Expected Malaysian Palm Oil Production in 1999 and Factors for the Low Production in 1998

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ABSTRAK

Pengeluaran minyak sawit Malaysia pada tahun 1998 dijangka berada di paras yang rendah iaitu 8.3-8.5 juta tan berbanding dengan 9.057 juta tan pada tahun lepas. Ini bermakna pengeluaran telah merosot sebanyak 6% - 8%. Kemerosotan ini adalah yang paling serius dalam tempoh 15 tahun ini. Kemerosotan yang serius ini mungkin disebabkan oleh tiga faktor. Pertama, pengeluaran minyak sawit telah mencapai tahap maksimum pada tahun 1997 dalam putaran empat tahunan. Oleh itu, pengeluaran dijangka akan merosot pada tahun ini. Musim kemarau akibat kesan El Niño *merupakan faktor kedua, manakala jerebu yang berlaku pada tahun lepas mungkin merupakan faktor ketiga yang menyebabkan pengeluaran minyak sawit berkurangan pada tahun ini. Walau bagaimanapun, penambahan sebanyak 13% dalam kawasan sawit yang matang di Malaysia Timur dijangka akan menyebabkan pengeluaran minyak sawit Malaysia mencapai 9.04 juta tan pada tahun 1999.*

INTRODUCTION

Total Malaysian crude palm oil (CPO) production to October 1998 was only 6.96 million tonnes which was 0.35 million tonnes below the forecast of 7.312 million tonnes. Total production for the full year of 1998 is likely to be as low as 8.3-8.5 million tonnes as compared with the original forecast of 8.8 million tonnes (Chow, 1997). This means a decrease in production by about 6% - 8% from the 9.057 million tonnes of 1997. The drop is the most drastic in the past 15 years (a more severe drop of 14% was in 1983).

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LOW YIELD IN 1998

The significant decrease in production in 1998 is the results of at least two apparent factors. The first factor is obvious as the palm yield was at its peak of the four-yearly cycle in 1997 and was expected to decline in the year that followed (Chow, 1997). The second factor seems nothing else but the dry spell brought about by the *El Niño* effects. However, it may be observed that average monthly rainfall in Peninsular Malaysia during the comparatively dry months of May-September, 1997 was respectively (in mm): 101, 139, 125, 138 and 117 with average 124 mm. When this is compared with the Peninsular average rainfall of the same months (with average of 166 mm) (Chow, 1992), the deficit of rainfall does not seem sufficient to account for a severe drought as deemed. Conditions in East Malaysia was in fact better as average monthly rainfall that was less than 200 mm (but more than 100mm) was not more than two consecutive months.

The major effects of draught on the oil palm yield are usually observed 10 months and 24 months later. As low rainfall (<100mm) for continuously more than two months will have significant effects on the palm yield, the indication from the above would imply moderate effect, at most, of the dry weather in 1997 (and the first quarter of 1998 in Peninsular Malaysia) on palm yield in 1998. Reduction in palm oil production due to dry weather conditions over this period is expected to be about 3% at most. However, the observed yield drop in 1998 has certainly exceeded factors attributable to cycle and dryness.

While the palm oil industry was anxious over the dry weather in 1997, concern was particularly keen when an intense haze during much of the second half of the year blanketed the country. It has been reported that with the reduction in sunshine, the harvests of some annual crops, *e.g.* the maize has been significantly reduced. The question naturally asked has been whether the haze would also affect the yield of oil palm and/or the oil extraction rate (OER).

In an analysis on data of recent years, positive effects of sunshine hours on OER, being substantial at 7-9 months before harvest (mbh) and significant at 18-20 mbh, were observed (Chow and Chang, 1998). The lower OER over at least the first eight months (decreasing from February to June) in 1998 was believed to be the result of a low sunshine hour of rather long duration in 1996 as well as the very dense haze in the second half of 1997. Although low OER need not necessarily associate with low yield in the past (*e.g.* low OER but high yield in 1993), substantially low OER coupled with low yield would likely signify a rather drastic situation. It seems therefore that the haze in 1997 is likely an additional factor explaining the drastic yield drop in 1998.

CPO PRODUCTION IN 1999

Malaysian palm oil production in 1999 is expected to be 9.04 million tonnes *(Table 1)*, despite the adverse weather conditions in 1997-1998. The expected substantial increase in production over 1998 is explained by a 13% increase in mature area in East Malaysia (there was a 10% increase in 1998). The expected 6.27 million tonne from Peninsular Malaysia *(Table 1)* is in fact lower than the 6.4 million tonnes production in 1996 (and 6.6 million tonnes in 1997). As low OER has been predicted (Chow and Chang, 1998) for Peninsular Malaysia in the first half of 1999 because of the haze in 1997, adjustment for the expected production has therefore been provided.

CONCLUSIONS

The significant decrease in production in 1998 is apparently the results of three factors. First, the palm yield was at its

TABLE 1. PREDICTED MONTHLY CPO PRODUCTION, 1999 (in '000 tonnes)

Month	Peninsular Malaysia	East Malaysia	Total
Jan	390	192	582
Feb	385	165	550
Mar	452	190	642
Apr	464	217	681
May	475	250	725
Jun	471	223	694
Jul	567	250	817
Aug	614	250	864
Sep	677	270	947
Oct	666	283	949
Nov	618	247	865
Dec	495	233	728
Total	6274	2770	9044

peak of the four-yearly cycle in 1997 and was expected to decline in 1998. Secondly, the *El Niño* effects brought about the dry spell. The severe haze in 1997 is likely the third factor explaining the drastic yield drop in 1998.

Malaysian palm oil production in 1999 is expected to be 9.04 million tonnes. The substantial increase over 1998 is due to a 13% increase in mature area in East Malaysia.

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