

Supply and Disappearance of Malaysian Palm Oil: A Review

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In the first 11 months of 1998, production of palm oil by Malaysia was 7 695 485 tonnes. This was a decline of 749 484 tonnes or 8.87% over production of the same period the previous year, which was 8 444 969 tonnes. Throughout the 11 months of 1998, February appears to be the only month where production exceeded that of the corresponding months of the previous year. Production in February 1998 was 601 251 tonnes while during the same month in 1997 production was 503 780 tonnes (*Table 1*). From the reduced production thus far, it is estimated that the 1998 production may only reach 8.4 million tonnes. This would be a decline of about 8% compared to the production of 1997 which was at 9 068 728 tonnes. The decline is the result of the biological yield cycle and stress on the palm caused by, inter alia, the severe drought from March to September 1997.

Beginning stocks of palm in 1998 were 962 482 tonnes and with the year's production of 8.4 million tonnes, the total palm oil available for trade is estimated at 9.4 million tonnes. The quantum of palm oil available for export will be lower than that of the previous year considering the higher production of 9.06 million tonnes in 1997 and beginning stocks of 0.79 million tonnes. Considering the reduced availability of palm oil for trade in 1998, there was a constant decline in stocks, during the first half of the year. Stocks during the second half of the year increased, brought about by the increasing monthly production of palm oil during the period. Though there has been an increase in ending stocks, it has so far never exceeded the beginning stock of the year. Ending stock in November was

763 424 tonnes against beginning stock of 926 482 tonnes. Smaller ending stock in 1998 was attributed to the increased exports of palm oil. In the first 11 months of 1997, the total palm oil exported by Malaysia was 6 839 591 tonnes while for the same period in 1998, the total exports was 6 897 645 tonnes indicating an increase in exports of 58 054 tonnes or by 0.85%.

The major importers of Malaysian palm oil are illustrated in *Table 2*. For January-October 1998, India was the largest importer of Malaysian palm oil with 1 253 339 tonnes against 829 435 tonnes for the same period in 1997. This was an increase of 423 904 tonnes or 51% over that of the previous year. The major palm product imported was RBD palm olein at 1 154 153 tonnes, 92% of the Malaysian palm oil imported by the country. The other palm products imported were PFAD, RBD palm oil, crude palm olein, crude palm stearin and RBD palm stearin (*Table 3*). One of the reasons for the increased imports is a decline in oilseed production in the country. Production of oilseeds during 1995/96 was 24.8 million tonnes and in 1996/97, 25.5 million tonnes as against the low production of 1997/98, 24.0 million tonnes. To contain edible oil prices, the government of India reduced the import duty for vegetable oils by 10% in early July from 25% previously. This reduction in duty to 15% reduced the landed cost of edible oil imports and resulted in a decline in prices in the domestic market making it more lucrative for imports.

With imports of 907 173 tonnes, the European Union was the second largest importer of Malaysian palm oil during

January-October 1998. Compared to the same period of the previous year, imports of palm oil had increased by 327 938 tonnes, 56.6 % (*Table 2*). Amongst the major palm products imported were 449 434 tonnes RBD palm oil, 200 012 tonnes RBD palm olein, 179 334 tonnes RBD palm stearin, 46 987 tonnes palm fatty acid distillate and 18 213 tonnes palm acid oil. The other palm products imported are shown in *Table 3*. Among the EU countries, the Netherlands is the largest importer of Malaysian palm oil. Imports increased from 272 870 tonnes to 566 719 tonnes for the first 10 months of 1997 and 1998 respectively. The increase in palm oil imports by the EU was partly due to the reduced sunflowerseed crop, especially in France and Spain.

The third largest importer of Malaysian palm oil during January-October 1998 was Pakistan. Imports increased from 828 372 tonnes to 865 199 tonnes, or by 4.4% compared to the previous year. RBD palm oil at 822 075 tonnes accounted for 95% of the imports. The other palm products imported comprised 20 331 tonnes RBD palm olein, 12 661 tonnes PFAD, 9383 tonnes of PAO and 746 tonnes of RBD palm stearin (*Table 3*). The increase in imports of palm oil can be attributed to among others the technical services provided by PORIM related to bulking storage of palm oil at Port Qasim, as well as the agreement to provide germinated oil palm seeds and consultancy services regarding its cultivation.

