

Supply and Disappearance: A Review

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A smooth increase in Malaysian palm oil production throughout the decade, at some 9% per annum, has boosted confidence in the palm oil industry to further enhance its prospects of remaining the world's largest producer of palm oil. Although there was a slight drop in palm oil production in 1994 at 7 220 631 tonnes from 7.4 million tonnes in 1993, the production of palm oil is predicted to improve this year.

The year started with 617 293 tonnes of palm oil being produced in January 1995, a decline by 6.4% over production of December the previous year but an increase of 15% over the corresponding month in 1994. Monthly production in the first half of 1995 exceeded that of the same months in 1994. The first half of this year's production has increased to 3 490 528 tonnes or by 14.6% over production of the same period the previous year (*Table 1*). Hence palm oil production in 1995 is expected to be 7.7 million tonnes, that is, following the long term trend of production.

Total availability of Malaysian palm oil for trade in 1995 is expected to reach 8.449 million tonnes or 79 000 tonnes over the quantum available in the previous year which was 8.37 million tonnes. This is based on the expected production of 7.7 million tonnes in 1995 and the stock carry over into 1995 at 0.749 million tonnes.

Malaysian palm oil exports in the first five months in 1995 were 2.6 million tonnes (*Table 2*), a decline of 9.1% from the previous year, mainly brought about by reductions by most of the major importers due to the high prices of palm products. How-

ever India has increased its imports to 134 000 tonnes in Jan/May 1995 compared to only 24 000 tonnes during the corresponding period in 1994. Other countries that showed increases in imports are China PR, Saudi Arabia and Japan.

China with imports of 650 784 tonnes was the largest importer of Malaysian palm products during Jan-May 1995. Her imports have increased by about 20% over that of the same period the previous year.

Her imports comprised mainly of 508 539 tonnes RBD palm olein (an increase of 39.5%), 83 485 tonnes RBD stearin (a 3% increase) and 53 910 tonnes RBD palm oil (a decline of 34.7%) (*Table 3*). The other palm products imported included crude palm olein, cooking oil, RBD hydrogenated palm stearin, PFAD and hydrogenated palm stearin. The upsurge in imports of olein was brought about by its new use, especially in blended cooking oils as a household cooking oil in the country. Strong imports of palm products even though prices were considerably higher were attributed to the rapid economic growth of the country as well as the willingness to utilize more of its income to improve its extremely low per capita disappearance of oils and fats. Disappearance per capita is approaching 10 kg (though still below recommended levels) increasing from 8.4 kg in 1992/93. She is expected to be one of the major importers of oils and fats due to the lower outputs of her soya bean, cottonseed and groundnut crops because of the recent floods and reduced plantings.

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

Year	Supply			Disappearance			Ending Stock
	Beginning Stock	Production	Total	Adjusting Balance	Exports	Total	
1984	142 748	3 741 795	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
1993	660 539	7 403 498	8 064 037	847 495	6 045 670	5 198 175	1 170 872
Jan 1994	1 170 872	533 933	1 704 805	104 676	650 898	755 574	949 231
Feb 1994	949 231	448 444	1 397 675	93 099	572 386	665 485	732 190
Mar 1994	732 190	474 587	1 206 777	62 073	553 657	615 730	591 047
Apr 1994	591 047	511 126	1 102 173	51 745	557 848	609 593	492 580
May 1994	492 580	517 323	1 009 903	71 278	484 030	555 308	454 595
Jun 1994	454 595	559 737	1 014 322	111 408	432 491	543 899	470 423
Jul 1994	470 423	612 267	1 082 690	68 410	562 805	631 215	451 475
Aug 1994	451 475	688 710	1 140 185	57 131	582 619	639 750	500 435
Sep 1994	500 435	750 014	1 250 449	60 048	563 113	623 161	627 288
Oct 1994	627 288	790 047	1 417 335	118 432	584 850	703 282	714 053
Nov 1994	714 053	675 201	1 389 254	109 744	584 298	694 042	695 212
Dec 1994	695 212	659 242	1 354 454	80 925	523 807	604 732	749 722
Total ^a		7 220 631				6 654 802	
Jan 1995	749 722	617 293	1 367 015	1 06 044	452 594	558 638	808 377
Feb 1995	808 377	529 512	1 337 889	97 715	524 776	622 491	715 398
Mar 1995	715 398	572 200	1 287 598	50 770	535 660	586 430	701 168
Apr 1995	701 168	581 098	1 282 266	76 641	540 645	617 286	664 980
May 1995	664 980	579 552	1 244 532	1 71 675	506 893	678 568	565 964
Jun 1995	565 964	610 873	1 176 837	77 333	528 425	605 758	5 71 0796 ^b
Jul 1995	571 079	NA	NA	NA	NA	NA	NA

^aSummation 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.

