

Supply and Disappearance – A Review

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The year 1993 was a robust one for oil palm in Malaysia. Production of CPO was 7.403 million tonnes registering an increase of 1.029 million tonnes or 16 percent over production in the year before (*Table 1*). Monthly production during 1993 was higher than that of the corresponding months of the previous year. The significant increase in production in 1993 is attributed to the palm getting over the four-year stagnation cycle beginning in 1989.

Though the production increased in 1993 by 16 percent, the yield could have been higher if the problems of labour shortage were fully resolved. The labour problems were believed to have led to loose fruits not being collected in most oil palm schemes and plantations resulting in a decline in the average oil extraction rate. Statistics for the first two months of 1994 showed that production of CPO in Malaysia was 984 540 tonnes, an increase of 118 298 tonnes or 13% over that of the same period the year before. The palms are anticipated to undergo production stress in 1994 and it is thus forecast that production in 1994 would be about 7.52 million tonnes.

Stocks of palm oil at the beginning of 1993 were 660 539 tonnes and lower than the beginning stock in 1992 by 26 882 tonnes. Since 7.4 million tonnes were produced in 1993 approximately 8 million tonnes of palm oil were available for trade from Malaysia. Cumulative exports of palm oil by Malaysia in 1993 were 5.98 million tonnes and exceeded the total exports of the previous year which were 5.555 million tonnes.

Since ending stocks in December 1993 were 1.170 million tonnes, this means that 911 813 tonnes of palm products were utilised locally by the population for food and as frying oil as well as by the oleochemical sector. The amount of palm oil available for trade in 1994 is estimated at 8.7 million tonnes. Major importers of Malaysia's palm products for 1991 to 1993 are shown in *Table 2*.

Pakistan continued to be the largest importer of Malaysian palm oil. Her imports in 1993 totalled 1.024 million tonnes which was an increase

over the same period the previous year when 866 623 tonnes were imported. Among the palm products imported during the first nine months in 1993 were 715 446 tonnes RBD palm oil, 16 936 tonnes RBD olein, 277 tonnes RBD stearin and 32 048 tonnes of other processed palm products. Her imports thus contributed to 17.6 per cent of the total exports of Malaysian palm oil products. RBD palm oil is the major palm product used in the formulation of vegetable ghee where its content ranges from 70-100 per cent. RBD olein, on the other hand, is used to produce blended vegetable ghee after hydrogenation. Among the factors contributing to the increase in imports were the decline in cottonseed production, the low stocks of oils and fats in the country, the declining imports of tallow since October 1992 due to health reasons and her increasing domestic oils and fats disappearance. It is expected that imports of palm products from Malaysia will continue to be high in the future due to important palm oil related developments in the country. These developments include, among others, the signing of a joint venture agreement between Malaysia and Pakistan for a palm oil bulking installation and refinery to be installed at Port Qasim near Karachi. The multicentric nutrition study on palm oil and the commissioning of two new palm oil nutrition research projects at the Aga-Khan Medical University and the Armed Forces Institute of Technology have been completed. It is expected that the findings will further support the wholesomeness of Malaysian palm oil.

China was the second largest importer of palm oil from Malaysia in 1993. She imported 752 185 tonnes in 1993 which was an increase of 194 398 tonnes over the previous year. Her imports during January-September 1993 comprised 396 377 tonnes RBD olein, 71 010 tonnes RBD palm oil, 64 850 RBD stearin, 30 916 tonnes crude olein and 252 000 tonnes of other palm oil products. The palm products imported by China were used for the manufacture of snack food and frying of instant noodles. Margarine and shortening for different applications are on the increase and RBD palm oil and RBD olein are currently widely used. Tourist related businesses which include hotel catering,

