



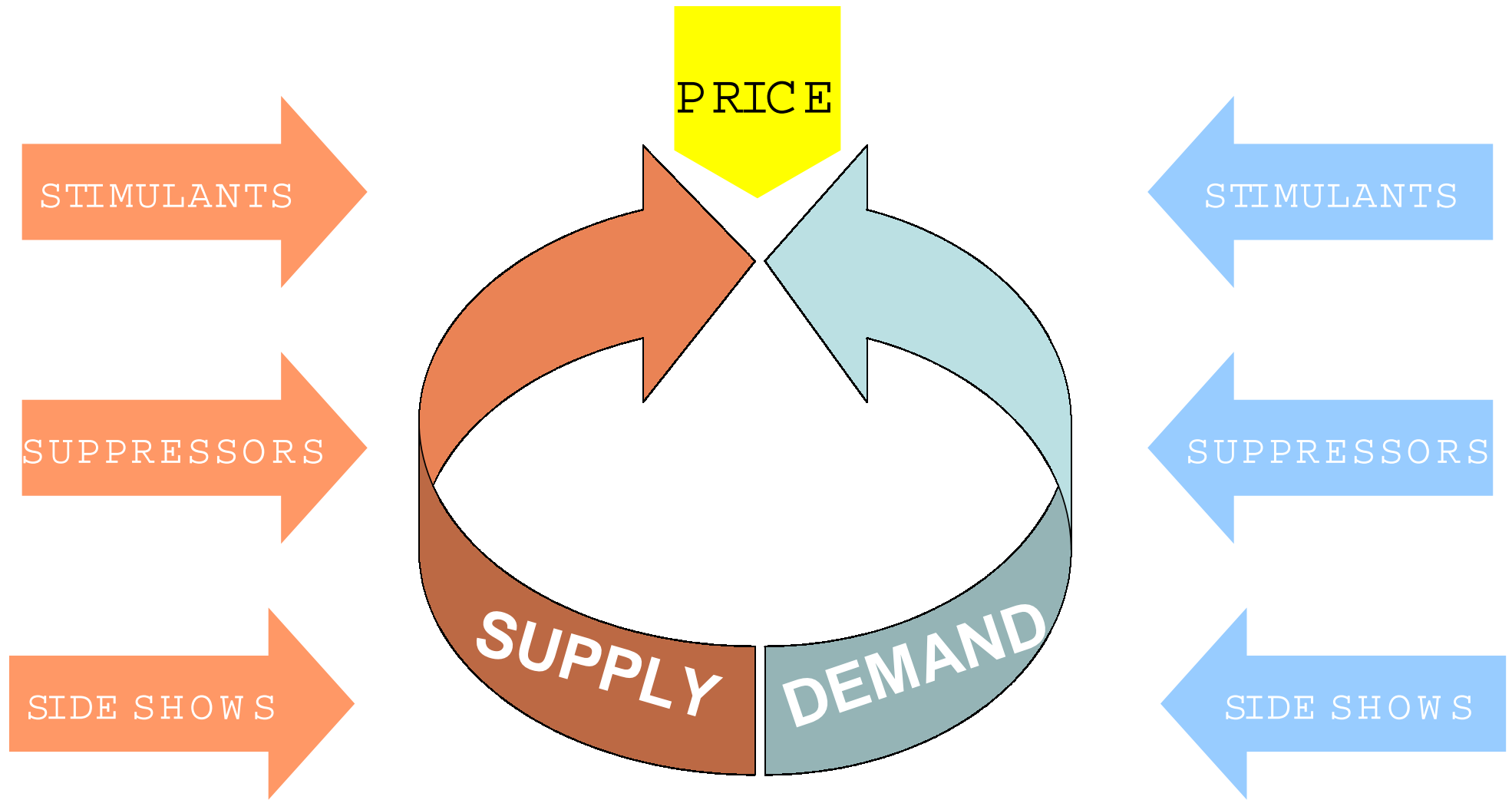
The International Oils and Fats Markets



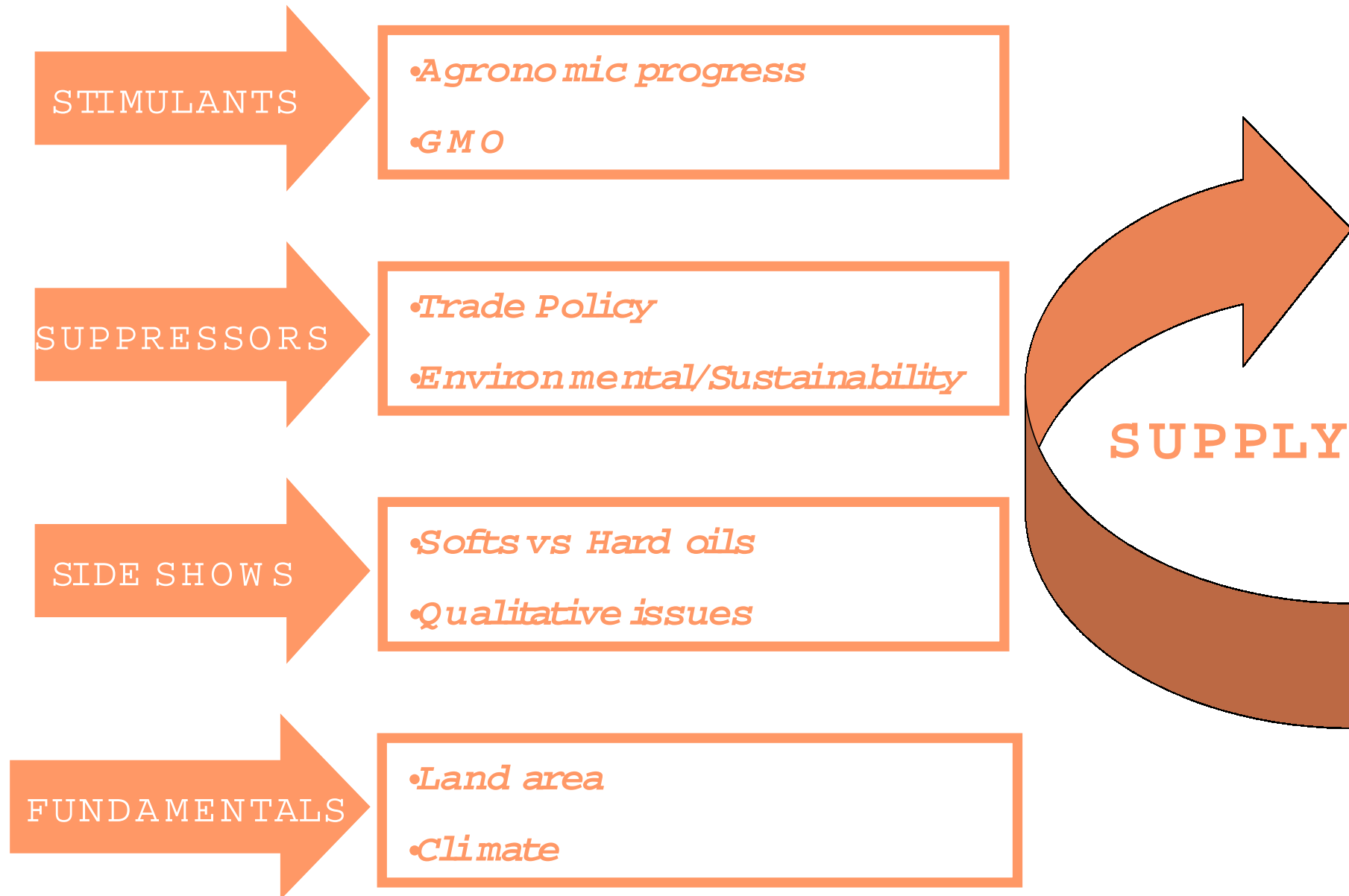
*John Goodwin,
President, International Association of Seed Crushers (IASC)*

