

#### The International Oils and Fats Markets

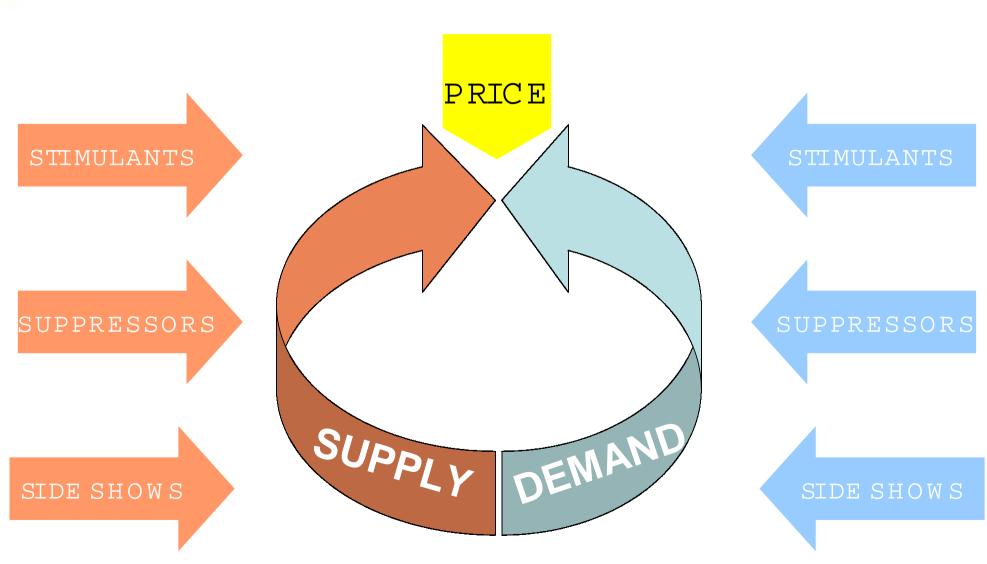


John Goodwin,
President, International Association of Seed Crushers (IASC)

