

## Supply and Disappearance – A Review

Malaysia's production of CPO in the first 11 months of 1992 was 5.882 million tonnes indicating a marginal increase of 150 995 tonnes or 2.6% over the production in the same period the year before. Except for the months of May, July, August and October 1992, monthly production of CPO was higher than in the corresponding months of 1991 (*Table 1*). Thus actual production in 1992 is estimated to reach 6.4 million tonnes.

Though Malaysian palm oil production in 1992 will be greater than that of 1991, the increase of about 4% can be considered as 'small'. This is mainly due to a large proportion of old palms being cut down for replanting resulting in a decline in the total mature area available for harvesting. Other factors which could have contributed to the small increase in production in 1992 are related to harvesting practices and the shortage of labour. Poor harvesting practices were employed, especially in the first half of the year due to the festival periods, resulting in more immature fruit bunches being harvested and sent to the mills. The shortage of labour resulted in bunches being harvested not in accordance with the harvesting standard. These two factors led to a decline in the oil extraction ratio by 1 to 2% in the majority of the palm oil mills.

Production in 1993 is forecast to be between 6.7 and 7.2 million tonnes. This increase in production of between 4 to 12.5% is anticipated due to favourable weather conditions during 1992, rising yields and better farm inputs, the latter brought about by the favourable prices received in 1992.

The amount of palm oil in stock at the beginning of 1992 was 687 421 tonnes and 6.4 million tonnes are expected to be produced during the year, making an estimated total of 7.087 million tonnes available for trade from Malaysia. On the other hand, the total Malaysian palm oil available for trade in 1991 was 6.859 million tonnes. Even with an increase of 3.3% of palm oil for trade from Malaysia in 1992 over 1991, trade in palm products continued to increase above this figure especially during January and February 1992. This was mainly attributed to declining stocks of palm oil including that of other oils and fats in the world, reports of floods, delays in harvests and shortfalls in production of other oilseed crops.

Exports of Malaysian palm products declined to 394 144 tonnes in March 1992 from 401 837 tonnes in February mainly brought about by the continuing increase in palm oil price after which exports picked up again.

Cumulative exports of palm products from Malaysia during the first 11 months of 1991 were 4.989 million tonnes which declined by 0.76% when compared with the total for the corresponding period of the previous year. Of the palm oil exported about 1.7% was in the form of crude while more than 98% was in the form of processed palm products.

*Table 2* illustrates the major importers of Malaysian palm products from January to September in 1991 and 1992. Pakistan was the largest importer of Malaysian palm products during the first three quarters of 1992 accounting for 703 481 tonnes of processed palm oil. Among the palm products imported during January to July 1992 were 507 006 tonnes RBD palm oil and 39 635 tonnes RBD olein. During the same period last year, Pakistan imported 778 444 tonnes of processed palm oil and was also the largest importer. Her imports during January to July 1991 comprised 500 554 tonnes RBD palm oil, 24 251 tonnes RBD olein and 1 504 tonnes RBD stearin. The continued high imports were attributable to the suspension of soyabean oil under the PL-480 aid programme and the techno-economic advantages of RBD palm oil in vegetable ghee manufacture.

The second largest importer during January to September 1992 was Singapore, with 531 452 tonnes. For the same period in the previous year, she imported 492 063 tonnes. In the first seven months of 1992, she imported 388 592 tonnes of palm products which among others comprised 230 258 tonnes RBD olein, 81 736 tonnes RBD palm oil and 64 243 tonnes RBD stearin. Her imports of CPO totaled 6 652 tonnes. During the same period in 1991 her imports totaled 351 931 tonnes. However, Singapore re-exported most of these imports.

