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Malaysian Palm Oil- An Informed Choice



Focus on Palm Oil

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Absurd War on Palm Oil**

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Editor-in-chief

Dr Yusof Basiron

Editor

Belvinder Sron

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For advertising information, contact:

Razita Abd. Razak
Global Oils & Fats Business Magazine
Malaysian Palm Oil Council
Tel: 603-78064097
Fax: 603-78062272
e-mail: razita@mpoc.org.my

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No 'pain-free' route to forest conservation

A draft report by the Sustainable Palm Oil Manifesto (SPOM) High Carbon Stock Study (HCSS) group has received a small amount of press attention since it was released in mid-August.

The draft report is a culmination of months of work by a dedicated group of researchers from a diverse range of backgrounds. Notably, it is being led by Jonathon Porritt, former leader of Friends of the Earth in the UK.

The study has been presented as something of a foil to an attempt by a coordinated effort by large Indonesian companies, Greenpeace and The Forest Trust to unilaterally define what 'High Carbon Stock' (HCS) is, and what it should mean for oil palm plantations and palm oil purchasers around the world.

Indeed, the release of the study prompted Greenpeace director John Sauven to state that the HCSS "is trying to undermine the High Carbon Stock Approach ... The SPOM group have proposed their own, weaker definitions that would open the door to extensive deforestation by stealth. This underhand tactic cannot be allowed to succeed."

The HSC Approach is of course NGO-driven. Greenpeace appears to be saying 'it's our way or the highway'.

One of the major flaws of Greenpeace's criticism is that the HCSS actually attempts to balance socio-economic concerns

with environmental concerns, which has been noticeably absent from the model developed by Greenpeace.

The HCSS states that it "aims specifically to address how to reliably estimate [greenhouse gas] emissions caused by oil palm development, and how to combine these with socio-economic consideration and other factors when making land-use decisions".

But an interesting point that is brought up by this last statement is that ultimately land-use decisions – on a large scale – are dependent on the government.

More recently, the interaction between governments, environmentalists and the private sector has become more apparent. Two Indonesian officials have remarked on their government's doubts about the recent 'no deforestation' pledge by Indonesian companies on the grounds that this impacts local communities.

Marcus Colchester of the Forest People's Programme recently made very interesting points about the incentives and the actors around HCS. Colchester states that a new system being proposed would dissuade companies from cutting by using higher conservation values.

This method would also provide the companies with an incentive to hand these areas to local communities – who are quite likely to use this land for agriculture. Similarly, if the policies are implemented at government level, the land is also likely to be given to communities.

This means that, if environmentalists want to conserve these areas, they will need to offer locals a strong incentive to protect the land instead of developing it. This, of course, presents a range of new problems.

The opportunity cost for a smallholder or community of smallholders on forest land that can potentially be planted with oil palm is massive. Estimates of the net present value of smallholder oil palm plantations in Sumatra are in excess of US\$7,000 per ha, according to one estimate.

So the question for governments – and the private sector – is whether they can afford this cost. For the private sector, can this





cost be absorbed and have its operations remain profitable? For governments, is there a dividend apart from the environmental one? If governments decide to impose costs on the private sector, companies can simply withdraw their capital – meaning foregone revenue and investment. These costs, then, can only be imposed if there's another source of revenue for the government – will this be aid money from nations such as Norway?

What HCS underlines is that for many Western environmentalists, there is a fanciful notion that not developing land for agriculture somehow has no costs attached to it, or is a 'pain-free' route. This notion has turned out to be wrong, time and again.

When governments and NGOs originally pushed the idea for REDD – reduced emissions from deforestation and forest degradation – the system underpinning it was one in which wealthy countries would financially compensate poor countries for foregone opportunities by not converting forests.

But under HCS, this system – and any compensation – doesn't exist, meaning that poor countries, and the communities within them, are being asked to hold themselves back, while getting nothing in return. It's no surprise, then, that some officials in developing countries have objected to it so strongly.

Certainly, there are no costs for the Western environmentalists. But for governments and people in developing countries, it's a completely different story.

Other questions

Despite these comments from various campaigners, there are still some findings in the draft report that the industry needs to take seriously, and which have been raised by the MPOC.

First, the conversion threshold throughout the study is not entirely consistent. The measurements used for carbon biomass throughout the study vary, depending on both the number and the measure used. Moreover, the practicalities of measuring of root biomass are not taken into account.

Second, the draft report indicates that any planting on peatlands is forbidden. However, this doesn't take into account the possibility of planting on degraded peatland and there is potentially a net benefit.

This leads to a bigger question: if there is degraded peat, how much should the negative impact of simply leaving it – potentially leading to further negative environmental impacts – be taken into account? The practical costs of peatland restoration are something that should be taken into account. This can be said of environmental remediation more broadly.

Third, there is something close to a prescription for planting to take place almost entirely on grassland and scrubland, but the fact of the matter is that these land classifications are generally absent from tropical developing countries.

Finally, the submission raises the possibility of perverse outcomes. One of the main problems in placing restrictions on how oil palm – and oil palm only – may be planted is that it simply leaves the door open for other crops that for whatever reason environmentalists don't see as being as controversial. This will mean that the land in question will still suffer precisely the carbon loss that environmental campaigners are trying to avoid.

This also leads the possibility that alternative crops – such as banana plantations – will not provide benefits to local communities in the same way. This may be because the type of crop requires sufficient volumes, transport infrastructure or agricultural extension services that aren't available to local smallholders.

A simple thought experiment illustrates this: if the world banned palm oil tomorrow, what would happen? Farmers and companies would plant something else. And it would in all likelihood provide lower social and economic benefits to the communities and countries in which it is planted.

This is ultimately the danger of the HCS study and others like it: that environmental concerns and subsequent measures neither solve the environmental problem, nor provide a social and economic benefit.

Dr Yusof Basiron
CEO, MPOC



Malaysian Palm Oil- An Informed Choice

Campaign in France and Belgium

The Malaysian Palm Oil Council (MPOC) has launched a mark of provenance and an information campaign entitled 'They say everything and anything at all about Malaysian palm oil'. It was launched in France and Belgium on Sept 7 to combat preconceived ideas about palm oil.

Palm oil is Malaysia's fourth-biggest economic resource, contributing 8.3% of its exports. It is also the most-consumed edible oil in the world. A key product in responding to the needs of the food-processing industry, it today accounts for 35% of the global vegetable oil market.

However, a great many untruths circulate about palm oil. Consumers hear everything and anything at all regarding its purported impact on nutrition, health, the environment, and economic and sustainable development in Asia and Africa.

The campaign is intended to better inform consumers, to respond to controversies and to promote what Malaysians see as an emblematic product. It is based on transparency and openness that will showcase the initiatives and efforts being made to enable the industry to progress towards more sustainable and more responsible production of palm oil.

Malaysian palm oil, already a world leader, continues to improve with ambitious plans on many fronts:

- In terms of the environment, it builds on a shared determination to optimise management of forest resources and protect endangered species.
- In terms of consumer health, it takes advantage of continuous research to improve a product whose properties are still not well understood – but which Malaysians refuse to modify through use of genetic modification technology.
- As a socially responsible industry, it enables a large number of small producers to move up into the middle class thanks to higher and more reliable income. It also provides effective, modern infrastructure such as schools, health clinics and roads for plantation communities.

The campaign orchestrated by Havas Paris invites every consumer to form their own opinion about Malaysian palm oil. It relies on the curiosity and exacting standards of the consumer, who is invited to view the original and informative content made available on the *malaysianpalmoil.info* website. The main features are:

- A series of five amusing and colourful illustrations that take a playful look at a number of widespread myths as a way of challenging them; and
- A quiz contest, with the prize being a study trip to Malaysia.

Importance of facts

At a press conference in Paris, personalities from Malaysia explained the rationale of the campaign and how it will address consumer concerns, thereby enabling individuals to arrive at an informed opinion about Malaysian palm oil. A summary follows.

Dr Yusof Basiron, CEO of MPOC

1. MPOC is very excited about our new branding and advertising initiative, and I hope it will lead to a better and more positive understanding of palm oil among consumers. I hope too that you will learn some interesting facts and see for yourselves the pride that we have in agriculture and food production in our country, just as you have pride in what you produce in your country.
2. Palm oil is one of Malaysia's most valuable export products. Malaysia currently has 5.4 million ha under oil palm, producing 19.7 million tonnes of palm oil and 2.3 million tonnes of palm





kernel oil. The bulk of this is for food production – either used as cooking oil or a food ingredient.

3. Oil palm development has brought enormous benefits to Malaysia. It has contributed greatly to both poverty reduction and prosperity increase in recent decades. Malaysian palm oil is a commodity that truly distributes wealth throughout the population, including in formerly poor rural areas. Almost 40% of oil palm plantations are operated by small farmers.
4. On behalf of all of small farmers and others in the Malaysian industry, I say 'Thank you' to France. It was a Frenchman called Henri Fauconnier who founded the first oil palm plantation in then Malaya, in 1911. His legacy has been to give small farmers the opportunity of a stable income and prospects for their children; whole rural areas that have been developed and transformed; and of course a world-leading R&D and food technology sector.
5. Sadly, many misunderstandings exist about palm oil. Several myths have found their way into public discourse in France and Belgium. The myth has been spread about palm oil containing trans fats – which is untrue. Palm oil is actually a worldwide replacement for trans fats, improving health outcomes as a result.

Equally, some have alleged that palm oil is a major source of

saturated fats in the diet of the French and Belgian public – which is also untrue. Meat and dairy provide most of the saturated fats in Europe.

6. These myths, unfortunately, have led to some negative sentiments in France, and Belgium. MPOC is aware that some NGOs and others have launched aggressive attacks against palm oil, often with false claims. We are keen to address those claims in the work that we are launching today.

I think perhaps some progress is being made: I notice that Minister Segolene Royal was rather negative about palm oil due to the pre-existing myths, until perhaps she was informed of the reality. We're pleased that Ms Royal has changed her mind, and we hope that with this new campaign we can change the mind of many more people in France and Belgium.

7. Why are we launching this campaign? Because Europe is an important partner for Malaysian palm oil, and we must counter the myths that exist. Apart from small farmers, over one million workers in Malaysia depend on palm oil for their livelihood. Those in Europe who think that anti-palm oil campaigns are 'risk-free' – especially when these are based on false science – must think again. Real people, real families, in Malaysia and elsewhere, are negatively affected by the myths that have been spread about palm oil in Europe.

MPOC has a responsibility to protect our farmers and workers, and we take this seriously. This new campaign is about education, truth and balance. We want to share facts and information with consumers in France and Belgium, so that they can decide for themselves.

Facts are important in public debate:

- Palm oil has zero trans fats – this is a scientific fact. Palm oil has actually helped to lower trans fats consumption.
 - All serious scientists know that palm oil is not a major contributor to the saturated fats intake of Europeans.
 - Palm oil – like all oils and fats – is perfectly healthy as part of a balanced diet. Scientists and health institutions around the world can confirm that palm oil is not hazardous or dangerous. It is a normal and natural fat, like butter.
8. I think it is important to note that palm oil benefits not only Malaysia but also Europe. MPOC commissioned a major economic study that shows the positive impact of palm oil in Europe. Some examples include:
- In France, palm oil imports are linked to 4,600 jobs.
 - 323 million EUR of French GDP is associated with palm oil imports.
 - Palm oil imports provide 167 million EUR of tax revenue in France.
 - In Belgium, 1,000 jobs are linked to palm oil imports; 57 million EUR of GDP benefits; and 29 million EUR in tax revenue.
 - The overall benefits for the EU are 5.7 billion EUR in GDP increase; 2.6 billion EUR in tax revenue; and 117,000 jobs.

Mr Carl Bek-Nielsen, Vice-Chairman of United Plantations Bhd

1. In Malaysia, we are aware that there are misunderstandings about palm oil and probably also a level of scepticism among consumers in Europe; some of these may be justified. Perhaps part of that is because palm oil itself is not European – the

oil palm cannot grow here because of the colder climate. It is therefore not an agricultural food crop that many Europeans have ever seen or become familiar with.

2. Unfortunately, we cannot bring everyone in France or Belgium to Malaysia to get a first-hand impression for themselves. Therefore, it is important to help create better awareness and to provide more information about Malaysian palm oil: in other words we would like to share with consumers what this crop is all about. The Malaysian palm oil brand will hopefully succeed in doing this.
3. In this connection, it is important for us every once in a while to look at the situation more holistically and take a balanced view, so to speak. In this respect one of the more dividing views has to do with deforestation and linking this to palm oil. None of us here can or will refute that deforestation has taken place within Malaysia.

