

# Buyers and financiers of the Wilmar Group



A research paper prepared for Milieudefensie (Friends of the Earth Netherlands) by  
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july 2007

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This research paper is prepared for Milieudefensie

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The forest campaign of Milieudefensie is partly financed by the dutch Ministry of Foreign Affairs, the Dutch Ministry of Housing, Spatial Planning and the Environment, Oxfam Novib, Hivos and from the Ecosystems Grants Programme from IUCN Netherlands.

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## Summary

### Profile

Wilmar International is one of the largest global players in the edible oil sector. The company was founded 15 years by Martua Sitorus from Indonesia and Kuok Khoon Hong from Malaysia. Now Wilmar is listed on the Singapore stock exchange and is one of the largest players in the Southeast Asian oil palm sector with an annual turnover of US\$ 5.3 billion.

After a complicated take-over and merger plan (which will be finalized the coming months) with the edible oil businesses of the Malaysian Kuok Group and the Asian edible oil businesses of the American agricultural trading company ADM, Wilmar will be the leading agribusiness group in Asia. It will be the largest trader of palm and lauric oils in the world, the largest edible oil refiner in the world (61 refineries with a total annual capacity of 15.0 million tonnes), one of the largest palm biodiesel manufacturers, a significant plantation company in Indonesia and Malaysia (with a total landbank of 573,405 ha) and the largest trader and processor of edible oils and oilseeds and other agricultural products in China.

### Financiers

At the end of 2006, Wilmar International owned assets with a total value of US\$ 1,844 million. A detailed break-down of the financing structure shows that its shareholders and its banks are the most important financial stakeholders of Wilmar International, financing 32% respectively 41% of its total assets.

The main shareholders of Wilmar International, after the merger and take-over plan, will be the two founding businessmen, the Malaysian Kuok Group and ADM from the United States. The British bank Standard Chartered will be the most important outside shareholder.

The principal bankers of Wilmar International are:

- |                                     |                |
|-------------------------------------|----------------|
| • ABN Amro Bank                     | Netherlands    |
| • Bank Central Asia                 | Indonesia      |
| • Bank Mandiri                      | Indonesia      |
| • Bank of Tokyo-Mitsubishi UFJ      | Japan          |
| • DBS Bank                          | Singapore      |
| • Fortis Bank                       | Netherlands    |
| • ING Bank                          | Netherlands    |
| • Malayan Banking                   | Malaysia       |
| • OCBC Bank                         | Singapore      |
| • Rabobank                          | Netherlands    |
| • Southern Bank, part of CIMB Group | Malaysia       |
| • Standard Chartered Bank           | United Kingdom |

Based upon information found on financial services provided recently to Wilmar International, the most important banks seem to be OCBC Bank, Rabobank, CIMB Group and Standard Chartered Bank. Rabobank has been involved in various loans to the company over the past five years and also acted as a market-maker for the company's warrants.

## Buyers

The main customers of Wilmar International are:

- |  |                              |
|--|------------------------------|
| • Alfred C. Toepfer International          | Germany                      |
| • Arnott Indonesia                         | Indonesia                    |
| • Beijing Heyirong Cereals & Oils          | China                        |
| • Beijing Orient-Huaken Cereal & Oil       | China                        |
| • Bunge                                    | United States                |
| • Cargill                                  | United States                |
| • China Grains & Oils Group                | China                        |
| • China National Vegetable Oil Corporation | China                        |
| • Cognis Deutschland                       | Germany                      |
| • Hindustan Lever                          | India                        |
| • Nestlé                                   | Switzerland                  |
| • Nirma                                    | India                        |
| • Procter & Gamble                         | United States                |
| • Savola                                   | Saudi-Arabia                 |
| • Unilever                                 | Netherlands / United Kingdom |
| • VVF                                      | India                        |

The Anglo-Dutch company Unilever is one of the largest buyers of palm oil in the world, accounting for about 3% of global demand. It is using palm oil in products such as margarine, spreads, oils, soups, sauces and seasonings, ice cream, soap, shampoo and detergents.

Another (prospective) customer of Wilmar seems to be the Dutch electricity company Essent, which commissioned a chain of custody audit on Wilmar's plantations, mills, refineries and bulk storage facilities in Indonesia at the end of 2006. Essent used palm oil as feedstock between the end of 2004 and the end of 2006, but it is unclear if any of this palm oil was supplied by Wilmar. Currently Essent has suspended its palm oil usage.

