

# Supply and Disappearance: A Review

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**A**fter a dip in production in 1994 at 7.22 million tonnes from 7.403 million tonnes in 1993, the production of Malaysian palm oil increased by 8.2% to reach 7.813 million tonnes in 1995.

The year started with January production being less than that of December the previous year by 6.4% but an increase of 15% over the corresponding month of the previous year. The production in January 1995 was 617 293 tonnes. Monthly production in 1995 continued to increase to reach its peak of 777 018 tonnes in September 1995 before declining again to reach 654 998 tonnes in December 1995 (*Table 1*).

Three important points can be observed from the monthly production of the Malaysian palm oil in 1995 and 1994. First the peak in production in 1995 was in September while in 1994, it was in the month of October. The production during the peak periods was higher in 1994 against 1995 by 21 607 tonnes. End of the year production of palm oil was lower in December 1995 against December 1994 by 4 244 tonnes. Even with the unfavourable peak production period in 1995, monthly production except for the months of October and December 1995 had been higher than those of the previous year, thus contributing to the 8.2% increase in production in 1995. The increase was also brought about by the palms following their long term trend of production. Production in 1996 is expected to be between 7.7 to 7.8 million tonnes where the small expected increase could be brought about

by the abnormal rainfall in February, July and November 1994 as well as the cyclical effects.

Total palm oil made available for trade by Malaysia in 1995 was 8 563 259 tonnes, an increase of 171 756 tonnes over that made available the previous year which was 8 391 503 tonnes. These were based on production during the year and the carry over of stocks into the year. Although there was a slight increase in the available amount of palm oil for trade in 1995 against that in 1994, exports of Malaysian palm oil declined slightly in 1995 as compared to 1994. This was mainly brought about by the high prices of palm products in the first half of the year. Increases in stocks and production of most major oils and fats in the second half of 1995 however resulted in prices to be slightly lower towards the end of the year. However, prices were still on the high side thus imports had been affected.

Similarly, ending stocks continued to build up to a point that by December 1995 it reached 858 264 tonnes and exceeded the stock at the beginning of the year which was 749 722 tonnes. Hence, in 1996, it is expected that about 8.66 million tonnes of palm oil would be made available for trade.

In 1995, Malaysia exported 6.504 million tonnes of palm oil, a decline of 150,000 tonnes or 2.2% when compared to the previous year (*Table 1*). The decline was mainly due to the high prices of palm products in the year. However, in the first eleven months of 1995 there were upsurges in imports by India, European

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	3 714 795	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	5656 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	775 994	6 117 171	6 893 165	1 170 872
JAN 1994	1 170 872	533 933	1 704 805	99 966	650 898	750 864	953 941
FEB	953 941	448 444	1 402 385	97 809	572 386	670 195	732 190
MAR	732 190	474 587	1 206 777	62 073	553 657	615 730	591 047
APR	591 047	511 126	1 102 173	51 745	557 848	609 593	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	790 047	1 417 335	118 116	584 850	702 966	714 369
NOV	714 369	675 201	1 389 570	108 060	586 298	694 358	695 212
DEC	695 212	659 242	1 354 454	80 925	523 807	604 732	749 722
<b>TOTAL</b>			<b>7 220 631</b>			<b>6 654 802</b>	
JAN 1995	749 722	617 293	1 367 015	106 044	452 594	558 638	808 377
FEB	808 377	529 512	1 337 889	97 715	524 776	622 491	715 398
MAC	715 398	572 200	1 287 598	50 770	535 660	586 430	701 168
APR	701 168	581 098	1 282 266	76 641	540 645	617 286	664 981
MEI	664 981	579 553	1 244 534	156 380	522 190	678 570	565 964
JUN	565 964	610 810	1 176 774	56 199	550 517	606 716	570 058
JUL	570 058	677 293	1 247 351	82 273	565 208	647 481	599 870
AUG	599 870	702 085	1 301 955	145 249	582 750	727 999	573 956
SEP	573 956	777 018	1 350 974	125 933	578 772	704 705	646 269
OCT	646 269	768 440	1 414 709	93 601	615 089	708 690	706 019
NOV	706 017	743 237	1 449 254	108 410	542 445	650 855	798 399
DEC <sup>b</sup>	798 399	654 998	1 453 397	101 670	493 463	595 133	858 264
<b>TOTAL<sup>a</sup></b>			<b>7 813 537</b>			<b>6 504 109</b>	

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)

Union, Turkey, Myanmar and South Africa when compared to the same period in 1994 (*Table 2*).

