



Global Palm Oil Conference



Bogota, Colombia 12-13 March, 2015

***Background Document
An overview of the palm oil sector:
countries and companies***

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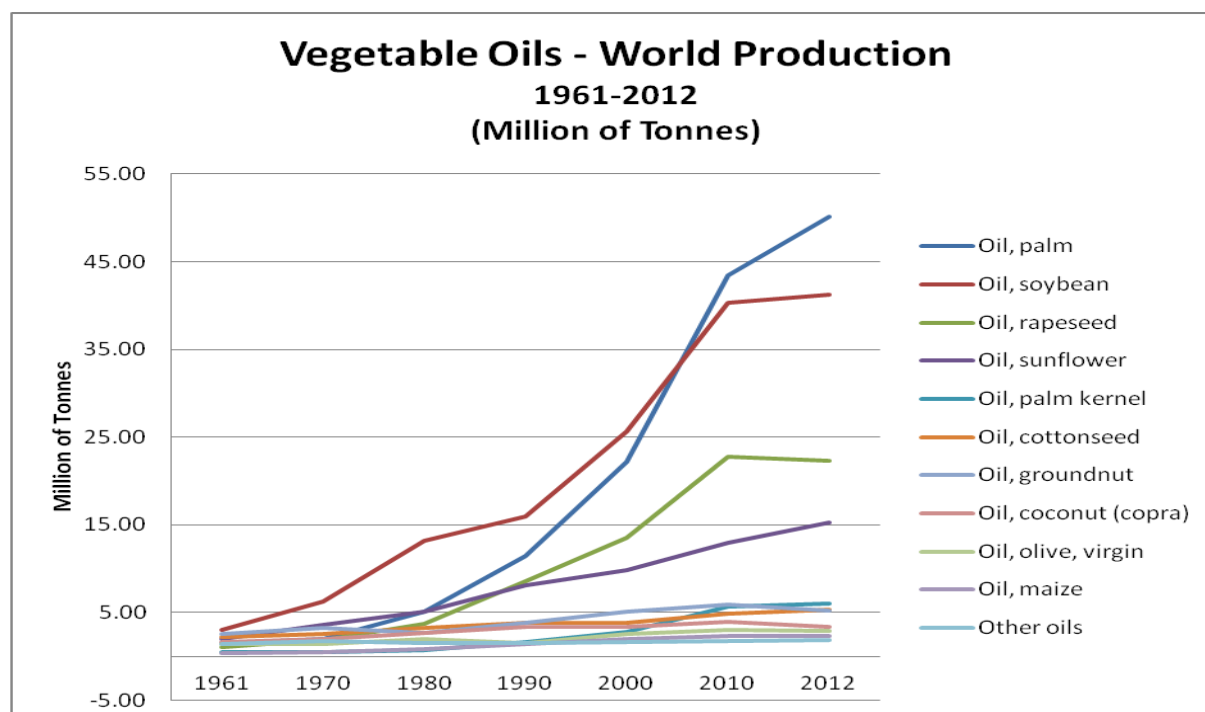
Section I

Vegetable Oils

The Food and Agriculture Organisation (FAO) defines *oil crops* as those from which oils and fats are extracted for use for human food products and for industrial purposes.

FAO distinguishes between *temporary* (also *oilseeds*) and *permanent* oil crops. Temporary are annual plants whose seeds are used mainly in cooking (culinary) and industry, such as soybeans and sesame. Some *oilseeds* are also fibre crops, because the seed and the fibre are harvested and used, for example cotton. The *permanent* oil crops are perennial plants whose seeds, fruits or mesocarp, and nuts are used for the extraction of cooking or industrial oils and fats. Examples are the coconut, olives and the oil palm.¹

Vegetable oils and fats have a vast range of uses. In cooking, they are used to provide texture and flavour, and when heated they are used to cook other foods. They are also inputs in a variety of industries: e.g. in personal care products (soaps, shampoos and cosmetics), in paints, and as insulators in the electrical industry. In recent years, they are also feedstock for biodiesel, with oil palm reckoned as the leading crop.



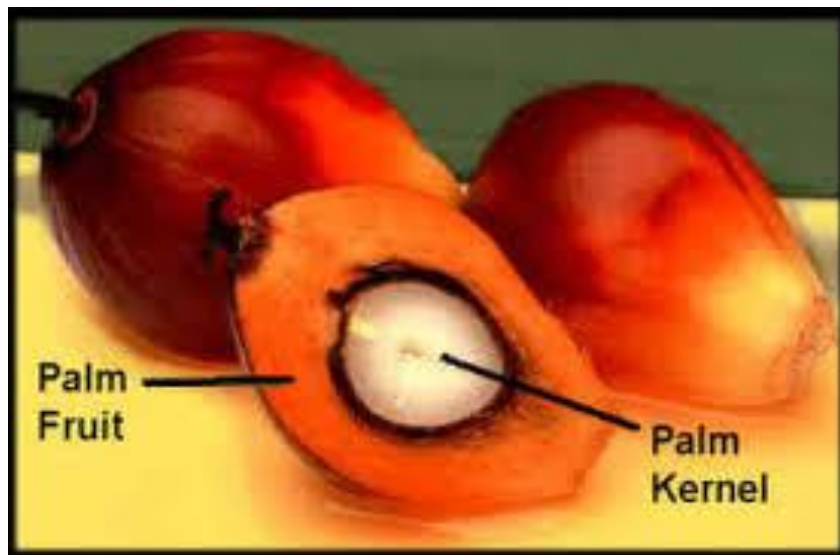
¹ Crops Statistics. Concepts, definitions and classifications. FAO Statistics, January 2011.