Australian Oilseeds Federation

Melbourne - 6/7 October 2004





**FUNDAMENTALS** 



STIMULANTS

•Agrono mic progress

-GMO

SUPPRESSORS

•Trade Policy

•Environmental/Sustainability

SIDE SHOWS

Softs vs Hard oils

**Qualitative** issues

FUNDAMENTALS

•Land area

•Climate







•Per capita consumption

Economic development

•Trade Policy

Health issues

•Biodiesel

Health issues

STIMULANTS

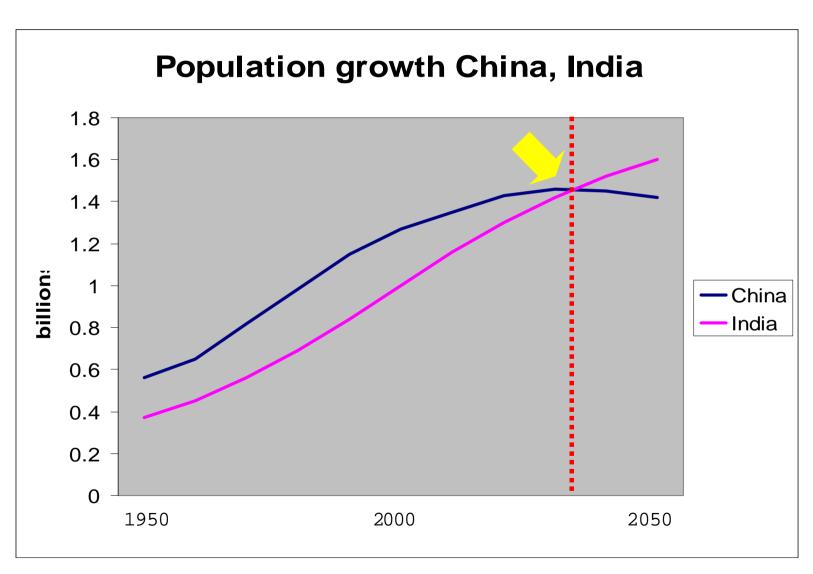
SUPPRESSORS

SIDE SHOWS

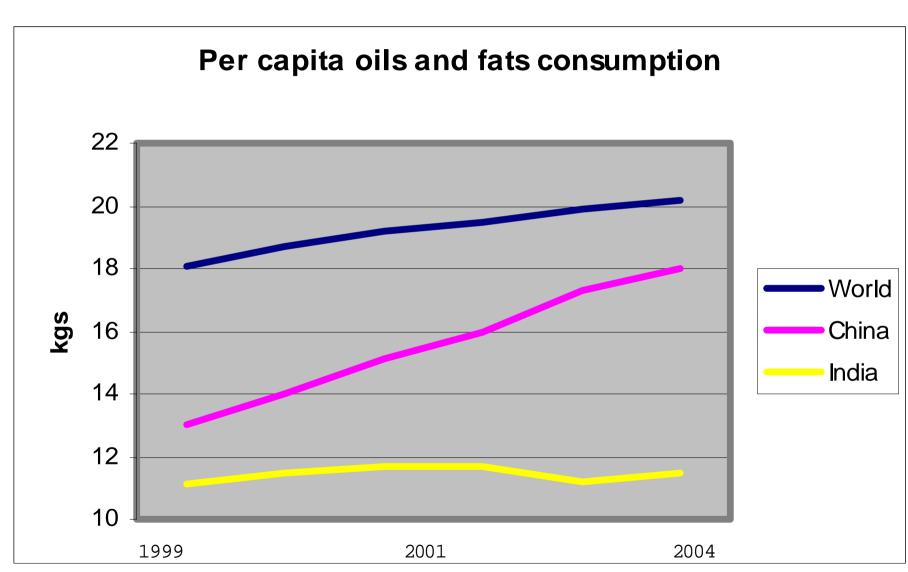
•Population

FUNDAMENTALS

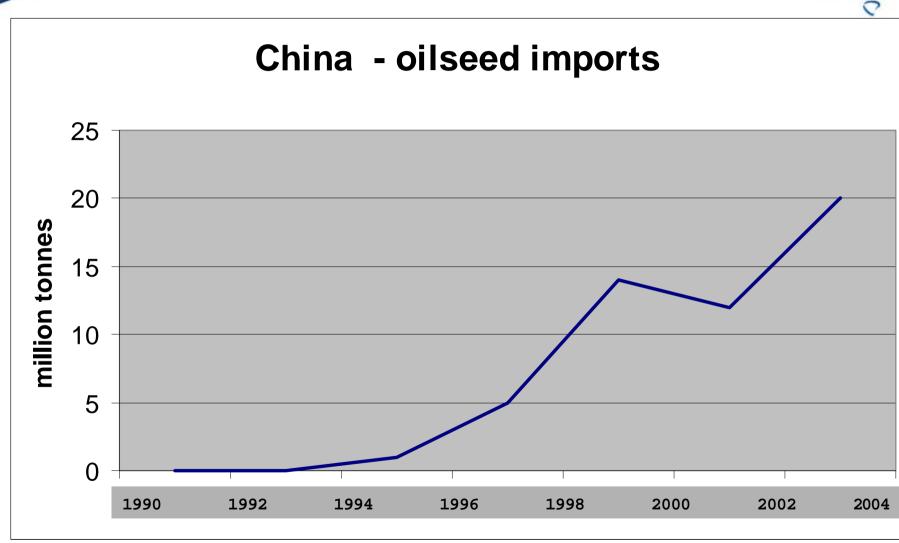




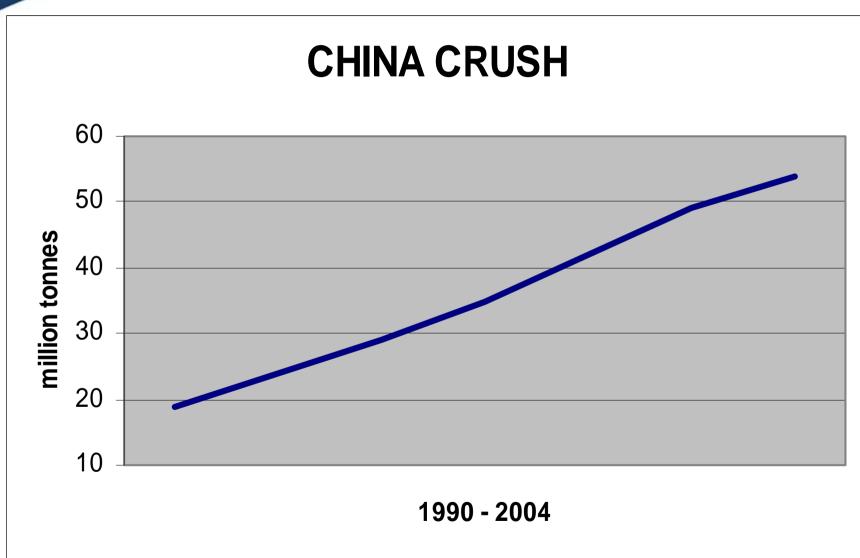




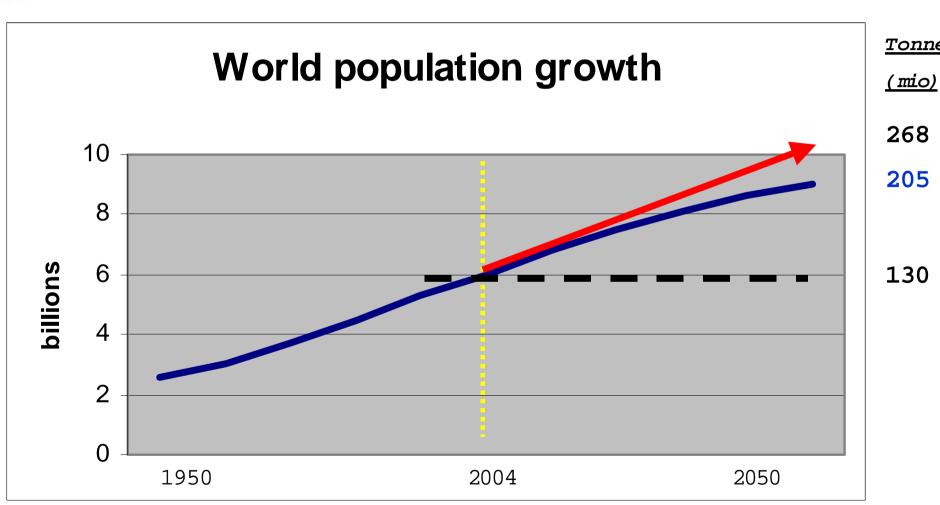












**Tonnes** 



# A Question of Health



#### Health

#### Food related issues of consumer interest

- Obesity
- Fat
- Saturates
- Hydrogenation (trans fatty acids)
- Salt
- Sugar
- Carbohydrate







#### A confusing picture

Fat is bad, but some fats are good

Tofu prevents disease, tofu aids growth of certain tumours

Eggs promote cholesterol, eggs pack a nutritional punch

The barrage of conflicting reports as left consumers confused and with a mistrust of nutritional information.

THE FAT

IN YOUR

SNACK

# Firms outlaw killer fats in food to fight obesity crisis

parriage food firms have pledged to remove a killer fat from their pod-urbs amid involving communa about an elecity epidemic.

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#### 'Manufacturers face increased regulation'

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Double Decker chocoline bar 20.9g

Chocolate digestive biscuits | 24.2g

**CHMINVITTIES** 

Digestive bisoutts

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The report soot. We believe fined transdicturers fine the class of increased regulation, notably in Europe, in infesting, advertig-ing and distribution.

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'Hydrogenated vegetable fat and oil also known as trans fatty acids (TFA's)'

Sunday Times – 6<sup>th</sup> July 2003

#### **Big Food acts** to forestall fat attacks

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from consumers. By Dominic Rushe

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#### FAT FACTS

There are two home of Erana fetty words, The. . . . . treat-processing incisety participal from polynet beloto mining vegetable for fruit little sillweper new material might be beautited. Hydrogenated fet, used in many literally, checolate and other products, has more been proved to be just as lad as extend fely for

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#### Influence of Fatty Acids on Blood Cholesterol

