Prospects for Palm Oil in the Arab Maghreb Union

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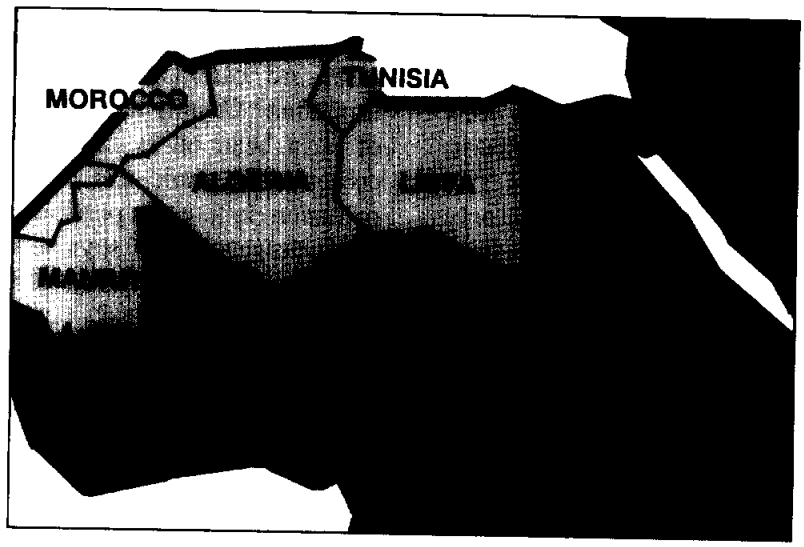

INTRODUCTION

The 'Treaty of Marrakesh' concluded in February 1988 among the five North African Countries; Morocco, Algeria, Tunisia, Libya and Mauritania, created the Arab Maghreb Union. The major objective in establishing the Union was the economic integration of these countries. In this paper the prospects and constraints for palm and palm kernel oil products in four of the Union countries *i.e.* Libya, Tunisia, Algeria and Morocco, will be discussed.

OILS AND FATS SITUATION

Some of the key facts about the four countries are shown in *Table 1.*

These countries are deficient in both oilmeals, and oils and fats. Self sufficiency in oils and fats varies from 3% in Algeria to about 77% in Tunisia. Traditionally, these countries were users of olive oil but because of the declining production of olives and the increasing demand for liquid cooking oil, vegetable oils such as those from soya bean, colza and sunflower seed have replaced olive oil, which is now a minor edible oil in these countries. Expensive olive oil is now exported to earn hard currency in order to finance the imports of relatively cheaper vegetable oils.

All the four countries produce olive oil. About 200 000 tonnes of oils, mainly olive oil and sunflower seed oil, are produced in the region, the major producers being Tunisia and Morocco. In Morocco there has been a significant increase in the production of sunflower seed oil, largely because of sharp increase in areas under cultivation of sunflower.

Only a very small amount of oil (about 86 000 tonnes annually, mainly olive oil) is exported by Tunisia and Morocco.

About a million tonnes of oils and fats are imported annually by the four countries considered here. Algeria, Tunisia and Morocco have all shown reasonable growth in their imports of oils and fats but Libya's imports have been static at about 85 000 tonnes annually over the last five years. The market is mainly for liquid oils and colza, soya bean and sunflower seed oils are imported.

Liquid edible oils are treated as essential foodstuffs and therefore not only are they subsidized but their imports are also controlled by state organizations in the four countries. For the production of vegetable ghee, margarine and shortening, however, companies in the private sectors are allowed to import fats

direct, including palm oil, palm stearin, hydrogenated oils, *etc.*

POTENTIAL FOR PALM PRODUCTS

Small consignments of palm products are already being imported by these countries. Data on the import of palm products for the last two years are shown in *Table 2.*

The products imported consist mainly of RBD palm oil, hydrogenated palm oil and palm stearin. These are imported by companies in the private sector for making shortening, margarine and soap.

As this is mainly a liquid oil market, palm olein, single or double fractionated, is the only palm product with a potential for secu-

TABLE 1.