Section II

The Oil Palms and their Oils: Basics

Oil palms are very efficient producers of oil. It is estimated that the fruit (3x3x1.5cm) has an oil content of about 50 percent of its mesocarp or fleshy part, which covers a seed, also rich in oil.²

The *Elaeis* (Greek for "oil"), from the genus of palms, comprises two species, both called oil palms. The *Elaeis guineensis*, originally from West Africa, which is the main source of palm oil; and the *Elaeis oleifera* ("oil producing") originally from Central and South America. Both also grow in the wild.



Mature tree palms can reach up to 20 meters high, with leaves that can be five meters long. It has no branches. Trees start producing at about three years after planting, and the fruit is reddish in colour and grows in large bunches or Fresh Fruit Bunches (FFB). While a tree can live up to 50 years, it is usually replaced at 20-25 years because of declining yields and because their height makes harvesting difficult.

Plantation work is labour intensive: e.g. establishing the plantation, maintaining the trees and harvesting the fruits. Harvesters, for instance, have to manually cut the FFB or use motorised chisels and sickles. Although factory operations require less labour than farm operations, nonetheless managerial and technical staff and workers have to be at hand.

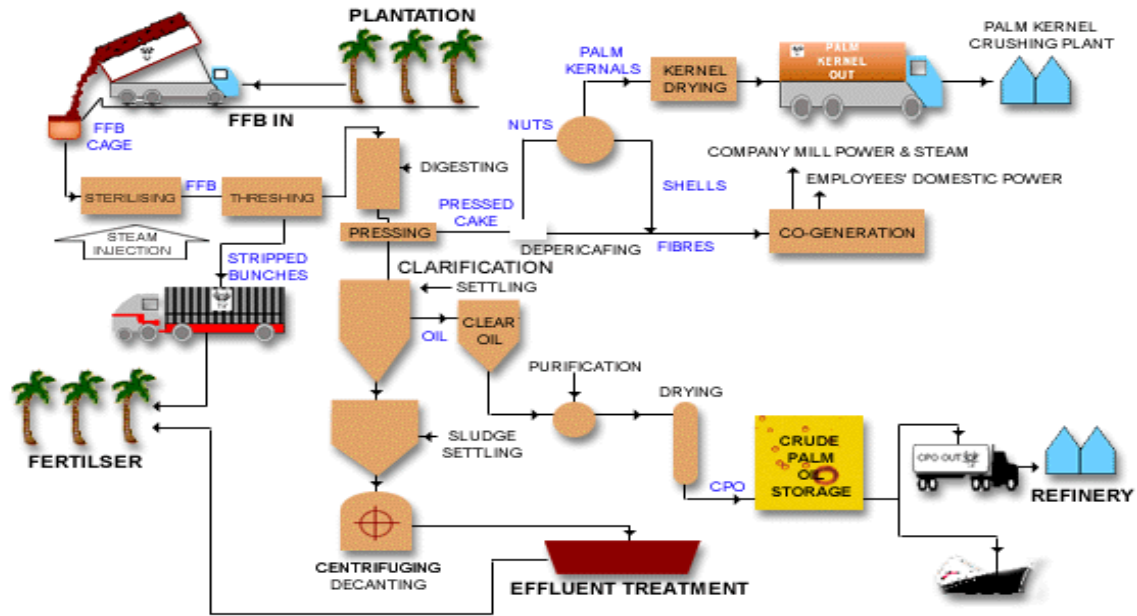
At harvesting, each FFB can weigh up to around 50 kg and their processing/crushing has to be done soon after harvesting, within 48 hours. Therefore, it is essential to

² It is estimated that oil palms produce ten times more oil per unit of cultivation than soybean and five times more than rapeseed. There is on-going research on the oil palm genome which may lead to modification of the shell surrounding the kernel, which would favour an increased oil production from the same volume of fruit.

coordinate harvesting and processing, with the two operations required to be geographically close.

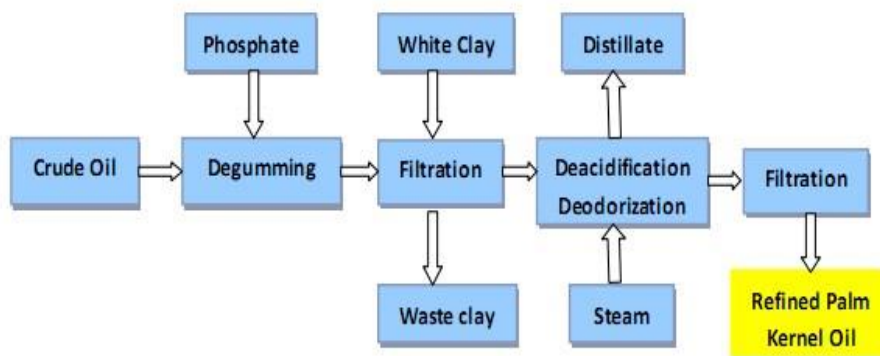
Crude Palm Oil (CPO) is obtained from crushing the mesocarp in a process that, at the same time, releases the kernel, which is then crushed to obtain Crude Palm Kernel Oil (CPKO). The oil is then further refined, filtered and bleached.

Crude Palm Oil Milling Process



Source: <http://www.oilrefineryplant.com/images/Palm-Oil-Processing.jpg>

Crude Palm Kernel Oil Refining Chart



Source: <http://www.oilmachineworld.com/media/wysiwyg/oil-press/crude-palm-kernel-oil-refining-processing-line.jpg>

Uses of Palm Oil

Palm oil has a ubiquity seldom found in any other agriculture-based product: it is said that one in every two products found in the supermarkets contains palm oil, which may also appear under the general name of “vegetable oil”.