Fatty Acid Type	TotalSerum Cholesterol	HDL Level	LDL Level	
		(Good	(B ad	
	CHOESCEDI	Cholesterol)	Cholesterol)	
Saturated	RABE	NO EFFECT	RABE	
Monounsaturated	LOWER	RABE	LOW ER	
Polyunsaturated	LOWER	LOW ER	LOWER	
Trans Fatty Acids	RABE	LOW ER	RABE	



#### Nutritional Profile (% content)

	Sats	Mono	Poly	Trans
Sunflower	12	23	65	_
Rapeseed	7	58	25	_
High Oleic Rape	7	74	18	-
Part Hard Rape	10	63	12	15
Palm	50	40	10	_



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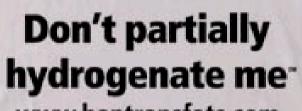
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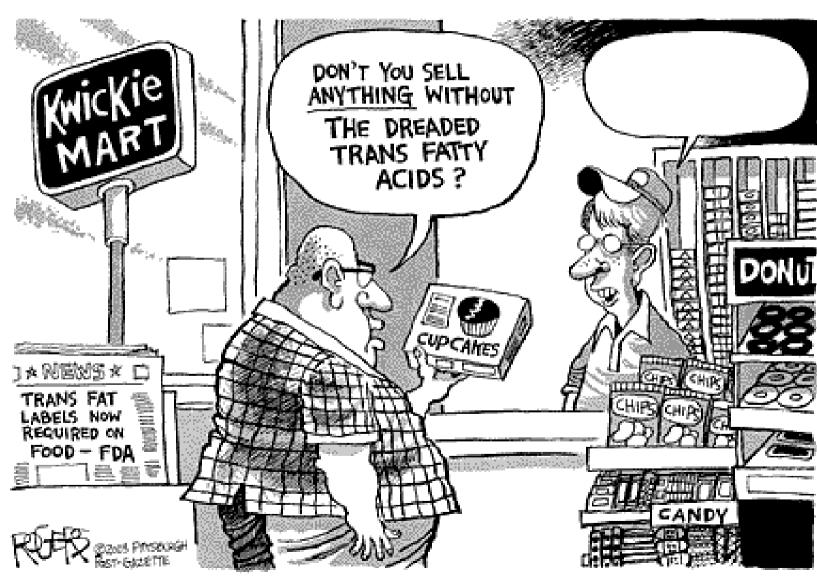


www.bantransfats.com

ΓFA

**IFA** 





# American Anti-palm Campaign?

"We are aware of the short-term attractiveness of using tropical fats, which do not require partial hydrogenation. However, we urge you to carefully consider the consequences of raising the level of heart-unhealthy fats as a solution to the trans fats issue"

