysian palm oil industry, particularly in the palm oil midstream and downstream sectors are crucial in furthering the cause of palm oil acceptance in new markets. There are opportunities abundant to explore investments in downstream higher value-added palm derivatives, such as oleochemicals, phytonutrients, pharmaceuticals, processed foods, specialty products and even consumer brands.

Ladies and Gentlemen

14. Despite facing a host of challenges, including non tariff barriers and pressures from environmentalists, I believe that if we commit ourselves to working together, the palm oil industry can overcome these challenges, and will continue to reap the huge benefits arising from the increasing demand for and supply of palm oil and its derivatives. With that in mind, I encourage all participants to make the most of this two-day event to interact and explore possibilities of joint investments which will enhance your business.

15. I am confident that POTS KL 2014 will provide a platform for industry players from different streams of activities to have meaningful discussions and interactions, and also perhaps shed some light on the challenges faced by palm oil in the world today. I would like to take this opportunity to urge delegates and attendees to make the most of this event to interact and exchange views. Please take this opportunity to inquire from the experts, give opinions, make suggestions, or provide solutions to advance future developments and opportunities for palm oil and its application into a proper perspective.

16. On that note, ladies and gentlemen, I now take pleasure in declaring open the Palm Oil Trade Fair and Seminar Kuala Lumpur 2014.

Thank you.

Ministry of Plantation Industries and Commodities

Malaysia

28 October 2014