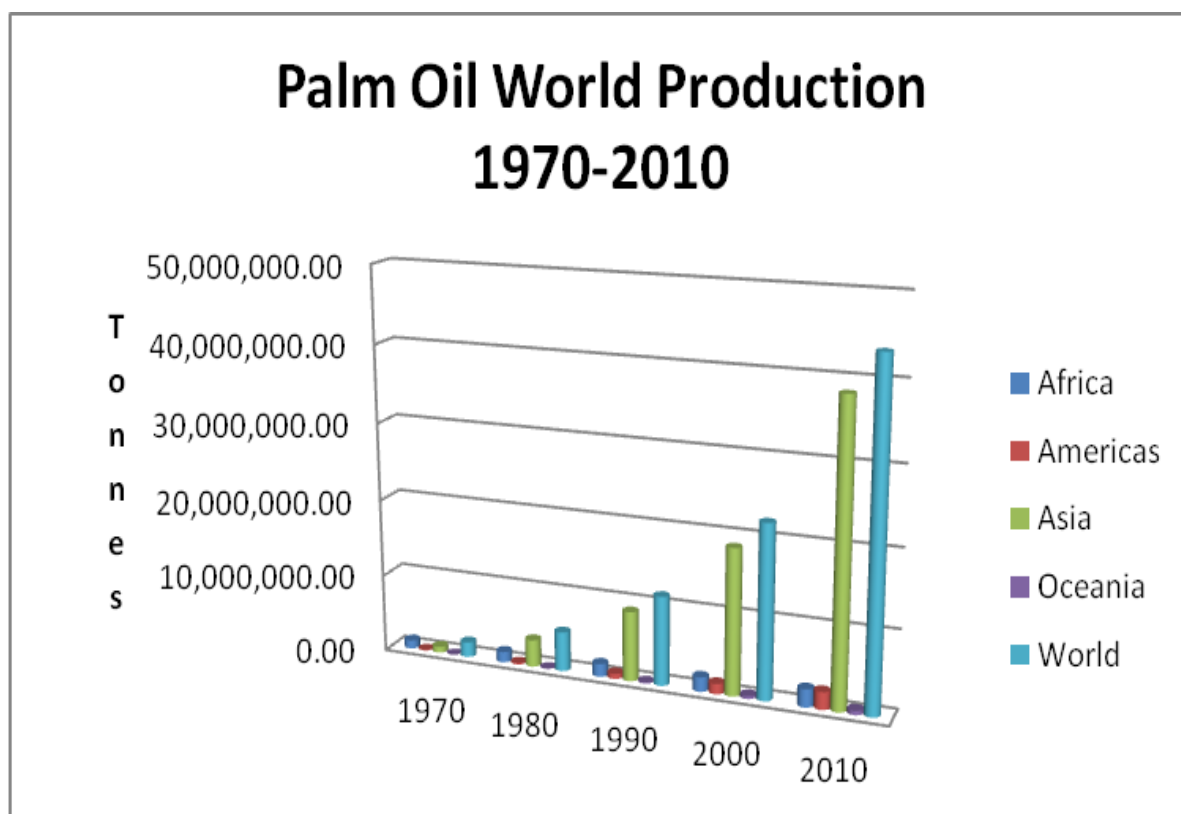
The primary use of *palm oil* is in food products: from being the main ingredient in cooking oil and margarine, it is also used in ice creams and confectionary, in ready-to-eat meals, baby food, and others. *Palm kernel oil* goes into the production of soap, shampoo and detergent, toiletries and cosmetics. A recent development linked to raising prices of fossil fuels and environmental concerns is using palm oil as a feedstock for *agrodiesel* or *biodiesel*. Global estimates put at 80 percent of palm oil's total use in food products, 15 percent in personal care products, and five percent in *agrodiesel*.

Section III

Fundamentals of the Palm Oil Sector

Palm Oil Production

World production of palm oil and palm oil kernel has grown rapidly in recent decades: from about 2 million metric tonnes (“tonnes”) in 1961 to over 56 million tonnes in 2012. Main drivers behind this growth are the high productivity of oil palms, the development of applications beyond their traditional food use, and the production of biodiesel. The World Bank estimates that world consumption will double by 2020.



Regional Overview

Asia is the main source of palm oil, because of Indonesia and Malaysia that account for about 83 percent of the world total production. Africa and the Americas show an absolute growth in the past decade (2000-2011): the Americas with a 94.63 percent change in the period; while Africa grew almost by half in the same period (42.69 percent).

**World Palm Oil Production by Regions. 2000-2011
(Tonnes)**

Region	2000	2005	2010	2011	Change in % (2000-2011)
Africa	1,851,278.0	2,186,830.0	2,574,936.5	2,641,507.5	42.69
Americas	1,316,889.0	1,820,135.0	2,217,183.0	2,563,078.0	94.63
Caribbean	26,000.0	29,000.0	41,000.0	44,000.0	69.23
Europe	0	0	642,887.0	555,165.0	(39.46)
Oceania	371,000.0	345,000.0	542,000.0	563,000.0	51.75
Asia	18,688,610.0	27,916,273.0	38,377,510.0	42,228,000.0	125.96
World	22,253,777.0	32,297,238.0	44,395,516.5	48,594,750.5	118.42

Source: FAO Statistics

Palm Oil production in Asia

With close to 83 percent of the world's production of palm oil, Indonesia and Malaysia present an even more pronounced prevalence at the regional Asian level, with a consistent 95 percent of the regional production in 2001-2011.