China was the fourth largest importer of palm oil products from Malaysia during January-October 1998. There was, however, a decline from 925 999 tonnes to 777 401 tonnes (by 16.05%) (*Table 2*). RBD palm olein was the major palm product imported, totaling 557 664 tonnes and accounting for 71% of the total palm oil products imported. However, compared to 1997, there was a decline in its import by 119 433 tonnes, or 17.6%. RBD palm oil was the second largest palm oil product imported by China with 141 847 tonnes, or 18% of the total imports. This was an

increase of 71 027 tonnes, or 99.7% over 1997. The other major palm products imported by China are as shown in *Table 3*. One of the reasons for the decline in imports is the increasing local supply of oils and fats. Production during 1995/96 was 10.41 million tonnes and for 1997/98, is estimated at 17.16 million tonnes.

Egypt, the fifth largest importer of Malaysian palm products, imported 290 677 tonnes in January-October 1998 (*Table 2*). This was an increase of 12.32% over in the previous year. RBD palm oil at 239 933 tonnes continued to be the major palm product imported, accounting for 82% of the total imports. The other palm products imported included RBD palm stearin, RBD palm olein, hydrogenated RBD stearin, hydrogenated palm oil and crude palm stearin (*Table 3*). The local supply of oilseeds declined from 723 000 tonnes in 1996/97 to 616 000 tonnes in 1997/98 owing to smaller area and poorer yields. To further expand the Malaysian palm oil market in Egypt, red palm oil was given to the Food Technology Research Institute to conduct frying tests. The favourable results were disseminated at a conference at Alexandria on 21-23, April 1998.

Japan, with imports of 285 088 tonnes of palm oil during January-October 1998 was the sixth largest importer of Malaysian palm oil. Imports, had however, declined from 293 401 tonnes during the same period in 1997 (*Table 2*). Imports of RBD palm oil were 129 521 tonnes while that of RBD palm olein 105 996 tonnes. These two oils together accounted for 82.6 % of the total imports of palm oil from Malaysia. The other palm products imported are as shown in *Table 3*.

The other major destinations for Malaysian palm oil are shown in *Table 2* while palm oil products exports are indicated in *Table 3*.

TABLE 1. MALAYSIAN PALM OIL - SUPPLY AND DISAPPEARANCE BY MONTHS (tonnes)

Year	SUPPLY			DISAPPEARANCE			Ending Stock
	Beginning Stock	Production	Total	Adjusting Balance	Exports	Total	
1987	565 598	4 531 960	5 097 558	365 574	4 218 344	4 583 918	513 640
1988	513 640	5 027 496	5 541 136	403 269	4 342 010	4 745 279	795 857
1989	795 857	6 056 501	6 852 358	741 113	5 051 330	5 792 443	1 059 915
1990	1 059 915	6 094 622	7 154 537	707 991	5 727 451	6 435 442	719 095
1991	719 095	6 141 353	6 860 448	599 804	5 573 223	6 173 027	687 421
1992	687 421	6 373 461	7 060 882	835 311	5 565 032	6 400 343	660 539
1993	660 539	7 403 498	8 064 037	775 994	6 117 171	6 893 165	1 170 872
1994	1 170 872	7 220 631	8 391 503	986 979	6 654 802	7 641 781	749 722
1995	749 722	7 810 546	8 560 268	1 187 424	6 512 956	7 700 380	859 888
1996	859 888	8 385 886	9 245 774	1 239 411	7 211 909	8 451 320	794 454
JAN 1997	794 454	579 366	1 373 820	76 458	568 026	644 484	696 487
FEB	696 487	503 780	1 200 267	86 457	390 047	476 504	723 763
MAC	723 763	684 949	1 408 712	137 307	579 642	716 949	691 763
APR	691 763	738 077	1 429 840	135 360	579 211	714 571	715 269
MAY	715 269	792 767	1 508 036	137 134	645 515	782 649	725 387
JUN	725 387	791 426	1 516 813	79 887	630 195	710 082	806 731
JUL	806 731	833 302	1 640 033	106 859	747 591	854 450	785 583
AUG	785 583	865 225	1 650 808	146 775	675 446	822 221	828 587
SEP	828 587	937 694	1 766 281	113 464	745 776	859 240	907 041
OCT	907 041	917 660	1 824 701	158 428	637 724	796 152	1 028 549
NOV	1 028 549	800 723	1 829 272	54 286	640 418	694 704	1 134 568
DEC	1 134 568	623 759	1 758 327	145 465	650 380	795 845	962 482
TOTAL^a		9 068 728			7 489 971		
JAN 1998	962 482	513 716	1 476 198	101 212	660 776	761 988	714 210
FEB	714 210	601 251	1 315 461	40 367	537 347	577 714	737 747
MAC	737 747	598 622	1 336 369	126 900	582 713	709 613	626 756
APR	626 756	618 289	1 245 045	60 876	551 472	612 348	632 697
MAY	632 697	642 676	1 275 373	94 261	531 270	625 531	649 842
JUN	649 842	701 169	1 351 011	72 853	583 702	656 555	694 456
JUL	694 456	772 517	1 466 973	87 515	631 804	719 319	747 654
AUG	747 654	843 062	1 590 716	156 735	759 565	916 300	674 416
SEP	674 416	875 109	1 549 525	743 32	756 403	830 735	718 790
OCT	718 790	794 307	1 513 097	84 623	769 725	854 48	658 749
NOV	658 749	734 767	1 393 516	96 473	532 868	629 341	763 424
DEC ^b	763 424	NA	NA	NA	NA	NA	NA

