Analysis of the palm oil sector in Germany
Findings derived from a current study conducted by Meo Carbon Solutions

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The palm oil sector in Europe and especially in Germany offers high market potentials for producers and processors

- High market potential for certified palm oil and palm kernel oil in Germany as well as other European countries
- The main challenge is to connect palm oil producers and processors of certified palm oil with the market
- Current market bottlenecks provide a chance for palm producers to enter the market and to satisfy customers needs
- Niche markets, for example organic palm oil, offer high price premiums for producers and processors

➤ In the following you will find conclusions for the European market derived from a detailed analysis of the German palm oil sector
Nearly 1.5 million t of palm oil and palm kernel oil were consumed in Germany in 2013. More than 50% was used in the energy sector.

Consumption of palm oil and palm kernel oil in different sectors in Germany 2013

- Total: 1,365,000 t
- Energy: 755,000 t
- Food: 131,000 t
- Feed: 140,000 t
- LDHP*: 63,000 t
- Chemistry/Pharmacy: 131,000 t
- Bio**: 7,000 t

*LDHP = Laundry detergents and homecare products, **Bio = organic palm oil, palm kernel oil

Source: Meo Carbon Solutions (2015): Analysis of the palm oil sector in Germany
More than 50% of the palm oil consumed in food sector was sustainably certified. In contrast, less than 15% in the chemistry sector was certified.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Consumption PO (t)</th>
<th>Therefrom sustainable (t)</th>
<th>Ratio (%)</th>
<th>Consumption PKO (t)</th>
<th>Therefrom sustainable (t)</th>
<th>Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>315,700</td>
<td>164,420</td>
<td>52</td>
<td>54,940</td>
<td>21,750</td>
<td>40</td>
</tr>
<tr>
<td>Feed</td>
<td>140,000</td>
<td>1,600</td>
<td>1</td>
<td>0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Energy</td>
<td>753,500</td>
<td>753,500</td>
<td>100</td>
<td>0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>LDHP*</td>
<td>24,500</td>
<td>11,600</td>
<td>47</td>
<td>62.800</td>
<td>29,000</td>
<td>46</td>
</tr>
<tr>
<td>Chemistry / Pharmacy</td>
<td>131,000</td>
<td>17,710</td>
<td>14</td>
<td>14.200</td>
<td>1,200</td>
<td>8</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,364,700</td>
<td>948,830</td>
<td>70</td>
<td>131,940</td>
<td>51,950</td>
<td>39</td>
</tr>
</tbody>
</table>

*LDHP=Laundry detergents and homecare products

Source: Meo Carbon Solutions (2015): Analysis of the palm oil sector in Germany
In the Chemistry and LDHP** sector, B&C* is the main trading system. SG* is important mainly in the food sector.

Proportion of trading systems for sustainable palm oil by (non-energy) sectors (%)

*Trading systems: B&C – Book & claim; MB – Mass balance; SG – Segregation
**LDHP=Laundry detergents and homecare products

Source: Meo Carbon Solutions (2015): Analysis of the palm oil sector in Germany
There is a huge market potential for certified palm and palm kernel oil in the non-energy sectors as more than 60% of the market was not certified yet.

Consumption of palm oil and palm kernel oil in Germany 2013 (non-energy sectors)

*number based on Meo Carbon Solutions (2015): Analysis of the palm oil sector in Germany
Increasing demand for SG, MB certified palm and palm kernel oil offers market opportunities for producers

In 2013, 611,200 t palm oil was used in Germany in non-energy sectors

High market demand potential for MB, SG certified palm oil in Germany

Bottleneck

Palm oil (derivates), palmoil products supply

MB = Mass balance, SG = Segregated, B&C = Book and claim
In order to meet the growing demand for sustainable palm and palm kernel oil derivatives processors can use 3 credible certification schemes:

**Market opportunities for palm oil and palmkernel oil processors**

- **Palm oil, palmkernel oil producers**
- **Credible certification schemes:** RSPO, Rainforest Alliance, ISCC PLUS
- **MB, SG certified**
- **High demand SG, MB derivates**
- **Customers**

**MB = Mass balance, SG = Segregated**
Increasing demand for organic palm and palm kernel oil. Achieved price premiums might be interesting for niche market producers

Import of organic palm oil and palmkernel oil to Europe 2013 by origin

- High price premium for organic palm oil
- Increasing demand for organic palm oil especially for food market
- Limited cultivation area in Latin America
  - Opportunities for producers interested in organic niche market

Source: Meo Carbon Solutions (2015): Analysis of the palm oil sector in Germany
Palm derivate processors face several challenges – however, there are solutions available

Challenges for processors

- Bottlenecks especially for mass balanced or segregated palm kernel oil
- Perception that palm derivate supply chains are too complex to be MB/SG certified
- Certified palm derivatives too expensive

Solutions

- Use products from all available certification systems in the market
- Conduct a supply chain pilot and experience certification options for reducing complexity
- Get connected to new suppliers of certified palm derivatives

Meo Carbon Solutions can be instrumental in reducing supply chain complexities and connecting producers and processors of palm and palm kernel oil derivatives
Palm oil producers and processor with special interest in the German market may contact FONAP for support and information

- Palm oil producers and processors with interest in the German, Austrian and Swiss market may contact the Forum for Sustainable Palm Oil (FONAP)

- The FONAP is an alliance of companies and associations. The aim of the FONAP is to boost significantly the proliferation of segregated, certified sustainable palm oil in the German, Austrian and Swiss market

- Contact details:
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- The full study on the palm oil sector in Germany (in German only) conducted by Meo on behalf of the FONAP is available via download from the FONAP Homepage:
Contact details

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