Australian Oilseeds Federation

Melbourne - 6/7 October 2004

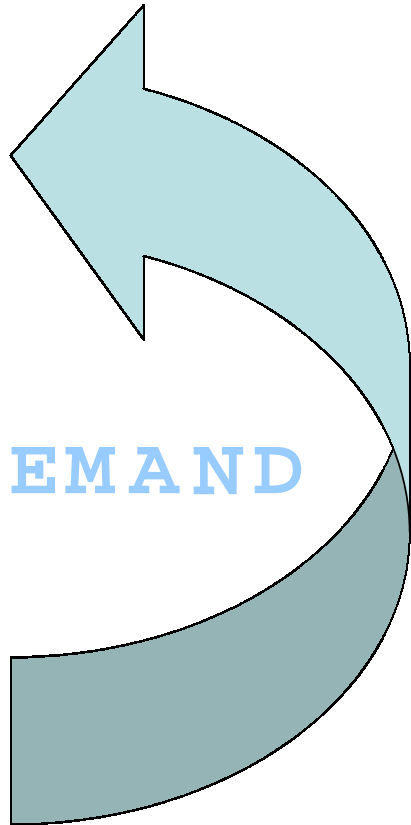


FUNDAMENTALS





DEMAND



• *Per capita consumption*
• *Economic development*

STIMULANTS

• *Trade Policy*
• *Health issues*

SUPPRESSORS

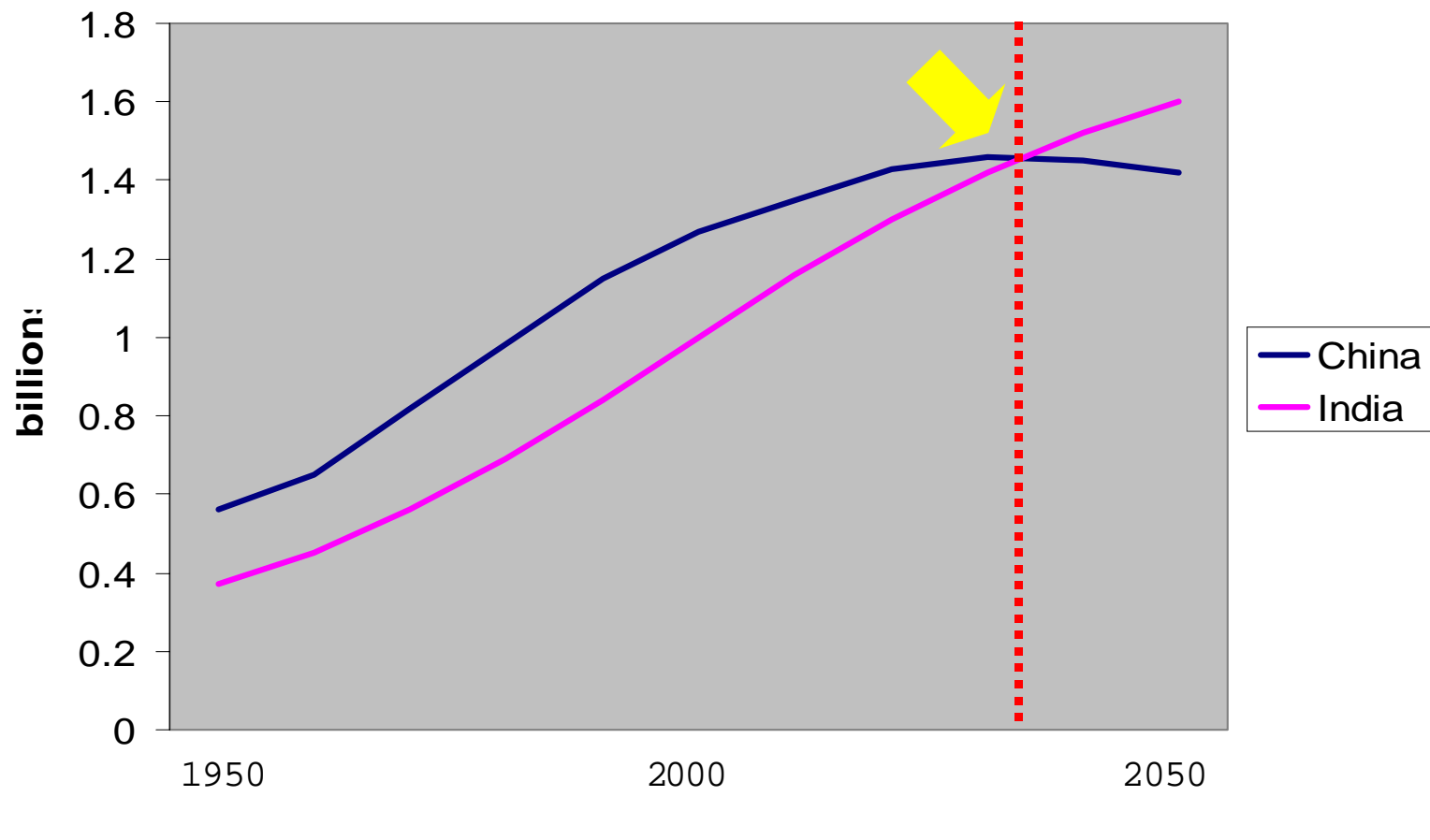
• *Biodiesel*
• *Health issues*

SIDE SHOWS

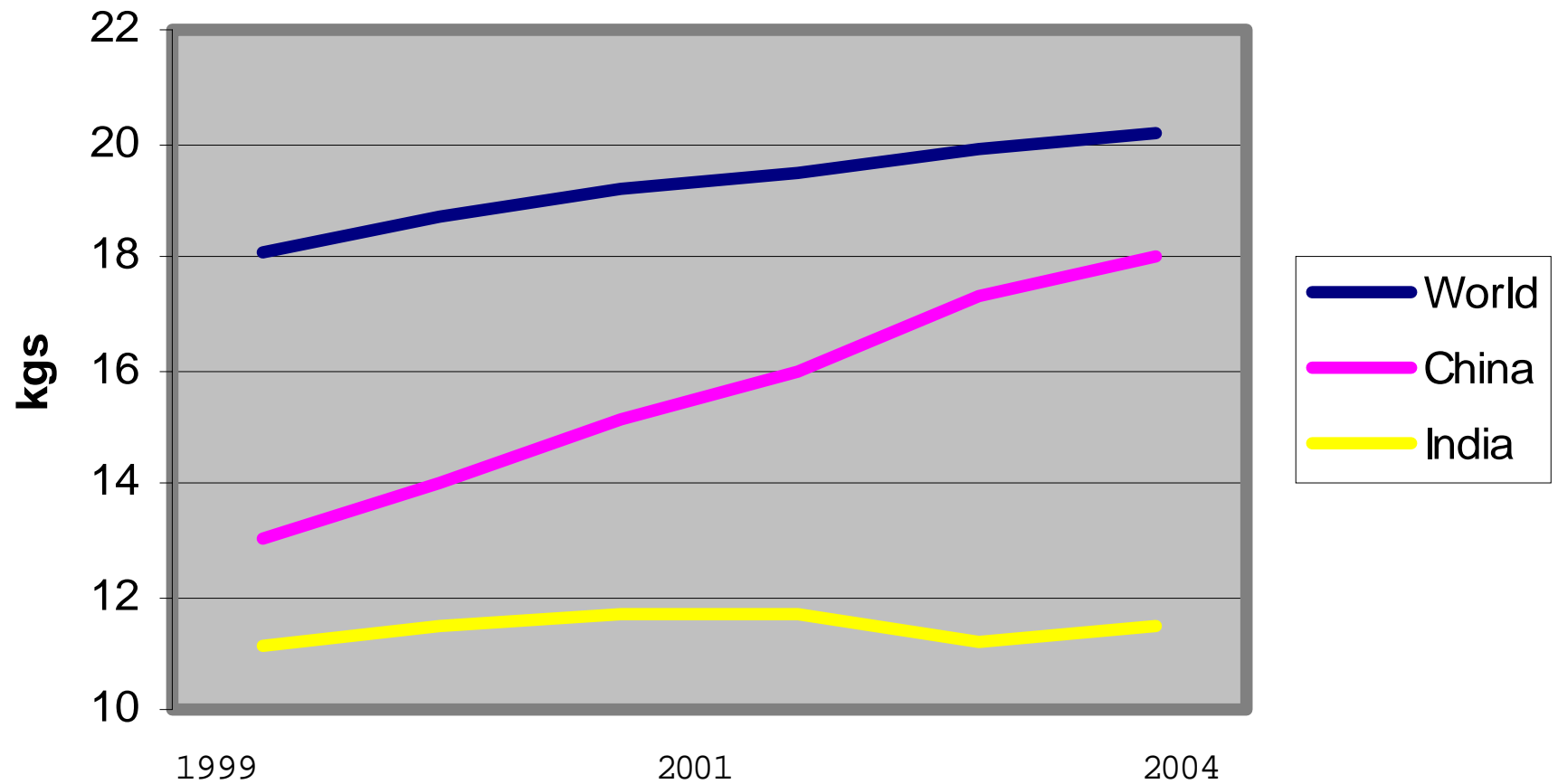
• *Population*

FUNDAMENTALS

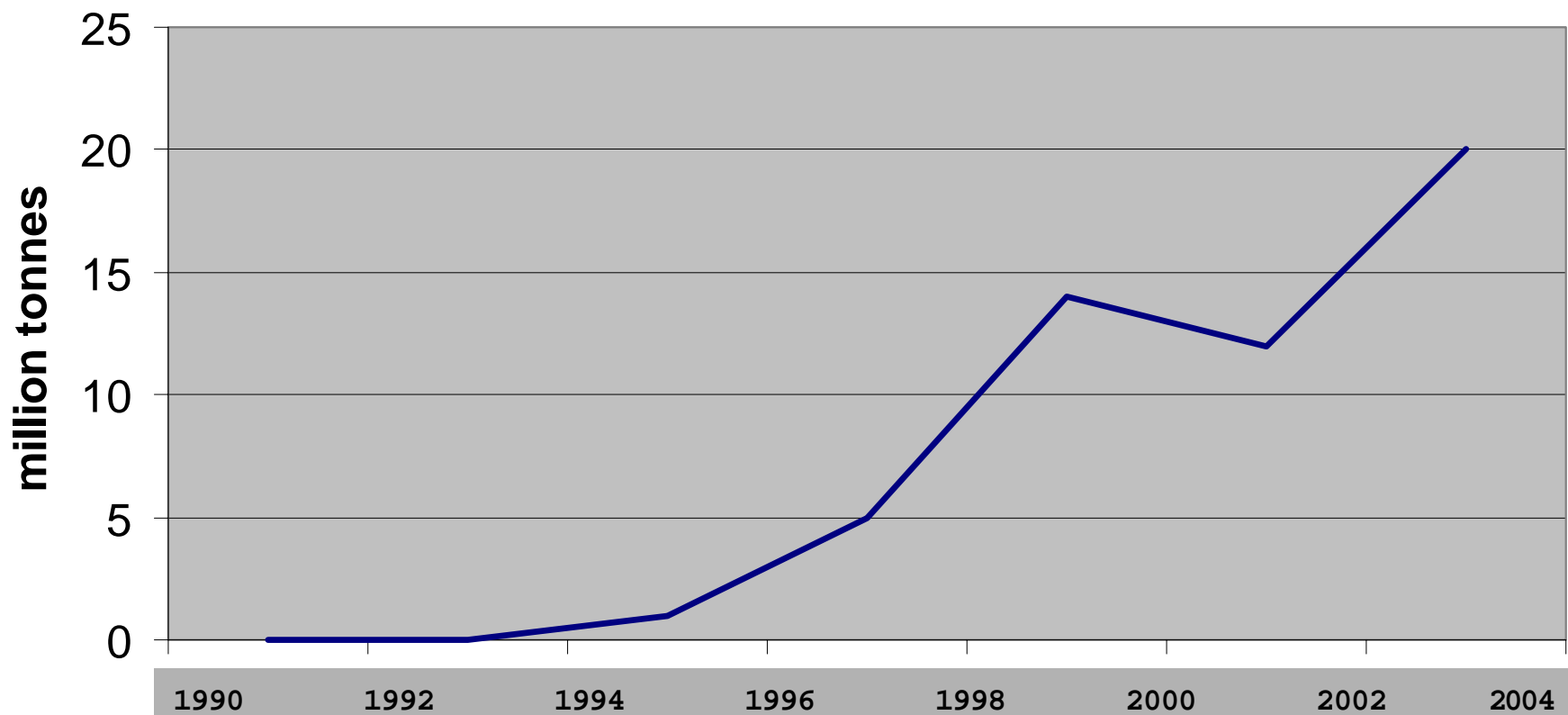
