wilmar

Refining and Redefining Excellence

After only nine years in Europe, Wilmar has grown into one of the world's largest processors and merchandisers of palm and lauric oils, oleochemicals, specialty fats, edible oils, and palm biodiesel.

Images by John Roeland

Remond van Dorland, General Manager of Wilmar Edible Oils, has spent his career working in vegetable oil. He got his start with Karlshamns, which was later rebranded AAK. Working in the Netherlands and the United Kingdom, Remond got his first managerial role in 1997 with the Dutch branch of Karlshamns before moving to an Italian vegetable oil company where he spent three years, before joining Wilmar.

"I've been working for Wilmar since early 2005," Remond explains. "At that time, I was asked to join Kuok Oils and Grains, which was a company that started vegetable oil and sugar trading in the late 1960s. But in 1991, the CEO at that time, Kuok Khoon Hong, decided to set up a company called Wilmar. In 2006, Wilmar and Kuok Oils and Grains merged into Wilmar International Ltd.

"Back in 2005, I was asked to help Kuok Oils and Grains to set up some businesses in Europe and we started with our first greenfield project in the harbour of Rotterdam, and it was a 1,000-tonnes-per-day refinery. At that time, for European standards, that was a big refinery because most refineries were 400–600 tonnes per day. Together with us, some other companies from Asia came to Europe and started to build similar-size plants, so we changed the whole scene in Europe for tropical vegetable-oil refining. The plant started to commission around the end of 2005 to the start of 2006.

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> - Remond van Dorland

"In the meantime we acquired an old Unilever plant in the northern part of Germany, close to Bremen. We decided to expand and renew that very old plant. That plant was built in 1912 and was only 500 tonnes per day, so we built a plant of 2,500 tonnes per day in Brake, which was finished in 2009. Also, in Rotterdam we decided to expand our capacity from 1,000 to 2,500 tonnes per day. In a few years we went from a small player to a big player in vegetable-oil refining in Europe."

Establishing the company in Europe was met with challenges, as the company had no reputation to work from. "Initially, the greatest challenge was to convince the customers that big refineries could make the same quality product," Remond recalls. "Another challenge was to let our customers work with more standardised products and not with complicated blends. For the same application you can use a standard product or a very tailor-made product, which can have the same results. So it was a big challenge to convince our customers to take the commodity-type products at a much better price than they were used to.

"Another challenge was building so many factories; in Germany we built seven or eight plants in one shot and in Rotterdam, at the same time, we built another three plants. So there were 10 projects going on at the same time, and it was a big challenge to finalise that and get it all commissioned."

Over the years Wilmar has diversified its operations, entering ›

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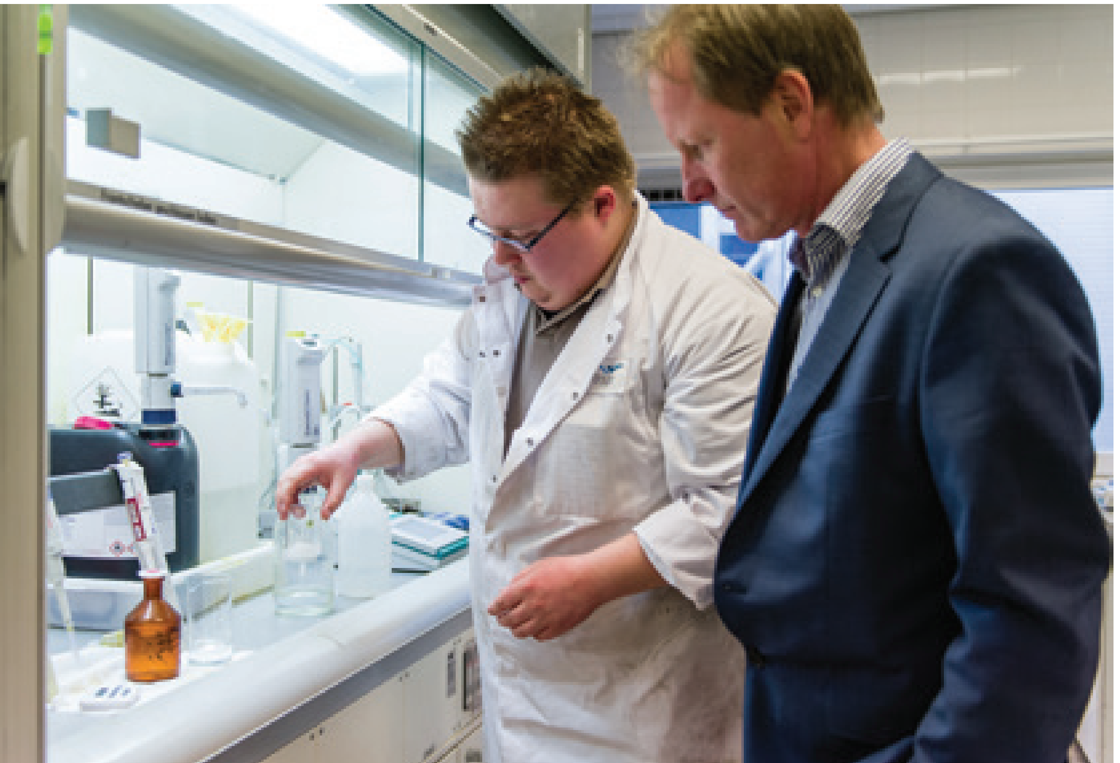

auxiliary markets to vegetable oil. "At the end of 2009, start of 2010, we started to look at businesses other than vegetable-oil refining because the plants were finished," Remond highlights. "The oleochemical industry as well as the biodiesel industry are both using vegetable oils as raw-materials input, so there were some overlaps in logistics, in trading and in storing. We started to import biodiesel and oleochemicals in 2009–2010.

