

Supply and Disappearance – A Review

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The year 1993 was a very productive year for the oil palm in Malaysia. Production of palm oil increased from 6.37 million tonnes in 1992 to reach 7.4 million tonnes in 1993 giving an increase of 1.03 million tonnes or an increase of 16 percent. As anticipated, the golden crop of Malaysia went into its resting stage in 1994. Accentuated by the haze, total production was 7.22 million tonnes, a decline of 181 000 tonnes or 2.4 percent over

production of 1993. Monthly production for the first quarter of 1994 were higher than that of the corresponding period in 1993 (*Table 1*). However monthly production from April–September 1994 were much lower than that of the corresponding months in 1993. Eventhough its production gradually increased, it was only from October 1994 to the end of the year that monthly production were higher than that produced in the corresponding

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

Year	Beginning Stock	SUPPLY			DISAPPEARANCE		Ending Stock
		Production	Total	Adjusting Balance	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	835 311	5 565 032	6 400 343	660 539
JAN 1993	660 539	424 602	1 085 141	63 482	489 714	553 196	531 945
FEB	531 945	441 641	973 586	60 402	452 149	512 551	461 035
MAR	461 035	444 052	905 080	41 228	402 817	444 945	461 706
APR	461 706	612 716	1 074 422	41 935	535 027	576 962	497 460
MAY	497 460	610 760	1 108 220	54 667	484 974	539 641	568 579
JUN	568 759	629 429	1 198 188	87 326	453 267	540 593	657 595
JULY	657 595	677 414	1 335 009	78 852	571 429	650 281	684 728
AUG	684 728	737 504	1 422 232	68 941	515 690	584 631	837 601
SEP	837 601	820 362	1 657 963	82 725	549 309	632 034	1 025 904
OCT	1 025 929	771 242	1 797 171	96 534	588 836	685 368	1 111 801
NOV	1 111 801	668 658	1 780 459	91 564	534 623	626 187	1 154 272
DEC	1 154 272	565 118	1 719 390	80 683	467 835	548 518	1 170 872
Total^a		7 403 498			6 045 670		
JAN 1994	1 170 872	536 110	1 704 805	104 676	650 898	755 574	949 231
FEB	949 231	448 444	1 397 675	93 099	572 386	665 486	732 190
MAR	732 190	474 587	1 206 777	62 073	553 657	615 730	591 047
APR	591 047	511 010	1 102 057	51 626	557 484	609 477	492 580
MAY	492 580	517 323	1 009 903	71 278	484 030	555 308	454 595
JUN	454 595	559 737	1 014 322	111 408	432 491	543 899	470 423
JUL	470 423	612 267	1 082 690	68 410	562 805	631 215	451 475
AUG	451 475	688 710	1 140 185	57 131	582 619	639 750	500 435
SEP	500 435	750 014	1 250 449	60 048	563 113	623 161	627 288
OCT	627 288	789 731	1 417 019	118 116	584 850	702 966	714 053
NOV	714 053	675 201	1 389 254	109 668	584 374	694 042	695 212
DEC	695 212	659 328	1 354 540	82 768	522 033	604 801	749 739 ^b
TOTAL^a		7 222 462			6 651 104		

^aSummation of the month's total do not always equate to the total for the year, because adjustments made to the latter are not incorporated into the former.

^bPreliminary

NA not available

Source: Palm Oil Update, PORLA (various issues)

months in 1993. In 1995 production of palm oil is forecast to be about 7.7 million tonnes.

Stock carry over into 1995 at 0.749 million tonnes was very much lower than that in 1994 which was 1.17 million tonnes. Based on expected production in 1995 and stocks at beginning of the year, total availability of palm oil for trade in 1995 is estimated at 8.449 million tonnes or 56 000 tonnes in excess of the quantum available in the previous year. Total palm oil available for trade in 1994 was 8.39 million tonnes. It is anticipated that the year 1995 will be another favourable one for palm oil since the production of other oilseed crops is not expected to increase dramatically.

1994 was a good year for palm oil trade with an export of 6.65 million tonnes. This was an increase of about 0.6 million tonnes or 10 percent over exports of the previous year which totalled 6.04 million tonnes. The major importers of Malaysian palm products for January–November 1993 and 1994 are shown in Table 2.

China was the largest importer of Malaysian palm products in the first eleven months in 1994. Total imports during the period were 1.279 million

tonnes, an increase of 0.58 million tonnes over the same period in the previous year where she imported 698 224 tonnes. Her imports during the period in 1994 comprised 918 276 tonnes RBD palm olein, 179 352 tonnes RBD palm oil, 167 223 tonnes RBD palm stearin, 14 434 tonnes crude palm olein and 55 tonnes RBD palm olein. Imports of RBD palm olein during the period in 1994 were more than doubled that for January–November 1993 which was at 420 088 tonnes. The increase in imports of palm products were brought about by lower local production of cultivated oilseeds crops due to severe cold and very low stock levels of oils and fats especially in the country. Improvement in the foreign exchange system where the dual track exchange rate system was abolished and replaced by a managed floating system resulted in a uniform and stable exchange rate which enhanced imports of palm oil. Traders found it easier to obtain foreign exchange. Eventhough prices of oils and fats were high in 1994, the removal of duty on imports of oils and fats during the second half of 1994 encouraged more imports. Among the other factors contributing to the increase in imports of palm oil are the rapid economic development in the country together with rising income as well as