In fact, across the world, the increasing demands of a growing population and changing diets have compelled farmers to grow more crops, resulting in conversion of forests for agriculture – be this in France, Brazil the US or in Malaysia. But the important aspect today is to try and create a better balance between economy and ecology, thus arriving at a common ground where conservation means development as much as it does protection.

4. In Malaysia we are trying hard to improve this balance by embracing more sustainable measures, while still maintaining about 60% of our land-bank under forests as per the latest report by the United Nations. This is not perfect, but it shines when comparing the forest cover of many developed nations, such as the UK with 12%, Holland with 11%, or for that matter the EU with 38%.

Yes, we in Malaysia are far from perfect but we wish to maintain that important balance, so that present and future generations can progress without undermining the benefits of having a rich environment. We have to work more on this and I can assure you that there is an ambition to do so.



5. Indeed, the Malaysian palm oil industry has developed best practices on environmental and biological standards, and many Malaysian companies are world leaders at implementing these today. I would like to give you examples:
- Pest control: We practise integrated pest management, for example building houses for barn owls to live on the plantations. The owls are natural predators for rats and help to 'check mate' the rat population.
 - Pheromone traps: Instead of spraying insecticides, we use natural pheromones as a biological control against the harmful rhinoceros beetle.
 - Planting of beneficial flowering plants: These attract good insects. It is like what French wine farmers do with roses in vineyards, to contain leaf-eating pests without using pesticides. Most Malaysian plantation companies' use of pesticides is about 40-45 times lower per tonne of palm oil produced compared to soybean farmers and 6-8 times less per tonne of oil compared to rapeseed farmers.
 - GMO-free: Palm oil from Malaysia is 100% free of genetically modified organisms; this fact is perhaps not well-known in Europe.
6. Perhaps one of the more important environmental considerations about the oil palm is its ability to convert sunlight, water and carbon dioxide into vegetable oil. Here, the oil palm is at the very front of the pack.

Just consider this – to produce 1 tonne of vegetable oil, the oil palm only needs to occupy 0.26 ha, whereas rapeseed needs 1.52 ha and soybean needs 2.22 ha. So the agricultural footprint required to produce the same amount of oil is almost 6 to 8.5 times more for rapeseed and soybean. But more can be done and we are intent on producing more with less and targeting to reach only 0.15 ha to make 1 tonne of oil in the near future.

7. In conclusion, I would say that Malaysian palm oil is produced by both large plantations and smallholders – ordinary people who make up about 40% of production. Together we produce oils and fats, just as you produce colza, butter or red wine.

We are not perfect, nor do we claim to be. This campaign is not about claiming to be perfect: it is to shed more light on

an important agricultural crop and to create awareness, so that myths can be overcome and a more balanced approach taken by the French consumer – so he or she can judge for themselves and make informed decisions based on facts and not emotional rhetoric.

H.E Tan Sri Ismail Omar, Malaysia's Ambassador to France

1. France and Malaysia have a long, and positive relationship – in politics, trade, diplomacy, and so much more. It was of course a Frenchman who first introduced oil palm to Malaysia: a great example of the historic and mutually beneficial links of our two countries.
2. Malaysia has an equally proud history with Belgium, which also includes a link to oil palm. Adrien Hallet, an agronomist from Belgium, was one of the earliest advisors and planters of oil palm in Southeast Asia.
3. An important element of mutual friendship is understanding; and I think one of the main reasons for launching the campaign today is to increase the understanding in Europe about palm oil and its cultural, social and economic importance to Malaysia.
4. Over a million people – and many thousands of small farmers – rely on the palm oil sector for their livelihood in Malaysia. Many local communities and villages were founded and continue to thrive due to the establishment of profitable, sustainable oil palm plantations.
5. I very much hope that this campaign encourages consumers in France to look more closely at the truth of palm oil and to understand the reality in Malaysia.

Agriculture, food and farming are important to French culture and lifestyle. Palm oil is at the centre of Malaysian culture, just as French or Belgian agricultural products may be at the centre of your culture.

MPOC





Palm Oil as Servo Valve Fluid

Malaysians pioneer technique

Researchers from Universiti Kuala Lumpur-Malaysian Spanish Institute (UniKL-MSI) have been working on developing a palm-oil based magneto-rheological fluid (MRF) valve – an invention that could be used in place of the conventional servo valve in hydraulic systems.

The team comprises final-year students Ahmad Firdaus Mohd Yunus, Raihan Badri, Termizi Muhamad and Ruziah Bolhasan, and UniKL-MSI lecturers Muhamad Husaini Abu Bakar, Ahmad Razlee Abdul Kadir, Halina Hassan, Mohd Faizal Abu Talib, Norhalimatul Sadiyah Kamaruddin and Sharmiwati Mohammed Sharif.

In the project, which began in 2013 with funding from Majlis Amanah Rakyat under its Research and Innovation Grant Scheme, palm oil was used as a carrier fluid in the MRF valve system.

“European researchers used corn oil and sunflower oil in previous studies. As Malaysia is a leading palm oil producer, we thought it would be a good idea to explore the potential of palm oil in industrial applications,” says project team leader Husaini.

In this innovative take on the MRF valve, palm oil is used in place of hydrocarbon oil as carrier fluid.

Referring to the MRF as a “smart fluid”, Husaini explains that its liquid state will transform to a near-solid in milliseconds when a magnetic field is applied.

“This enables the valve to be controlled intelligently without any moving parts to take into consideration, as would be the case in conventional valves,” he says.

The palm oil-based MRF valve’s high precision and compact size rank among its plus points. Additionally, it addresses many of the issues plaguing conventional valves, including friction and internal leakage.

Palm oil is an attractive substitute as it remains stable over a wide temperature range, has low viscosity and is biodegradable. Husaini is hopeful that this could be further developed as a greener option in the long run, as recycled palm oil could potentially be used for the MRF valve.

While a patent has been filed for this innovation, he says that further research is required to ensure the quality of palm oil-based MRF. The reliability of the mechanical devices to be used in an open environment should also be examined in detail.

Work on other devices

The palm oil-based MRF valve invention has won multiple awards, including gold medals at this year's Invention, Innovation & Design Exposition organised by UiTM; the National Innovation and Invention Competition Through Exhibition organised by Politeknik Sultan Abdul Halim Mu'adzam Shah; and the International Engineering Invention & Innovation Exhibition organised by Universiti Malaysia Perlis.

"We are very proud to have our work acknowledged, particularly in a field that is quite new among Malaysians. The awards serve as motivation that this technology can pave the way for the future of the palm oil industry," says Husaini.

He expressed gratitude to UniKL-MSI dean Prof Dr Abu Talib Othman for his support in initiating research in this field.

Using the palm oil-based MRF, the team is now working on mechanical devices such as damper, clutch and braking systems, underwater propulsion system and molecular dynamic simulation of particle suspension in palm oil.

It has also developed a non-Newtonian



Some of the project team members: (from left) Ahmad Razlee, Mohd Faizal Abu Talib, Muhamad Husaini Abu Bakar, Sharniwati Mohammed Sharif and Halina Hassan



The palm oil-based MRF valve has won numerous awards.

viscometer to study the effects of a magnetic field on fluid flow.

"This is pioneer work that explores the use of palm oil as the main material in mechanical devices. There are many aspects where advanced research is required, especially studies on fluid

characteristics," says Husaini, who hopes that interested agencies will join them in tapping into the potential of palm oil for industrial applications.

Source: Star Online, Aug 10, 2015

This is an edited version of the article.

Higher CPO price expected due to El Nino



Dry weather brought about by the *El Nino* phenomenon has affected many oil palm plantations in Malaysia, with conditions set to become more extreme into the middle of next year.

Industry players say that prolonged dry weather could negatively impact the global production of palm oil, thus triggering speculation of a higher CPO price in the coming months. The occurrence of *El Nino* from 2009-2010 had seen the price swinging between RM2,500 and RM3,000 per tonne.

"History has shown that CPO price reacts positively every time *El Nino* occurs, as it brings less rainfall and [causes] drought, which tends to lower the crop production," says Sabah-based IJM Plantations Bhd CEO and managing director Joseph Tek Choon Yee.

Weather is just one of the many factors determining price. Also in the mix are competition from other edible oils, crude mineral oil price, use of palm oil in biodiesel, inventory levels, currency volatility and policies.

"But a strong and significant *El Nino* this time round will be a major catalyst in driving up the CPO price trend on a gradual basis but with greater certainty," Tek told *StarBiz*.

Malaysia posted its largest drop in CPO production during the strong *El Nino* from 1982-1983 and again from 1997-1998.

Tek pointed out that there had been prolonged "bone-dry" episodes or below-average rainfall since early this year in some parts of Malaysia and Indonesia.

"These episodes have triggered dry soil conditions, which have led to moisture stress in palms. Significant unopened numbers of spear (palm leaves) of up to half a dozen were observed, confirming the trauma experienced by the trees."

Oil World has reported that Sabah, Pahang, Perak and Negri Sembilan experienced below-normal rainfall and suggests that there will be lower palm oil yields in the affected areas between October this year and March next year.

Tek, who is also president of the Malaysian Estate Owners Association, elaborated on the potential effects of *El Nino* on the palm oil output and plantation operations.

"There will potentially be clear symptoms relating to crop production arising from the interplay of plant physiology and climatic *El Nino* effects following any significant moisture stress beyond two months.

"The immediate impact will see a delay in ripening of bunches and dangers of fire hazards from the dry spell in operations.

"On the milling side, some palm oil mills may end up with the concern of long-term availability of water for processing. Thus, the estate-mill supply chain may be disrupted."

On the potential total reduction in crop production, Tek said this would depend on the severity of the moisture stress, with studies quoting up to 30% lower than normal production.

In addition, *El Nino* exacerbated the occurrence of haze from Indonesia, as the dry conditions have led to hot spots burning more readily. The haze may also hinder photosynthesis, resulting in smaller fresh fruit bunches.

Kuala Lumpur Kepong Bhd (KLK) group plantation director Roy Lim Kiam Chye said: "Normally during dry weather, we would generally see the full impact on productivity nine to 12 months after the event."

KLK's oil palms have experienced some poor growth arising from the dry weather which took place during the second quarter of the financial year 2014, although this was not related to *El Nino*.

Should *El Nino* hit Malaysia or other oilseeds producing countries, he said the implication would be lower production "but not immediate".

However, buyers would still take that into consideration and it might prove to be the catalyst to push the CPO price higher; added Lim.

Palm oil industry expert MR Chandran said that *El Nino*, if it materialises, could give a 15-20% boost to the CPO price. The third-month CPO futures for December traded at the RM2,200-2,240 per tonne range from its low of RM1,867 per tonne in August.

"*El Nino* could create a bullish price environment for palm oil and even reduce the risk to earnings among plantation companies," said Chandran adding that it was also one of the key indicators for the plantation sector's growth.

Any rainfall deficit of 100mm per year could translate into a reduction of between 10% and 20% in fresh fruit bunches. In Malaysia, the average rainfall varies between 1,600mm and 2,400mm per year.

For this year, Chandran said the factors to watch for palm oil were the potential supply shortage, the inventory level, the price discount between CPO and soybean, and climate changes including *El Nino*.

Source: *The Star Online*, Sept 28, 2015

Indonesia, Malaysia to set up palm oil council

Indonesia and Malaysia plan to set up an inter-governmental organisation of palm oil producers to ensure further industry cooperation between the world's top producers and to prop up prices.

The organisation, to be called the Council of Palm Oil Producer Countries, will coordinate production, manage stocks and stabilise prices, Indonesia's Coordinating Minister for Maritime Affairs Rizal Ramli said at a joint news conference with Malaysian officials in early October.



"If we are on our own, there will be unnecessary competition. But if we're together, we'll control 85% of the palm oil market," Rizal said, adding he will invite Thailand – another palm oil producer – to join the council.

The Hon. Datuk Amar Douglas Uggah Embas, the Malaysian Minister of Plantation Industries and Commodities, said the council would promote sustainable practices in the palm oil industry.

Ramli had led an Indonesian delegation to Malaysia at the end of August to discuss the plan, and an agreement for further cooperation had been reached.

In mid-October, Indonesian President Joko Widodo held a meeting with Malaysian Prime Minister Dato Sri Najib Abdul Razak.

The Malaysian PM then told reporters: "The cooperation will bring many benefits to smallholders and the industry as a whole. The council is set to create a global standard for a sustainable palm oil industry, cooperate on the volume of the stockpile and create a formal structure."