"Getting a good market share in oleochemicals in Europe, we decided to build a fatty-alcohol plant in Rotterdam, which is commissioning at the moment, so within weeks, if not days, we will have the first alcohol going to customers. That was a project that started in 2011 and finished in 2013. We became not only an importer of oleochemical products, but also a local producer in Europe. For biodiesel it was the same; we were first importing biodiesel, and then we acquired a biodiesel plant in Belgium in May 2012, which Wilmar is running under the name Biochim."

Remond says that sustainability is a key value of Wilmar's approach to business. "Not only sustainable profits, but also sustainability of our suppliers, of our crude oils, and of our way of working," he says. "We work under various schemes in Europe—one of them is RSPO (Roundtable on Sustainable Palm Oil). We have a few partners, besides our mother company in Singapore, who supply us with sustainable palm oil. Last year we were the first one to go to fully segregated sustainable palm oil and palm oil fractions in Europe. Coming from Europe, rainforest destruction, practices of burning rainforests, and child labour are things we really want eliminated from the industry. We want to play a key role in the industry, so sustainability is one of the aspects that is very high on our agenda."

Wilmar is big advocate for collaboration, working closely with key partners to remain on the cutting edge of the industry. "We have a few partners that we value very highly," Remond affirms. "One or two of them are our suppliers from Malaysian and Indonesian origins, because most of the palm oil and palm-kernel oil comes out of Malaysia and Indonesia. About 10–15 per cent comes from other parts of the world, and we want to be strong in those parts as well. We have a key partner called New Britain Palm Oil that has most of the plantations in New Guinea and the Solomon Islands, which is fully sustainable and segregated oil, and we have very strong collaboration with them. Most of the oils in our plants in Germany, which are refined there, come from those plantations."

Remond says his company views its supplier relationships as partnerships. "If I take New Britain Palm Oil as an example, we have quite a good understanding of each other, and where the market is.

"We don't fight for the last dollar; we fight more for our relationship and a smooth execution of the contract that we have. If we see opportunities to get a logistical advantage or optimisation, we look at it together and try to minimise the cost in the chain, from origin to the factory. We really see it more as a partnership than as a supplier–customer relationship."

Wilmar International, Wilmar Edible Oil's parent company, is listed on the Singapore Exchange and is one of the largest listed companies in Singapore. "We have 95,000 people working worldwide, so as you can imagine, our head office is quite strong; not only financially strong, but also strong in giving direction to us on where we should go," Remond expresses. "For all our expansion ideas, we always do them in close cooperation with our Singapore headquarters. We have ideas here and our colleagues in Asia have ideas; we travel together in Europe and when we want to, for example, expand our fatty-alcohol project, the project is very closely followed, fully financed, and executed by a combination of our Singapore office and the people here in Europe.

"Wilmar is a company that invested almost every year $1 billion over the last 10 years in new assets all over the world. This is a very strong advantage that we have. If we have a good idea in Europe to build something or go into a joint venture, we always have the financial strength and we are less dependent on banks and external companies to execute our plans. Our headquarters in Singapore is very decisive and helpful in executing and rolling out our European strategy."

In 2012 Wilmar started a marketing partnership with Archer Daniels Midland Company (ADM), a global producer with similar capabilities. The two companies have worked together since the mid-1990s and this latest project, Olenex, is a strategic partnership in marketing refined oils in Europe. "ADM has nine refineries in Europe, and we have two refineries in Europe, but in sales size they are almost equal. So we started a marketing joint venture with ADM to market our refined vegetable oils in the EU, Switzerland, and Norway. That is the scope of Olenex which started in November 2012.

"It gives us strength now because ADM has its origin in liquid oils

"With the strength of Olenex, we can do a combination of liquid and tropical oils, which is a total package for some customers because some customers use both and now they only have one counterparty, which is a big advantage."

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and we are strong in tropical oils. That means, with the strength of Olenex, we can do a combination of liquid and tropical oils, which is a total package for some customers because they use both and now they only have one counterparty, which is a big advantage. For vegetable oil's future, I don't think we have a lot of expansion plans in essence. We want to grow our market share and we want to grow our portfolio, so we become a counterparty to our customers with a broader scope of products."

Remond believes the future focus for Wilmar will be on oleochemicals. "We started with just one fatty-alcohol plant, and we could think of going more downstream processing into other oleochemical products, which may become our focus in the next five years—to become a more downstream producer and supplier of oleochemical products.

"In the coming five years, another task that we have is we want to become fully sustainable. We recently signed a memorandum of understanding for a strategic partnership with Unilever towards a sustainable supply chain. Wilmar commitments in this MOU are no deforestation, a zero burning policy, no development on peatland, and no exploitation of people and communities. Unilever is a company that is both in oleochemicals with their detergents and shampoos, as well as in vegetable oil consumption, like the margarines and spreads. Strengthening our relationships with pan-European companies like Unilever, and working together with them to become 100-per-cent sustainable will be our major target for the years to come."