# Chapter 1. Short profile of the Wilmar Group

## 1.1 Background of the Wilmar Group

The Wilmar Group was founded in 1991 in Singapore and now is one of Asia's largest palm oil refiners and crushers of copra and palm kernel. Wilmar Group also is a sizeable oil palm plantation owner with extensive palm fruit processing mills in Indonesia. The Group plans to become one of the world's largest producers of palm biodiesel.

The Wilmar Group is active in the entire value chain of the palm oil business, from oil palm cultivation and milling, to the refining, processing, branding, merchandising and distribution of a wide range of palm oil, laurics and related products. The Group markets its products to more than 30 countries around the world. In China, it is a leading processor of oilseeds and edible oils and a leading distributor of branded edible oils. It is one of India's largest edible oil refiners and distributors of branded edible oils. The Wilmar Group is also a leading importer of edible oils into East and South Africa and the Ukraine.<sup>i</sup>

The holding company of the Wilmar Group is Wilmar Holdings Pte. Ltd. In Singapore. This company was founded in 1991 by Kuok Khoon Hong, a nephew of the Malaysian tycoon Robert Kuok, and the Indonesian businessman Martua Sitorus. As Kuok is nick-named William, the name Wilmar probably is a combination of the names of the two founders.

Later the American commodity trader ADM and the Chinese procurement agency COFCO became shareholders.<sup>ii</sup>

The American business magazine Forbes in September 2006 listed Martua Sitorus among the top-15 of richest men in Indonesia, with an estimated personal wealth of US\$ 475 million.<sup>iii</sup>

In August 2006 a subsidiary of the Wilmar Group, Wilmar International, was listed on the Singapore stock exchange via a reverse take-over. This subsidiary holds the oil palm and related activities of the Wilmar Group in Indonesia and Malaysia, but not its activities in China, India and Africa.<sup>iv</sup>

In 2005 Wilmar International realized annual sales amounting to US\$ 5,302 million, resulting in a net profit of US\$ 105 million.<sup>v</sup>

## 1.2 Oil palm plantation holdings

The Wilmar Group owns a large number of oil palm plantations and CPO mills in Indonesia.

At the end of 2005 the Group owned an aggregate of approximately 69,217 ha of oil palm plantation land, of which 49,809 ha were planted. Additionally, the Group administered approximately 38,102 ha of oil palm plantation land for smallholders under the Plasma Programme in Indonesia.<sup>vi</sup>

During 2006 the Wilmar Group has expanded its oil palm plantation acreage considerably:

- In August 2006 Wilmar International (partly together with ADM) acquired five plantation companies with a combined land bank of 85,000 hectares in Kalimantan (Indonesia) for a total sum of US\$ 5.8 million. Of the total landbank 750 ha has been planted and another 1,200 ha has been cleared;<sup>vii</sup>
- Also in August 2006 two Wilmar subsidiaries secured new land interests over approximately 25,000 ha. in Sambas and Sangau in West Kalimantan;<sup>viii</sup>
- In September 2006, Wilmar International acquired the oil palm plantation company PT Asiatic Persada from CTP Holdings (see paragraph ). PT Asiatic Persada owns 30,000 hectares of plantation land in Jambi of which approximately 12,700 hectares are planted. Until November 2005 the company was owned by Actis (formerly the CDC Group, United Kingdom), which sold it to CTP Holdings.<sup>ix</sup>

The total landbank of Wilmar International's oil palm plantation subsidiaries at the end of 2006 amounted to about 210,000 hectares, of which about 66,367 hectares are planted.<sup>x</sup> The Wilmar Group plans to plant the rest of its landbank in the coming seven years.<sup>xi</sup>

The Wilmar Group also owns and operates 18 edible oil refining plants with a total capacity of 5.4 million metric tonnes per annum.<sup>xii</sup> Raw materials, including fresh fruit bunches, copra and crude palm oil, are sourced from its own plantations and CPO mills, but also from third party suppliers. Wilmar's own plantations supply approximately 25% of its mill requirements.