John Becherer

CEO

United Soybean Board

Steve Censky

CEO

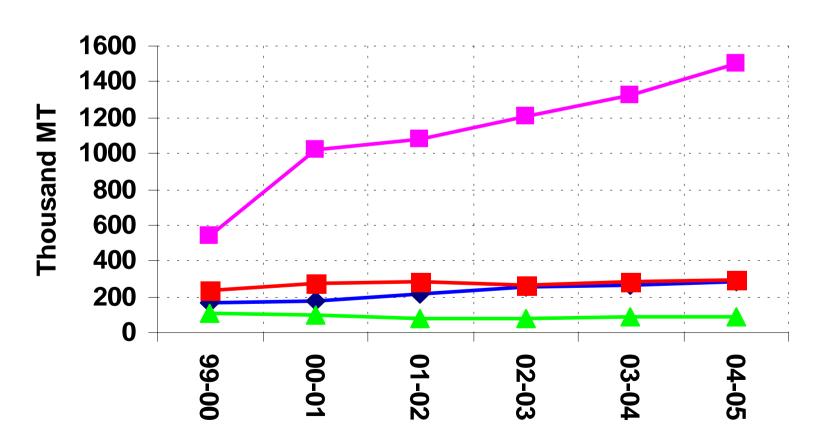
American Soybean Association

18 June 2004



# European 'Non-Food"







# **Biodiesel**



### Biodiesel

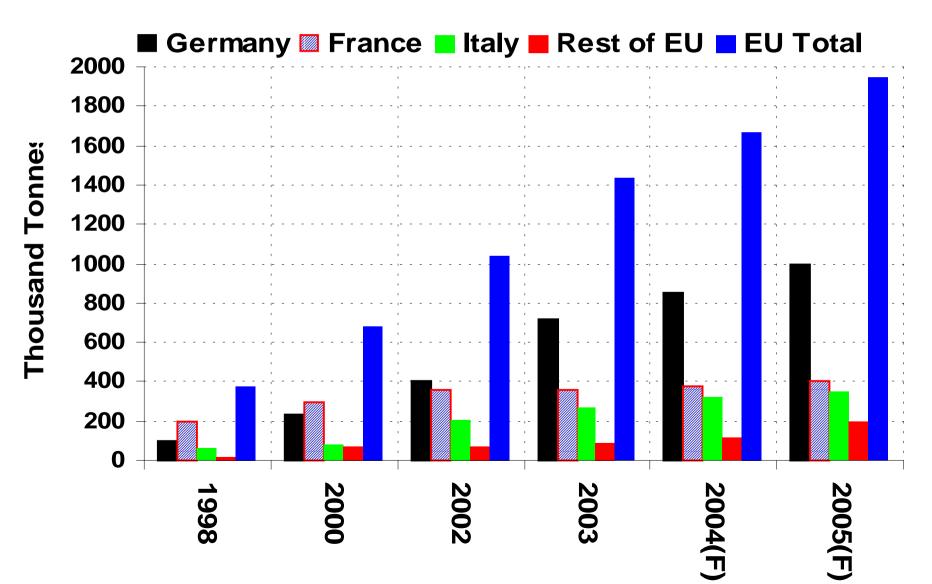
- EU commitment to renewable energy resources
- UK introduced 20p/litre duty discount for biodiesel
- EU mandated target for 2% biofuels by 2005, 5.75% by 2010 and 10% by 2020

(so 2010 target approx. 10.2 mio tonnes biodiesel)

Therefore enormous pressure on supplies of non-GM food oils in Europe......where will the oil come from ?