Sources: *Reuters*, Oct 3, 2015; *The Star Online*, Oct 12, 2015

Malaysia to restrict CPO imports to manage inventory

Malaysia has issued notice to traders that crude palm oil (CPO) imports will be restricted, to bring down the current inventory of 2.49 million tonnes to two million tonnes.

Plantation Industries and Commodities Minister, the Hon. Datuk Amar Douglas Uggah Embas, said the country aims to "bring down stocks at a comfortable level of about two million tonnes... give or take 5% tolerance".

"I brought this up at the bilateral meeting [with Indonesia in October] and explained the rationale ... The Indonesian government understands that we are trying to manage our stocks and [has] accepted it," he told the media.

The minister also clarified that this does not amount to an outright ban, as traders can appeal to his Ministry for exemption if they have committed to long-term contracts.

"We want to minimise Malaysia's CPO import volume. If we don't do anything now, palm oil inventory could exceed three million tonnes by November," he said.

He also said the government plans to raise the biodiesel mandate from B7 to B10 to spur local palm oil consumption. However, he declined to reveal the date for introduction of B10 biodiesel, which comprises a blend of 10% palm methyl ester and 90% petroleum diesel.

On the impact of the Trans-Pacific Partnership Agreement, he said "our palm oil, rubber, timber and value-added derivatives should not face trade barriers in member-countries".

"We hope to see better market access and therefore rising exports to this trading bloc," he added.

Source: New Straits Times, Oct 7, 2015

Replanting incentives for oil palm companies in Malaysia

The Malaysian Palm Oil Board announced on Sept 26 an allocation of RM100 million for a replanting programme geared to oil palm plantation companies. Effective from Oct 1 to Dec 31, 2015, it will be based on a first come, first served basis.

An incentive of RM1,500 per ha will be disbursed for the first 33,000 ha, followed by RM1,000 per ha for another 50,000 ha. Thus, the total replanting area targeted will be 83,000 ha of unproductive old oil palm plantations.

Smallholders are not included as they are covered under a separate replanting programme, for which RM9,000 per ha had been allocated in 2014.

The plantation replanting programme is expected to reduce crude palm oil production by 250,000 tonnes in 2016 which, in turn, will have a medium-term, positive effect on the price.

Source: GAIN Report, Oct 6, 2015



Malaysia seeks removal of palm oil from US 'forced labour' list

Malaysia is appealing to the US Labour Department to remove its palm oil from the list of goods produced by child or forced labour.

Plantation Industries and Commodities Minister, the Hon. Datuk Amar Douglas Uggah Embas, noted that the department's criteria in assessing child or forced labour includes the withholding of passports of foreign workers and payment of low wages.

"The government has undertaken an independent study, covering 68 plantations throughout the country, and it [has shown] that incidents of this nature are negligible. Thus, it is unfair of the department to list the Malaysian palm oil industry alongside others," he said in his keynote address at the Global Oils and Fats Forum USA 2015.



The two-day event was jointly organised by the Malaysian Palm Oil Council (MPOC) and Malaysian Palm Oil Board (MPOB).

He said Malaysia had implemented a minimum wage structure since January and that the government would continue to ensure the welfare of foreign workers in the plantation sector, with employers subjected to domestic laws and regulations.

"This is one of the criteria in the Malaysian Sustainable Palm Oil certification process," he said, referring to the scheme aimed at ensuring sustainable production of palm oil.

In relation to the conclusion of the Trans-Pacific Partnership Agreement negotiations, the Minister was optimistic that palm oil trade with the US would be further enhanced.

He expressed hope that US consumers would increase their consumption of palm oil products as these are nutritious, healthy, competitively priced and responsibly produced.

"The benefits are proven through studies by both independent research institutions abroad and the MPOB. The research and development findings by MPOB together with its research partners have gained recognition by the international research fraternity," he said.

"Today, in light of the adverse effects of trans fatty acids from hydrogenated oils, palm oil is much sought after as the global solution for trans-free food formulations. We are fulfilling the challenge and the inclusion of palm oil as an important ingredient in trans-free formulations is already much evident."

He said the Malaysian palm oil fraternity is ready to pass on such knowledge and expertise to friends in the US and other end-users in the region.

The Minister also led a two-day palm oil promotion mission to the US from Oct 14 to strengthen exports, while promoting business links between the private sector in Malaysia and the US. The delegation comprised representatives of his ministry, MPOB, MPOC and the private sector.

Source: Bernama, Oct 15, 2015

European countries say 'No' to GMO crops

A total of 19 EU countries have 'opted out' of growing crops with genetically modified organisms (GMOs) within all or part of their respective territories, following the Oct 3 deadline to notify the European Commission (EC) of their decision.

These governments have taken the 'opt-out' clause of a rule passed by the EC in March that allows its 28-member bloc to abstain from growing GMO crops, even if these are already authorised to be grown within the union.



According to *Reuters*, the member-states specifically targeted the cultivation of Monsanto's MON 810 maize, the only GMO crop grown in Europe (and just in Spain and Portugal) and which is currently under review at the European level.

EC spokesman Enrico Brivio confirmed to *Reuters* that the countries opting out are Austria, Belgium for the Wallonia region, Britain for Scotland, Wales and Northern Ireland, Bulgaria, Croatia, Cyprus, Denmark, France, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland and Slovenia.

Belgium and the UK are applying the opt-out rule for only part of their territories, while Germany requested a partial opt-out in order to pursue more GMO research. Companies have been notified of the member-states' requests and have one month to react to the decisions.

Although GMO crops are widely grown in many parts of the world, the topic is fraught with contention in Europe. Many EU countries have strict laws against GMOs out of public health and environmental concerns, and all 28 nations require GMO labelling.

It now looks like many European countries want to deal with this contentious issue within their own borders.

"As the number of requests from member-states shows, national governments are now using this legislation to have a greater say on cultivation on their respective territories," the EU's executive arm in Brussels said in a statement.

Many environmental groups have applauded the national GMO crop bans.

"A clear majority of the EU's governments are rejecting the EC's drive for GMO crop approvals," Greenpeace EU food policy director Franziska Achterberg said in a statement. "They don't trust EU safety assessments and are rightly taking action to protect their agriculture and food ... The only way to restore trust in the EU system now is for the EC to hit the pause button on GMO crop approvals and to urgently reform safety testing and the approval system."

Monsanto had commented in early October that it would respect the decisions of Latvia and Greece after the two nations decided to stamp out GMOs.

The multinational agribusiness giant told *Reuters* that since the growth of GMO-crops in Europe is so small, the opt-outs will not affect their business. However, the company said that the two countries were ignoring science and refusing GMOs out of "arbitrary political grounds", adding that the decision "contradicts and undermines the scientific consensus on the safety of MON810".

Source: *ecowatch.com*, Oct 5, 2015

Oil palm expansion scheme for smallholders in the Philippines

The Philippine government is to invest P1 billion in oil palm planting that promises to convert poverty to prosperity for smallholders.

Dr Pablito P Pamplona of the Philippine Palm Oil Development Council Inc said this at a Malaysian Palm Oil Council Forum in Davao on Oct 16. Some 170 stakeholders attended the forum themed 'Health, Progress and Sustainability through Malaysian Palm Oil'.



Pamplona said there will be a lot of benefits if the government makes the seedlings available to smallholders under the 'Plant now, Take Care' programme, and invests P1 billion in the expansion programme.

"The distribution [of seedlings to] small landholders is expected to convert idle, underutilised agricultural lands, grass and brushlands to agro-reforestation and high productivity within a total of 7,143 ha; liberate 3,571 farmers from poverty, assuming that each is provided planting materials good for two ha or 240 plants; and create 5,000 farm jobs and 80 milling jobs," he said.

"It will also produce crude palm oil for import substitution – at a yield of four tonnes of palm oil per ha annually at P30,000 for 20 years, amounting to P18,286,080,000!"

Pamplona also pointed out that the programme will generate some P750 million in foreign and local investments by way of the construction and operation of two milling plants; increased business activities in rural communities; and higher tax revenue for Local Government Units.

He said the cost to the government of planting the million seedlings at P200 will translate to P200 million. Another P20 million for seedlings distribution and training of farmers may be included, bringing the total to P220 million.

As initial government action, the Department of Agriculture will add a budget allocation of some P50 million this year, compared to the previous year's allocation of only P1 million. The money will be utilised to provide assistance to farmers, and for fertilisers, seedlings and research and development activities.

The Philippines currently has 75,000 ha planted with oil palm, of which 69,000 ha are in Mindanao; the rest are in Palawan and Bohol.

It imports 350,000-400,000 tonnes of palm oil valued at P35 billion annually, from Malaysia, Indonesia and Singapore, among others.

Source: The Sun.Star Davao, Oct 17, 2015

Sime Darby launches hotspot monitor

Sime Darby Plantation has launched a hotspot monitoring dashboard in the interests of transparency and to provide insights that could lead to long-term solutions for the recurring haze situation.

"The dashboard is based on the company's real-time monitoring system, which is managed in Kuala Lumpur and Jakarta," Managing Director Datuk Franki Anthony Dass said in a statement.

Alerts are immediately communicated to estates, which will then verify if there is indeed a fire and if there is one, it will put it out immediately.

"The system complements the response measures on the ground, such as observation towers and regular patrols," he said.

This year, the company detected 17 hotspots, of which 14 had fires. Six of them were outside its concession area.

The dashboard is available on the company's website at www.simedarby.com

The company has also been engaging communities in partnership with local authorities and academic institutions to better understand the traditional land-clearing methods that involve slashing and burning, and to raise awareness of sustainable farming practices.

PT Bhumireksa Nusa Sejati, the company's subsidiary, and the University of Riau have been training communities in sustainable farming practices and educating them on the benefits of zero burning. As a result, the number of hotspots in the community has fallen to just three from 40 previously.

The company said it pioneered the zero burning replanting technique in 1985 and this is now recognised as an industry standard. This led to the company winning an award from the United Nations in 1992 for its environmental achievements.

Source: The Star Online, Oct 7, 2015

MORE HOT AIR AT CLIMATE CHANGE TALKS?

Pact on policy measure at stake

The United Nations Framework Convention on Climate Change (UNFCCC) has become the focus of both environmental policy makers and international campaign groups, as the Conference of the Parties prepares for its 21st Session in Paris from Nov 30 to Dec 11.

The upcoming event is one of the more significant meetings in that it is set to finalise an international treaty that is to replace the Kyoto Protocol – an agreement that is nearly 20 years old.

A decision on the future of the Kyoto Protocol was due to be taken in 2009 at the UNFCCC meeting in Copenhagen. However, that meeting was an abject failure. The world's major emitters of greenhouse gases (GHG) failed to agree on a common approach.

A key element of this failure was the inability of the developed world – most notably the EU – to accept the position taken by the world's emerging and developing economies.

The developing countries were ably led by a strong negotiating bloc comprising Brazil, South Africa, India and China – referred to as the BASIC grouping. These countries are also members of the G77, a coalition of 134 developing and emerging economies that often forms joint positions at UN meetings. Malaysia is a member of the G77.

The meeting was marked by a significant NGO presence. Their focus at the time was the supposedly high levels of GHG emissions caused by conversion of forest land to other uses, and the forest sector and land use more broadly.

Consequently many industries that relied upon conversion of forest land – palm oil included – found themselves in the firing line in the lead-up to the conference, based on the claim that they contribute significantly to carbon emissions.