Wilmar's customer base includes Procter & Gamble, Cargill, Unilever, Nestle, Arnott Indonesia, Hindustan Lever, Nirma, VVF, China Grains & Oils Group, Beijing Heyirong Cereals & Oils, Beijing Orient-Huaken Cereal & Oil, China National Vegetable Oil Corporation and Savola.<sup>xiii</sup>

At present the Wilmar Group is expanding into the bioenergy sector through the construction of three biodiesel plants in Riau (Indonesia) with a total capacity of 1,050,000 tonnes per annum (350,000 ton/year each). The three plants are expected for completion in January 2007, 2nd quarter of 2007 and 3rd quarter of 2007. Total investment costs amount to US\$ 55 million.<sup>xiv</sup>

Among the Indonesian oil palm plantation, milling and refining subsidiaries of Wilmar International are<sup>xv</sup>:

- |                                  |                         |
|----------------------------------|-------------------------|
| • PT Agrindo Indah Persada       | North Sumatra           |
| • PT Agro Palindo Sakti          | Sangau, West Kalimantan |
| • PT Agro Palindo Sakti          | South Sumatra           |
| • PT Agronusa Investama          | Kalimantan              |
| • PT AMP Plantation              | West Sumatra            |
| • PT Asiatic Persada             | Jambi                   |
| • PT Bukit Kapurreksa            | Riau                    |
| • PT Buluh Cawang Plantations    | Sambas, West Kalimantan |
| • PT Buluh Cawang Plantations    | South Sumatra           |
| • PT Bumipratama Khatulistiwa    | Kalimantan              |
| • PT Cahaya Kalbar               | Bekasi                  |
| • PT Citra Riau Sarana           | Riau                    |
| • PT Daya Labuhan Indah          | North Sumatra           |
| • PT Daya Landak Plantations     | Kalimantan              |
| • PT Dharma Wungu Guna           | Riau                    |
| • PT Gersindo Minang Plantation  | West Sumatra            |
| • PT Indoresins Putra Mandiri    | Kalimantan              |
| • PT Karya Putrakreasi Nusantara | North Sumatra           |
| • PT Mekar Bumi Andalas          | West Sumatra            |
| • PT Multi Nabati Sulawesi       | North Sulawesi          |
| • PT Multimas Nabati Asahan      | North Sumatra           |
| • PT Murini Samsam               | Riau                    |
| • PT Musi Banyuasin Indah        | South Sumatra           |
| • PT Perkebunan Milano           | North Sumatra           |
| • PT Permata Hijau Pasaman       | West Sumatra            |
| • PT Pratama Prosentindo         | Kalimantan              |
| • PT Primatama Muliajaya         | West Sumatra            |
| • PT Putra Indotropical          | Kalimantan              |
| • PT Sari Agrotama Persada       | Jakarta                 |
| • PT Siak Prima Sakti            | Riau                    |
| • PT Sinar Alam Permai           | South Sumatra           |
| • PT Sinarperdana Caraka         | Riau                    |



- PT Sinarsiak Dianpermai
  - PT Tania Selatan
  - PT Tritunggal Sentra Buana
- Riau  
South Sumatra  
Kalimantan

### 1.3 Oil palm holdings of the Ganda Group

The Wilmar Group is closely connected to the Indonesian Ganda Group. This business group is headed by Ganda, a brother of Wilmar-founder Martua Sitorus, who used to work for the Wilmar Group as well. With financial input of his brother, Ganda is developing his own oil palm plantation group. The CPO production of this group is supplied to the Wilmar Group. The following oil palm plantation companies belong to the Ganda Group:<sup>xvi</sup>

- Jumbo Glory Holdings
  - PT Ganda Dinamika (formerly: PT Karya Musi Lestari)
  - PT Gandaerah Hendana
  - PT Inecda Plantation
  - PT Jatim Jaya Perkasa
  - PT Kartika Prima Nabati
  - PT Karya Agung Megah Utama
  - PT Patiware
  - PT Perkebunan Anak Negeri Pasaman
  - PT Perkebunan Kaltim Utama I
  - PT Putralirik Domas
  - PT Sentosa Asih Makmur
  - PT Sumatera Unggul Makmur
  - PT Sumatra Agro Nusa Plantations Prima
  - PT Wawasan Kebun Nusantara
  - PT Wilmar Sambas Plantation
- Unknown  
Unknown  
Unknown  
Indragiri Hulu, Riau  
Riau  
Jakarta  
Agam, West Sumatra  
Sambas, West Kalimantan  
West Pasaman, West Sumatra  
Kutai Kartanegara, East Kalimantan  
Sambas, West Kalimantan  
Sambas, West Kalimantan  
Sambas, West Kalimantan  
Unknown  
Bengkayang, West Kalimantan  
Sambas, West Kalimantan