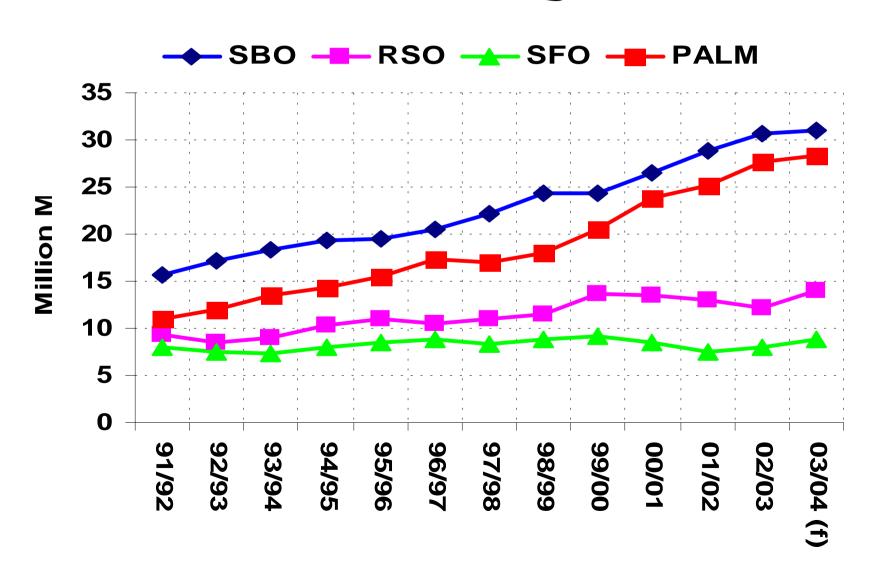


# Growth in Biodiesel Production



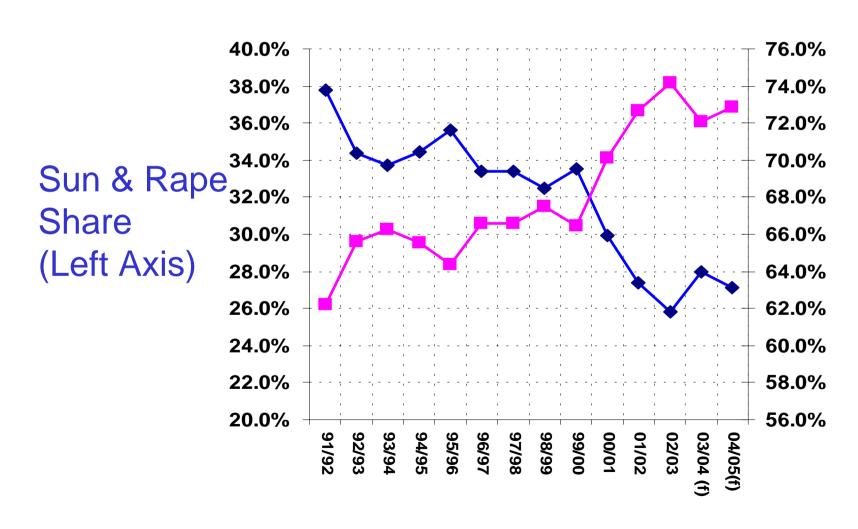


## WorldGrowthin Vegetable Oils





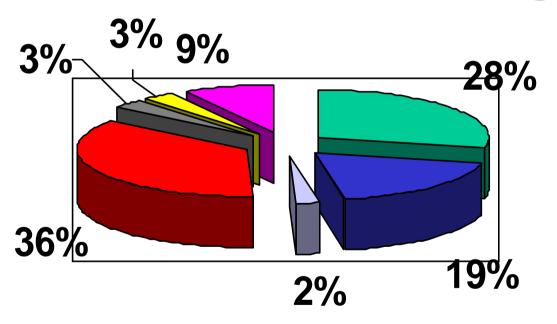
### World Market Share by Oil source



Palm & Soya Share (Right Axis)

# Mexican Palm Oil Market

Sourcing



- Honduras
- Guatemala
- Mal/Indo
- Costa Rica
- Ecuador
- Colombia
- Mexico



#### In the last 10 years:

- Regional Oil Deficits have increased by over 15 million MT
- All that has been met by increases in Palm & Soya exports
- 70% has come from Palm Oil
- of which 35% has come from Indonesia alone
- •Predictions for the future?



# **Genetic Modification**

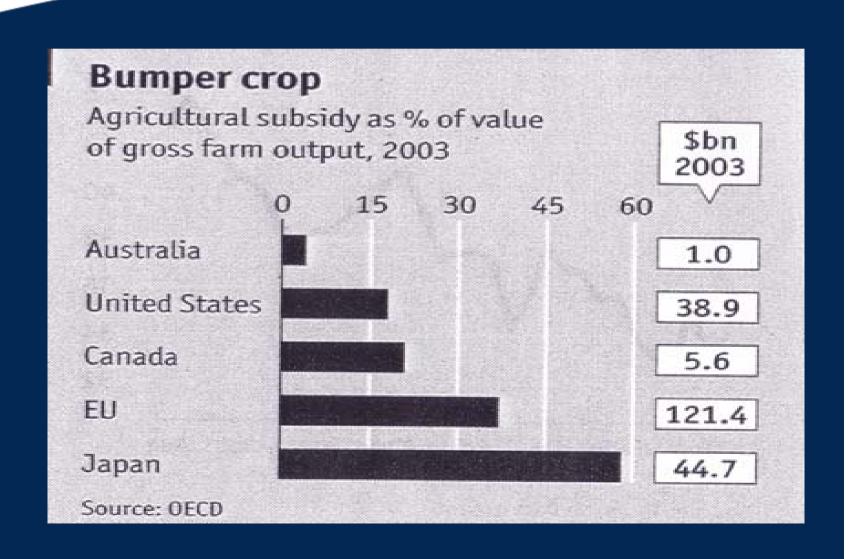


# GM in Europe

- Europe only grows non-GM Oilseeds
- Soya oil now mostly GM and price discounted due to unacceptability
- Most European refineries are now "GM Free"
- European consumers paying a premium for our GM free stance?
- Can't use GM oil for biodiesel due to non-GM glycerine byproduct









#### Beeten

Cost of sugar production, cents/lb Selected countries

EU (major exporters)