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	3 714 795	3 857 543	233 301	3 183 451	3 416 752	440 791
1985	440 791	4 134 463	4 575 254	289 152	3 434 025	3 723 177	852 077
1986	852 077	4 542 249	5 394 326	269 922	4 558 806	4 828 728	565 598
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	845 230	5 555 113	6 400 343	660 539
JAN 1993	660 539	424 601	1 085 140	68 547	484 648	553 195	531 945
FEB	531 945	441 641	973 586	64 089	448 463	512 551	461 035
MAR	461 035	444 052	905 080	48 571	397 062	445 633	461 706
APR	461 706	612 716	1 074 422	57 250	525 721	577 003	497 460
MAY	497 460	610 759	1 108 219	62 183	477 277	539 460	568 759
JUN	568 759	629 429	1 198 188	110 711	429 882	540 593	657 595
JUL	657 595	677 414	1 335 009	78 852	571 429	650 281	684 728
AUG	684 728	737 504	1 422 232	78 931	505 700	584 631	837 601
SEP	837 601	820 362	1 657 963	82 725	549 309	632 034	1 025 929
OCT	1 025 929	771 240	1 797 169	96 532	588 836	685 368	1 111 801
NOV	1 111 801	668 625	1 780 426	91 531	534 623	626 154	1 154 272
DEC	1 154 272	564 588	1 718 860	80 153	467 835	547 988	1 170 872
TOTAL		7 402 931			5 980 785		
JAN 1994	1 170 872	536 110	1 706 982	102 143	650 898	753 041	953 941
FEB	953 941	448 430	1 402 371	99 098	571 919	671 017	731 354 ^b
MAR	731 354 ^b	N.A	N.A	N.A	N.A	N.A	N.A

* Summation of the month's totals do not always equate to the total for the year, because 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	1991	1992	1993
India	157 283	125 620	80 085
Pakistan	967 834	866 623	1 024 044
China	640 956	557 787	752 185
EEC	637 362	643 424	523 280
UK	47 585	96 898	111 535
Netherlands	285 350	255 729	205 138
Germany	35 890	73 075	60 444
USA	144 388	211 463	258 206
Iran	2898	7 620	56 569
Iraq	0	-	-
Indonesia	26 373	265 721	126 916
Egypt	288 530	301 840	419 553
USSR	99 304	26 297	-
Saudi Arabia	104 417	117 419	112 069
Singapore	725 202	708 852	528 254
Japan	309 145	303 029	339 651
Jordan	54 285	88 229	174 691
Republic of Korea	212 176	195 309	186 367
Australia	49 698	67 282	88 649
Turkey	195 184	148 849	184 969
Yemen	93 021	117 930	123 377
Mozambique	20 207	7 262	23 844
Bangladesh	55 701	70 573	106 972
Kenya	2 247	40	24 470
Rest of the World	778 053	733 863	846 634
Grand Total	5 564 264	5 565 032	5 980 785

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

the fast food sector and the general manufacturing sector also utilised palm products. Blending of palm products with other local oils is currently being promoted intensively and once popularised is expected to further increase the consumption of palm products in China. Specialty fats is yet another area where palm products are currently utilised. The increase in imports of palm products in 1993 over 1992 were also brought about by the development of new joint-venture refineries and port facilities in China. High domestic demand for oils and fats also contributed to the sharp increase in imports of palm products.

With imports of 528 254 tonnes Singapore was the third largest importer of Malaysian palm products in 1993. Among others she imported 264 888 tonnes RBD olein, 53 716 tonnes RBD palm oil, 31 186 tonnes RBD stearin, 2 507 tonnes CPO and 1 163 tonnes crude olein during the first three quarters of 1993. Most of the imports are however re-exported.

The EEC as a region imported 523 380 tonnes of palm products during 1993 making her the

fourth largest importer of Malaysian palm products. Among the EEC countries, the Netherlands continued to be the largest importer of palm oil with imports of 205 138 tonnes or accounting for 39 per cent of total imports of Malaysian palm oil by the EEC. The palm products imported by the Netherlands were 95 761 tonnes RBD palm oil, 35 124 tonnes RBD stearin, 17 773 tonnes RBD olein and 1 702 tonnes other palm products. Malaysian palm products imported by the EEC accounted for approximately 37 per cent of total imports of palm oil by the region. More Malaysian palm oil would have been imported if the import duty difference of 8 per cent for processed palm products over CPO was narrowed. It is anticipated that imports of palm oil in the future would increase due to the CAP reform which was finally endorsed by the French. Under the CAP reform, EC oilseeds production should decrease from 12.4 million tonnes to stabilise at less than 10 million tonnes per annum. Nevertheless imports of palm products will face challenges especially with the release of EC Council Directive 93/43/EEC on the hygiene of foodstuffs on 14th June 1993. This Directive provides guidelines to avoid possible contamination