Population growth China, India



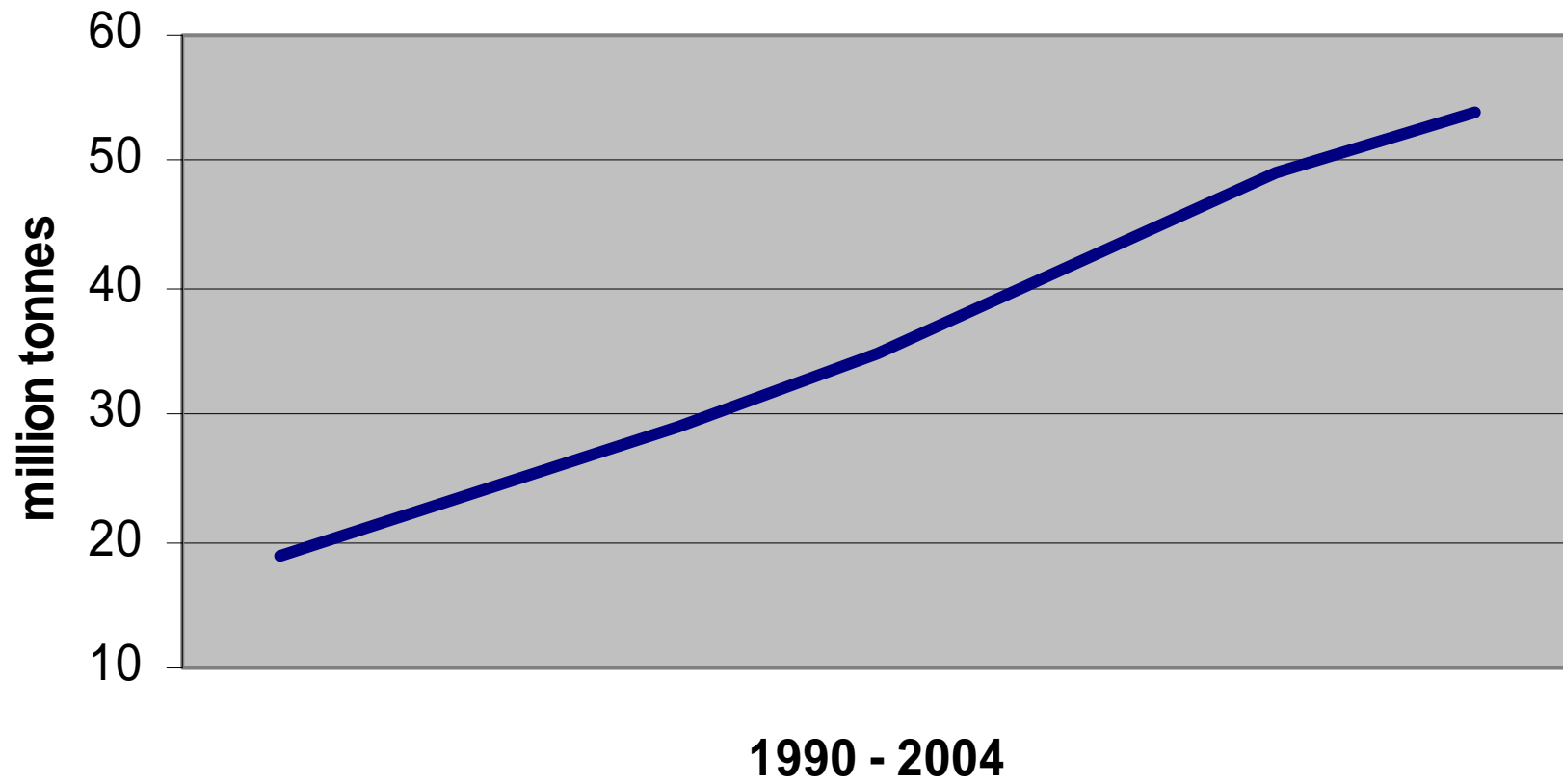
Per capita oils and fats consumption



China - oilseed imports

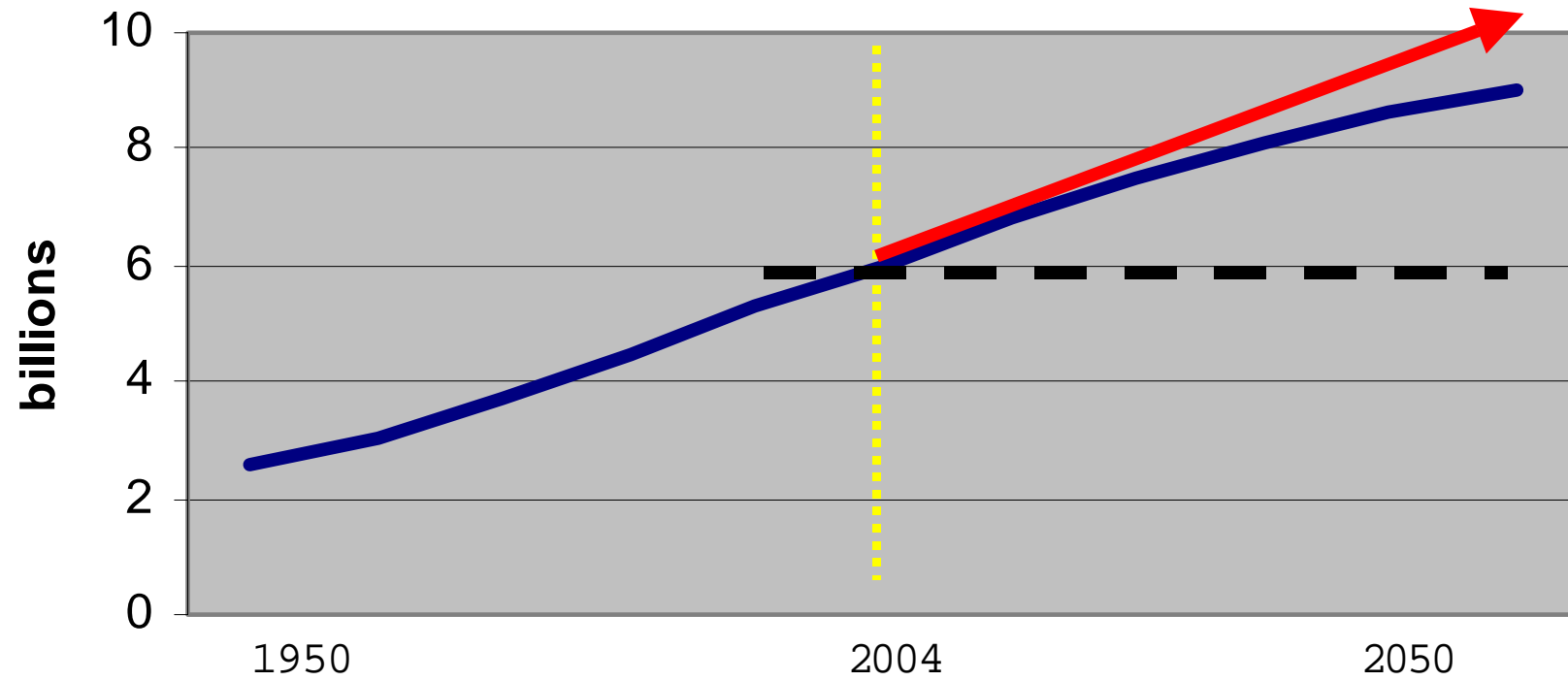


CHINA CRUSH





World population growth



Tonnes

(mio)

268

205

130



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.



Influence of Fatty Acids on Blood Cholesterol

Fatty Acid Type	Total Serum Cholesterol	HDL Level (Good Cholesterol)	LDL Level (Bad Cholesterol)