^bPreliminary
NA not available

Source: Palm Oil Update, PORLA (various issues)

Pakistan, the second largest importer of Malaysian palm products imported 371 191 tonnes in the first five months of 1995. Imports during the period however, showed a decline against the quantum purchased during Jan–May 1994 by 16%. For this period in 1995, a great proportion of her imports comprised 297 668 tonnes RBD palm oil (a decline by 16%) and 56 885 tonnes RBD palm-olein (an increase of 194%). The other palm products imported were palm fatty acid distillate (PFAD), palm acid oil (PAO), RBD palm stearin and NBD palm oil (Table 3). The decline in imports was brought

about by the unfavourable price of palm products. To meet domestic requirements for oils and fats, the country has for the first time imported approximately 45 000 tonnes of sunflowerseed oil. Sunflowerseed oil is not likely to be used in vegetable ghee formulation due to techno-economic reasons. Hence, it would most probably be used as a liquid cooking oil. To buffer high prices of oils and fats she has increased her plantings of cottonseed.

The EEC importing 259 349 tonnes was the third largest importer during the

TABLE 2. MALAYSIA EXPORTS OF PALM OIL TO MAJOR DESTINATIONS (Tonnes)

Countries	1993	1994	Jan-May 1994	Jan-May 1995
India	82 552	217 432	23 897	133 542
Pakistan	1 040 290	1140 716	441 120	371 191
China PR	769 256	1341 248	542 502	650 784
EEC	531 102	635 757	304 890	259 349
-UK	(113 485)	(137 669)	(65 978)	(36 569)
-Netherlands	(208 877)	(277 477)	(139 292)	(104 327)
-Germany	(60 915)	(46 250)	(23 563)	(15 597)
USA	259 196	160 994	81 427	25 985
Iran	57 571	36 512	18 012	2 458
Iraq	5 399	-	0	14 670
Indonesia	126 916	112 203	66 669	5 332
Egypt	424 856	359 278	174 393	86 437
CIS	4 464	7 434	5 990	181
Saudi Arabia	112 069	134 275	40 730	68 266
Singapore	528 753	376 697	170 166	166 064
Japan	339 120	338 749	131 465	135 919
Jordan	178 690	197 380	86 337	61 655
Rep. of Korea	188 371	170 975	80 814	63 173
Australia	88 649	98 863	41 897	33 761
Turkey	185 469	198 207	75 318	59 964
Yemen	123 377	63 152	31 335	27 883
Mozambique	23 844	3 219	2 495	259
Bangladesh	106 972	68 236	54 741	0
Kenya	24 970	23 272	13 621	2 507
Rest of the World	843 780	970 203	431 000	393 627
Grand Total	6 045 670	6 654 802	2 818 819	2 563 007

Note:

-() Figures in brackets denote sub-totals for EEC.

Source: PORLA

period in 1995. However, there was a decline in imports by 15% when compared to the same period in 1994 due to the high price situation. Among the major palm products imported by the EEC were 98 027 tonnes RBD palm olein, 51 273 tonnes RBD palm oil, 44 032 tonnes palm fatty acid distillate, 41 223 tonnes RBD palm stearin and 11 033 tonnes palm acid oil (*Table 3*).

Singapore continued to be a re-exporter of Malaysian palm products and was the fourth largest importer of palm products from Malaysia. Her imports during the period in 1995 were 166 064 tonnes a decline of 2.4% against imports of the corresponding period of the previous year which was 170 166 tonnes. Her imports, among others, included 133 743 tonnes RBD palm olein, 16 494 tonnes palm faty

acid distillate and 11 847 tonnes RBD palm stearin. Other palm products imported are as shown in *Table 3*.

Japan, the fifth largest importer of Malaysian palm oil imported 135 919 tonnes in the first five months of 1995 giving an increase of 3.4% over the same period of 1994. Her major imports comprised 61 701 tonnes RBD palm oil, 51 634 tonnes RBD palm olein and 15 807 tonnes RBD palm stearin. In Japan, palm products are mainly used in the manufacture of margarines and shortenings and also for industrial frying. Palm olein is also being blended with canola oil or with rice bran oil. Palm oil, on the other hand, has also found a new use, especially in the manufacture of low fat spread utilized in a similar manner as conventional margarines.