Pakistan with imports of 988 135 tonnes was the largest importer of Malaysian palm products during January - November 1995, a decline of 2.7% or

27 789 tonnes from 1 015 924 tonnes of the corresponding months of 1994. Her imports comprised mainly of 849 868 tonnes RBD palm oil, 86 760 RBD palm olein and 29 706 tonnes palm fatty acid distillates (*Table 3*). The other palm products imported included RBD palm stearin, NBD palm oil, cooking oil (CO)

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

Countries	1993	1994	Jan - Nov 1994	Jan - Nov 1995
India	82 552	217 432	217 432	730 396
Pakistan	1 040 294	1 140 716	1 015 924	988 135
China PR	769 454	1 341 221	1 279 341	965 064
European Union	531 102	635 740	588 816	606 443
- UK	(113 485)	(137 669)	(134 928)	(78 781)
- Netherlands	(208 877)	(277 477)	(255 473)	(245 438)
- Spain	(36 920)	(51 390)	(47 601)	(71 457)
USA	259 196	160 994	151 481	72 603
Indonesia	126 916	112 203	112 104	74 310
Egypt	424 856	359 278	321 501	257 211
UAE	38 225	63 194	56 889	51 689
Saudi Aravia	112 069	134 275	119 509	122 653
Singapore	528 753	376 697	345 396	340 310
Japan	339 120	338 749	307 062	303 534
Jordan	178 690	197 380	184 948	175 594
Rep. of Korea	188 371	170 975	152 132	133 802
Australia	88 649	98 863	91 682	78 719
Turkey	185 469	198 207	160 729	161 607
Yemen	123 377	63 152	59 667	57 049
Myanmar	146 752	173 864	153 075	189 727
Bangladesh	106 972	68 236	68 236	15 227
South Africa	12 591	115 613	98 749	139 285
Rest of the World	833 763	688 013	646 322	545 900
<b>Grand Total</b>	<b>6 117 171</b>	<b>6 654 802</b>	<b>6 130 995</b>	<b>6 009 258</b>

Note:

- ( ) Figures in brackets denote sub-totals for EEC.
- EEC - 12 countries till 1994
- EEC - 15 countries effective Jan 1994

Source: PORLA

and hydrogenated palm stearin. Most of the palm products imported were utilized in the formulation of vanaspati while palm acid distillate and palm acid oil were imported for the production of soap.

China was the second largest importer of Malaysian palm products during the first eleven months of 1995 with imports of 965 064 tonnes. This however is a decline of 314 277 tonnes or by 24% over imports of the corresponding period of the previous year. Her imports comprised mainly of 704 893 tonnes RBD palm olein, 156 558 tonnes RBD palm stearin and 98 960 tonnes RBD palm oil. Other palm products imported are as shown in Table 3. The decline in imports of Malaysian palm oil for the first eleven

months of 1995 was due to the high price of the products such that she had to consume more of her domestic oilseed production in place of the higher priced palm oil. The lack in supply of RBD palm olein was felt by the instant noodle manufacturers which also created a lopsided pricing structure of RBD palm olein in the various markets. Another reason for the decline in imports of palm oil into China was the discriminatory tariff structure it faced. The tariff structure for palm oil was 20%, while for soyabean it was 13% and groundnut oil 9.7%. Yet another reason for the decline in imports was attributable to the country importing large quantities of palm oil during January-May 1995 due to the deadline on import permits. She imported