a Summation of the months totals do not always equate to the total for the year because of the adjustments made to the latter are not incorporated into the former.

b Preliminary NA-not available

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

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

Countries	1996	1997	Jan - Oct 1997	Jan - Oct 1998
India	1 027 048	963 642	829 435	1 253 339
Pakistan	1 159 406	1 132 988	828 372	865 199
China PR	873 616	1 065 393	926 000	777 401
EU (15)	738 130	729 117	579 235	907 173
- UK	(74 686)	(58 136)	(48 588)	(43 996)
- Netherlands	(341 638)	(350 872)	(272 830)	(566 719)
- Spain	(50 740)	(73 372)	(60 562)	(46 572)
USA	105 197	113 549	90 878	101 566
Indonesia	93 294	100 901	102 264	608
Egypt	346 919	333 511	258 786	290 677
UAE	80 242	106 723	84 658	96 944
Saudi Arabia	149 019	134 182	118 238	126 663
Singapore	240 269	308 217	233 768	231 400
Japan	359 809	358 947	293 401	285 088
Jordan	111 627	230 774	212 529	84 879
Rep. of Korea	183 691	182 486	149 570	120 162
Australia	88 752	95 587	87 924	76 976
Turkey	163 035	237 390	180 180	123 221
Hong Kong	336 178	221 905	175 623	76 921
Yemen	68 585	48 815	46 279	73 300
Myanmar	188 361	158 921	141 971	171 946
Bangladesh	102 887	141 666	109 970	59 888
South Africa	173 473	183 703	155 760	124 882
Rest of the World	622 371	641 554	594 332	514 801
Total	7 211 909	7 489 971	6 199 173	6 363 034

Note: Figures in brackets denote sub-totals of EEC.

EEC - 12 countries till 1994

EU - 15 countries effective 1995

TABLE 3. MALAYSIAN EXPORTS OF PALM OIL PRODUCTS TO MAJOR DESTINATIONS (tonnes)

Countries	1996	1997	Jan-Oct	Jan-Oct
			1997	1998
CHINA PR	873 615.95	1 065 393.17	925 999.89	777 401.07
- CPO	-	-	-	13 617.19
- CPL	34 031.78	72 178.41	72 178.41	19 438.72
- RBDPO	111 691.02	89 746.61	71 027.19	141 847.93
- RBDPS	55 764.12	66 780.40	55 612.71	33 569.44
- RBDPL	642 442.36	777 051.42	677 093.42	557 660.96
- CO	-	38.00	38.00	957.20
- PFAD	-	249.43	249.43	500.08
- BPO	26 707.10	55 349.81	45 801.64	9 798.55
- RPO	2 979.57	-	-	-
- CPS	-	3 999.09	3 999.09	-
- HPO	-	-	-	10.00
- HPS	-	-	-	1.00
PAKISTAN	1 159 405.75	1 132 987.86	828 371.89	865 198.77
- RBDPO	1 054 705.20	1 035 339.13	762 948.72	822 075.39
- RBDPS	5 481.67	3 492.73	3 492.73	746.25
- RBDPL	45 399.11	61 295.24	37 450.68	20 331.87
- PFAD	41 458.89	22 323.13	16 140.82	12 661.53
- PAO	11 756.65	10 517.63	8 318.94	9 383.73
- NBDPO	101.08	-	-	-
- NBDPL	8.50	-	-	-
- NBPL	494.65	-	-	-
- CO	-	-	-	-
- HPS	-	20.00	20.00	-
INDIA	1 027 048.11	963 641.61	829 434.54	1 253 339.34
- RBDPO	20 366.95	32 571.24	30 653.64	17 446.73
- RBDPS	1 885.69	3 249.48	3 176.98	7 273.63
- CPL	11 540.42	6 702.46	1 711.79	17 110.13
- RBDPL	922 244.22	821 935.06	706 299.86	1 154 153.87
- PFAD	35 440.92	65 375.19	54 281.45	39 104.51
- CPS	34 698.82	32 037.93	32 037.93	16 107.57
- CO	58.14	1 149.93	1 149.93	41.32
- HPFA	599.75	546.86	-	-
- HPS	-	73.46	73.46	40.00
- PAO	213.20	-	-	1 632.58
- RBDHS	-	-	49.50	429.00