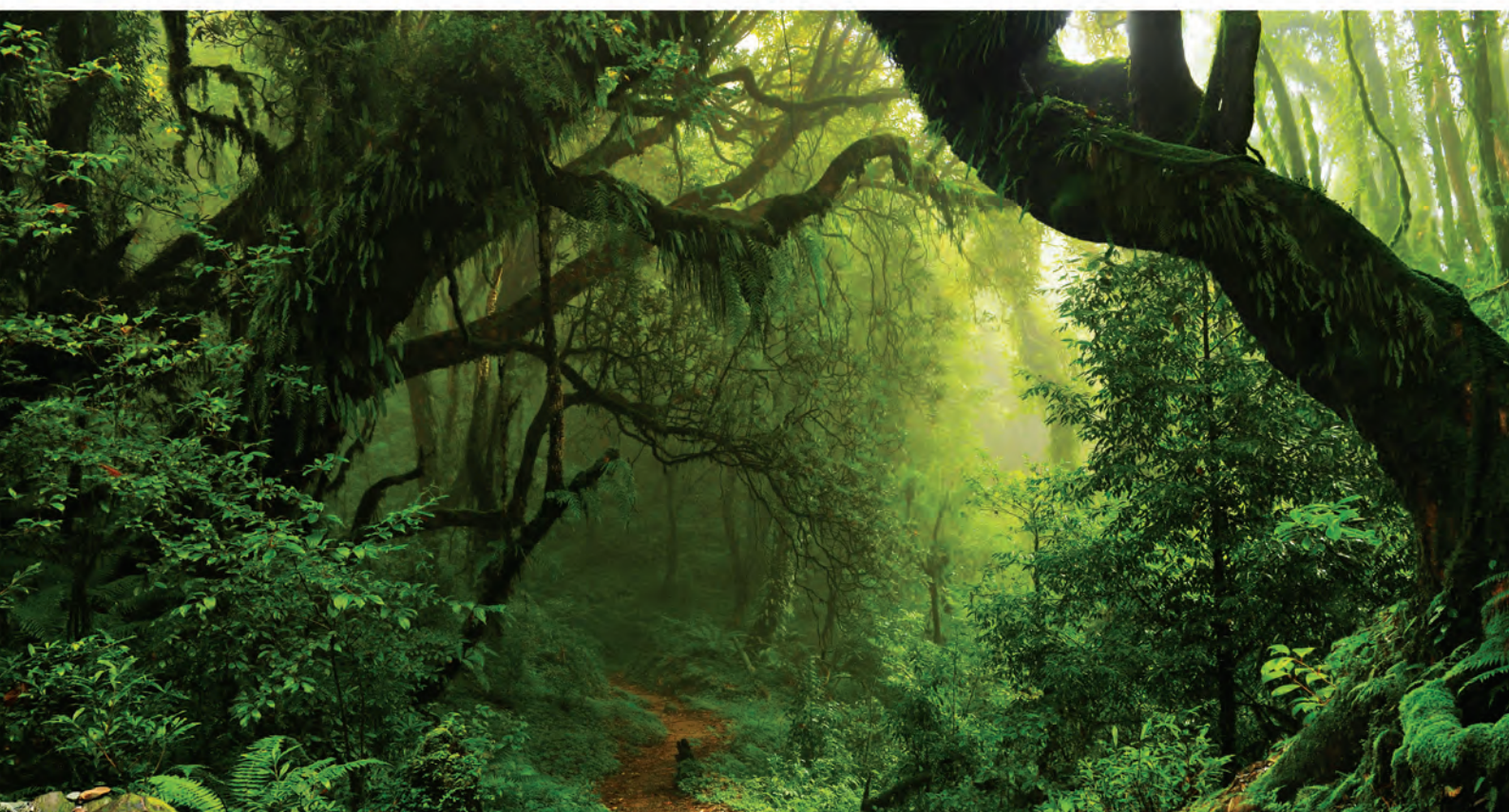
The key contention was that deforestation was causing 20% of global GHG emissions. This was a figure that was supported by Greenpeace, WWF and some Western governments.



However, that figure was comprehensively debunked with a better understanding of both the rates of deforestation, as well as emissions from deforestation. The understood figure is now roughly half that – approximately 10%.

Using this higher figure through 2008 and 2009, Greenpeace and many other campaigners went after major purchasers of palm oil. Unilever was the highest profile target. The campaigners' report, 'How Unilever Suppliers are Burning Up Borneo', was an extraordinary exercise in black campaigning against the Indonesian palm oil industry.

- The second was that paying people not to deforest would ultimately mean that you were telling them whether they could grow food on their own land or not – meaning there were significant economic and social implications.
- The third was that the original idea – 'that forests should be more worth standing than as timber products' – failed to appreciate why most people have cleared land, which is for agriculture. This meant that a parallel contention, that compensation would be inexpensive, was completely wrong. Compensation would have to cover entire commodity classes – such as palm oil.



The measure that Greenpeace and others proposed in the UN in 2009 to mitigate forest-based emissions was REDD – reduced emissions from deforestation and forest degradation. Many NGOs, some developing countries and the government of Norway were proponents of this concept, which involved paying countries not to deforest.

Yet there were significant problems with REDD that became apparent very quickly:

- The first was that measuring emissions from land use was plagued with inaccuracies and not particularly well understood.

Taken to its logical conclusion, it would effectively mean subsidies for farmers to not grow crops – which would inevitably impact production, output and prices. This was ultimately not a way to reduce poverty.

Unsurprisingly, REDD has changed significantly. Activities are still being implemented under so-called UN-REDD programmes, but these are a world away from the idea of setting up a global payments system to end deforestation, or the generation of carbon credits for avoided deforestation.

Likely scenario

With all this in mind, what is the outlook for the Paris conference in terms of reaching an agreement, and for forest and agricultural policy?

In terms of the overall agreement, the UNFCCC is aware that it can't have another perceived failure if it is to maintain credibility and justify the vast expense associated with its work on an annual basis.

Other multilateral agreements that emerged at the same time as the UNFCCC – such as the Convention on Biological Diversity – operate with smaller budgets and arguably achieve similar results.

But part of the problem with the UNFCCC is the level of expectation placed upon it by the activist community, and the use of its meetings as a general platform to air grievances, whether related to poverty, gender or capitalism more broadly. The image of Hugo Chavez railing against capitalism in 2009 immediately springs to mind.

The UNFCCC secretariat has therefore gone out of its way to address the underlying tensions that plague the prospect of a future agreement.

The EU (and more recently the US) have been the key proponents of a treaty that will require all countries to make binding commitments to cutting emissions, with large emitters such as China firmly in their sights.

The response of the BASIC nations has been to point out that the Convention itself – the document that any agreements are founded on – contains a notion of 'common but differentiated responsibility' between rich and poor nations.

The rationale is reasonably simple: industrialised nations have historical responsibility for most emissions and are therefore the creators of the problem, so developing nations can't be expected to pay the price.

A similar logic can be applied to deforestation and agricultural development. Deforestation for agriculture and economic development in Europe and North America has been well documented. Developing nations can't be expected to hold back on food production for this reason, and food production is a more essential part of development than, say, building a coal-fired power station.

So will this translate into a policy measure at the Paris conference? It's unlikely.

REDD has already been incorporated in some ways into the UNFCCC's broader work. Countries have been asked to make submissions on the best way to reduce emissions from deforestation and land-use change. An agreement on a methodological approach was made in June this year.

But what is more important is individual country policies and how these impact the negotiations.

The EU, which has been the driver of much of the work on REDD, is currently not in a position to demand much in relation to forests. The EU has been struggling with its own position on how and whether to incorporate land-use emissions into its own emissions trading system – and therefore its commitments under the UN. If the EU is struggling to determine how it's going to treat its own land-use emissions, it can't ask others for anything.

This leaves campaign groups. Will campaigners make a big deal of forests in Paris? Yes, but it won't be the focus. There are two reasons.

First, coal-powered generation is the climate change *cause celebre* of the moment. There has been little in the way of campaigning specifically on deforestation emissions as something to be handled by governments, which leads to the second point.

Greenpeace and many other groups worked out a number of years ago that lobbying governments on climate policy was for the most part ineffective. These groups made a concerted effort to campaign against major corporations and their brands rather than aiming for policy change.

This is essentially the reason these groups have spent most of their energy either launching black campaigns against companies and/or pushing for change through and within forums such as the Roundtable on Sustainable Palm Oil.

This leaves the fact that the world's media will be trained on Paris, which will give these groups an opportunity to push their causes and voice their complaints, however inaccurate these may be. Will palm oil be spared? Unlikely.

MPOC

Absurd War on Palm Oil

Accusations without evidence

Marc Tarabella, a Belgian Member of the European Parliament, has a long and undignified record of demonising palm oil.

In 2013, he had made statements that effectively accused palm oil production of being environmentally destructive, harmful to human health and violating workers' rights – despite producing no evidence and, clearly, not being in possession of the facts. In June this year he went on the attack again, accusing the industry of exporting so-called 'illegal' products – including palm oil – to Europe.

Tarabella bases this accusation almost entirely a report by FERN, a European Green NGO. The report was discredited earlier this year in detail. A rebuttal by FERN did not even attempt to address the substantive points of the critique; it simply re-stated the original propositions, with no attempt to engage in a debate. Making wild accusations and then ducking a debate is classic FERN playbook. It's a shame that MEP Tarabella is siding with the wild accusations, and not the facts.

Tarabella made a statement and asked a question to the European Commission (EC) and appeared to be collaborating with FERN: "Can the [EC] confirm or deny the accusation that some products imported into the EU do indeed result from illegal deforestation?"

One thing that FERN attempts to do in its report is to link the high number of land claims in Malaysian courts to 'illegality' of the products being exported. Clearly, the fact that there is an open, transparent and effective legal system is something to be praised – rather than subjected to attacks. The role of the courts is to adjudicate.

Does Tarabella really think that Belgium has no land disputes currently under legal review? So, perhaps using his logic, should the EU ban all Belgian products as well?

As *The Oil Palm* has pointed out, FERN's report failed to mention that some plaintiff claims around land use in Malaysia were also related to the main airport. Once again, no evidence was produced to justify the attack on Malaysia's oil palm farmers.

EC's measured response

Fortunately (and surprisingly) the response from the EC itself has been measured.

In August, it simply referred Tarabella to its large body of work on the impact of EU consumption on deforestation. One of the reasons that the EC referred to this document is because it considered the methodology used to be robust.

Some points that the study makes are:

- In terms of 'imported deforestation' crop imports to the EU, Malaysian palm oil only makes up around 2% of the total; this is compared with, say, Brazilian soybean, which makes up 41% of the total.
- Malaysian palm oil ranks far behind items such as Brazil nut imports, Paraguayan soybean and Ghanaian cocoa beans in terms of imported deforestation – a testament to Malaysia's proven commitment to forest protection, as recognised by the United Nations.
- On a national basis, Malaysia makes up around 4% of the total, compared with 48% out of Brazil and 9% out of Indonesia, followed by 5% each out of Cameroon and Argentina – but this includes all crops, not just palm oil.

There are three points that make Tarabella's demonising of Malaysian palm oil absurd.

1. Malaysia's contribution to 'imported deforestation' to the EU is miniscule in comparison with other nations and other crops. The UN, World Bank and others have consistently recognised Malaysia's commitment to forest protection. MEP Tarabella perhaps needs to read those reports.
2. So-called 'exported deforestation' from Malaysia to the EU makes up just a small percentage of Malaysia's

total exports. Of the many policy proposals put forward by the EU to solve the 'problem' of imported deforestation is to introduce a licensing arrangement for exporters of certain products that include legality criteria. The problem with this approach is that it basically inserts the EU as a third party in trading arrangements and in addition, it is failing.

The EU has tried this with timber products across the world through its Forest Law Enforcement, Governance and Trade (FLEGT) arrangements. After nearly a decade and somewhere between EUR500 million and EUR1 billion, not a single FLEGT licence has been issued.

3. Tarabella holds a position as Vice-Chair of the delegation for relations with the countries of Southeast Asia and the Association of Southeast Asian Nations (ASEAN). If this is the position he holds, he's clearly doing relations with ASEAN a massive disservice. Does anyone really wonder why trade talks between the EU and ASEAN have effectively stalled?

If Tarabella is looking to reduce or harm trade relations between the EU and ASEAN countries, he seems to have found a good way to do this. However, if he is serious as Vice-Chair of ASEAN Delegation, he should focus on improving relations. Currently, he is failing dismally at this task.

MPOC



India to Cut Trans Fats Limit

This takes effect in August 2016

India's food safety regulator will halve the maximum allowed amount of trans fats in partially hydrogenated vegetable oils and fats by next year; in a move that experts are calling an important step to safeguard public health.

But nutrition scientists have cautioned that the government will also need to tweak oilseed crop policies to draw the food processing industry and consumers away from unhealthy but inexpensive trans fats to healthier edible oils.

The Food Safety and Standards Authority of India (FSSAI) has set 5% as the maximum limit for the amount of trans fats in hydrogenated vegetable oils, margarine and fat spreads. This will be applicable from August 2016. The current limit is 10%.

"This is an important move – trans fats are responsible in a big way for metabolic disorders," said Anoop Misra, an endocrinologist and director of the Fortis Centre for Diabetes Obesity and Cholesterol, New Delhi.

Trans fats are created when vegetable oils are partially hydrogenated, and are therefore also found in a variety of popular processed foods, including baked products.

But medical studies have linked trans fats to heart disease among other health problems. In June, the US Food and Drug Administration decided that trans fats are no longer 'generally recognised as safe' and ordered that these be phased out by 2018.

Public health experts say the FSSAI move is in line with the World Health Organisation's recommendations to replace trans fats, in order to reduce cardiovascular disease. But they also caution that crop and farming policies may need to be changed to drive this shift.