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

Countries	1993	1994	1994	1995
PAKISTAN	1 040 294.37	1 140 715.61	441 120.40	371 191.19
-RBDPO	973 462.10	988 443.96	367 594.15	297 668.50
-RBDPS	306.00	1 911.78	0.00	2 493.96
-RBDPL	17 310.78	71 697.04	19 354.38	56 885.31
-PFAD	33 641.47	52 334.57	40 977.44	8 616.52
-PAO	15 572.12	26 212.74	13 194.43	5 483.58
-RBDHPL	1.90	-	-	-
-NBDPO	-	57.76	-	43.32
-NBDPL	-	57.76	-	-
CHINA PR	769 453.98	1 341 221.44	542 501.64	650 783.84
-CPO	5 799.56	-	-	-
-CPL	52 555.23	14 434.43	14 434.43	1 499.84
-RBDPO	127 033.69	181 825.15	82 587.52	53 909.62
-RBDPS	124 270.30	168 712.26	81 014.83	83 484.98
-RBDPL	459 521.02	976 194.88	364 464.86	508 539.21
-CO	26.68	-	-	2 999.91
-HPFA	49.50	-	-	-
-HPFAD	198.00	-	-	-
-NBDPL	-	54.72	-	-
-PFAD	-	-	-	53.28
-RBDHS	-	-	-	264.00
-HPS	-	-	-	33.00
SINGAPORE	528 752.73	376 696.87	170 165.80	166 063.54
-CPO	2 864.54	12 185.30	12 118.09	-
-CPL	8 389.29	1 940.50	502.79	-
-NBDPO	470.48	372.14	132.05	322.37
-RBDPO	74 109.67	24 348.10	14 173.30	2 651.02
-NBDPS	-	22.05	22.05	16.64
-RBDPS	46 475.86	39 973.52	21 006.27	11 847.61
-RPS	22.28	-	-	-
-NBDPL	36.48	51.30	51.30	-
-RBDPL	338 137.71	258 818.71	105 626.13	133 743.08
-PFAD	49 174.57	30 931.93	14 139.95	16 494.73
-CO	6 899.26	2 220 48	1 524.04	335.11
-RBDHPO	866.01	137.99	15.12	17.10
-PAO	86.99	129.23	129.23	-
-RBDHPL	440.61	216.22	216.22	140.00
-RBDHS	32.00	-	-	51.00
-RBPO	15.17	-	-	-
-HPS	383.83	741.33	401.91	220.17
-HPO	347.98	607.19	107.35	224.71
-CPS	-	4 000.88	-	-
EEC	531 101.52	635 739.67	304 889.56	259 348.79
-CPO	-	7 788.27	7 788.27	423.24
-NBDPO	6 163.16	1 743.89	995.53	947.50
-RBDPO	202 640.35	158 783.30	82 654.17	51 273.01
-CPS	17.00	2 753.11	1 499.18	-
-NBDPS	6.24	-	-	-
-RBDPS	82 093.53	123 142.80	48 918.96	41 223.31
-NBDPL	8 053.16	24 377.02	12 329.58	7 129.22
-RBDPL	136 696.23	204 993.72	98 006.59	98 027.30
-PFAD	77 134.46	92 758.33	43 345.75	44 032.80
-HPFAD	2 909.55	4 772.67	3 118.81	2 842.72
-CO	38.72	14.59	2.30	815.51
-RBDHPO	-	20.00	20.00	18.80
-HPFA	1 136.57	735.57	591.07	554.19

Table 3 (continued)