EU	738 130.07	729 117.34	579 234.72	907 173.48
- CPO	21 816.17	-	-	-
- NBDPO	8 401.54	11 168.50	9 704.46	10 401.22
- RBDPO	186 107.28	171 866.80	129 831.12	449 433.89
- CPS	4 047.12	841.42	841.42	-
- RBDPS	181 700.30	207 801.29	155 792.31	179 333.73
- NBDPL	9 338.45	3 458.48	3 458.48	-
- RBDPL	202 368.35	212 040.24	185 725.86	200 101.73
- PFAD	88 692.88	85 868.48	66 297.24	46 987.10
- HPFAD	2 024.82	3 101.66	1 498.28	1 834.43
- CO	194.68	9.59	-	500.56
- RBDHPO	-	498.41	498.41	-
- HPFA	535.59	1 266.32	757.18	39.85
- PAO	30 112.92	29 315.68	23 267.14	18 212.54
- RBDHS	250.37	-	-	-
- RBDHSF	19.00	-	-	-
- RBDHPL	-	-	-	14.00
- HPS	-	26.00	26.00	20.00
- CPL	1 000.60	-	-	-
- NPL	1 520.00	109.44	72.96	164.16
- NPO	-	21.18	21.18	30.27
- NBPO	-	1 723.85	1 442.68	-
- RPO	-	-	-	-
- HPO	-	-	-	-
JAPAN	359 809.11	358 947.05	293 401.14	285 087.70
- CPO	33 744.57	31 302.78	28 303.51	25 289.34
- RBDPO	176 405.01	161 834.02	131 062.36	129 521.96
- RBDPS	32 237.32	28 523.70	24 481.83	22 334.49
- RBDPL	116 817.60	136 381.17	108 610.68	105 996.95
- NBDPS	-	-	18.61	-
- NBDPL	-	-	19.34	-
- PFAD	513.00	41.33	41.33	642.08
- CO	33.65	23.80	23.80	94.96
- NPL	19.72	39.45	38.88	1 167.35
- NPO	-	-	-	0.57
- HPS	-	2.50	2.50	40.00
- RBDHS	20.00	-	-	-
- CPL	18.24	798.30	798.30	-
EGYPT	346 919.44	333 511.45	258 785.69	290 677.02
- CPO	12 423.72	-	-	-
- RBDPO	216 300.63	249 822.40	185 790.00	239 933.01
- RBDPS	78 083.88	54 590.55	48 579.05	34 111.05
- RBDPL	40 111.21	23 518.23	20 021.23	11 878.03
- HPO	-	600.00	400.00	270.60
- CO	-	20.73	20.73	-
- RBDHS	-	-	-	12.50
- CPS	-	4 959.54	3 974.68	4 471.83