### 1.4 Take-over and merger plan

In December 2006 Wilmar International announced an ambitious plan to take-over and merge with the plantations, edible oil and grain businesses of the Malaysian Kuok Group - PPB Oil Palms, PGEO Group and Kuok Oils and Grains - and the edible oils, grains and related businesses of Wilmar Holdings (much of which are joint-ventures with ADM). The mergers with a total value of US\$ 4.3 billion will build Wilmar into the leading agribusiness group in Asia. It will be the largest trader of palm and lauric oils in the world, the largest edible oil refiner in the world (61 refineries with a total annual capacity of 15.0 million tonnes), one of the largest palm biodiesel manufacturers, a significant plantation company in Indonesia and Malaysia (with a total landbank of 573,405 ha) and the largest trader and processor of edible oils and oilseeds and other agricultural products in China.<sup>xvii</sup>

After the mergers, Wilmar Holdings will own 48.5% of Wilmar International, while the Kuok Group will own approximately 31.0%. ADM will own a direct stake of 6.7% in Wilmar International, and a 19.6% shareholding in Wilmar Holdings.<sup>xviii</sup>

At the time of writing this report, early June 2007, the take-over and merger plan was almost completed.<sup>xix</sup>

When the take-over and merger plan is finalized, Wilmar International will become the owner of the following Indonesian oil palm plantation subsidiaries of PPB Oil Palms Berhad: <sup>xx</sup>

- PT Alam Sawit Permai
  - PT Bawak Sawit Tunas Belum
- Seruyan (Central Kalimantan)  
Seruyan (Central Kalimantan)

- PT Benua Alam Subur Seruyan (Central Kalimantan)
- PT Bulau Sawit Bajenta Seruyan (Central Kalimantan)
- PT Bumi Sawit Kencana Kotawaringin Timur (Central Kalimantan)
- PT Dermaga Sungai Mentaya
- PT Eka Kaharap Itah Seruyan (Central Kalimantan)
- PT Guna Karya Lestari Kotawaringin Timur (Central Kalimantan)
- PT Guna Karya Mandirijaya Kotawaringin Timur (Central Kalimantan)
- PT Hampanan Sawit Eka Seruyan (Central Kalimantan)
- PT Karunia Kencana Permaisejati Kotawaringin Timur (Central Kalimantan)
- PT Kerry Agro Management
- PT Kerry Sawit Indonesia Seruyan (Central Kalimantan)
- PT Malindo Lestari Plantations Kotawaringin Timur (Central Kalimantan)
- PT Mentaya Sawit Mas Kotawaringin Timur (Central Kalimantan)
- PT Mustika Sembuluh Kotawaringin Timur & Seruyan (Central Kalimantan)
- PT Petak Malai Sawit Makmur Seruyan (Central Kalimantan)
- PT Pukun Mandiri Lestari Seruyan (Central Kalimantan)
- PT Sarana Titian Permata Seruyan (Central Kalimantan)
- PT Kencana Sawit Indonesia (formerly: PT Tidar Sungkai Sawit) Solok (West Sumatra)

## Chapter 2. Financiers of the Wilmar Group

### 2.1 Financial structure of Wilmar International

At the end of 2006, Wilmar International Ltd. owned assets with a total value of US\$ 1,843.6 million. These assets were being financed by the following financial stakeholders:<sup>xxi</sup>

• Shareholders	US\$ 584.8 million	32%
• Outside shareholders of joint-ventures	US\$ 21.8 million	1%
• Banks	US\$ 759.6 million	41%
• Trading partners	US\$ 319.3 million	17%
• Tax agencies	US\$ 71.1 million	4%
• Other creditors	US\$ 86.9 million	5%

The shareholders and the banks are the most important financial stakeholders of the Wilmar Group, financing 32% respectively 41% of total assets.