India

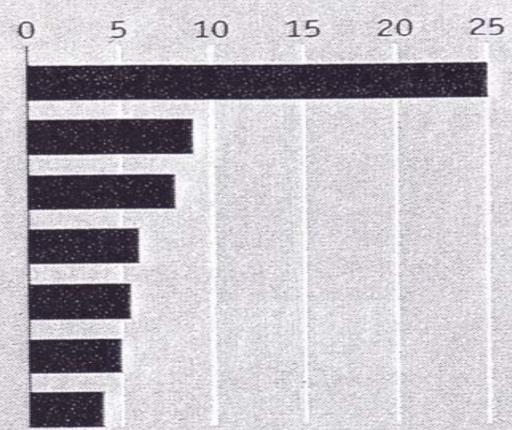
World market price (white sugar)

World market price (raw sugar)

Zambia

Thailand, Malawi

Brazil



Sources: Oxfam; World Bank; Landell Mills Commodities; national data



claims Free Trade is the solution to the world's problems. But that's exactly what you would expect them to say when it allows them to profit. It's the millions of farmers in pearer nations who ere being gradually ruined by FREE TRADE. Take the case of the onion farmers of Senegal. With Free Trade forced upon them, they are unable to sell their produce because their local markets are flooded with onions imported from Europe. The farmers are helpless to do snything but stand by and watch their crops rot and their livelihoods disappear. STOP THIS MADNESS. These farmers deserve a chance. Help us to get Tony Blair to listen by filling in the coupon below, or texting 'change' to 84118 (standard rates apply)

or voting online at

Our Government

มมม. votefortradejustice. org

# SOME PEOPLE LOVE IT



Dear Tony Blair, you might think Free Trade is fair, but I think poor countries must be allowed to protect their vulnerable formers. I believe that to end poverty and protect the environment we need Trade Justice, not Free Trade / 1 vote for Trade Justice.

Title:	Initial:	Sumane)		
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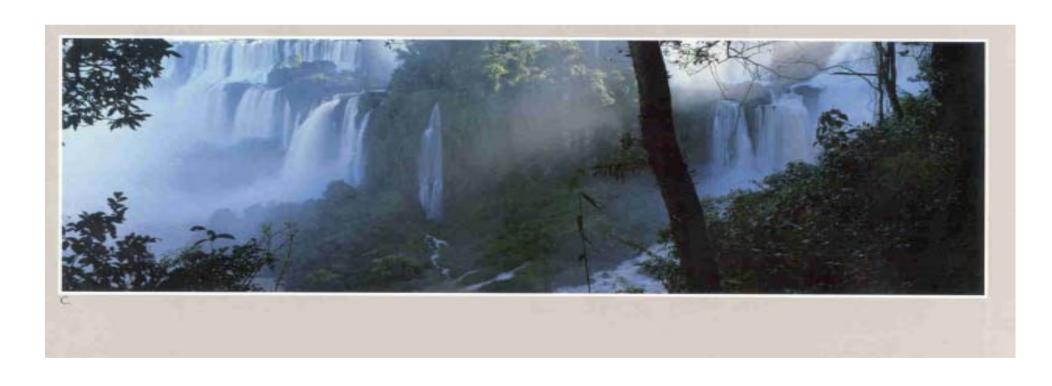


# Food Supply

- NEEDS TO GROW!!!
- Soya @ 32 million tonnes
- Palm @ 28 Million tonnes
- Palm set to double in next 20 years
- More land required
- Maybe 10 million hectares!
- Does this me an rain forest?



# Sustainable Agriculture





# Sustainable Agriculture

Complex, and not easy in a few minutes but here goes...

- Environmental land use, water table, pollution, nature ....
- Human rights land tenure, wages, conditions, children....
- Economics wealth creation, socialist capitalism!