	Asia Total	Indonesia	Malaysia	Indonesia + Malaysia as % of Asia
2001	21,252,862.0	8,396,472.0	11,804,000.0	95.0
2002	22,449,552.0	9,622,344.0	11,909,300.0	95.9
2003	24,941,469.0	10,440,834.0	13,354,800.0	95.4
2004	25,912,427.0	10,830,389.0	13,976,200.0	95.7
2005	27,916,288.0	11,861,615.0	14,961,700.0	96.1
2006	34,683,674.0	17,350,848.0	15,880,700.0	95.8
2007	34,835,559.0	17,664,725.0	15,823,745.0	96.1
2008	37,124,990.0	17,539,788.0	17,734,441.0	95.0
2009	38,596,834.0	19,324,293.0	17,564,937.0	95.6
2010	40,556,346.0	21,958,120.0	16,993,717.0	96.0
2011	43,965,061.0	23,096,541.0	18,911,520.0	95.5

Source: FAO Statistics

Palm Oil production in Africa

Africa - Palm Oil production 2000-2011 (Tonnes)

Countries sorted by production in 2011

Country	2000	2011
Nigeria	899,000.0	1,350,000.0
Côte d'Ivoire	263,213.0	400,000.0
Cameroon	136,277.0	254,000.0
DR Congo	167,640.0	187,000.0
Ghana	108,000.0	120,000.0
Top five producers	1,576,130	2,313,011
Total Africa	1,851,278.0	2,641,507.5

Source: FAO Statistics

In 2011 Africa's top five producers accounted for about 87.5 percent of the continent's production. Some other sixteen countries contributed with 12.5 percent.

Palm Oil production in the Americas

Americas - Palm Oil production - 2000-2011 (Tonnes)

Sorted by production in 2011

Country	2000	2011
Colombia	524,001.00	941,400.00
Honduras	95,000.00	320,000.00
Ecuador	217,864.00	289,900.00
Brazil	108,000.00	270,000.00
Guatemala	65,000.00	248,000.00
Costa Rica	137,051.00	241,500.00
Top six producers	1,148,916.00	2,312,811.00
Total Americas	1,316,889.00	2,563,078.00

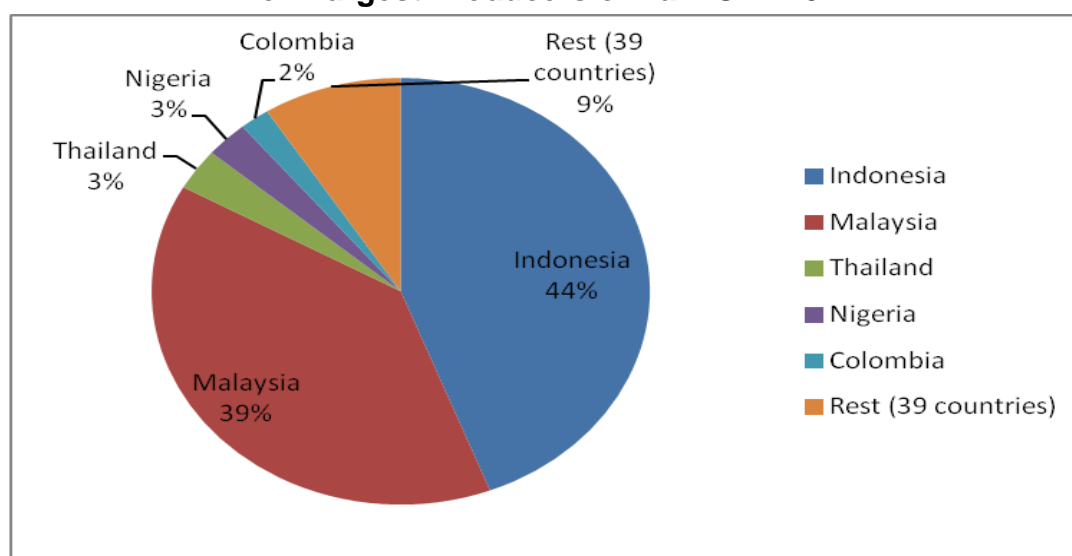
Source: FAO Statistics

The top six producers in the Americas (the difference between Guatemala and Costa Rica is minimal) account for 90 percent of the region's total production. Another eight countries contribute with 9.8 percent of production.

Palm Oil Producing Countries

Indonesia and Malaysia overwhelmingly dominate production with the next three largest producers (Thailand, Nigeria and Colombia) having a combined 8 percent of production. About 39 other countries account for less than 10 percent of the world's production of palm oil. See the charts and graphics below.

Ten Largest Producers of Pam Oil - 2011



Palm Oil World Production
Ten Largest Producers - 1991-2011
(Tonnes)

2011			
Indonesia	21,449,000	World Total	48,550,750.5
Malaysia	18,912,000		
Thailand	1,530,000	Top Ten total production	46,267,465.0
Nigeria	1,350,000	Top Ten as % of Total	95.3
Colombia	941,400		
Germany	555,165	Top Two as % of Total	83.1
Papua New Guinea	520,000		
Côte d'Ivoire	400,000		
Honduras	320,000		
Ecuador	289,900		
1991			
Malaysia	6,141,350	World Total	11,879,254
Indonesia	2,657,600		
Nigeria	760,000	Top Ten total production	11,044,319
Colombia	290,856	Top Ten as % of Total	93.0
Côte d'Ivoire	255,267		
Thailand	234,000	Top Two total production	8,798,950
China	184,628	Top Two as % of Total	74.1
DR Congo	180,000		
Papua New Guinea	180,000		
Ecuador	160,618		

Source: FAO Statistics web site accessed on 13 June 2013; <http://faostat3.fao.org/home/index.html>

Fastest Growing Countries and Areas of Potential New Production

While Indonesia and Malaysia dominate fundamental aspects in the sector, it is relevant to identify some of the fastest growing producing countries – by rates of growth.