The information found on financial institutions supplying financial services to Wilmar International is presented in the following paragraphs.

### 2.2 Shareholders

The main shareholders of Wilmar International are:<sup>xxii</sup>

• Wilmar Holdings	Singapore	81.9%
• Archer Daniels Midland (ADM)	United States	about 3%

Wilmar Holdings is controlled by Kuok Khoon Hong, Martua Sitorus, ADM and COFCO.<sup>xxiii</sup>

In August 2006 Wilmar International issued 381.25 million new shares, representing about 15% of its enlarged share capital. Three institutional investors together acquired more than one-third of these shares, giving them the following estimated shareholdings in Wilmar International:<sup>xxiv</sup>

• Standard Chartered Private Equity, part of <b>Standard Chartered Bank</b>	United Kingdom	3.55%
• INVESCO Asset Management, part of <b>Amvescap</b>	United Kingdom	0.91%
• <b>Schroder Investment Management</b>	United Kingdom	0.91%

### 2.3 Bank loans

The following information was found on the involvement of banks in providing loans to the Wilmar Group during the past five years:

- In March 2002, Wilmar Holdings secured a three-year US\$ 40 million loan for working capital purposes from an international commercial banking syndicate arranged by **OCBC Bank** (Singapore) and **Rabobank** (The Netherlands). The following banks participated in the syndicate:<sup>xxv</sup>

- Bumiputra-Commerce Bank, part of **CIMB Group** Malaysia
- **Citibank** United States
- **Mizuho Bank** Japan
- **OCBC Bank** Singapore
- **Rabobank** The Netherlands

- In November 2003 the International Finance Corporation (IFC) - the private sector subsidiary of the **World Bank** - announced its intention to provide Wilmar Trading, a subsidiary of the Wilmar Group, a partial guarantee for up to US\$ 33.3 million for a pre-shipment finance facility of up to US\$ 50 million extended by an anonymous commercial bank.<sup>xxvi</sup>

Probably this guarantee was related to a trading facility secured by Wilmar Trading in 2004 from a banking syndicate arranged by **Standard Chartered** (United Kingdom). This facility was based upon Islamic financing rules. The total amount is unknown. In September 2006 the facility was replaced (see below).<sup>xxvii</sup>

- In December 2003 PT Cahaya Kalbar obtained a US\$ 5.25 million one-year loan from **Rabobank** (Netherlands). The loan can be extended each year.<sup>xxviii</sup> Since October 2005 about 62% of the company's shares is owned by Wilmar Holdings.<sup>xxix</sup>
- In March 2005, Wilmar Holdings secured a three-year US\$ 40 million loan from an international banking syndicate arranged by **OCBC Bank** (Singapore). The loan was intended to refinance the March 2002 facility. The following banks participated in the banking syndicate:<sup>xxx</sup>

- |                            |                 |                   |
|----------------------------|-----------------|-------------------|
| • <b>Bank of East Asia</b> | Hong Kong       | US\$ 3.4 million  |
| • <b>Citibank</b>          | United States   | US\$ 5.0 million  |
| • <b>Malayan Banking</b>   | Malaysia        | US\$ 3.4 million  |
| • <b>Mizuho Bank</b>       | Japan           | US\$ 6.5 million  |
| • <b>OCBC Bank</b>         | Singapore       | US\$ 8.0 million  |
| • <b>Rabobank</b>          | The Netherlands | US\$ 13.8 million |

- In July 2005, Wilmar Holdings secured a US\$ 40 million loan from an international banking syndicate arranged by **Standard Chartered Bank** (United Kingdom) to finance the investments and working capital requirements of PT Tania Selatan and PT Musi Banyuasin Indah.<sup>xxxi</sup>

- In June 2006 the International Finance Corporation, part of the **World Bank** (International) approved a loan of US\$ 17.5 million to Delta-Wilmar CIS in the Ukraine. This is a joint-venture company owned by Market House Bread Harbour (Ukraine), Wilmar Holding (Singapore) and Delta Exports (Singapore). Wilmar owns the majority of the shares. The joint-venture company is constructing an edible oil refinery close to the Yuzhny port in the Ukraine, for a total project cost of around US\$ 70 million. The refinery operation will import crude palm oil (CPO) from Malaysia and Indonesia and produce refined oil and shortening to serve the CIS, Ukrainian and Russian markets.<sup>xxxii</sup>