-PAO	13042.45	13 839.40	5 602.35	11 033.07
-HPS	1155.10	-	-	-
-RBDHS	15.00	-	-	530.08
-HPS	-	17.00	17.00	-
-CPL	-	-	-	473.82
-NPO	-	-	-	24.23
EGYPT	424 855.74	359 278.39	174 393.23	86 437.32
-CPO	-	1 404.03	1 404.03	-
-RBDPO	235 770.72	190 050.36	89 871.27	63 391.89
-RBDPS	131 435.62	103 872.27	50 912.17	16 806.77
-RBDPL	57 649.40	63 951.73	32 205.76	6 238.66
JAPAN	339 119.55	338 748.73	131 465.39	135 918.90
-CPO	23 006.70	18 915.94	6 953.81	5 575.32
-RBDPO	167 535.67	158 700.64	60 507.60	61 701.09
-RBDPS	30 904.20	45 702.31	16 211.41	15 807.35
-NBDPL	0.00	1 456.87	652.45	-
-RBDPL	117 533.64	112 839.25	47 114.79	51 633.98
-PFAD	20.31	8.64	-	202.53
-CO	-	39.07	5.95	859.15
-HPFA	20.13	-	-	-
-RBDHPL	98.90	347.48	19.38	101.88
-NPO	-	498.45	-	-
-HPL	-	202.88	-	-
-NBDPO	-	19.39	-	-
-RBDHPO	-	17.81	-	-
-NPL	-	-	-	37.60
USA	259 196.09	160 994.18	81 426.77	25 985.36
-CPO	-	-	-	-
-RBDPO	49 057.04	52 599.31	27 348.91	7 533.75
-RBDPS	48 578.47	41 352.10	16 258.85	4 754.91
-RBDPL	124 124.01	44 977.44	30 554.48	6 950.43
-PFAD	37 436.57	19 240.50	7 245.95	6 746.27
-CO	-	18.58	18.58	-
-PAO	-	1499.03	-	-
-CPL	-	797.37	-	-
-RBDHPL	-	509.85	-	-
KOREA	188 370.93	170 974.84	80 813.94	63 173.09
-RBDPO	107 035.90	102 683.51	48 919.34	32 939.13
-CS	-	-	-	-
-RBDPS	30 949.82	26 431.98	12 841.09	9 216.58
-RBDPL	49 675.44	41 725.56	19 002.51	20 984.38
-PFAD	370.52	16.79	-	-
-HPFAD	101.25	33.00	-	-
-RBDHS	238.00	33.00	-	33.00
-RBDHSF	-	51.00	51.00	-
TURKEY	185 468.84	198 206.86	75 317.58	59 963.85
-RBDPO	43 270.95	71 645.95	22 696.72	24 566.43
-RBDPS	35 678.78	23 234.93	9 159.33	5 281.60
-NBDPS	0.00	1 004.43	1 004.43	-
-RBDPL	103 213.16	99 170.58	42 349.60	29 612.04
-PFAD	1 249.55	2 184.87	-	483.78
-HPFAD	16.50	-	-	-
-CPL	2 039.90	-	-	-
-HPS	-	107.50	107.50	-
-PAO	-	858.60	-	-
-CO	-	-	-	20.00

Table 3 (continued)

JORDAN	178 690.05	197 380.49	86 337.49	61 654.61
-RBDPO	155 490.09	138 523.87	67 318.23	25 726.31
-RBDPS	8 875.97	29 563.24	8 191.61	15 153.51
-RBDPL	14 323.99	29 043.50	10 827.65	20 025.85
-PFAD	-	249.88	-	748.94
INDIA	82 552.15	217 431.89	23 833.28	133 542.11
-CPO	-	548.95	548.95	163.58
-RBDPO	1 122.31	1 060.41	199.43	775.71
-RBDPS	3 401.68	4 840.24	499.34	-
-CPL	-	202.92	7 007.43	199.49
-RBDPL	43 726.83	153 307.21	7 690.93	97 598.82
-PFAD	24 072.30	33 350.44	7 887.20	26 630.88
-CPS	10 094.70	23 771.35	-	8 140.63
-RBDHS	84.33	51.00	-	33.00
-HPS	50.00	-	-	-
-NPL	-	299.37	-	-

Note:

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

Source: PORLA

India was the sixth largest importer of palm oil during the period. Her imports increased from 23 833 tonnes to 133 542 tonnes during the first five months of 1994 and 1995 respectively, giving an increase of about 4.6%. Her major palm oil imports for the five months of 1995 included 97 598 tonnes RBD palm olein, 26 630 tonnes PFAD and 8 140 tonnes crude palm stearin. The declining production of oilseeds which at 20.36 million tonnes in 1994/95 against

the target of 22 million tonnes, resulted in the up surge of imports by the country. Factors attributing to the target not being achieved were drought and low yield.

It is expected that prices of palm products will ease in the second half of the year due to increasing production. Hence importers would find palm products to be more attractive and imports are expected to be greater. ■