There should be expected a substantial increase in African production in the near future because of new investments announced in several countries – even when they do not appear on the list below (e.g. Liberia). There should also be expected a relative growth in the Americas (e.g. Honduras and Guatemala).

Palm Oil Production

Annual Growth Rate of Fastest Growing Countries in 2013

	Country	in %
1.	Philippines	11.11
2.	Indonesia	8.77
3.	Thailand	5.00
4.	Congo, Democratic Republic	4.88
5.	Peru	4.65

6.	Ecuador	4.63
7.	Benin	4.17
8.	Ghana	3.85
9.	Papua New Guinea	3.28
10.	Colombia	2.67
11.	Côte D'Ivoire	2.56
12.	Nigeria	2.20
13.	Guatemala	1.92
14.	Cameroon	1.89
15.	Honduras	1.18

Source: IndexMundi, accessed December 2013

International trade: exporters and importers

Exports are dominated by Indonesia and Malaysia, which account about 90 percent of the palm oil traded internationally.

Palm Oil Exports - 2009/2010 - 2012/2013

(Thousands of Tonnes)

Country	2009/10	2010/11	2011/12	2012/13	2012/2013 as % of world total
Indonesia	16,573	16,423	18,452	20,100	48.3
Malaysia	15,530	16,596	16,600	17,200	41.4
Papua New Guinea	520	577	587	620	1.5
Thailand	121	382	290	480	1.2
United Arab Emirates	344	400	385	350	0.8
Others	2,424	2,484	2,720	2,840	6.8
Total	35,512	36,862	39,034	41,590	

Source: US Department of Agriculture.

Three main importers, India, China and the European Union, account for slightly over half of total imports of palm oil (50.7%).³

Palm Oil Imports - 2009/2010 - 2012/2013

(Thousands of Tonnes)

Country	2009/10	2010/11	2011/12	2012/13	2012/2013 as % of total
India	6,603	6,661	7,473	8,500	20.7
China	5,760	5,711	5,841	6,500	15.8
European Union	5,438	4,932	5,618	5,800	14.1
Pakistan	1,989	2,064	2,218	2,260	5.5
Malaysia	1,283	1,593	1,850	1,645	4.0
United States	994	980	1,032	1,247	3.0
Egypt	1,174	1,277	1,204	1,075	2.6

³ The world's top countries in terms of domestic consumption are Indonesia and Malaysia, also main producers/exporters; and India, China and the European Union, on the importers side.

Bangladesh	951	996	984	1,050	2.6
Singapore	435	656	854	775	1.9
Iran	548	634	610	630	1.5
Others	10,038	10,789	11,052	11,540	28.1
Total	35,213	36,293	38,736	41,022	

Palm Oil World Balance - Main Actors

(Thousands of Tonnes)

	Production	Exports	Imports
Indonesia	31,000.0	21,300.0	
Malaysia	19,200.0	17,500.0	
Thailand	2,100.0	520.0	
Colombia	1,000.0		
Nigeria	930.0		
India			9,000.0
China			6,600.0
EU-27			5,800.0
Pakistan			2,450.0

Source: IndexMundi, accessed 31 January. 2014

Section IV

Main Companies Involved in the Palm Oil Sector

World's Palm Oil Producing Companies

Below is a list of the fifteen largest palm oil companies in the world, ranked by market capitalisation in June 2009. Market capitalisation of a publicly listed company is the value of the share times the number of shares issued at a specific moment.

Largest Palm Oil Companies by Market Capitalisation - 2009

Company	Base Country (*)	Market Capitalisation	Landbank (h)
1. Wilmar	Singapore	20,814.2	500,000
2. Sime Darby	Malaysia	11,994.8	524,626
3. IOI Corporation	Malaysia	8,323.2	251,000
4. Kuala Lumpur Kepong	Malaysia	3,617.6	360,000
5. Golden Agri	Singapore	3,302.8	637,361
6. Astra Agro	Indonesia	2,906.4	258,900
7. Indofood	Indonesia	1,362.6	541,224
8. Asiatic Development	Malaysia	1,206.8	164,000
9. London Sumatra	Indonesia	864.3	169,909
10. Boustead	Malaysia	804.0	100,000
11. United Plantations Bhd	Malaysia	765.1	80,874
12. Kulim Bhd	Malaysia	576.0	124,660
13. IJM Plantations	Malaysia	502.6	70,000
14. Sampoerna Agro	Indonesia	334.8	169,000
15. Bakrie Sumatera	Indonesia	303.6	80,000

(*) Stock Exchange where the company is listed.

Source: <http://www.palmoilhq.com/PalmOilNews/the-worlds-top-15-listed-palm-oil-planters/>

Overview of the five major palm oil producing companies in the world

Wilmar International Limited

<http://www.wilmar-international.com/>

Wilmar International Limited was founded in 1991. It is Asia's leading agribusiness group, and ranks amongst the largest companies by market capitalisation on the Singapore Exchange.

The company has over 450 manufacturing plants, and a distribution network covering China, India, Indonesia and 50 other countries. It employs over 93,000 people worldwide.

Main features:

- World's largest processor and merchandiser of palm and lauric oils⁴, as well as one of the largest processors of edible oils refining and fractionation⁵, oleo chemicals, specialty fats and palm biodiesel.
- Sugar: among the world's top 10 raw sugar producers, and a leading merchandiser of consumer brands in the Australian sugar and sweetener market.