- In September 2006 Wilmar Trading, a subsidiary of Wilmar International, secured an Islamic US\$ 75 million trading facility from a banking syndicate arranged by **Standard Chartered** (United Kingdom). This facility replaced an earlier facility secured in 2004 (see above). The facility is used to finance soybean shipments from Latin America to china. The following banks participated in the facility:<sup>xxxiii</sup>

- **Dubai Islamic Bank** Dubai

- **Emirates Islamic Bank** UAE
- **Kuwait Finance House** Kuwait
- **National Bank of Pakistan** Pakistan
- **Standard Chartered Bank** United Kingdom

- In December 2006 the International Finance Corporation, part of the **World Bank** (International) approved a partial guarantee for an exposure not exceeding US\$ 50 million for a four-year annually renewable pre-shipment facility of up to US\$ 80 million to be extended by a commercial bank to Wilmar Trading, a wholly owned subsidiary of Wilmar International. This pre-shipment facility will enable the company to meet its working capital needs to purchase crude palm oil from palm oil plantations in Indonesia and process them into refined oil for export.<sup>xxxiv</sup>
- At the end of 2006, Wilmar International had bank facilities available with a total value of US\$ 1,315.6 million. As loans with a total value of US\$ 759.6 million were outstanding, Wilmar had unused facilities with a value of US\$ 556.0 million. Wilmar can request these amounts from its banks on short notice, when unexpected costs or investments occur. These facilities are probably granted by some (or all) of the banks which Wilmar International listed as its principal bankers in its last annual report:<sup>xxxv</sup>

- **ABN Amro Bank** Netherlands
- **Bank Central Asia** Indonesia
- **Bank Mandiri** Indonesia
- **Bank of Tokyo-Mitsubishi UFJ** Japan
- **DBS Bank** Singapore
- **Fortis Bank** Netherlands
- **ING Bank** Netherlands
- **Malayan Banking** Malaysia
- **OCBC Bank** Singapore
- **Rabobank** Netherlands
- Southern Bank, part of **CIMB Group** Malaysia
- **Standard Chartered Bank** United Kingdom

## 2.4. Investment banking services

The following information was found regarding investment banking services provided to the Wilmar Group:

- In September 2003, the Indonesian palm oil processing company PT Selapan Jaya, a Wilmar-subsidary, issued Rp 300 billion (US\$ 35.5 million) five-year bonds on the Indonesian capital market. The bond issuance was managed by **Danareksa Securities** (Indonesia).<sup>xxxvi</sup>
- In December 2005 Ezyhealth Asia Pacific, a healthcare company listed on the Singapore stock exchange, announced a reverse take-over of the oil palm activities of Wilmar Holdings. Ezyhealth would sell its existing business and acquire the Wilmar palm oil agri-business activities for S\$ 1.29 billion (US\$ 760 million). The acquisition would be paid by issuing 2,150 million new shares to Wilmar Holdings. Financial advisor on this reverse take-over was CIMB-GK Securities, part of the **CIMB Group** (Malaysia).<sup>xxxvii</sup>  
The reverse take-over process, during which Ezyhealth Asia Pacific changed its name into Wilmar International, was completed in July 2006. About 98.8% of its shares were then owned by Wilmar Holdings, leaving only 1.2% for the original shareholders.<sup>xxxviii</sup>

- Immediately after the reverse take-over was finalized in July 2006, Wilmar International in August 2006 issued 381.25 million new shares to attract new financing for its expansion plans. This amounts to about 15.0% of its expanded capital. The net proceeds were US\$ 172.9 million. Bookrunners for the share issuance were:<sup>xxxix</sup>

- CIMB-GK Securities, part of the **CIMB Group** Malaysia
- **DBS Bank** Singapore
- **OCBC Bank** Singapore

- In respect of the mergers with the edible oil activities of the Kuok Group and the joint edible oil activities of Wilmar Holdings and ADM announced in December 2006, CIMB-GK Securities and CIMB Investment Bank, which both belong to **CIMB Group** (Malaysia) were appointed as financial advisors by Wilmar International.<sup>xl</sup>