The EEC as a region imported 467 293 tonnes of Malaysian palm products during January to September, 1992 against 453 515 tonnes for the corresponding months of 1991. The largest importer was The Netherlands. She imported 190 650 tonnes during these months in 1992 against 182 116 tonnes

**TABLE 1. MALAYSIAN PALM OIL: SUPPLY  
AND DISAPPEARANCE BY MONTH (tonnes)**

Year	Beginning Stock	SUPPLY		Adjusting Balance	DISAPPEARANCE		Ending Stock
		Production	Total		Exports	Total	
1984	142 748	3714 795	3857 543	233 301	3183 451	3416 752	440 791
1985	440 791	4134 463	4575 254	289152	3434 025	3723177	852 077
1986	852 077	4542 249	5394326	269 922	4558 806	4828 728	565 598
1987	565 598	4531 960	5097 558	365 574	4218 344	4583 918	513 640
1988	513 640	5027 496	5541 136	403 269	4342010	4745 279	795 857
1989	795 857	6056 501	6852 358	741 113	5051 330	5792 443	1059 915
1990	1059 915	6094 622	7154 537	707 991	5727 451	6435 442	719 095
<b>1991</b>							
JAN	719095	331406	1050501	54609	359578	414187	636314
FEB	636314	331926	968240	23355	281651	305006	663234
MAR	663 234	432 213	1095 447	35074	434437	469 511	625 936
APR	625 936	468 533	1 094 469	42 392	469 190	511 582	582 887
MAY	582887	547921	1 130808	101704	450715	552419	578389
JUN	578 389	498 732	1 077121	77 326	494 342	571 668	505 453
JUL	505 453	604 639	1 110 092	20 838	485 274	506 112	603 980
AUG	603 980	658 118	1 262 098	44 723	537 964	582 687	679 411
SEP	679411	691 120	1370531	56213	497071	553284	817247
OCT	817 247	662 696	1 469 943	51 108	499 856	550 964	918 979
NOV	918979	503755	1422734	33235	517563	550798	871936
DEC	871 936	410 294	1 282230	49 227	545582	594809	687 421
<b>TOTAL*</b>		<b>6 141 353</b>			<b>5 573 223</b>		
<b>1992</b>							
JAN	687 421	395 777	1 083198	65 892	431 490	497 382	585 816
FEB	585 816	382 860	968 676	59 448	401 837	490 938	507 391
MAR	507 391	442 459	949 850	88 912	394144	475 469	466 794
APR	466 794	493139	959 933	37 984	412 027	449 921	510 012
MAY	510 012	507 491	1 017 413	94364	468499	561390	457499
JUN	457 499	502123	959 622	73 525	488 044	561 569	398 053
JUL	398 053	596 360	994 413	69 875	457 744	527 619	466 794
AUG	466 794	629 690	1 096484	115704	428 277	543981	552 503
SEP	552 503	697 468	1 244971	84867	503899	588 766	656 205
OCT	656 205	641 655	1 297 860	80 638	535 642	616 280	681 580
NOV	681 580	593032 <sup>b</sup>	1 274612	94259	467375 <sup>b</sup>	561 634	712978 <sup>b</sup>
DEC	712 978 <sup>b</sup>	NA	NA	NA	NA	NA	NA

\* The sum of the month's totals does not always equal the total for the year, because adjustments made to the latter are not incorporated into the former.