Key Facts (1990)	Algeria	Libya	Morocco	Tunisia	Total
Population (million)	25.0	4.5	25.1	8.2	62.8
Production ('000 tonnes)	14.0	7.7	115.1	153.2	290.0
Exports ('000 tonnes)	0.0	0.0	33.4	52.5	85.9
Imports ('000 tonnes)	452.3	84.9	245.0	145.9	928.1
Consumption ('000 tonnes)	449.3	97.1	343.0	199.6	1089.6
Consumption per caput (kg)	18.0	21.4	13.7	24.4	17.7*
Self Sufficiency (%)	3.1	7.9	33.6	76.7	18.2*
Consumption Pattern					
Liquid Oils (%)	75	95	93	90	
Solid Fats (%)	25	5	7	10	

**Average.*

TABLE 2. IMPORTS OF PALM PRODUCTS (tonnes)

Importers/ Exporters	Algeria	Libya	Morocco	Tunisia	Total
Malaysia					
1989	0	0	0	992	992
1990	502	269	1 984	999	3 754
Singapore					
1989	995	0	20	1 000	2 015
1990	1 155	457	213	0	1 825
Indonesia					
1989	0	0	2 500	0	2 500
1990	0	0	4 500	0	4 500
Others					
1989	15 505	0	480	1 908	17 893
1990	4 343	0	0	2 501	6 844
Total					
1989	16 500	0	3 000	3 900	23 400
1990	6 000	726	6 727	3 500	16 953

ring a share of it. During the winter months the ambient temperature is between 0°C and 5°C, and it will therefore not be possible to market a cooking oil containing 100% of normal palm olein (cloud point 10°C) in these countries as it would not remain clear throughout the year.

However, for six months of the year, *i.e.* from May to October, when the minimum temperature in the region is above 10°C, a clear liquid cooking oil consisting of 100% double fractionated palm olein of IV 62-65, now being produced by some of the Malaysian refiners, could be marketed in these countries, provided its C&F price was competitive with those of the vegetable oils (colza, soya bean and sunflower seed oils) currently being used there.

Since the blending of vegetable oil, except olive oil, is already permitted in these countries, a liquid cooking oil based on a blend of normal palm olein and colza or soya bean oil could be marketed throughout the year. The oil based on such a blend would not only have better oxidative and frying stabilities but would also be cheaper.

If a blend containing 30% palm olein and 70% colza or soya bean oil is acceptable in these countries this is likely to create an initial market for palm products in cooking oils and other applications as shown in *Table 3*.

CONSTRAINTS

The constraint is on the acceptance of palm olein in the formulation of liquid cooking oil due to lack of information or experience in using palm products. This is, however, being overcome by increasing our TAS activities in these countries. As a result Algeria has recently asked for offers for 3000 tonnes each of double fractionated palm olein and soft stearin from Malaysian suppliers for conducting plant trials to make cooking oil and soap respectively.

Tunisia has also shown interest in conducting a similar trial to make cooking oil with palm olein. Libya has recently ordered a small consignment of palm stearin, PFAD and palm kernel oil from Malaysia to conduct a plant trial to produce soap. Morocco, although already importing some palm products for making margarine, shortening and soap, has not so far responded to the idea of using palm olein in making cooking oil.

CONCLUSIONS

All the four members of the Union discussed are middle income countries deficient in the production of edible oils and fats. At present about a million tonnes of edible oils are imported annually, and there is an average annual growth rate of about 10 per cent. The deficit is not likely to lessen in the near future. Therefore, these countries will remain a potential market for exporters of edible oils including palm oil. Since this is mainly a liquid oil market, Malaysian suppliers are in a better position to break into it because of their ability to supply large tonnages of various grades of fractionated palm products, especially RBD palm olein.

TABLE 3. POTENTIAL FOR PALM PRODUCTS ('000 tonnes)

	Algeria	Libya	Morocco	Tunisia	Total
Liquid Oils	100.0	15.0	70.0	30.0	215.0
Margarine/ Shortening	15.0	3.0	10.0	5.0	33.0
Soaps	45.0	3.0	7.0	3.0	58.0
Confectionary Fats	5.0	0.5	1.0	0.5	2.5
Total	165.0	21.5	88.0	38.5	313.0