Saturated	RAISE	NO EFFECT	RAISE
Monounsaturated	LOWER	RAISE	LOWER
Polyunsaturated	LOWER	LOWER	LOWER
Trans Fatty Acids	RAISE	LOWER	RAISE



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	-

Tran

USA Le

Trend t

Danish

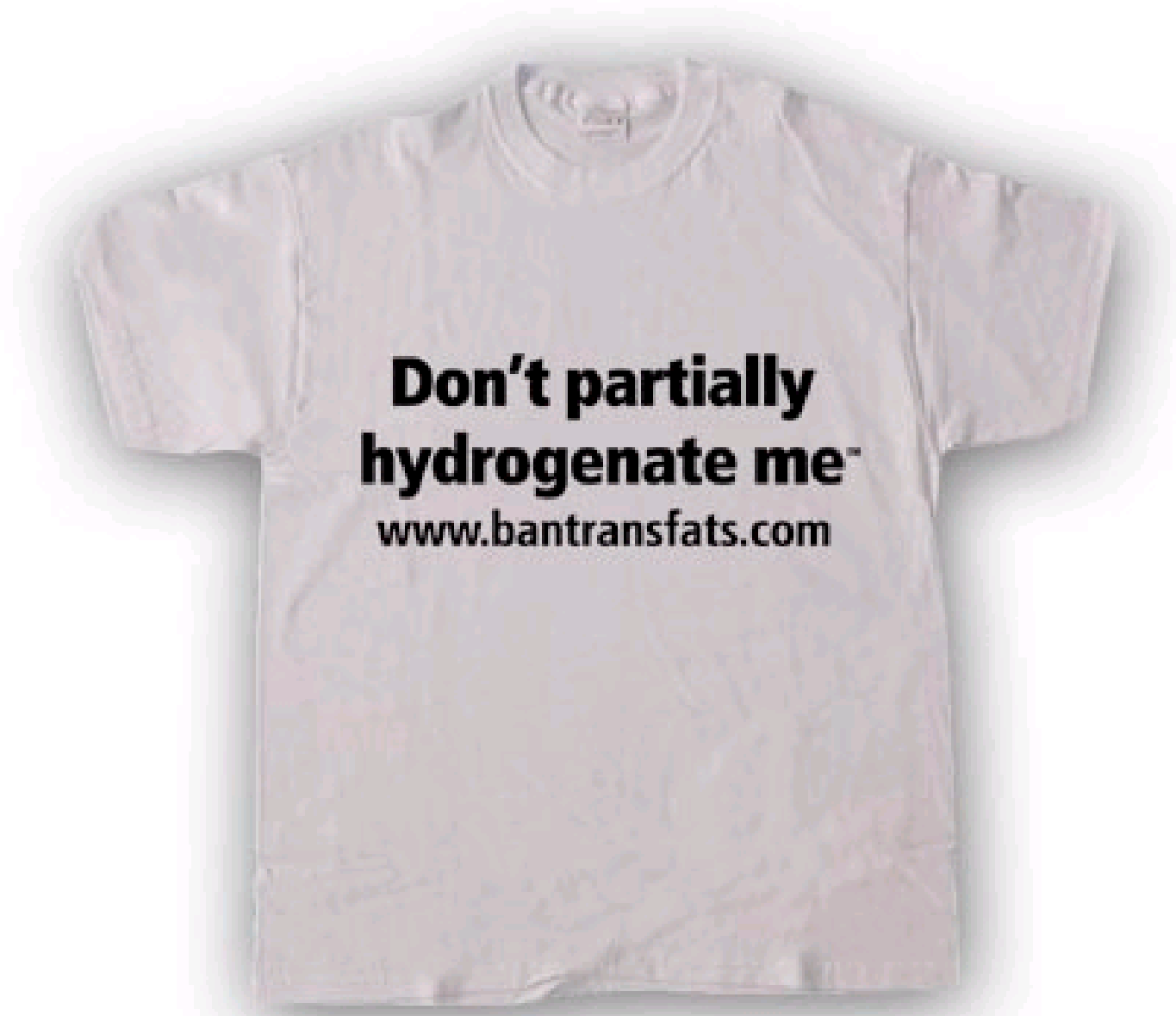
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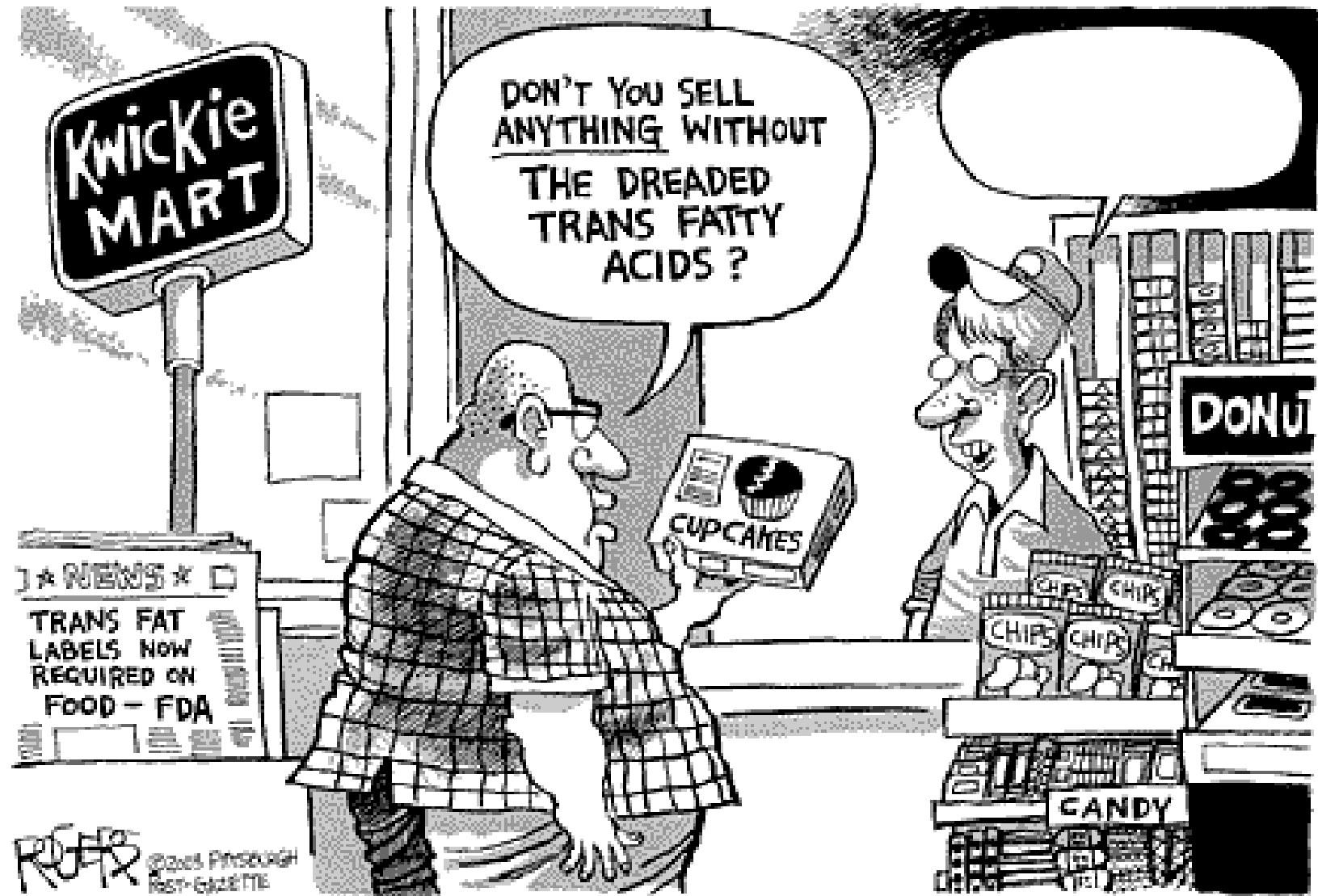
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Increas