In March 2007 a cash facility was provided to Wilmar International to finance the proposed acquisition of PPB Oil Palms. This facility was provided by the following three banks:<sup>xli</sup>

- CIMB Investment Bank, part of **CIMB Group** Malaysia
- CIMB-GK Securities, part of **CIMB Group** Malaysia
- DBS Vickers Securities, part of **DBS Bank** Singapore

- **Rabobank** (The Netherlands) acted as the market maker for warrants issued by Wilmar International at an unknown moment in the past. These warrants could be exercised until the end of May 2007.<sup>xlii</sup>

## 2.5 Other forms of financing

In April 2007 the International Finance Corporation, part of the World Bank (International), announced a grant of US\$ 375,000 over a three-year period under the *Biodiversity and Agricultural Commodities Program (BACP)* of the *Global Environment Facility*. The grant would finance around 25% of the project "Working with Smallholders to Reduce Biodiversity Impacts from Palm Oil Production in Indonesia", which is undertaken by the Wilmar Group.<sup>xliii</sup>

## Chapter 3. Buyers of the Wilmar Group

### 3.1 List of main customers

Wilmar Group lists the following companies as its main customers.<sup>xliv</sup>

• Alfred C. Toepfer International	Germany
• Arnott Indonesia	Indonesia
• Beijing Heyirong Cereals & Oils	China
• Beijing Orient-Huaken Cereal & Oil	China
• Bunge	United States
• Cargill	United States
• China Grains & Oils Group	China
• China National Vegetable Oil Corporation	China
• Cognis Deutschland	Germany
• Hindustan Lever	India
• Nestlé	Switzerland
• Nirma	India
• Procter & Gamble	United States
• Savola	Saudi-Arabia
• Unilever	Netherlands / United Kingdom
• VVF	India

### 3.2 Essent

Another (prospective) customer of Wilmar seems to be the Dutch electricity company Essent. In its annual report for 2006, Wilmar International states: "In November and December 2006, Control Union Certification (The Netherlands) conducted a chain of custody audit on Wilmar's plantations, mills, refineries and bulk storage facilities in Indonesia. The audit was commissioned by Essent, a Netherlands-based power company."<sup>xlv</sup>

Essent used (by-products of) palm oil as supplementary feedstock in a gas-fired electricity plant since 2004. This palm oil was supplied by the Dutch trading company Biox.<sup>xlvi</sup> After a campaign launched by Milieudefensie, Essent in December 2006 decided to suspend its usage of palm oil during an investigation into the origins of Essent palm oil. Results from the investigation are expected in July 2007.<sup>xlvii</sup>

At the moment Essent is not using palm oil. It is unclear if Essent has been using palm oil from Wilmar before December 2006, or that the certification was a pre-condition which had to be met before supplies would start.

It is also unclear if Biox is involved in the relationship between Essent and Wilmar. Biox is known to have supply relationships with the Malaysian oil palm groups Golden Hope and IOI.<sup>xlviii</sup> No evidence is found however on a relationship between Biox and Wilmar.

### 3.3 Electrawinds

In May 2007 Wilmar International established a joint venture with the Belgian renewable electricity producer Electrawinds under the name E W Green Power. The joint-venture will develop various combined heat and electricity generating plants in Europe either directly or in collaboration with local partners. The various plants will use renewable feedstock, of which palm oil is one of them. The first project to be implemented under this joint venture, is in Belgium and will commence construction in

the second half of 2007, with project costs not exceeding US\$ 50 million.<sup>xlix</sup>

### **3.4 Unilever**

Wilmar mentions Unilever as one of its customers (see paragraph ). No information was found however on the amount of palm oil purchased by Unilever from Wilmar.

Unilever is the largest food producer in the Netherlands. The company has plants in Baarn, Delft, Loosdrecht, Oss and Rotterdam. Unilever products which probably contain palm oil are margarine, spreads, oils, soups, sauces and seasonings, ice cream, soap, shampoo and detergents. Important brand names are Becel, Blue Band, Knorr, Unox, Sunil, Robijn, Omo, Andrélon, Hertog and Ola.<sup>l</sup>

Some five years ago Unilever bought over one million tonnes of palm oil every year, mostly from Malaysia and Indonesia.<sup>li</sup> This would amount to about 3% of present world production.<sup>lii</sup>



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