In the Palm Oil Sector

- Wilmar owns and operates vertically integrated palm and lauric oils plants in Indonesia and Malaysia. It produces refined, bleached and deodorised (RBD) palm oil, RBD palm olein, RBD palm stearin, RBD palm kernel oil, specialty fats, oleochemicals and biodiesel.
- As of 31 December 2012, Wilmar had approximately 241,048 hectares ("h") of planted area, with 73 percent of it in Indonesia, 23 percent in East Malaysia and 4 percent in Africa.
- In Indonesia, Wilmar plantations are in Sumatra, West Kalimantan and Central Kalimantan (southern region), along with some 41,037 h under the Indonesia Plasma Programme, which develops oil palm plantations for smallholders. Plantations in Malaysia are located in Sabah and Sarawak.
- China: one of the largest oilseeds crushers, including oil palm fruits, edible oils refiners, specialty fats and oleo chemicals manufacturers, and flour and rice millers.
- India: leading branded consumer pack oils producer, oilseeds crusher and edible oils refiner.
- Africa: in Ghana and, through joint ventures, it also owns plantations in Côte d'Ivoire and in Uganda.
- Processing plants in the Netherlands, Germany, Vietnam, and the Philippines. Through joint ventures, Wilmar has interests in processing facilities in India, Russia, and the Ukraine.

Sime Darby

<http://www.simedarby.com/>

The Sime Darby Group was set up in 1910 to manage rubber plantations. It is now a diversified company comprising plantations, property business, industrial equipment, energy and utilities, and healthcare among others in more than 20 countries. It is one of Malaysia's biggest multinational corporations.

Sime Darby Plantation is the plantation and agri-business arm of the Group. It is involved in oil palm and rubber plantations, downstream activities, in agribusiness and food, and in Research & Development (R&D).

⁴ Oils with high content of lauric acid, particularly the palm kernel and coconut oils

⁵ Fractionation is the controlled cooling of the oil to induce a partial crystallisation. The liquid is separated from the solids ("fractions" or stearin) by filtration or centrifugation. For concepts and definitions see www.chemprom.in/processes/htm

In 2007, following the merger of Sime Darby, Golden Hope Plantations and Kumpulan Guthrie, the Sime Darby Plantation became one of the world's largest palm oil producers. The Division operates on 877,299 h, of which 524,543 h are planted with oil palm and the rest with rubber. In Malaysia, it operates in Peninsular Malaysia, Sabah and Sarawak, and in Indonesia in Kalimantan, Sumatera and Sulawesi. It is also present in Liberia, where it has been granted a 63-year concession to develop 220,000 h into oil palm and rubber plantations.⁶

The **Downstream Operations** division operates in 14 countries and it is involved in the manufacturing and distribution of oils and fats products, oleochemicals and palm oil-based biodiesel.

IOI Corp

<http://www.ioigroup.com/>

IOI Group was established in 1982 in the property development sector, which was followed by oil palm plantations in 1985. The IOI Group operates in Plantations, Property (real estate, hotel and resort development), and Resource-based manufacturing (refineries). It employs over 30,000 personnel in 15 countries, and its markets cover over 65 countries.

Plantations

IOC Corp plantations in Malaysia are located in Peninsular Malaysia, Sabah and Sarawak; and it also had plantations in Indonesia. In 2012, the company reported 229,000 h under the Plantations Division. In Malaysia, the Group has 12 oil palm mills with a combined capacity of 4 million tonnes per year. It has four large scale palm oil refineries in Malaysia and in overseas, with a combined refining capacity of 3.8 million tonnes per year.

Kuala Lumpur Kepong (KL Kepong)

<http://www.klk.com.my/>

KL Kepong was incorporated as the Kuala Lumpur Rubber Company Limited in 1906 in London to manage rubber and coffee estates in Kuala Lumpur. Investments in oil palm cultivation started in 1962, and its first palm oil mill was commissioned in 1967.

Kuala Lumpur Kepong Berhad ("KL Kepong") was set up in 1973 in Malaysia; and the company started investing in Indonesia in 1994.

KL Kepong is a diversified company, with its core business in the **Plantations Division** (oil palm and rubber). The Division controls over 250,000 h in Malaysia (Peninsular and Sabah) and Indonesia (Belitung Island, Sumatra, and central and east Kalimantan). Oil palm covers 91 percent of area; rubber the remaining nine percent. It processes FFB in its own mills and refineries, producing crude palm oil, refined, bleached and deodorised (RBD) palm olein and stearin⁷, and others.

⁶ Sime Darby Bhd announced in January 2015 it had obtained the European Commission's approval to buy New Britain Palm Oil Ltd (NBPOL) for USD 1.74 billion. NBPOL is an integrated, industrial producer of palm oil based in Papua New Guinea (PNG). It controls some 88,000 h under oil palm, twelve oil mills, and two refineries (one in PNG, one in Liverpool, UK).

⁷ Olein and stearin are products of the fractioning of palm oil, which is a controlled cooling of the oil to allow crystallisation. The former is the liquid part; the latter, the solids.

KL Kepong also manufactures soaps and pharmaceutical products; it is involved in storage and distribution, in and property and investment holdings. Beyond Malaysia and Indonesia KL Kepong subsidiaries and related businesses operate in about twelve other countries, including England, Singapore, China, Germany, and Switzerland.

Golden Agri Resources

<http://www.goldenagri.com.sg/>

Golden Agri-Resources Ltd ("GAR") was established in 1996, and it is one of world's largest oil palm plantation operators with a total area of 464,300 h, including smallholders. It is based in Indonesia where its vertically integrated operations include seedlings, plantations, extraction, refining, kernel crushing, value-added products and marketing. Its businesses in China include deep sea port and storage facilities, soybean crushing (from imported feedstock), refining, and a margarine/shortening plant. Flambo International Ltd, an investment company, is GAR's largest shareholder, with a 49.95 percent stake. GAR has subsidiaries in Nigeria, Singapore and China.