IFFA

IFFA





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

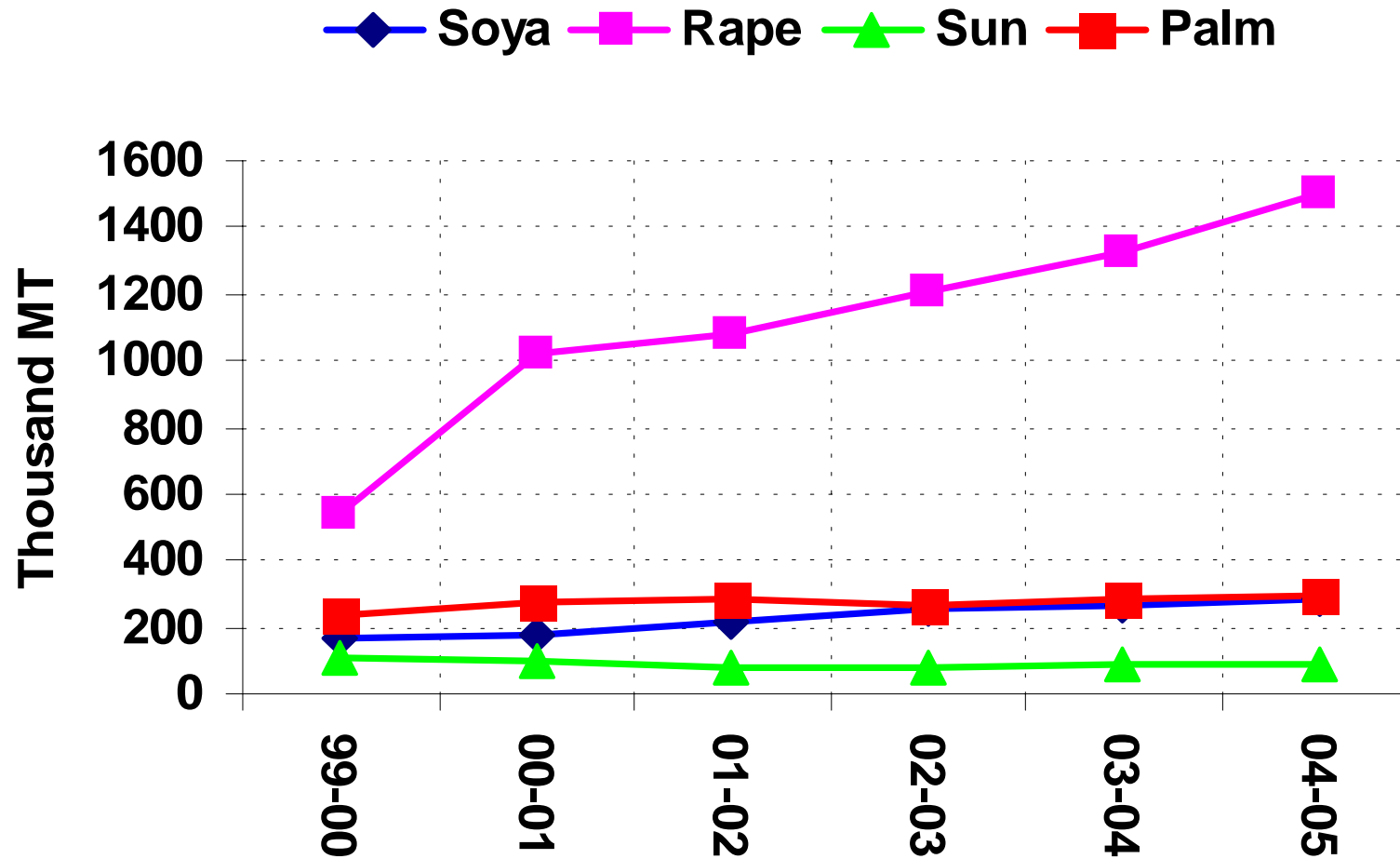
Steve Censky

CEO

**American Soybean
Association**

18 June 2004

European "Non-Food"





Biodiesel



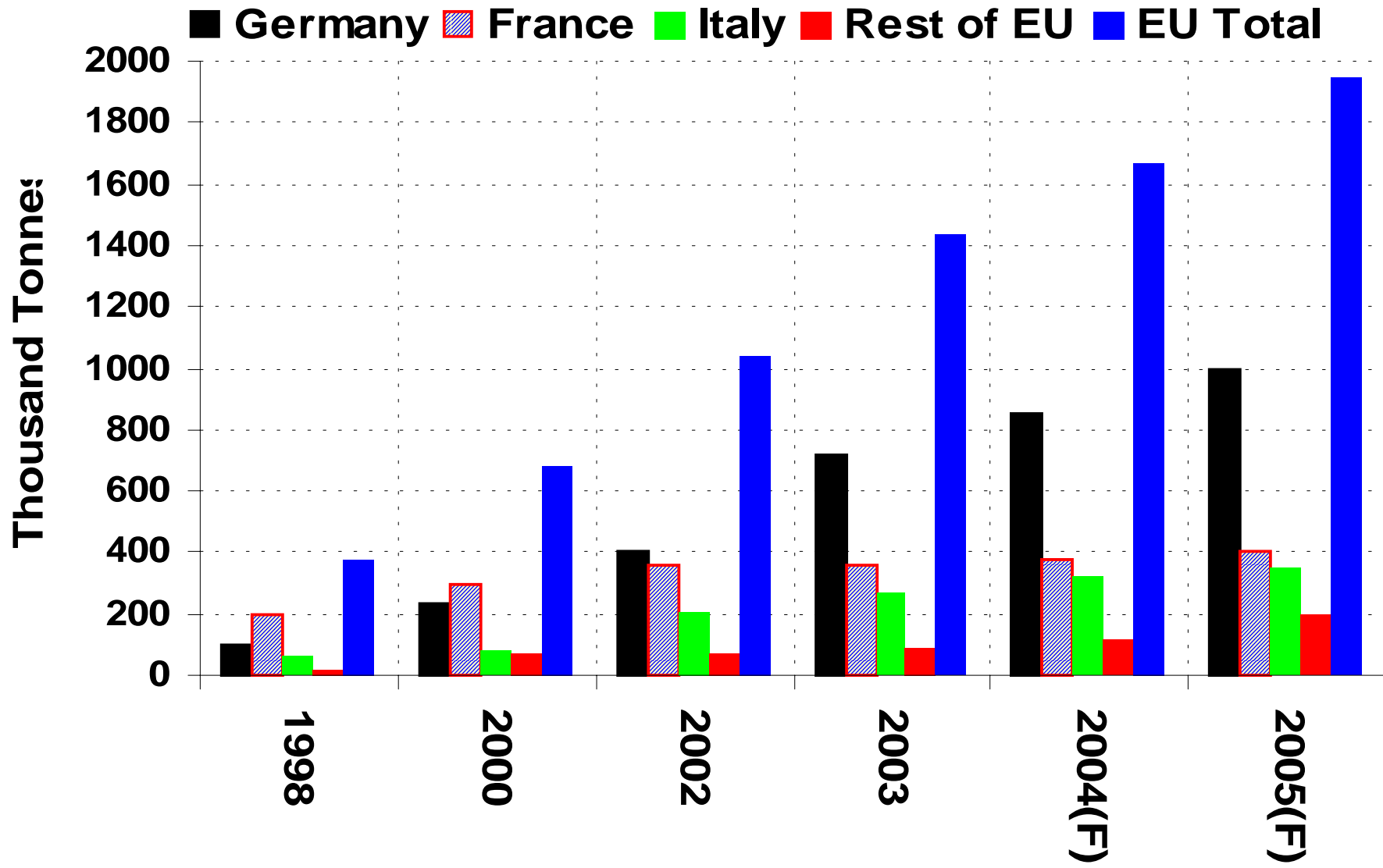
Biodiesel

- **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)