<sup>b</sup> Preliminary NA: not available

Source: *Palm Oil Update, PORLA (various issues)*

**TABLE 2. MALAYSIAN EXPORTS OF PALM OIL TO MAJOR DESTINATIONS**  
(tonnes)

Countries	1990	1991	Jan-Sept 1991	Jan-Sept 1992
<b>Processed Palm Oil</b>				
India	511 160	157 283	65 283	95 319
Pakistan	702 455	967 834	778 444	703 481
China	737 123	640 956	524 098	277 126
EEC	553 323	637 362	453 515	467 293
- UK	74 450	47 585	85 405	64 701
- Netherlands	229 818	263 008	182 116	190 650
- Germany	48 129	35 890	49 671	49 785
USA	143 782	144 388	99 783	145 867
Iran	10 573	2 898	2 898	7 620
Iraq	137 646	0	0	0
Indonesia	0	19 430	4 979	195 615
Egypt	346 442	288 530	216 688	213 669
USSR	160 473	99 304	73 368	19 759
Saudi Arabia	86 061	104 417	68 049	83 691
Singapore	731 658	715 302	492 063	531 452
Japan	274 699	309 145	213 796	233 089
Jordan	45 939	54 285	42 229	44 816
Republic of Korea	215 091	212 176	151 371	143 711
Australia	58 615	49 698	35 196	51 784
Turkey	191 118	195 184	135 642	108 151
Yemen	85 245	93 021	72 010	87 118
Mozambique	49 025	20 207	6 783	6 207
Bangladesh	25 190	55 701	36 205	60 074
Kenya	19 168	2 247	499	0
Rest of the world	548 716	704 019	471 545	442 853
<b>Sub-Total</b>	<b>5 633 502</b>	<b>5 473 387</b>	<b>3 944 714</b>	<b>3 918 695</b>
<b>Crude Palm Oil</b>				
Indonesia	0	6 943	0	30 910
Netherlands	54 471	22 342	21 839	6 009
U.K.	13 754	3 060	3 060	0
Egypt	0	0	0	0
Singapore	10 747	9 900	7 448	7 143
Rest of the World	14 977	48 635	33 161	23 204
<b>Total</b>	<b>93 949</b>	<b>90 880</b>	<b>65 508</b>	<b>67 266</b>
<b>Grand Total</b>	<b>5 727 451</b>	<b>5 564 264</b>	<b>4 010 222</b>	<b>3 985 961</b>

Source: *Palm Oil Update, PORLA (various issues)*.

for the same period in 1991. During January to July 1992, The Netherlands imported 132 535 tonnes of palm products which among others comprised 74 538 tonnes RBD palm oil, 32 747 tonnes RBD stearin, 18 001 RBD olein and 6009 tonnes CPO. The increase in imports of palm oil by the EEC is mainly due to the substitution of vegetable oils for animal fats in cooking fats, margarine and butter. Animal fats are regarded as contributing to health hazards, and consumers have switched from using lard and compound cooking fats containing animal fats, to vegetable oils. The increase in imports of palm products was also attributed to the drought during critical stages of growth in most of the oil seed growing areas in the EEC resulting in a sharp decline in domestically available supplies of rape and sunflower oils.

China was the fourth largest importer of Malaysian palm products taking 277 126 tonnes during January to September 1992. This was a decline of 246 972 tonnes or 47.12% by comparison with the corresponding period in the previous year. Total imports during January to July 1992 were 184 445 tonnes and comprised 81 905 tonnes RBD olein, 66 560 tonnes RBD palm oil, 32 589 tonnes RBD stearin and 3 391 tonnes crude olein. One obvious reason for

the decline in imports by China was the preference of China to utilize its domestic production of oilseed crops because of her favourable foreign exchange situation.

The fifth largest importer, Japan registered an increase with imports of 233 089 tonnes against 213 796 tonnes during January to September 1992 and 1991 respectively. Total imports during January to July 1992 were 178 865 tonnes and comprised among others 84 968 tonnes RBD palm oil, 61 121 tonnes RBD olein, 19 652 tonnes RBD stearin and 13 002 tonnes CPO. Her imports during the same period of the previous year were 173 096 tonnes.

Imports by Egypt, the sixth largest importer of Malaysian palm products, declined from 216 688 tonnes during January to September 1991 to 213 689 tonnes in the same period of 1992. A reason for the decline in imports was the increasing price of palm products *vis-a-vis* other oils and fats. The palm products imported by Egypt during January to July 1992 were 80 646 tonnes RBD palm oil, 45 924 tonnes RBD stearin, 13 086 tonnes RBD olein and 1482 NBD stearin.