"The government needs to re-orient crop policies to encourage farmers to produce healthier oilseeds such as soybean or mustard or rice bran," says Suparna Ghosh-Jerath, a nutrition scientist at the Public Health Foundation of India, who has analysed policy options to reduce the use of trans fats.

"These are already cultivated in India, but not enough; [so] the industry relies on inexpensive imported palm oil."

India's vast market for loose processed foods – such as snacks sold in shops and by street vendors – would require government intervention at the oil production level.

"Consumer awareness alone will not help," Ghosh-Jerath said. "When purchasing loose processed food, consumers will look at the quality and the cost. They would prefer to buy an inexpensive crispier and flakier samosa than a soggy-looking samosa cooked in healthier oil."

Sunita Narain, director-general of the non-government Centre for Science and Environment (CSE), New Delhi, noted that the 5% limit is a step in the right direction, but that "we should aim to reduce it further to near-zero level".

Five years ago, a study by the CSE had found that the level of trans fats in several partially hydrogenated vegetable oil brands was five to 12 times more than the 2% maximum standard adopted by Denmark.

GS Mudur

The Telegraph, India, Sept 2, 2015

This is an edited version of the article.



SARAWAK'S NEW MIDDLE CLASS

Native landowners gain from oil palm

In the small town of Sebako in Sarawak, Malaysia, some 20 people wait patiently for planting updates from officials of the Sarawak Land Consolidation and Rehabilitation Authority (Salcra). Led by their headman Salimin Asiew, they are owners of land to which they exert native customary rights (NCR).

NCR are acquired by landowners in accordance with the customary law of communities prior to Jan 1, 1958, as set out in Section 5(2) of the Sarawak Land

Code. Land ownership is life itself to rural natives of Sarawak. It is an inheritance, from both a cultural and economic viewpoint.

Prior to government-funded perimeter and individual lot surveys, proof of land ownership was very tenuous, Salimin noted.

Many elders, when asked to identify their land, would make a sweeping motion from left to right with their arm, spanning fruit trees, bamboo clumps, a river or

valley, and marked burial sites. But through Salcra's oil palm development schemes, NCR landowners have had their boundaries properly surveyed and were given land titles.

"Allegations of rampant land grabbing that you read about on the Internet are not entirely true. There are land disputes. We have native courts to settle them," Salimin said.

Asked about free, prior and informed consent for oil palm development, he

replied: "From the start, Salcra officers explained their management policy. There is mutual trust and respect in our dialogue sessions. Many more among our community have gained confidence and applied to Salcra to plant oil palm for them.

"Our children, although many are working in Kuala Lumpur, see oil palm planting here as a good investment. In time, our children will inherit the land. We want to pass on this business that they can build on with better agronomic expertise.

"With more government funding for proper land terracing, better seedlings and higher quality fertilisers, more NCR land can be developed via economies of scale. We would like to see more of our neighbours and relatives reap the benefits of commercial-scale planting."

Federal funding sought

Under the 11th Malaysia Plan from 2016-2020, the Sarawak government aims to upgrade the value of NCR land as a means of improving the people's income.

State Land Development Minister Tan Sri Dr James Masing noted that NCR land development is handled by four organisations – the Sarawak Land Development Board, Land Custody and Development Authority (LCDA), Federal Land Consolidation and Rehabilitation Authority and Salcra.

As at September 2015, about 235,000 ha of NCR land had been planted with oil palm.

"In 20 years, Sarawak has targeted another 500,000 ha for oil palm development on NCR land. We hope the federal government will agree to allocate RM571 million for the next five years as per our application to help us raise our people's standard of living," said Masing.

With a funding boost from the federal government, he said LCDA and Salcra can help more NCR landowners develop idle plots to raise the value of their real estate.

He also said the issuance of land titles has helped settle disputes and enabled NCR landowners to mortgage their land for start-up capital to leverage on more value-added activities. This is in line with the state government's vision of a native middle-class.

"Planting oil palm on idle land has always been for the benefit of business owners and landowners. It is regretful that many NGOs make false allegations about land grabbing and [that they] sow distrust among our communities in order to gain political mileage and stop the growth of the industry."

In Sri Aman, Briku Busang, the community leader for the Pakit longhouse, expressed a similar view. He noted that before his

people embraced oil palm planting, life was tough because his community had only planted padi and had just about enough to eat.

"In the 1970s, my people were still shifting cultivators. We have no capital to invest in heavy machinery and no technical knowledge on planting oil palm commercially.

"In 1980, Salcra suggested this new method to make NCR land more productive without ownership sacrifice. We started with Phase I and today, we have engaged Salcra to manage around 3,000 ha."

Briku noted it has been 25 years since his people started planting oil palm.

"We're due to replant a second cycle of oil palm. We would like for the federal government to allocate specific funding for replanting of oil palm and rubber on NCR land," he said.

"What we're getting from the federal government for the construction of internal village roads and bridges is not enough. As taxpayers, we too want equal opportunities for development that will help bridge the rural and urban gap."

Source: New Straits Times, Oct 15, 2015

This is an edited version of the article.

Fighting Deforestation

Is sustainable production the answer?

Today, public opinion expects economic and political decision-makers to take practical measures to fight deforestation and climate change. One such measure is to introduce more sustainable and more responsible production practices in those commodity supply chains responsible for deforestation.

In response to this challenge, the French Alliance for Sustainable Palm Oil organised a workshop. It gathered producers, industry figures and distributors from the timber, paper, rubber, palm oil and soybean sectors at the Convergences World Forum 2015, in order to develop innovative and joint solutions to the problem of deforestation.

Sustainable palm oil industry

Despite facing much criticism, sustainable palm oil may be the answer to one of the great challenges of our time: the challenge of feeding nine billion human beings by 2050.

Palm oil is extracted from the fruit of the oil palm. It has been widely used as a cooking oil in Africa and Asia for centuries. Its natural properties have made it a firm favourite among

manufacturers, helping to extend the shelf-life of food and conferring uniquely soft, crunchy or creamy textures on certain products.

In order to achieve the same properties, other types of oil must be partially hydrogenated – a process that results in the formation of trans fats, with their recognised negative impacts on health. However, this is not the case with palm oil.

In addition, the oil palm offers the best yield per hectare of any oil – equivalent to oil from 6 ha of rapeseed, 8 ha of sunflower seed and 10 ha of soybean. In order to meet future demand, current crop coverage would need to be expanded on a colossal scale, thereby exacerbating environmental problems and accentuating deforestation in the process.

The oil palm is a tropical plant, with 87% of global production located in Indonesia and Malaysia. Demand for palm oil took off in the 1980s. At the time, there was limited concern for production conditions. However, a new responsible production process has now emerged.



The French Alliance for Sustainable Palm Oil was founded in 2013 as part of this initiative. The Alliance's ambition is to transform the supply chain within our industry and to promote the production of sustainable palm oil – grown without deforestation or exploitation, in a manner that respects both the environment and local populations.

We do so by working with local stakeholders and NGOs which help us to develop our procurement policies, assess the entire supply chain from plantation to factory in order to ensure that it is environmentally and ethically sound, and keep a watchful eye on our progress.

By working hand-in-hand with plantation owners on the ground, we are also able to foster more responsible crop-growing practices. It is important to remember that around 50% of palm oil producers are small-scale farmers, and that the wealth generated by oil palm plantations provides millions of producers with access to education and health services, helping to lift countries such as Papua New Guinea and Liberia out of poverty.

Genuine, recognised progress has now been made. More than 80% of stakeholders in the sector (brands, manufacturers, suppliers and producers) have entered into historic traceability commitments for 2020 and have announced procurement policies that focus on protecting forests, conserving biodiversity and respecting the rights of local populations and workers.

Currently, more than half of all global palm oil consumption occurs in Asia, primarily in China, Indonesia and India. Consumption remains extremely low in France. However, simply rejecting palm oil in our country will make no real impact on the problem of deforestation.

Instead, it is those members of the French Alliance for Sustainable Palm Oil – companies that place rigorous demands on their suppliers and work directly with local NGOs – that have the real power to transform the industry worldwide.

When palm oil producers abandon deforestation practices at the request of the (in this case, French) brands and manufacturers that they supply, this change affects their entire

business and all of their plantations. This, in turn, has a direct impact on the products sold in Asia.

If we, the French members of the Alliance, decide not to purchase palm oil in the future, what leverage will we have to encourage plantation owners to change their practices? Working with our European counterparts, we believe we are well placed to lead this change, and to bring other manufacturers along with us.

'Multi-chain' solutions to deforestation

It is important to remember that oil palm cultivation is not the only factor responsible for deforestation. Other causes include cattle farming and other plant products such as soybean, paper and timber. It is up to the stakeholders operating in each of these commodity chains to take action to limit their impact in terms of deforestation.

For this very reason, we invited these stakeholders to attend the Convergences World Forum on Sept 8. The workshop entitled 'Fighting deforestation and climate change: Is sustainable

production the answer?' was attended by more than 130 experts, including producers, manufacturers and distributors from the timber, paper, palm oil, soybean and rubber industries, as well as various NGOs, civil society organisations and public authorities.

The attendees discussed six key themes underpinning the 'Zero Deforestation' objective: supply risks management; traceability and certification systems; the African Eldorado; responsible practices among small-scale producers; wildlife conservation; and consumer information.

At the end of the three-hour session, a list of 10 objectives was identified, each united by a common goal: to stop deforestation.

1. Create an observatory to guarantee sustainable production.
This objective involves establishing an international platform to monitor the commitments made by companies. This platform, which will be multi-disciplinary, universal, independently funded, assisted by international organisations and supported by scientific research, will help to monitor and communicate about these commitments in a transparent manner, and will provide added reassurance to consumers.
2. Develop a single map of all at-risk areas.
This is to give all stakeholders a clear view of the key challenges of deforestation. This will be a shared tool that is accessible to all – NGOs, businesses and investors.
3. Create an 'anti-deforestation' label.
For use across all commodity chains, it will help to develop a consistent set of sustainability criteria between all industries.
4. Develop an informative, explanatory traceability tool for the public.
An educational film about the key challenges of traceability and certification could be produced to inform consumers and to explain these complex issues in simple terms.





5. Develop positive journalism.
This is to focus on solutions and best practice, with a view to enhancing the image of the commodity chains.
6. Engage in dialogue with governments in the countries of origin.
This could take place within multi-stakeholder projects (e.g. national alliances and Consumer Goods Forum), to call for the implementation and enforcement of stricter practices in their countries.
7. Contribute to the development of flexible, interoperable reference systems.
This could be done in conjunction with NGOs that reflect current issues and local stakeholder capacities.
8. Develop innovative examples of agricultural best practice upstream of the certification process.
9. Develop a rapid biodiversity inventory protocol for high-biodiversity areas.
This should include a monitored, recognised and universally accessible methodology.
10. Adopt fairer contractual practices.
Under this, buyers should commit to a price, volume, duration and loyalty; while sellers should commit to complying with agricultural best practice criteria.

Guillaume Réveilhac
President,
French Alliance for Sustainable Palm Oil



The US and Chemical Tankers

Forecasting product flows

I am just turning 75 years of age. Half of my lifetime ago, I was investigating a method of forecasting the trade in bulk liquid chemicals and vegetable oils.

For this, one needs a starting point and we looked at the flows that we could see around the world, based on our own business as well as what we knew of others. The deep-sea fleet then was around 100 ships of 25,000 tons deadweight (dwt) or above. Now it is 1,575 ships and the world has changed!

At that time, looking at the trade patterns, we found that around 80% of the total tonnage carried by chemical tankers on these long hauls either started or finished their voyages in the US. Much of the remaining 20% was tropical oils from Asia to Europe or phosphoric acid from South Africa to Brazil.

Having ascertained that fact, we obtained and analysed all the US trade in detail to give a starting point. Unfortunately I do not have those old analyses; they would be most interesting today.

My employer (Stolt-Nielsen) was the leading chemical tanker operator with about 25% of the world's deep-sea fleet at the time, and was financially tied up with British Petroleum (BP). Accordingly, one of the senior Stolt-Nielsen staff visited London to get some advice from BP. He returned in awe of the research capabilities of BP which had a team of over 100 people researching all aspects of their business from exploration to the distribution of one litre cans of oil.

On his return from London, he informed me that we should have no problems in

compiling a forecast as BP had told him that anything up to a 100% incorrect forecast was acceptable! This was probably due to the upsets in crude oil pricing caused by OPEC during the 1970s but we grabbed that statement with both hands!