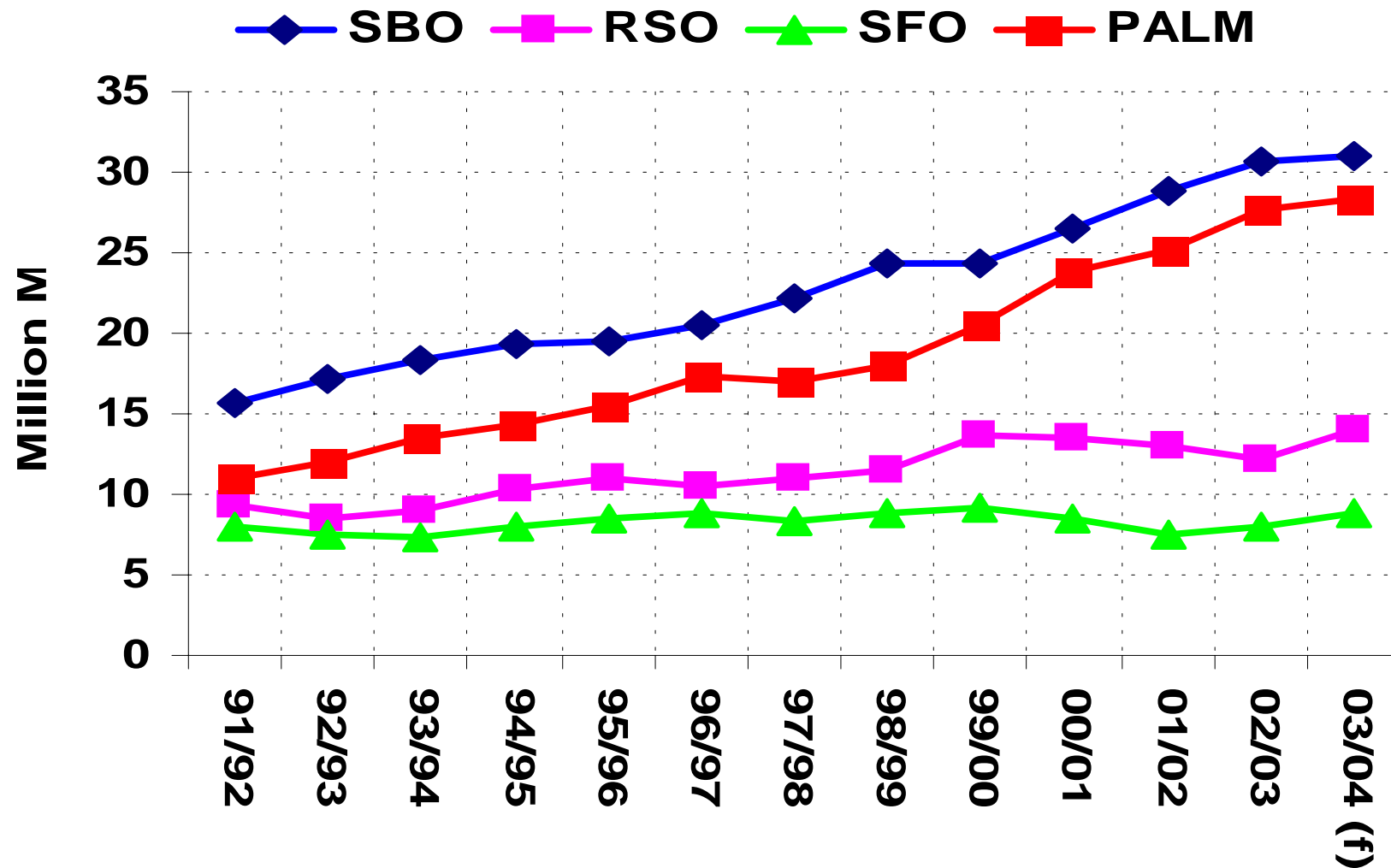
Therefore enormous pressure on supplies of non-GM food oils in Europe.....where will the oil come from ?



