

MADAGASCAR INVESTMENT OPPORTUNITIES

Palm Oil

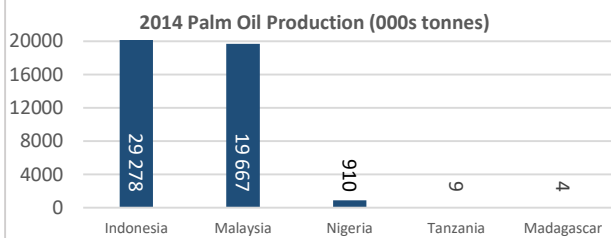


Leverage excess capacity in Madagascar's palm oil resources and favourable access to the largest markets to satisfy booming global demand.

CURRENT SITUATION

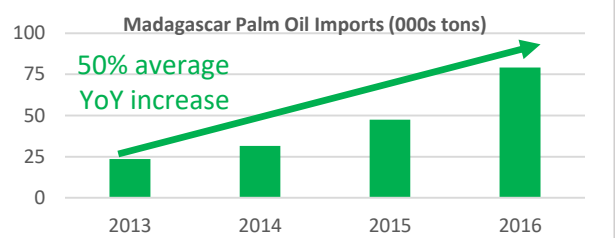
- With 4800km of tropical coastline, Madagascar offers ideal conditions for processing palm oil. There are large unused existing and potential sites throughout the country, but their potential is going to waste.
- There are only a few large-scale palm oil enterprises which cannot even meet local demand – the country's imports of palm oil are actually increasing over time.
- With much of world supply limited by deforestation, Madagascar remains an untapped sustainable supply source.

Despite its potential, Madagascar produces a tiny proportion of world palm oil



Source: FAO

To satisfy growing domestic demand, Madagascar actually imports a growing amount of palm oil

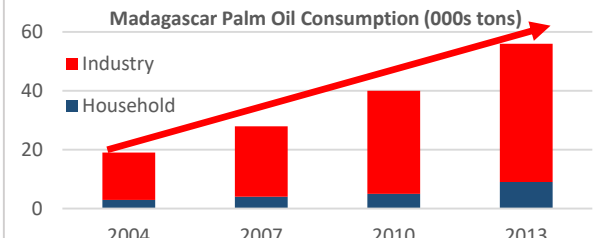


Source: ITC Trade Map

MARKET OPPORTUNITY

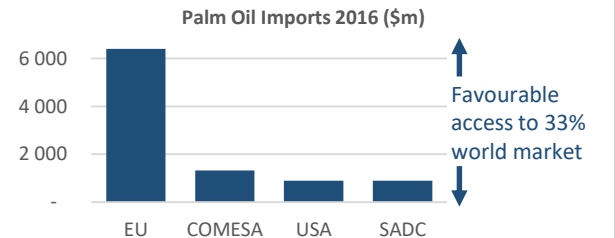
- Driven by changing tastes and the food processing industry, domestic demand is booming.
- Thanks to its trade agreements with the EU and US, and membership of regional trading blocs (COMESA and SADC), Madagascar has favourable access to over a third of the world imported palm oil market (>\$9bn).

Due to changing tastes and use in industry, domestic palm oil consumption is booming



Source: FAO

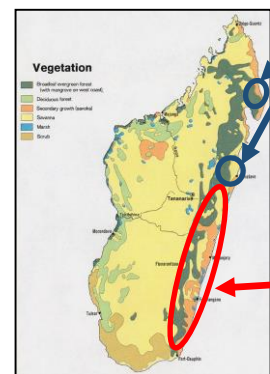
Madagascar has favourable trade agreements (reduced tariffs) with four major world importers



Source: ITC Trade Map

MADAGASCAR ASSETS

- Madagascar has **30 million hectares of agricultural land**, but only about 10% is used; much of the east coast is ideal for palm oil cultivation.
- The majority of **growing areas are only 200km from a major port**, unlike many parts of Africa. Major ports are in the process of upgrades.
- Wages, land and water costs are very **competitive at a global level**.
- Existing processors and cooperatives have **local knowledge and expertise, making them ideal for joint ventures** to boost production & exports. Underutilised areas can be made available for new plantations.
- Most regions have the capacity to use **hydro, solar, wind or biomass for self-power generation** for processing power.
- The **Madagascar brand commands a premium** for agricultural goods, perfect for gaining a foothold in the organic palm oil market; an existing company has already begun to exploit this and is exporting organic palm oil.
- The majority of land for cultivation is not environmentally sensitive, and would not require deforestation.



Existing palm oil sites

There are huge areas with excellent potential as palm oil sites

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