# NGO /Consum er reaction

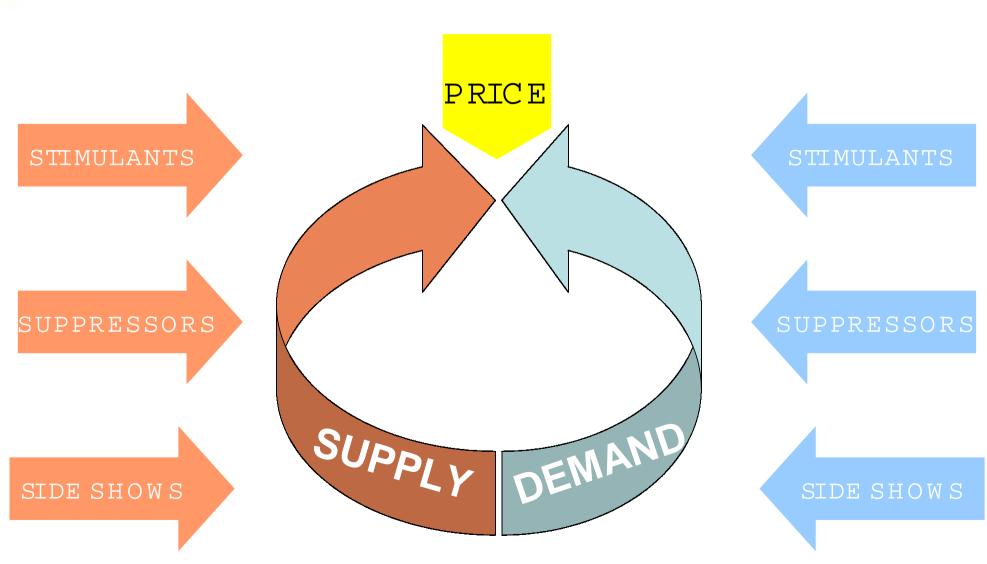
- <900 NGO's in 1956
- Now > 20,000
- 1 in 20 Americans paid up members!!



# The 3 Pronged Solution

- NGO's more recent tactics.
- But they can still only point!!!!! So ...
- Governments must legislate
- Technology must invent
- Private sector must invest

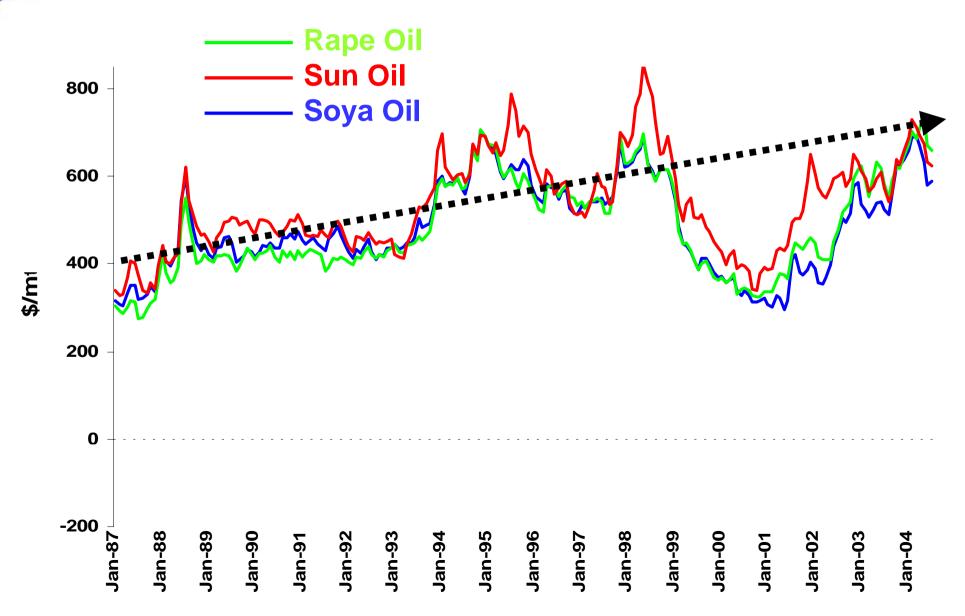




**FUNDAMENTALS** 

#### Prices - 1987 to 2004







# Keymessages.....

- Sustainability
- **⇔** GMO
- \* Health......Trans Saturated Fats
- Free Trade WTO
- Demand Growth Supply Limitations what next?
- The Role of the IASC



#### THANK YOU

AND MAYBE SEE YOU IN MUMBAI IN JANUARY 2005