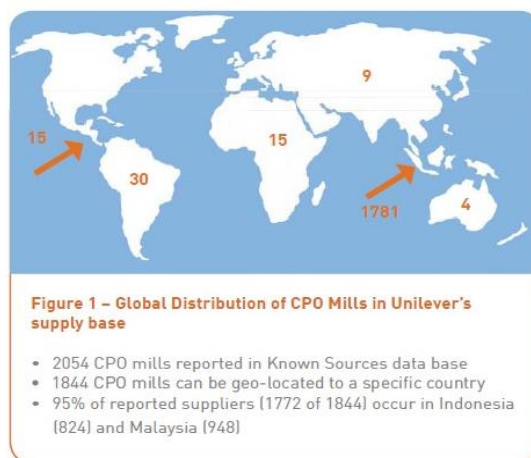
Main Palm Oil Industrial / End Users - Companies

Given palm oil's multiple applications, industrial end-users are a diverse group: from food products to personal care and cosmetics, and energy/fuel companies. Two food companies are among the world's largest end-users: Unilever and Nestlé.

Unilever

<http://www.unilever.com/>

According to company reports, Unilever acquires annually 0.5 million tonnes of crude palm and palm kernel oil, and one million tonnes of derivatives and fractions. This volume equals to about 2.6 percent of global palm oil production.⁸ Unilever's scope of its operations is shown in the graphic below.



⁸ Unilever, Sustainable Palm Oil Progress Report, November 2014 at http://www.unilever.com/images/uslp_Unilever-Sustainable-Palm-Oil-Progress-Report-LR_tcm13-402768.pdf

Nestlé

<http://www.nestle.com/>

Nestlé is ranked as the world's leading nutrition, health and wellness company, with some 2,000 global and local brands. It reports 468 factories in 86 countries, and around 330,000 employees. In October 2103, Nestlé sources about 800,000 tonnes of palm oil annually which are used in about 70 countries, including India and China (7 percent and 5 percent of their total market share, respectively).

Other food processing companies of interest are **Danone**, a “modest user” of palm oil, reported buying 31,000 tonnes in 2013, around 0.05% of world production. **Heinz** uses small quantities (some 2,500 tonnes) of palm oil and derivatives in a few of their products. **Mondelez** sources palm oil mainly from Malaysia and Indonesia, but also from Colombia, Brazil, Mexico and West Africa. Their palm oil needs may represent an annual volume of about 0.6 percent of world production; while PepsiCo reports buying about 450,000 tonnes of palm oil annually.⁹

Investments in Palm Oil operations: West Africa

In mid 2013, Indonesian sources reported some “turbulence” in the palm oil sector, as a result of a combination of several factors, among them the decision to limit new plantations to 100,000 h, concerns about environmental issues and the extension of a moratorium in the expansion of plantations (renewed in May 2013). The news was reported along with the interest of Indonesian companies in investing in Africa; a move also taken by companies based in Malaysia and Singapore with long experience in palm oil.

West Africa



⁹ Among the world' top-five end users of palm oil are three non-food processing companies: Procter & Gamble (<http://www.pg.com/>) that claims serving 4.6 billion of the seven billion people on Earth, with products ranging from shaving razors, baby diapers, feminine care products and batteries to shampoos, cosmetics, skin care products, tooth paste, soaps, detergents, and a wide range of other products. Two other non-food companies large palm oil users are Henkel (<http://www.henkel.com/>) with concerns in Laundry & Home Care, Beauty Care and Adhesive Technologies, and L'Oreal (www.lorealparis.ca), the world's largest manufacturer of cosmetics and beauty products.

West Africa appears as the place where the next expansion wave in palm oil will happen (plantation and processing facilities) because of the apparent availability of land, relatively inexpensive labour, and governmental policies that encourage such expansion.

Several companies are involved in the region: along with big names like Wilmar International, Sime Darby, Sinar Mas, and Golden Agri/Golden Veroleum, there is also Herakles Farms in Cameroon with a 72,000 h plantation (which may be scaled down to 20,000 h); the Atama Plantation, a subsidiary of Malaysian Wah Seong Corporation, which announced a USD 744 million investment over 10 years for a 180,000 ha plantation and processing facilities aiming at an annual 840,000 tonnes of palm oil in the Republic of Congo (Brazzaville); the SIFCA Group in Ghana, Nigeria and Liberia; and news of Chinese interest in about 1 million hectares of land for oil palm.

A Case Study: The SIFCA Group in Liberia (2013)

The Société Immobilière et Financière de la Côte Africaine Group (SIFCA) is based in Cote d'Ivoire and also operates in Ghana, Liberia, Nigeria and France in the rubber, palm oil and sugar sectors. It employs some 29,000 people worldwide.

SIFCA is the largest palm oil producer in Cote d'Ivoire, and the only palm oil exporter in West Africa. In June 2013, the Group announced plans to increase palm oil production by one third, aiming at neighbouring markets like Burkina Faso, Mali and Senegal. It also reported plans to invest USD 417 million in oil palm plantations and processing facilities in Ghana, Nigeria and Liberia in 2013-2018.

SIFCA has close connections with transnational companies in the rubber and palm oil sectors. Michelin has a minority participation in two SIFCA rubber operations (one in France, one in Cote d'Ivoire) while, in palm oil, Wilmar International and Olam set up Nauvu JC Company (50/50 basis), which then acquired a 27.06 percent stake in SIFCA, allowing their direct involvement in SIFCA's two palm oil operations in Cote d'Ivoire: PALMCI and Sania.