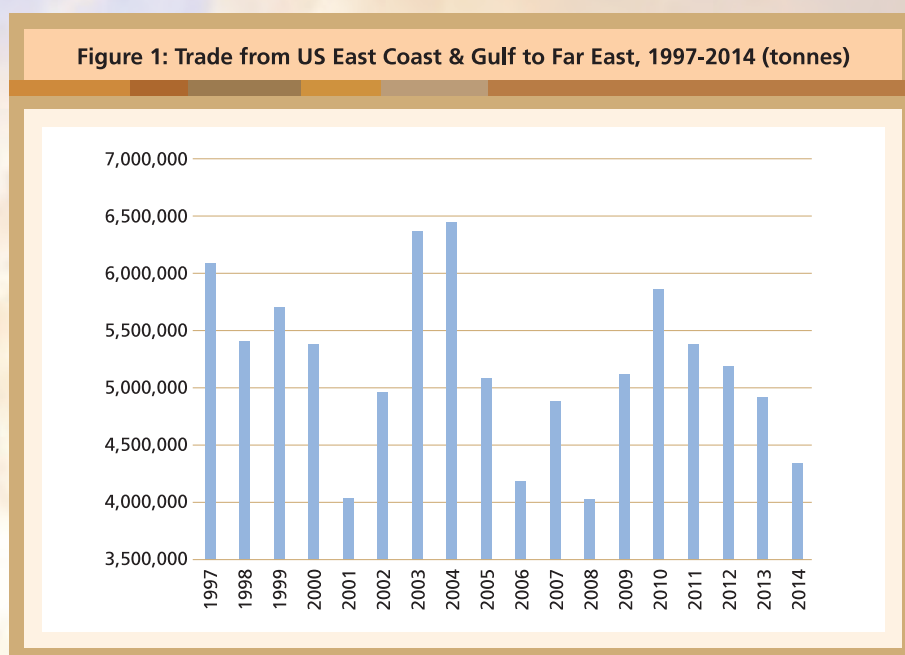
Having researched the history of US imports and exports, we applied various factors in order to come up with a forecast of the flows, and thus the fleet results, over the next five years. The freight market in our sector had been appalling for some years, but we forecast that a return to profit would come in the second-half of 1978. We were spot on!

Industry developments

In 2014 the volumes either starting or finishing their voyages in the US were around 20% of the world volume traded, a considerable contrast from the 80% we found in 1978.

The chemical tanker industry developed very fast from that point onwards. Chemical plants were built in other areas of the world that started to compete with the US. The Canadian West Coast developed major plants based on their natural resources and gave strong competition to the plants on the US East Coast, and especially the US Gulf. Major producers consequently moved into that area to take advantage of the newly available feedstocks.

Next came the Middle East. Massive investments in “world scale” petrochemical plants were announced, based on the cheap feedstocks available from Arabian oil, especially Saudi Arabian oil. The announcements were greeted



Source: Charles Barton

with a certain amount of scepticism as the construction schedules seemed overly ambitious.

In fact, almost every plant came on-stream ahead of schedule. The units were prefabricated, mainly in Korea, and shipped to the Arabian Gulf to be bolted together like a child's construction kit. On one plant, only two minor adjustments were needed to complete a massive petrochemical plant ahead of time.

The result has been that, over the last 35 to 40 years, the flow of cargo for chemical tankers has changed dramatically, as have the volumes involved.

Regrettably I do not have the data for the years prior to 2008 for all trade lanes; however, I do have the data for the US-to-Far East trade lane from 1997. The volumes over the years up to 2014 are somewhat erratic as Figure 1 demonstrates.

The Asian Financial Crisis that began in 1997 did have an effect on the volumes from the US to the Far East; however, this effect was countered by a poor soybean harvest in South America which resulted in imports coming from the US instead of South America.

A reduction was seen in 2001, 2006 and 2008 in volumes to the Far East. Following the peak in 2010, there has been a steady slide which appears to be continuing in 2015. The slowdown in the Chinese economy has contributed to some of this, but so has competition from other sources such as the Middle East.

I give this trade lane as an example because this is the one where historic data is available. It is very likely that other trade lanes have similar trends; however, this is restricting the picture to US exports and, of course, one would expect some compensation to show up if access to other trade lanes was available.

Total picture

The full volumes for the last few years are detailed in Table 1.

Historically, the import and export volumes showed similar trends until 2013, when export volumes dropped while import volumes increased. The export decrease was across the board from every area, while imports increased from most areas but especially from the Far East. The year 2014 has reverted to a similar trend, and 2015 seems to be following this as well.

Diversity of products

Product flows have completely changed now. The inclusion of vegetable oils as IMO class chemical cargoes eliminated most of the older, cheaper tonnage involved, and the volumes produced and carried have increased.

Chemicals are moving in increased volumes and in different directions. New plants are still being built; other, older plants are shutting down; and still other plants are being moved to new locations where cheaper feedstocks are available.

The major changes take place for political or economic reasons and the main production companies have experts in analysing the political situations and forecasting changes. They also have teams of economists who predict economic change. Others evaluate the supply and demand of their own narrow field of the business; yet more experts plan changes in their, again narrow, field of the business. The diversity of products can be seen from Table 2.

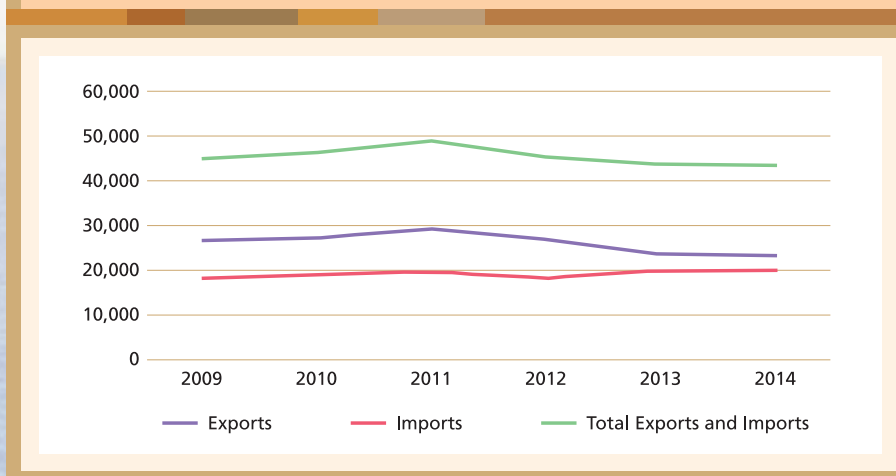
While the table demonstrates the diversity of products involved, it only tells a small part of the story. The 'Misc.

Table 1: Trade Volumes to and from the US, 2009-2014 (tonnes)

Route	2009	2010	2011	2012	2013	2014
US to FE	5,273	5,951	5,609	5,298	5,020	4,456
US to MEG	1,259	1,289	1,259	1,373	686	1,068
US to ANZ	301	170	331	412	403	274
US to Africa	465	557	304	332	269	219
US to MED	1,073	1,044	1,296	1,160	1,020	842
US to NW Europe	3,357	4,010	3,702	3,357	3,278	3,061
US to Canada	383	558	510	350	245	275
US to Caribs	9,642	8,829	10,549	9,699	8,376	8,292
US to South America	4,916	4,957	5,693	4,996	4,277	4,877
Exports	26,669	27,365	29,253	26,977	23,574	23,364
FE to US	5,327	5,160	5,109	4,349	5,568	5,713
MEG to US	831	989	935	874	772	729
ANZ to US	79	34	223	102	87	101
Africa to US	583	659	516	467	470	581
MED to US	890	1,373	1,237	950	1,140	1,287
NW Europe to US	3,263	3,237	3,636	3,483	3,602	3,579
Canada to US	343	340	285	436	508	942
Caribs to US	5,354	5,775	6,447	5,470	5,278	5,402
South America to US	1,781	1,353	1,400	2,268	2,590	1,660
Imports	18,451	18,920	19,788	18,399	20,015	19,994
Total Exports & Imports	45,120	46,285	49,041	45,376	43,589	43,358

Source: Charles Barton

Figure 2: US – imports and exports, 2009-2014 (tonnes)



Source: Charles Barton

chemicals' category for both imports and exports include up to 100 different products, each requiring a different type of tank, different handling, etc.

Several products or product types (shown in bold print in Table 2) are both

imported to and exported from the US. There are many reasons for this, such as trading arbitrage, geographical reasons (the US is a large country) or differences in product make-up within a particular group

It is apparent that there are more product groupings among exports. The number of different products within the 'Misc. chemicals' total is unknown, but the production of more of the chemicals is still taking place in the US, especially for those that are more complex and consumed in smaller volumes; hence the fewer number of product groupings in the imports.

Planning ahead

Ship owners do not have the luxury of being able to appoint people to evaluate small areas of the business. They must be aware of the potential changes in the trade for a multitude of different products, trade lanes, clients and geographical areas.

Often this is done by one or two people who have to be 'experts in everything'. They must evaluate the trade patterns of the future as well as gauge political climates and economic developments, and come up with plans for their companies to spend many millions of dollars on building ships that will last at least 25 years and yet have little fixed business except, in a few cases, for one or two years ahead.

Not many, if any, industries will spend this amount of money on such a thin basis. Most of the major operators who are trading with contracts and on several different trade lanes will have a small research department that will collect data, such as I have shown; analyse it in more detail; and advise the company on what they perceive as the future trade patterns.

These companies are normally divided into Trade Lane Departments that take care of individual trade lanes that are covered by their regular business. These departments are mostly so busy planning

Exports		Imports	
Product	Tonnage	Product	Tonnage
Acetic acid	1,001,345		
Acids	354,023	Acids	723,299
Acrylates	255,018	Palm oil	839,448
Acrylonitrile	379,913	Palm kernel oil	205,771
Alcohols	412,673	Coconut oil	498,173
Amines	304,338	Methanol	4,570,646
Aromatics	1,954,346	Aromatics	1,869,390
Caustic soda	3,427,501	Caustic soda	1,030,209
CPP	3,392,584	CPP	1,274,643
EDC	646,842	Biofuel	761,695
Ethanol	1,102,239	Ethanol	560,609
Fats & oils	1,208,331	Fats & oils	209,156
Lube oils	1,518,420	Lube oils	951,485
MEG	384,573	MEG	206,041
Misc. chemicals	2,063,070	Misc. chemicals	1,927,601
MTBE/ETBE	2,268,117	Molasses	672,014
Phenol	243,603	Oleochemicals	915,212
Solvents	325,714		
Styrene	1,621,034		
UAN	203,921	UAN	2,779,001
VAM	295,200		
Total	23,362,805	Total	19,994,393

Source: Charles Barton

the next two months and fixing cargoes, plus negotiating contracts, that they do not have time to study their own field in depth, let alone see the bigger picture.

The Research Department can evaluate future flows, based on plants under construction, GDP changes, political changes, etc. They can advise the Trade Lane Departments of what they find but the results are often too theoretical for the departments to act on in a concrete manner.

The other responsibility of the Research Department is often to advise the ship owner on what the future holds and what type of ship will be required in the future. A ship of, say, 20,000-40,000 dwt will take up to three years to build. They

can cost anything from US\$30 million up to well over US\$60 million.