Growth in Biodiesel Production



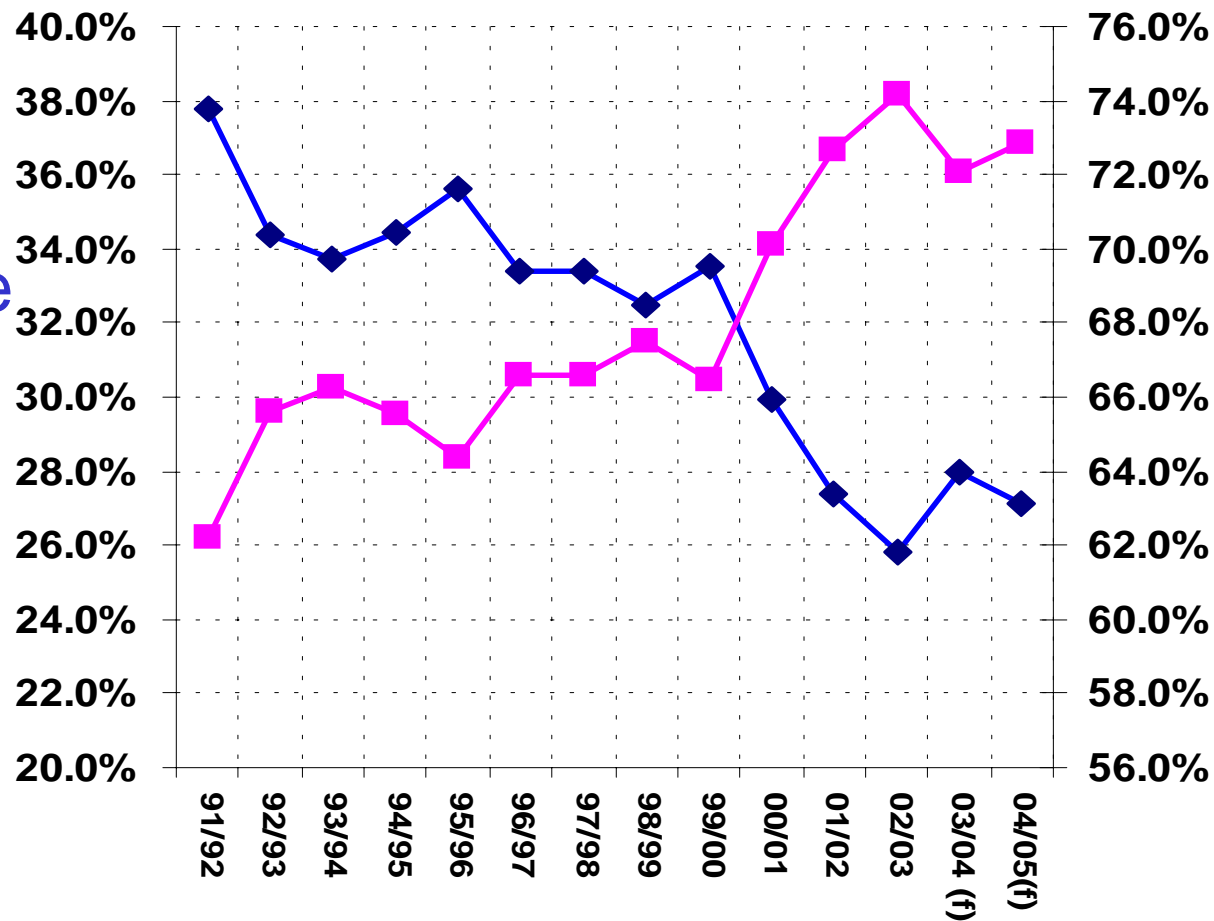
World Growth in Vegetable Oils





World Market Share by Oil source

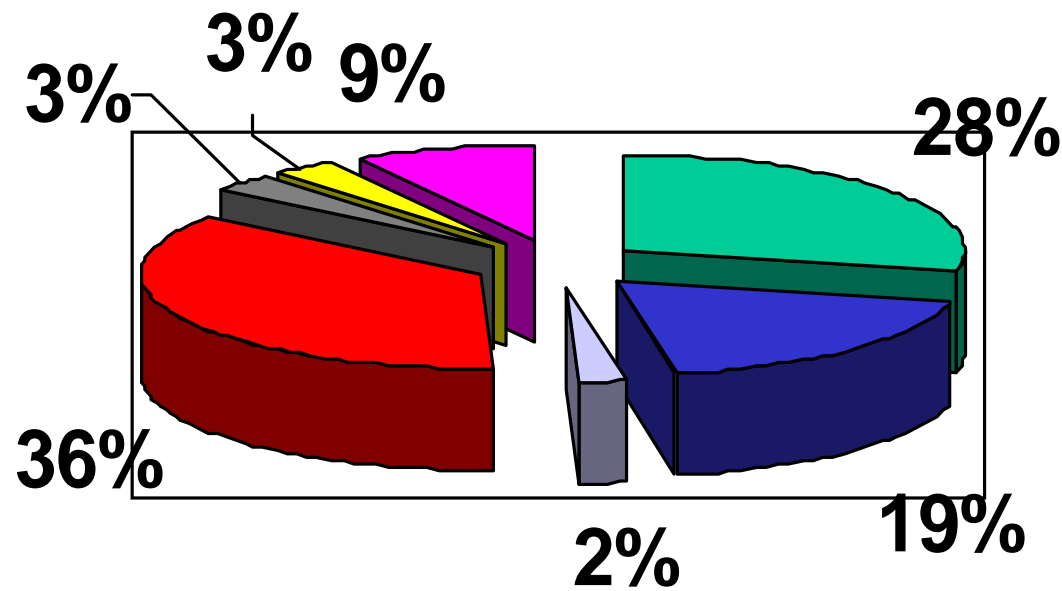
Sun & Rape
Share
(Left Axis)



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



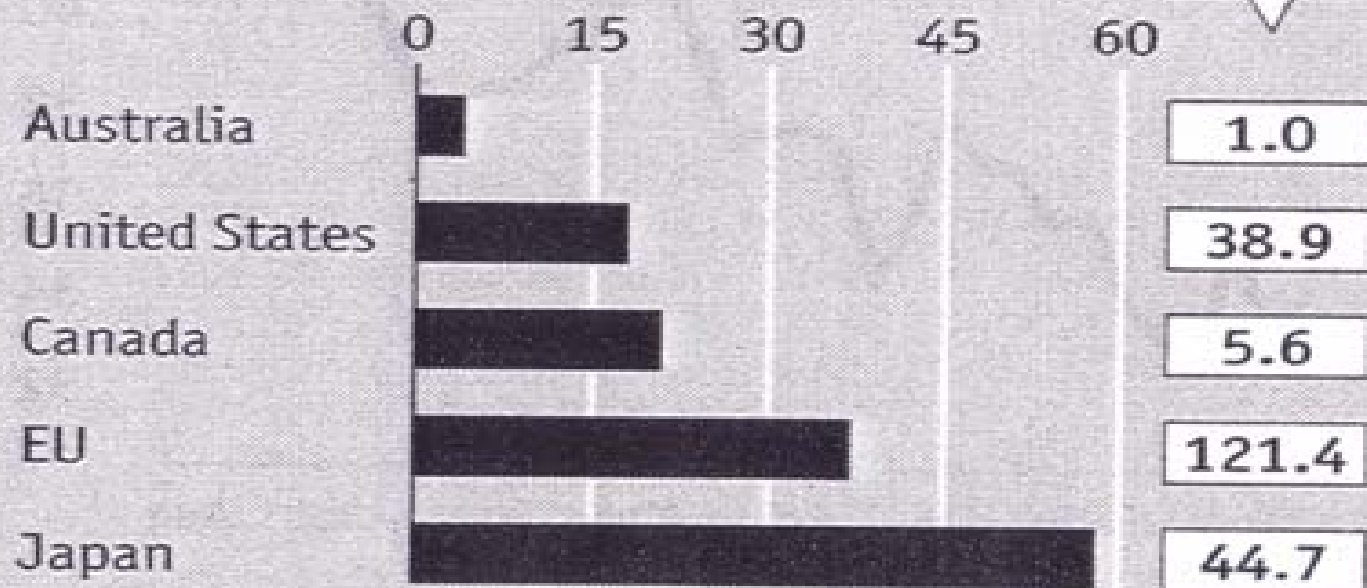
GM in Europe

- **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 by-product**



Bumper crop

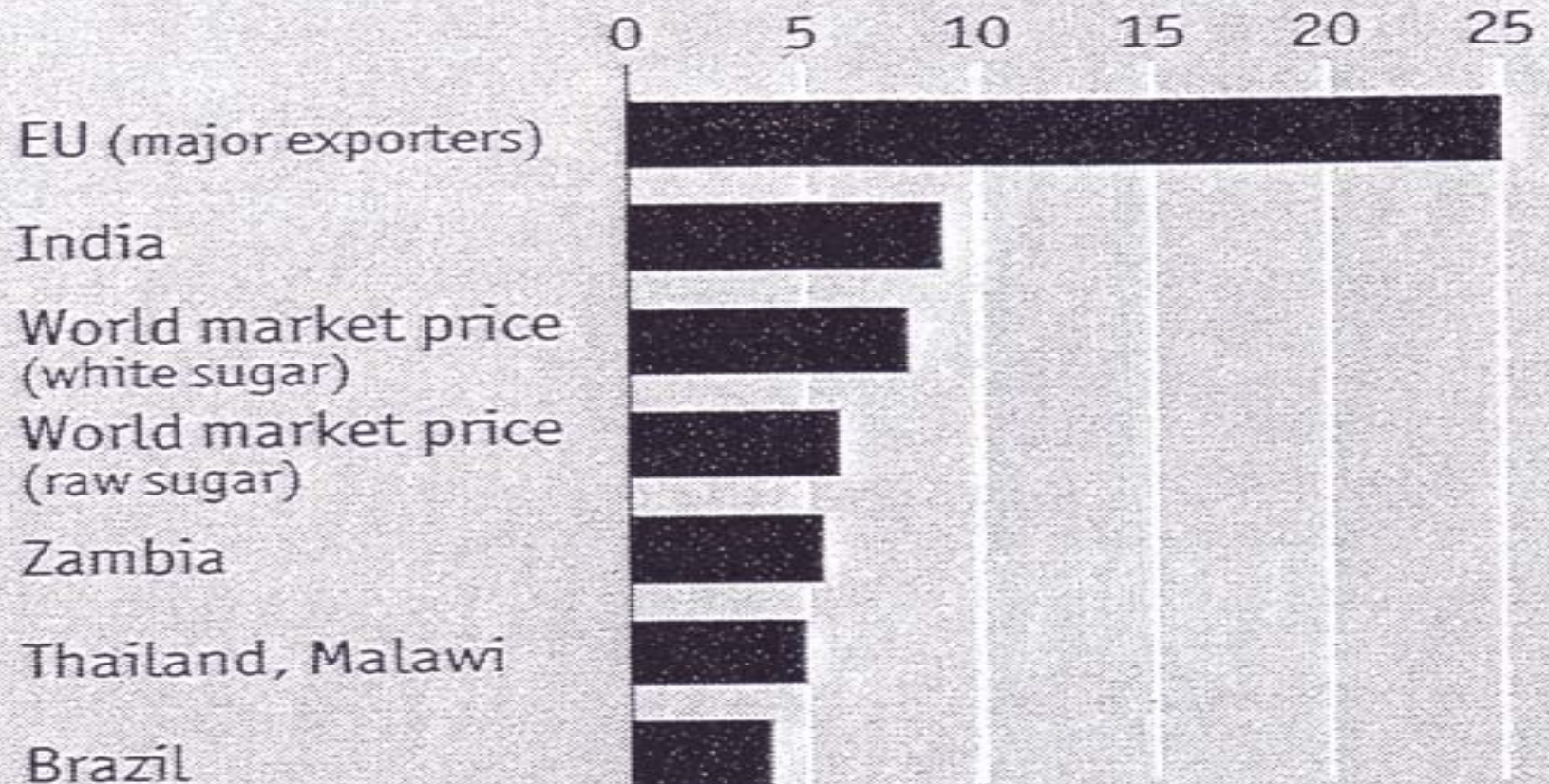
Agricultural subsidy as % of value of gross farm output, 2003



Source: OECD

Beeten

Cost of sugar production, cents/lb
Selected countries



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



Our Government 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 poorer nations who are 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 anything 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

www.votefortradejustice.org

FREE TRADE

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 farmers. I believe that to end poverty and protect the environment we need Trade Justice, not Free Trade. I vote for Trade Justice.