SINGAPORE	240 269.21	308 216.68	233 768.39	231 400.01
- CPL	6 520.02	3 007.95	3 007.95	1 362.93
- NBDPO	315.78	22.80	-	11.40
- RBDPO	13 933.32	19 651.37	5 061.75	24 478.24
- RBDPS	17 444.98	10 642.53	7 624.31	11 309.18
- RBDPL	161 521.91	270 760.47	213 997.21	173 286.66
- PFAD	38 115.97	3 764.39	3 710.00	5 722.64
- CO	1 465.71	99.39	99.39	90.00
- RBDHPL	113.58	-	-	-
- HPL	100.00	140.00	140.00	192.00
- HPS	439.53	39.78	39.78	176.78
- HPO	259.00	80.00	80.00	60.00
- CPS	-	-	-	14 693.68
- NPL	39.41	8.00	8.00	-
- RBDHS	-	-	-	16.50
JORDAN	111 626.46	230 774.16	212 528.99	84 878.70
- RBDPO	56 093.16	151 863.84	144 647.13	65 298.53
- RBDPS	22 013.77	28 483.95	27 486.36	6 941.06
- RBDPL	28 882.29	49 880.96	39 887.69	9 700.15
- PFAD	4 637.24	507.81	507.81	2 938.46
- HPO	-	37.60	-	-
- CO	-	-	-	0.50
TURKEY	163 034.83	237 389.97	180 179.56	123 221.44
- RBDPO	80 652.47	127 944.49	91 251.25	36 070.46
- RBDPS	21 121.43	31 881.29	25 121.22	15 808.05
- RBDPL	60 107.90	72 880.63	59 616.47	70 297.50
- PFAD	999.81	3 683.70	3 190.76	904.22
- NBDPS	-	999.86	999.86	-
- RBDHPO	2.50	-	-	-
- RBDHS	16.50	-	-	32.30
- RBDHSF	11.00	-	-	-
- CO	123.22	-	-	20.41
- HPS	-	-	-	88.50
S. AFRICA	173 472.83	183 702.61	155 759.50	124 882.22
- CPL	5 663.87	1 081.17	1 081.17	998.25
- RBDPO	3 349.28	3 189.30	2 738.97	1 493.70
- RBDPS	80 258.33	97 553.70	84 769.84	60 780.27
- RBDPL	55 952.32	52 352.55	41 830.27	36 671.84
- PFAD	23 035.08	27 310.87	23 414.79	19 337.78
- CO	1 367.44	210.59	210.59	175.54
- PAO	995.28	248.60	248.60	1 906.23
- RBDHPL	1 799.78	822.94	672.38	-
- RBDHS	-	-	-	19.20
- HPL	1 031.95	523.68	523.68	299.80
- HPO	19.50	160.00	20.00	1 640.00
- HPFAD	-	-	-	61.00
- CPS	-	249.21	249.21	1 498.61

S. KOREA	183 690.46	182 485.64	149 570.70	120 161.68
- RBDPO	103 215.13	106 241.71	85 573.11	69 012.53
- HPS	16.50	-	-	-
- RBDPS	33 214.58	19 907.40	14 789.87	6 577.63
- RBDPL	43 749.24	55 960.14	48 898.72	44 323.52
- CPS	1 499.01	-	-	-
- HPL	1 496.00	309.00	309.00	-
- RBDHS	-	-	-	231.00
- NBDPL	500.00	-	-	-
- CO	-	67.77	-	-
- PFAD	-	-	-	17.00
MYANMAR	188 360.65	158 920.86	141 970.80	171 945.70
- RBDPO	16 962.08	-	-	2 861.35
- RBDPS	2 464.62	-	-	479.93
- RBDPL	166 054.01	153 000.16	137 448.72	163 539.76
- PFAD	811.03	3 615.51	2 384.47	4 644.12
- CO	173.58	505.44	337.86	247.76
- PAO	390.72	-	-	-
- HPO	-	-	-	36.48
- HPS	-	-	-	18.24
- CPS	1 504.61	1 799.75	1 799.75	118.06

Note:

CPL	-	Crude Palm Olein
CPO	-	Crude Palm Oil
CPS	-	Crude Palm Stearin
NPO	-	Neutralised Palm Oil
NPL	-	Neutralised Palm Olein
NPS	-	Neutralised Palm Stearin
NBDPO	-	Neutralised Bleached Deodorised Palm Oil
HPFA	-	Hydrogenated Palm Fatty Acid
CO/DBL Olein	-	Cooking Oil/Double Olein
NBDPL	-	Neutralised Bleached Deodorised Palm Olein
NBDPO	-	Neutralised Bleached Deodorised Palm Oil
NBDPS	-	Neutralised Bleached Deodorised Palm Stearin
RBPO	-	Refined Bleached Palm Oil
HPL	-	Hydrogenated Palm Oil
PAO	-	Palm Acid Oil
PFAD	-	Palm Fatty Acid Distilled
RBDHPO	-	Refined Bleached Deodorised Hydrogenated Palm Oil
RBDHPL	-	Refined Bleached Deodorised Hydrogenated Palm Olein
RBDHPS	-	Refined Bleached Deodorised Hydrogenated Palm Stearin
RBDPO	-	Refined Bleached Deodorised Palm Oil
RBDPL	-	Refined Bleached Deodorised Palm Olein
RBDPS	-	Refined Bleached Deodorised Palm Stearin
HPFAD	-	Hydrogenated Palm Fatty Acid Distilled
HPS	-	Hydrogenated Palm Stearin
RPS	-	Refined Palm Stearin
HPO	-	Hydrogenated Palm Oil

Source: PORLA.