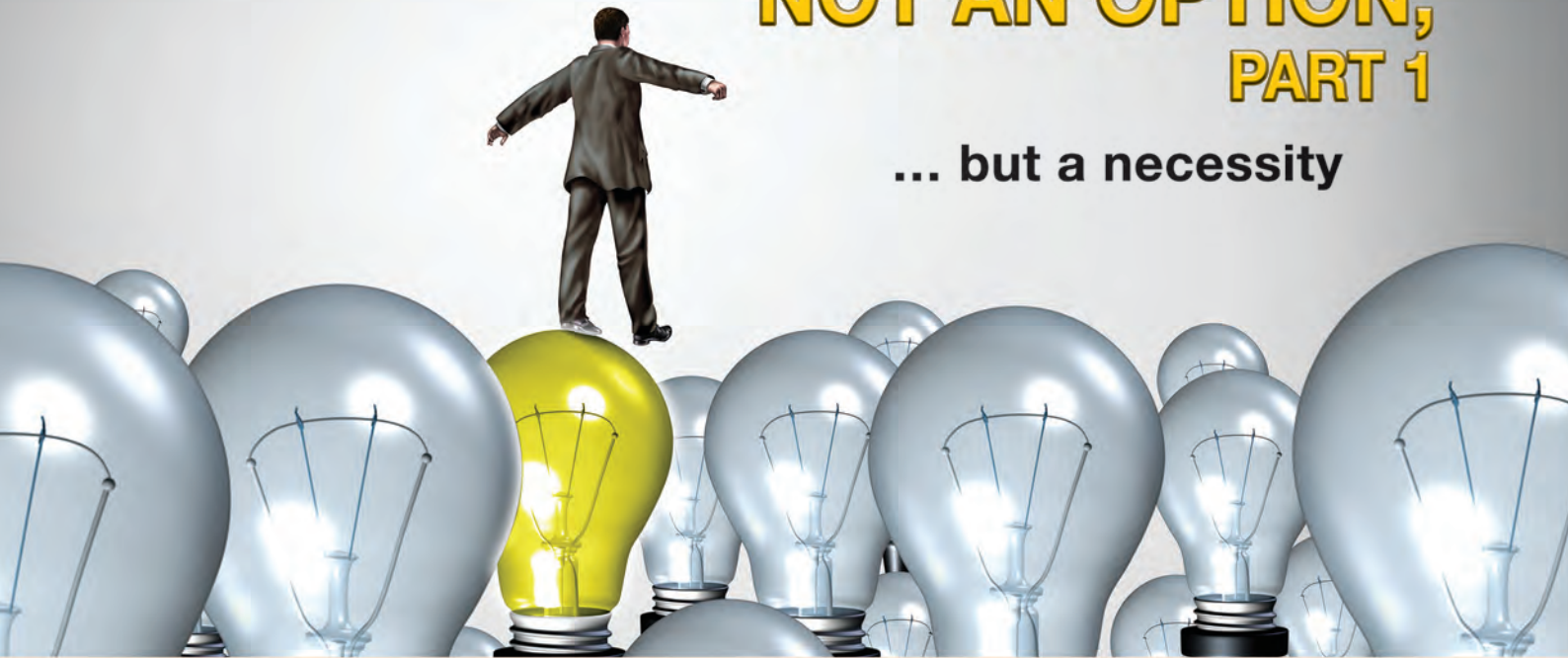
Trade flow forecasts are rarely accurate more than three years ahead, which means that owners can commit to an investment of up to US\$60 million and then when the ship is ready, find that the picture has changed and they have an expensive asset that will last for 25 to 30 years and without the base business planned when construction started.

No wonder many ships are now being ordered by trust funds or other financial institutions which are committing other people's money to these ventures.

Charles Barton
Maritime Consultant

CREATIVITY – NOT AN OPTION, PART 1

... but a necessity



As the story goes, Sam Goldwyn of the famed movie studio Metro Goldwyn Mayor (MGM) was listening to a team of his managers lamenting the disastrous state of the movie industry in the depression of the 1930s.

When they were done talking, he responded with the line: "Gentlemen, there's nothing wrong with this industry that a few good movies can't fix." He was right then and I'd say he would still be right today and not just about movies but in other areas too, including branding.

The only thing is, with branding, the line would go something like: 'There's nothing wrong with our brand that some good creativity can't fix.' In fact, if there's one thing that's a constant in the world of branding, it's the need for creativity.

You could say that branding is mainly about communicating information about your product or service to your target audience in such a way that they don't dismiss it or get bored. That can be a tough thing with audiences in modern times, when attention-spans are so short. So, creativity is not an option, it's a necessity.

Finding ways to be creative is a never-ending problem for most organisations, and in the world of the edible oils business

creativity seems to have received a small fraction of the attention it is due.

There is the widely held point of view that most consumers don't find the world of oils that interesting, and that might be one of the reason that the edible oil producers tend to not focus on creativity. Let's face it: many customers aren't that brand loyal, and a large number buy on price. In comparison to products like the latest PC, mobile phone, iPad or motor car, edible oils just ain't that sexy.

But hold on a moment. What about big brands such as McDonalds or Burger King, where the product, for the most part, is just burgers and fries? Come to that, what about two of the biggest ever drinks brands: Coca Cola and Pepsi? Their products are just types of fizzy sugary water. I mean, how exciting are these products? Not very. But they are all beautiful examples of how marketers *create* interest, and they create that interest with creativity.

There are many reasons to think that the edible oils industry can follow suit – the first being the never-ending appetite (if you'll pardon the pun) of the general public for cookery shows on television. Next, take a look at the number of cookery books on display in bookshops. Those are just the food-based

opportunities. With the latest nutraceutical products that are coming along, branding opportunities will come along too.

Learnable skill

The next question is: OK, I'm into the idea of being creative, so how do I do it? Fortunately, because it's such a big question, a lot of super minds have been working on it for many years, and in my seminars I've found that creativity is indeed a learnable skill. Here are a few steps that I have found to work. I've divided them into:

- You personally (generating your own ideas); and
- Working with other people for better creativity.

I'll deal with the first of these in this article. This is my list.

1. Know that creativity is key

The start of getting good at creativity is to feel a deep appreciation of just how important ideas are. Ideas are amazing things. They can change somebody's life dramatically, and sometimes instantly too. Ideas can make bigger profits come out of the same old factory and workforce. Ideas can make millions, and sometimes billions of dollars in business. A super example of the latter is Facebook. Mark Zuckerberg came up with the idea and became the youngest billionaire in history. One of the interesting things in his story is that he didn't need to invent "the whole thing". Other people had already invented the computer, programming, and the Internet. Zuckerberg's role was to come up with the new idea that was *just one extra step*.

In fact, that last point applies to many other recent technological leaps – Bill Gates didn't invent the PC or programming, Steve Jobs didn't invent the MP3 player (that was Creative Inc), and the Google guys didn't invent the worldwide web – also, there were other search engines (such as Yahoo!) in the market before them. But they all added their own creative input to make a new product, not to mention a lot of money. That's just the business and technical side of creativity.

There's also the personal business of feeling good about one's own life. I don't know you personally, but there's a good chance that you're familiar with that special kind of feel-good factor from coming up with an idea and then seeing it delivering a useful result – and that's the case even if that result is not in the financial mega-bucks category.

2. It's not just about ideas – it's about managing the process

Being good in creativity is much more than simply coming up with ideas. It's about getting the best out of all parts of the process, such as:

- Ideation: getting started and coming up with ideas
- Filtering: having a system for knowing which ideas have priority over others
- Execution: making that idea work is another. Oftentimes a 50% good idea well executed is more valuable than a 100% good idea badly executed. One of the best illustrations of this phenomenon is the video technology battle in the 1980s between Sony and Panasonic. Sony had the Betamax video cassette technology, whilst Panasonic had VHS. Of



Ian Fleming wrote the James Bond novels while relaxing in his Caribbean home.



the technical experts that I've talked to, they all agree that Betamax was a better technology. If that's the case, then why did Panasonic win, and VHS became the dominant technology in the market? The answer lay in the execution, particularly with how Panasonic focused on the video rental market.

- **Scrapping ideas:** One of the hardest things in the creative process is to scrap an idea. One friend wisely said that it was a bit like "killing your own children". But, when an idea just isn't right, or it's the right idea but the timing is off, you've got to be able to drop it.
- **Selling the idea:** Once you've decided that an idea is good, and it works, the next step is the often difficult task of getting other people to think that the idea is good also. Great innovators are remembered because they were also great salespeople. Tesla made many great innovations in electricity, but he was smart enough to know that he also had to publicise it, which he often did very well. One example was by showing a crowd in New York, in the late 1800s, a radio-controlled electric-powered boat in a pond in Central Park. At the time, this must have looked like the most breath-taking magic.

3. Perfection ain't excellence

A lot of people go nowhere because they try too hard to come up with the one perfect idea, and may well end up wasting time. This point was made very well by Max Levichin, one of the founders of PayPal. In a *BBC* interview, he said that with an earlier software product he had totally missed a market opportunity because he took too long trying to get a software product "just right".

4. Stepping stones

Far too many people think of creativity as being a simple one-step dance (one minute you don't have that one good idea, and the next minute you do). Often, it is not like that at all. Creativity is frequently a multi-step process:

- You come up with an idea.
- You try it and find it doesn't work, but that leads on to...
- Another idea ... that's not quite right either, but you keep some parts of it and come up with ...
- Another idea ... and so on

5. The pressure paradox (necessity is / is not the mother of invention)

There is no doubt that necessity (or even desperation) often causes great leaps of creativity. Anything from writer Solzhenitsyn's miserable time in the USSR, to me having the pressure of a deadline for writing this article can squeeze out extra ideas. Russian writer Fyodor Dostoyevsky, after being paid for a successful book, would go and blow all of his money in the casino! His logic was that he couldn't feel motivated to write when he was comfortable. When he was broke he had to come up with good ideas for books in order to pay the rent.

On the other side of this issue is the copious amount of research about stress and its effects on the brain: a stressed brain makes dumb mistakes or goes blank. Several authors fit this model – people prefer to be in a relaxed frame of mind while 'in creative mode'. Two examples are Ian Fleming writing the *James Bond* novels while relaxing in his Caribbean home; or the great novelist Johan Goethe, who enjoyed a very well-balanced life while producing some of the greatest literature of Germany.

Resolving this paradox is fairly straightforward: just notice what works. I mention it here because I have heard so many stories where people try to pressure creativity, and it doesn't work. But they keep trying, sticking with the same formula. Also, I've often heard the line: 'Come up with some good ideas, or you're fired.' It's an approach that generally doesn't work with most people.

6. Your brain's energy balance

Engineers often talk about an energy balance as a simple way of adding up inputs and outputs. Since energy can neither be created nor destroyed, the energy balance equation can be summed up as: $\text{Input} = \text{Output}$

According to *Scientific American* (July 18, 2012), an average human brain consumes 20% of the energy we eat as food, which works out as 260 calories per day. And that works out as 12.6 Watts: which is equivalent to the electricity consumption of the light bulb in a refrigerator. That's the energy input to the brain.

The interesting part is the output, of which some is the electrical energy of our thoughts. It's microscopic, as a tiny impulse of electrical energy flowing along the dendrites that connect our neurons – and that happens every time we think. There is no doubt that our brains are continuously active (even when we sleep, by dreaming). The question is: where is that thinking energy going? It's either coming up with creative ideas that are useful or it isn't.

Another useful factor in this analysis is the fact that, nature cannot stand a vacuum. If something is removed, something else will take its place. There is a parallel process with how our brains use their thinking energy. If you stop thinking about one thing, the chances are you'll end up thinking about something else instead.

One thing you can do to improve your idea generation capability is to follow the simple arithmetic process of removing items from your thinking time which aren't to do with generating ideas. Methods for this range from Dr Gates in Napoleon Hill's classic self-help book *Think and Grow Rich* where Dr Gates would sit in a dark silent room for hours, "waiting for ideas", to someone just skipping a TV game show to think about ideas for half an hour instead.

The critical thing to remember is that the time taken for your brain to produce a good idea and be processed and recognised is very fast – say one second. The scary thing is that it's so easy

to miss it by having your brain do something else instead at that particular second; even scarier is: once it's missed, it could stay missed for the rest of your life.

7. Creativity and being an organised person

In order to have your brain be more creative, one simple tip is to be more organised. In this modern age, when people have many items to keep track of, it is easy to be disorganised. But the sad fact remains that every single second of frustration you experience looking for that lost item, could well be the one second when you could have had a good idea instead.

It may seem contradictory on the surface to say that a creative person is also the kind of person who says things like: 'a place for everything and everything in its place' but the fact is that a creative person values his brain power and where that power gets focused. Almost anything is better than using your brain for looking for a misplaced pen or file or car-keys.

8. It all goes in – managing your inputs

Maintaining a positive mental attitude is a useful life-skill for anybody, but with developing your creative powers, it becomes even more important. A quote from Cardinal Thomas Wolsey (1473-1530) fits this topic very well: "Be very careful what you put in that head, because you'll never ever get it out."

One of my favourite examples is on the topic of the news. How much (if any) benefit is there from the news? Its content (and I'm deliberately not using the word 'information') is generally negative and highly non-actionable to the audience. For the most part, all the audience does is mutter: "Oh, that's terrible" and sigh. A brain that is focusing on negative news is, generally, a brain that is not doing something creative instead.