PALMCI runs oil palm plantations and produces crude palm oil (CPO). It controls some 39,000 h, works with some 27,000 outgrowers and employs about 8,000 people. The NAUVU joint venture owns a minority stake in PALMCI (25.5 percent) that sells most of its production to Sania, which is a palm oil refiner and marketeer. With a refinery in Abidjan (Cote d'Ivoire), Sania processes 250,000 tonnes of palm oil per year, and employs some 350 people. NAUVU controls a 50.45 percent stake in Sania.

The involvement of SIFCA in Liberia is an example of the expansion of oil palm plantations and processing of palm oil, with a special feature of being a West African company, in comparison to investments by foreign companies, mostly from Southeast Asia.

In 2011, SIFCA finalised negotiations with the Liberian government on a USD 142 million project in rubber and oil palm: the Cavalla Rubber Corporation (CRC) and the Maryland Oil Palm Plantation (MOPP), jointly managed by SIFCA. The concession covers 15,200 h, with an additional 6,200 h under outgrower schemes.

The agreement called for the rehabilitation and the establishment of plantations, and the processing and commercialisation of palm oil. It promised 4,000 new jobs. Additionally, the company agreed to invest in social services and infrastructure: e.g.

to support educational programs, to build health care facilities, and to build and renovate houses, roads and administrative buildings.

In January/February 2013, protests took place in the county of Maryland apparently motivated by the failure of Cavalla Rubber and MOPP to fulfil the 2011 agreement.

Local groups alleged that the company preferred to hire foreigners (mainly from Cote d'Ivoire and Nigeria) after dismissing Liberian nationals, and also complained of violations of labour laws because a pregnant woman had been dismissed contravening legislation. Other issues included that Cavalla Rubber was not paying the agreed lease, the absence of medical care facilities, and no support to educational programs and no road facilities, and that the company's security guards carried weapons and intimidated the local population. There were also about one hundred farmers who alleged their farms had been destroyed by MOPP and Cavalla Rubber.

In February 2013, management of the two companies appeared before the highest levels of government in Monrovia to respond to the allegations. Local press reported that management explained that foreign staff had been hired on short-term contracts and that they were to train nationals who would replace them; that the dismissal of the pregnant woman had been an error already corrected and the woman reinstated. They also said that they were ready to hire a doctor, providing he/she was willing to move to the county of Maryland. More importantly, it appeared that the company shifted responsibility to the government by stating that it had not provided enough land, as per the concession agreement.

The February 2013 protests included the demand for the government to remove MOPP and the Cavalla Rubber from the area, despite the claims that the SIFCA subsidiaries would create much needed employment opportunities. This ushers the political aspects potentially attached to new investments into countries that until very recently have experienced significant social, economic and political instability (and some are still living through it).¹⁰

The SIFCA case highlights some of the key challenging issues for trade unions¹¹:

1. The internationalisation/regionalisation of a West African company, consolidating operations in partnership with TNCs in the sectors of interest: e.g. Michelin in rubber, and Wilmar and Olam in palm oil.
2. Workers in the new (or rehabilitated) enterprises usually facing significant problems as labour legislation and collective bargaining are often weak or non-existent. This has an impact on the types of job created and on the terms and conditions of employment. Old legal frameworks where they exist need to be updated or new ones created. In Liberia, the unions are rebuilding themselves after years of civil war.
3. There can often be conflictual situations with local communities and the new palm oil investors, with companies trying to win support of trade unions through the promise of jobs which may or may not materialise and where they often be precarious and far from decent work.

¹⁰ Local newspapers commented that corruption (e.g. demanding and offering bribes) and political interference influence the economy, particularly when foreign companies were involved.

¹¹ The research did not find allegations of any negative environmental impact or social concerns, such as the displacement of communities or the disrespect of community rights to ancestral lands, related to SIFCA's investments.

4. Charts

**Oilseeds - World Production
1961-2012 in Tonnes**

	1961	1980	2000	2010	2012
Oil, palm	1,478,901.00	5,082,953.00	22,227,769.00	43,465,228.45	50,169,708.00
Oil, soybean	3,036,550.97	13,195,121.12	25,622,814.86	40,265,533.41	41,205,379.44
Oil, rapeseed	1,098,724.36	3,685,814.31	13,523,291.62	22,710,357.30	22,254,970.69
Oil, sunflower	1,945,815.48	5,148,407.08	9,794,956.78	12,916,084.51	15,215,301.03
Oil, palm kernel	487,161.88	719,673.58	2,767,441.58	5,661,504.33	6,065,314.22
Oil, cottonseed	2,196,590.95	3,195,546.29	3,845,086.46	4,843,263.10	5,271,972.13
Oil, groundnut	2,511,629.48	2,727,839.02	5,058,648.93	5,921,683.54	5,242,362.56
Oil, coconut (copra)	1,634,150.04	2,694,035.38	3,381,717.03	3,935,598.17	3,310,133.86
Oil, olive, virgin	1,359,339.50	1,979,793.50	2,564,352.53	2,991,693.02	2,903,676.42
Oil, maize	348,775.51	833,180.65	1,947,587.44	2,309,745.23	2,378,584.03
Other oils	1,344,001.18	1,543,329.74	1,581,097.11	1,776,158.95	1,896,130.36

Other Oils include: Safflower, Linseed and Sesame

Source: FAO Statistics, accessed December 2013.

**World Production
Palm Oil and Palm Oil Kernel
1961-2012 (Tonnes)**

Year	Palm Oil	Palm oil kernel
1961	1,478,901	487,162
1970	1,937,339	498,531
1980	5,082,953	719,674
1990	11,449,105	1,675,875
1999	20,736,371	2,684,149
2000	22,227,769	2,767,442
2010	43,465,228	5,661,504
2012	50,169,708	6,065,314

Source: FAO Statistics, accessed August 2013