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

Countries	1992	1993	Jan-Nov 1993	Jan-Nov 1994
India	125 620	82 552	82 536	217 432
Pakistan	866 623	1 040 290	942 467	1 015 924
China PR	557 787	769 256	698 224	1279 341
EEC	643 424	531 102	503 057	588 816
UK	(96 898)	(113 485)	(110 231)	(134 927)
Netherlands	(255 729)	(208 877)	(201 598)	(255 473)
Germany	(73 075)	(60 915)	(60 499)	(43 069)
USA	211 463	259 196	238 769	151 481
Iran	7 620	57 571	57 571	36 512
Iraq	-	5 399	5 399	0
Indonesia	265 721	126 916	112 540	112 104
Egypt	301 840	424 856	412 476	321 501
USSR	26 297	4 464	4 464	7 434
Saudi Arabia	117 419	112 069	105 951	119 509
Singapore	708 852	528 753	475 066	345 396
Japan	303 029	339 120	318 633	307 062
Jordan	88 229	178 690	165 338	184 948
Rep. of Korea	195 309	188 371	171 456	152 132
Australia	67 282	88 649	77 284	91 682
Turkey	148 849	185 469	167 752	160 729
Yemen	117 930	123 377	111 024	59 667
Mozambique	7 262	23 844	14 261	3 199
Bangladesh	70 573	106 972	94 508	68 236
Kenya	40	24 970	22 653	22 605
Rest of the World	733 863	843 780	796 407	883 362
Grand Total	5 565 032	6045670	5 577 835	6 129 072

Note:

() Figures in brackets denote sub-totals for EEC

Source: PORLA

the development of high grade cooking oils to replace the lower grade widely consumed oils in China. The blending of cooking oil to replace single component cooking oil, improvement in the nutritional balance and the development of specialty fats contributed to the increased uptake of palm oil products by China.

Pakistan was the second largest importer of Malaysian palm products in January–November 1994 with imports at 1.016 million tonnes. During the same period in the previous year her imports totalled 0.942 million tonnes. RBD palm oil was the major oil imported which at 887 503 tonnes accounted for 87 percent of total palm products imported from Malaysia. The other products imported were 60 825 tonnes RBD palm olein, 44 467 tonnes PFAD, 21 530 tonnes palm acid oil and 1 512 tonnes RBD palm stearin. The increased imports of palm products were due to a decline in her cotton production by 30 percent, her rejection of US PL-480 assistance and the flow of vegetable ghee to other countries. Import tariffs for palm oil were also favourable and the reactivation of the GCP as well as the utilization of the Malaysian palm oil credit scheme also resulted in the increase in imports of Malaysian palm oil. The country also continued to maintain the share of palm oil in the vegetable ghee blend at between 70–100 percent.

The European Community was the third largest importer of Malaysian palm products during the first eleven months of 1994. Total imports during the period in 1994 was 0.59 million tonnes while 0.5 million tonnes were imported during the same period in the previous year giving an increase of 17.7 percent. Among the EEC countries, the Netherlands continued to be the largest importer of Malaysian palm oil products. Her imports during January–November 1994 were 255 473 tonnes, while during the same period in 1993 her imports totalled 201 598 tonnes. The United Kingdom was the second largest importer with imports increasing from 110 231 tonnes to 134 927 tonnes in the first eleven months in 1993 and 1994 respectively. Among the palm products imported by the EEC during the eleven months of 1994 were 188 537 tonnes RBD palm olein, 140 661 tonnes RBD palm oil, 118 709 tonnes RBD palm stearin, 86 809 tonnes PFAD, 24 377 tonnes NBD palm olein, 11 872 tonnes palm acid oil and 7 788 tonnes crude palm oil. The EEC continued to be sensitive towards trans-fatty acids in hydrogenated

palm products leading to food manufacturers reducing the level of trans-fatty acid in their popular brand of margarines from 10 percent to 1.5 percent. From an interview between the Harvard Medical School and the BBC radio programme, it was declared that the use of palm and olive oils should help reduce coronary heart diseases. These could be the factors contributing to the increase in imports of palm products.

Singapore was the fourth largest importer of Malaysian palm products during January–November 1994 where she imported a total of 345 396 tonnes. A wide variety of palm products were imported amongst which the majority were RBD palm olein which totalled 235 102 tonnes and accounted for 68 percent of the total palm products purchased by the country. As usual, most of the palm products were however re-exported.

The fifth largest importer of Malaysian palm products was Egypt. Imports of palm products declined in the first eleven months in 1994 where she imported 321 501 tonnes against 412 476 tonnes or by 22 percent. The decline was mainly brought about by the high prices of vegetable oils and fats including palm oil especially in 1994. Among her imports during the eleven months of 1994 were 166 592 tonnes RBD palm oil, 93 379 tonnes RBD palm stearin and 59 960 tonnes RBD palm olein. Palm oil is mostly utilized in the manufacture of vegetable ghee or shortening while palm stearin for other food and non-food applications. The non-food applications are mainly for soap and it is anticipated that more palm stearin would be used for soap in place of tallow. The use of palm stearin to replace tallow is increasing due to the better soap yield, higher quality and a cleaner material to handle. Palm olein is utilised in the cooking/frying oil sector either as a single oil in summer or blended in winter.

Japan, the sixth largest importer of Malaysian palm products, imported 307 062 tonnes during the eleven months of 1994. The major palm products imported were 141 574 tonnes RBD palm oil, 97 726 tonnes RBD palm olein, 46 302 tonnes RBD palm stearin and 18 905 tonnes crude palm oil. Palm products are utilized in various applications both in the food and non-food sectors. As far as oils and fats are concerned, the market for Japan is considered to be established and it is anticipated there would be minimal increases in imports.