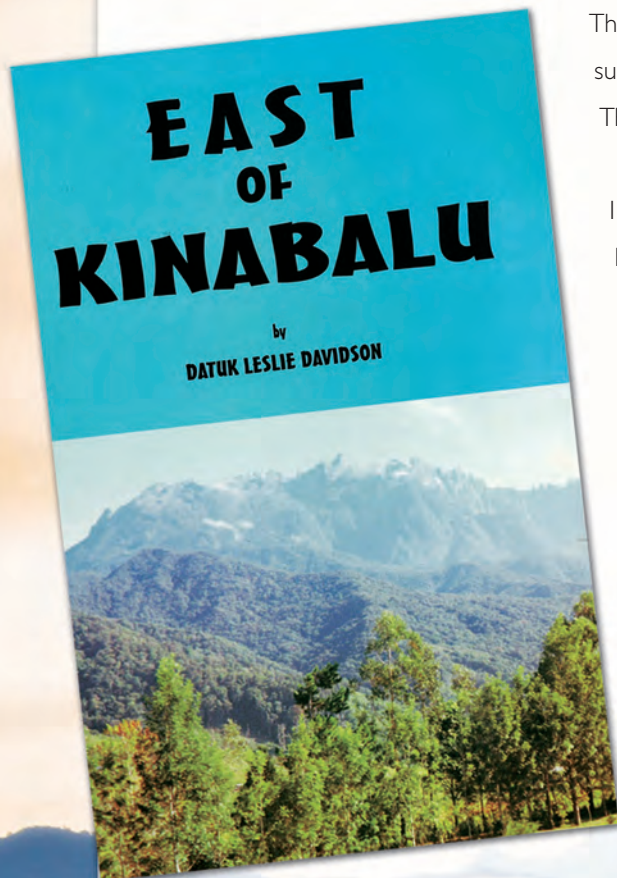
Creativity is a massive subject. One key point is that there is nothing in the world of creativity that can't be taken in some form or other; and applied and used in the edible oils and fats industry. All that is needed is a decision to 'go for it' and to reward the folks who deliver it – even if they can be annoying sometimes!

Dr Ian Halsall
Author & Researcher

Part 2 of this article will appear in the next issue.

St Andrews Storm, Part 1

Misery at Gum Gum Creek



The morning was cool. The tide was low. White wisps of mist rose from the oily surface of Gum Gum Creek and swirled around the exposed mangrove roots. The Land Rover was parked right on the jetty.

I sat in the front seat and closed my eyes. My head throbbed. My bones ached. My throat felt like the inside of a cement mixer. I had, in short, a colossal hangover. Our Sandakan driver, aided by Tundah and Ah Chang, was loading a few boxes of provisions from the Land Rover into the *Pekaka*.

I caught a whiff of petrol as Tundah poured the contents of several jerry-cans into our fuel tanks. He called to me that all was ready. It was time to board. I climbed stiffly down the ramshackle jetty, and made my way precariously over half a dozen wobbling canoes, to the *Pekaka*.

I sank thankfully onto the cane chair, which was placed amid-ships. I waved limply to the driver as he took the Land Rover off down the two-mile jungle track which linked the Gum Gum jetty to the main Sandakan road. The noise of the Land Rover dwindled. Silence descended. I draped a large towel over my head and shoulders and closed my red-rimmed eyes once again.

It was Sunday morning. On the previous evening the Scottish community in Sandakan had celebrated St Andrews Nicht, that curious tribal act of collective nostalgia indulged in annually by Scots in almost every country of the globe – except Scotland.

We had started the evening decorously enough with a traditional St Andrews dinner at the Sabah Hotel, to which the Scots had invited the top echelon of Sandakan's multi-racial society.

The haggis was duly piped-in. The Chieftain had recited the immortal address and plunged his skean-dhu into its "reaking hurdies". It was served with the traditional neeps and tatties, washed down with vast quantities of Black Label, and it was followed by the traditional toasts and speeches.

And then the Grand March and the Circassian Circle heralded the start of the dancing, to the music of the Ghurka pipe-band. Immaculately groomed Chinese ladies in their sequined cheong-sams watched with astonishment as my old Aberdeen friend Walter Brown, respectable bank manager and pillar of the community for 364 days of the year, shed his thin veneer of civilisation and leapt around shrieking and sweating, in his kilt and sporran, to the skirl of the pipes.

Late, late in the evening, long after our foreign guests had made their farewells; as patient Chinese waiters, stifling their yawns, tried to explain to drunken belligerent Glaswegians that the bar was closed; as the last vestiges of common-sense were urging you that it would be wiser to go home to bed, the hardcore of the Scottish community repaired to Ranallas, the house of my friend Tom Prentice, the chairman of Harrisons and Crosfields (H&C), to continue the party.

As far back as even the oldest inhabitant could remember, the head of the Borneo branch of the great old Eastern trading house H&C, had been a Scotsman. It was traditional that survivors and walking-wounded from the St Andrews Nicht party returned to Ranallas for final refreshments.

The party eventually broke up around 5am. I had pressing matters to deal with on the estate and I had promised to leave at first light. Tundah would be waiting for me at the Gum Gum. I had just enough time to return to our Sandakan house, discard my kilt and Scottish regalia and crawl under a cold shower, to freshen up a little before being driven the 12 miles to the Gum Gum Creek.

On the way we picked up my new cook, one Mr Ah Chang, a Hainanese who had been working in a Sandakan restaurant, and whom I had interviewed and signed on, only the previous day.

Engine trouble

While I was thus reminiscing, Tundah had, for 10 minutes or so, been pulling on the starter cords of the outboard engines. They remained lifeless. "*Sudah rosak* (they are broken down), Tuan," he said breathlessly, finally admitting defeat. "Fix them," I ordered, without turning my head. I felt that if I moved it too suddenly it might fall off. Time passed. I heard the odd clunk as Tundah busied himself with the engines.

The sun was coming up above the mangroves and it was getting hot. I was curiously comfortable however under my protective towel, as long as I kept my head absolutely still. "*Ta' boleh*, Tuan," said Tundah at last admitting defeat.

Very slowly and with immense caution I lifted the towel and turned my head. Immediately behind me, in his immaculate well-starched white uniform, sat Ah Chang. He was immersed in his Chinese newspaper. Beyond him was a chilling sight. Tundah, dishevelled and covered with oil, had taken the top off both engines and had dismantled them piece-by-piece into a pile of cogs, gears, springs, levers and pistons.

Had I been thinking clearly, I would not have permitted Tundah to touch the engines. When someone like Ibrahim pulled the starter cord of an outboard engine you knew that it would spring to life immediately. It would not dare do otherwise.

It is my belief that mankind, (and womankind as well, for all I know), can be divided into two distinct groups. There are those who can dominate machines and there are those who are dominated by them. I firmly believe that machines of all kinds can sense in some mysterious way into which of the two groups any individual falls. Tundah and I, alas, both fell into the second group.

Let me illustrate this: Before I was finally transferred from Malaysia to UK, I was sent by Unilever to a business course at the University of Virginia, in an attempt to turn me, in preparation for my promotion to London Office, from a hairy planter into a keen business executive. In Charlottesville I encountered the machinery phenomenon to a marked degree.

Life in the university campus, and probably in every other university in the US, revolved around the ubiquitous vending machines. Coming as I did, straight from life in the jungle, they were a source of wonderment to me, but my fellow students took them for granted. In return for the insertion of a varying number of coins, one's entire gamut of earthly needs were catered for.

This was at least the theory. For me however, the whole machine culture was a disaster. The vending machines, in some mysterious way, could sense my inexperience and they showed me nothing but contempt.

To obtain my morning newspaper I would stick my quarter into the slot, press the button and wait helplessly for the machine to give a clanking noise followed by a sneering, whirring sound, which indicated that it had

consumed my money but now had no intention of disbursing any of its contents. I would stand back and watch abjectly while the next passing American would march up to the machine, slap his quarter into the slot, pick up his paper and stride on, almost without breaking step.

I admired these young Americans for their casual domination of the machine world. They had been brought up from birth in the certain knowledge that vending machines are the servants of mankind. On very rare occasions I saw a machine falter; I noticed that the American concerned would give it a friendly open-handed slap – rather like a rider, lightly chastening a favourite horse. This invariably had the desired effect and the machine delivered up its goods immediately.

On one memorable, scorching Sunday in Charlottesville, on the Fourth of July, all the administrative staff, and all the American executives on the course, had gone home for the holiday. I was the only person in our group to stay on. I put my last coin into a machine on the deserted campus, in the faint hope of getting a cold Coke. Instead I got the usual contemptuous whirring noise.

In a blaze of fury I gave it a savage karate chop just where I had seen my American friends patting it. The machine gave a pathetic whine and began to vomit up cans of Coca-Cola, which spilled out across the ground. A group of young American holiday-makers came round the corner. They were whispering and pointing at me. I slunk off in shame. I felt as if I had beaten a dog in front of a group of RSPCA inspectors.

Steering gear foul-up

But meanwhile back to the scene of misery at the Gum Gum Creek!

"Tundah, you will walk down the track to the main road. You will get a lift to Sandakan on the first passing vehicle. You will find our driver. You will go with him to Chap Huat's garage. You will find their outboard mechanic. You will bring him back here to fix the engine."

"*Baik, Tuan,*" said Tundah cheerfully. He departed. Ah Chang climbed out of the *Pekaka* and squatted silently on the jetty with his Chinese umbrella over his head.

"Is this your first trip to the Labuk?" I asked.

"First time on boat," he said succinctly. I was pleased that he was not a talkative individual. I retreated once again under my towel, not to sleep, but into a state of suspended animation.

Hours later, Tundah returned in the Land Rover with Chap Huat's mechanic. I heard them muttering and banging behind me. Eventually there was a welcome, deep-throated roar, first from one engine, then the other. Ah Chang again climbed into the boat. This time the driver and the mechanic took the precaution of waiting until Tundah had run the engines for a full five minutes before they disappeared back up the bumpy jungle track in the Land Rover.

"Tuan," said Tundah "I will stay back here with the engines. Can you take the wheel?" Reluctantly I emerged from under my towel and took my position at the steering-

wheel. The engines sounded healthy. I throttled them down with the remote control, put them into gear, then pushed the throttles open. The *Pekaka* surged forward, its nose slowly sinking, as it started to plane.

The Gum Gum was a narrow twisting creek. Just downstream from the jetty, it swung to the left in a sharp hairpin bend. It was a tight turn but I had navigated it before. I spun the wheel round smartly to the left.

To my astonishment, the speed-boat swung to the right. We smashed at speed into the mangroves. The engines stalled and silence descended once more on the Gum Gum. We extricated ourselves, pulling bits of mangrove from our hair. Tundah poled us back to the jetty.

"I forgot to tell you, Tuan" said Tundah, "I had a little problem with the steering yesterday afternoon but I managed to fix it. Only now if you want to go left you must turn the wheel to the right."

I looked under the front deck at the steering gear. The wires, which connected the steering wheel, through a rather complicated series of pulleys, to the outboard engines at the rear, were twisted together, like a nest of copulating snakes. There was no way that we could risk going out into Labuk Bay, with our steering gear in this perilous state. A feeling of black despair descended on me once again.

"Tundah, you will walk back to the main road. You will get a lift to Sandakan on the first passing vehicle. You will find

our driver: You will take him to Chap Huat's garage. You will find the outboard mechanic again. You will bring him back here to fix the steering."

"Baik, Tuan," said Tundah with undiminished cheerfulness.

Wise decision?

He departed. Ah Chang shrugged impassively. He returned to the jetty and settled down with his newspaper. The afternoon sun blazed down. It was very hot. I retreated once again to the security of my towel, and I sat in my cane chair with the sweat pouring down my face.

Tundah returned in the fullness of time, accompanied by the same Chinese mechanic – a man of many talents, who had worked on timber camps for several years. The steering system was dismantled. The nest of wires was disentangled, and reassembled. For good measure he restarted both engines and tested them once again. By the time he was finished, it was late afternoon. The shadows were beginning to lengthen and the sun was low above the mangroves.

I found some soft drinks in one of our boxes of provisions and passed them around. It was, to the best of my knowledge, the only nourishment taken by any of us that day.

"Where you head for?" asked the mechanic.

"We are going down the Gum Gum Creek, out to the open sea, along the coast and up the Labuk

River to Klagan," I told him. "It should take us about two hours or so."

"Not wise you leave so late *lah*," he said. "Will be dark by the time you reach the sea. Now, monsoon make big waves in afternoons. Better you travel tomorrow morning *lah*."

"What do you think, Tundah?" I asked.

"Whatever Tuan decides, OK by me," he said helpfully.

There was no point in consulting Ah Chang. He was strictly a townee. He had worked in Sandakan all his life. He had needed a certain amount of persuasion and a promise of \$20 a month more than he could earn with any employer in Sandakan before agreeing to come and work in the jungle. I looked at him. He shrugged; the archetypal inscrutable Oriental.

"Let's go," I said. "We'll try to keep as close in to the shore as we can."

Datuk Leslie Davidson
Author, *East of Kinabalu*

Former Chairman, Unilever Plantations International

The second part will be published in the next issue. This is an edited chapter from the book published in 2007. It can be purchased from the Incorporated Society of Planters; email: isphq@tm.net.my



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