Title: _____ Initial: _____ Surname: _____

Address: _____ Postcode: _____

Tel no: _____ Email: _____

Send this coupon to: Christian Aid, FREEPOST, London SE1 7YJ and we'll make sure Tony Blair knows how you feel.



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 mean 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!



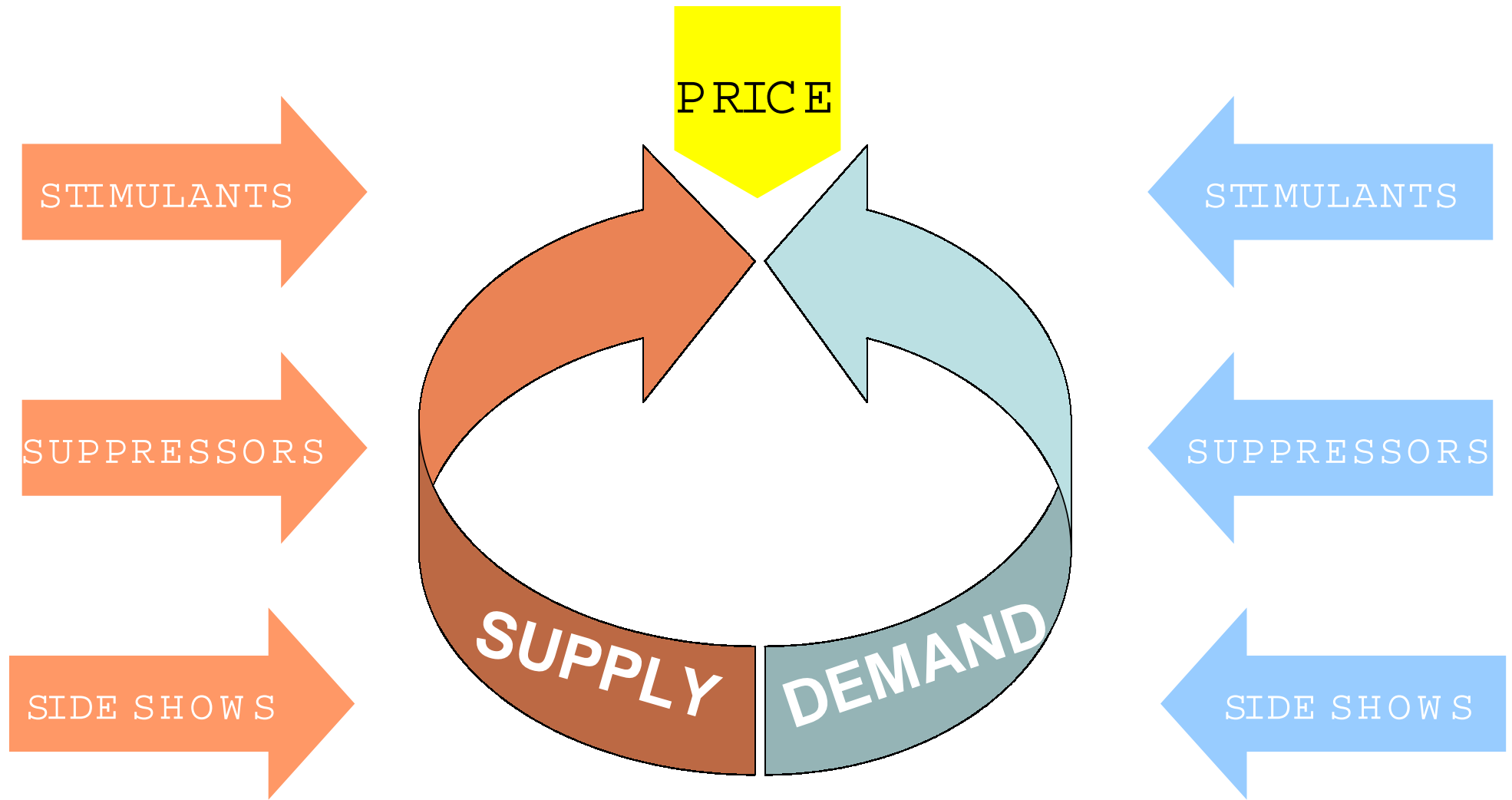
NGO / Consumer reaction

- **<900 NGOs in 1956**
- **Now > 20,000**
- **1 in 20 Americans paid up members!!**



The 3 Pronged Solution

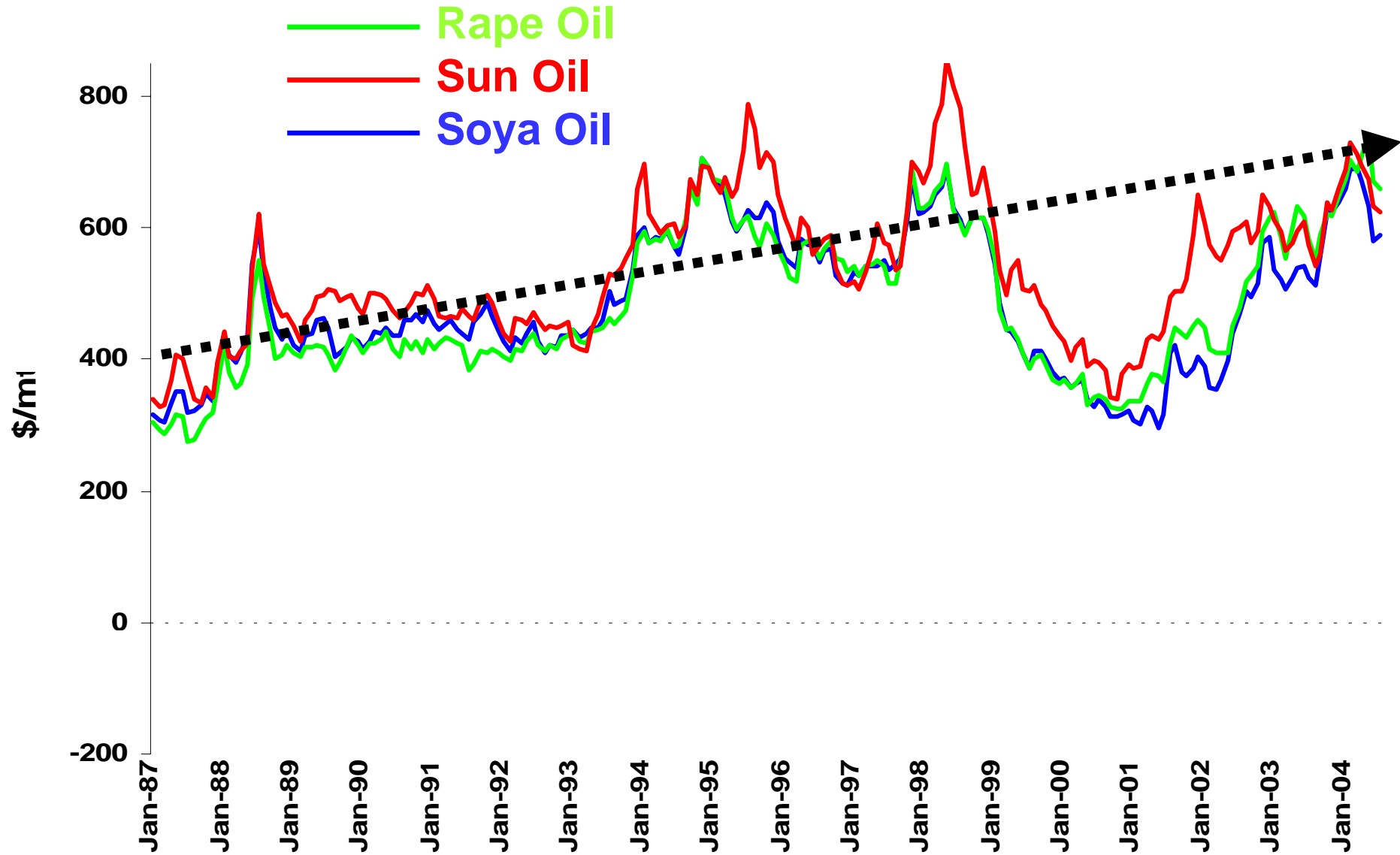
- **NGO's more recent tactics.**
- **But they can still only point!!!! So ...**
- **Governments must legislate**
- **Technology must invent**
- **Private sector must invest**



FUNDAMENTALS



Prices - 1987 to 2004





Key messages... ..

- ❖ 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