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

Countries	1993	1994	Jan - Nov 1994	Jan - NOV 1995
<b>PAKISTAN</b>	<b>1 040 294.37</b>	<b>1 140 715.61</b>	<b>1 015 923.91</b>	<b>988 135.08</b>
- RBDPO	973 462.10	988 443.96	887 502.77	849 868.82
- RBDPS	306.00	1 911.78	1 511.83	4 987.37
- RBDPL	17 310.78	71 697.04	60 825.33	86 760.54
- PFAD	33 641.47	52 334.57	44 466.81	29 706.34
- PAO	15 572.12	26 212.74	21 530.53	15 756.31
- RBDHPL	1.90	-	-	-
- NBDPO	-	57.76	57.76	57.76
- NBDPL	-	57.76	28.88	-
- CO	-	-	-	922.94
- HPS	-	-	-	5.00
<b>CHINA PR</b>	<b>769 453.98</b>	<b>1 341 221.44</b>	<b>1 279 341.28</b>	<b>965 064.13</b>
- CPO	5 799.56	-	-	-
- CPL	52 555.23	14 434.43	14 434.43	1 499.84
- RBDPO	127 033.69	181 825.15	179 352.57	98 960.28
- RBDPS	124 270.30	168 712.26	167 223.66	156 558.04
- RBDPL	459 521.02	976 194.88	918 275.90	704 893.78
- CO	26.68	-	-	2 999.91
- HPFA	49.50	-	-	-
- HPFAD	198.00	-	-	-
- NBDPL	-	54.72	54.72	-
- PFAD	-	-	-	53.28
- RBDHS	-	-	-	66.00
- HPS	-	-	-	33.00
<b>INDIA</b>	<b>82 552.15</b>	<b>217 431.89</b>	<b>217 432.28</b>	<b>730 395.90</b>
- CPO	-	548.95	548.95	361.85
- RBDPO	1 122.31	1 060.41	1 060.41	5 987.45
- RBDPS	3 401.68	4 840.24	4 840.24	8 751.68
- CPL	-	202.92	-	199.49
- RBDPL	43 726.83	153 307.21	154 180.50	648 650.23
- PFAD	24 072.30	33 350.44	33 350.44	45 361.59
- CPS	10 094.70	23 771.35	23 101.37	21 083.61
- RBDHS	84.33	51.00	51.00	-
- HPS	50.00	-	-	-
- NPL	-	299.37	299.37	-
<b>EEC</b>	<b>531 101.52</b>	<b>635 739.67</b>	<b>588 815.61</b>	<b>606 442.60</b>
- CPO	-	7 788.27	7 788.27	423.24
- NBDPO	6 163.16	1 743.89	1 743.39	1 895.64
- RBDPO	202 640.35	158 783.30	140 661.46	130 018.43
- CPS	17.00	2 753.11	2 753.11	4 704.10
- NBDPS	6.24	-	-	-
- RBDPS	82 093.53	123 142.80	118 709.73	124 323.13
- NBDPL	8 053.16	24 377.02	24 377.02	13 406.06
- RBDPL	136 696.23	204 993.72	188 536.83	203 990.07
- PFAD	77 134.46	92 758.33	86 809.23	98 608.13
- HPFAD	2 909.55	4 772.67	4 772.67	4 111.28
- CO	38.72	14.59	2.30	1 974.32
- RBDHPO	-	20.00	20.00	131.60
- HPFA	1 136.57	735.57	735.57	1 580.21
- PAO	13 042.45	13 839.40	11 872.03	19 980.28
- HPL	1 155.10	-	-	-
- RBDHS	15.00	-	-	546.58
- HPS	-	17.00	17.00	253.48
- CPL	-	-	-	473.82
- NPO	-	-	-	24.23
- RBDHSF	-	-	17.00	-

<b>SINGAPORE</b>	<b>528 752.73</b>	<b>376 696.87</b>	<b>345 396.07</b>	<b>340 310.46</b>
- CPO	2 864.54	12 185.30	12 140.53	17.65
- CPL	8 389.29	1 940.50	1 940.50	64.03
- NBDPO	470.48	372.14	372.14	443.78
- RBDPO	74 109.67	24 348.10	23 493.65	5 462.91
- NBDPS	-	22.05	22.05	16.64
- RBDPS	46 475.86	39 973.52	36 686.91	36 078.43
- RPS	22.28	-	-	-
- NBDPL	36.48	51.30	51.30	11.40
- RBDPL	338 137.71	258 818.71	235 102.38	261 108.51
- PFAD	49 174.57	30 931.93	27 905.78	32 862.45
- CO	6 899.26	2 220.48	2 104.90	624.05
- RBDHPO	866.01	137.99	107.32	131.76
- PAO	86.99	129.23	129.23	-
- RBDHPL	440.61	216.22	216.22	177.44
- RBDHS	32.00	-	-	83.00
- RBPO	15.17	-	-	-
- HPS	383.83	741.33	701.75	319.91
- HPO	347 98607.19	420.53	464.74	-
- CPS	-	4 000.88	4 000.88	2 238.56
- BPO	-	-	-	205.20
<b>JAPAN</b>	<b>339 119.55</b>	<b>338 748.73</b>	<b>307 061.97</b>	<b>303 533.50</b>
- CPO	23 006.70	18 915.94	18 904.88	6 599.06
- RBDPO	167 535.67	158 700.64	141 574.66	138 438.66
- RBDPS	30 904.20	45 702.31	46 302.36	32 483.85
- NBDPL	0.00	1 456.87	1 456.87	303.65
- RBDPL	117 533.64	112 839.25	97 726.68	123 867.77
- PFAD	20.31	8.64	8.64	202.53
- CO	-	39.07	39.07	927.67
- HPFA	20.13	-	-	-
- RBDHPL	98.90	347.48	347.48	206.29
- NPO	-	498.45	498.45	-
- HPL	-	202.88	202.88	-
- NBDPO	-	19.39	-	299.68
- RBDHPO	-	17.81	-	-
- NPL	-	-	-	54.70
- HPS	-	-	-	49.72
<b>EGYPT</b>	<b>424 855.74</b>	<b>359 278.39</b>	<b>321 500.51</b>	<b>257 211.38</b>
- CPO	-	1 404.03	1 404.03	2 971.60
- RBDPO	235 770.72	190 050.36	166 591.64	172 208.48
- RBDPS	131 435.62	103 872.27	93 379.75	61 597.48
- RDBPL	57 649.40	63 951.73	59 960.81	20 433.82
- PFA	-	-	164.28	-
<b>MYANMAR</b>	<b>146 751.92</b>	<b>173 864.38</b>	<b>153 074.96</b>	<b>189 726.83</b>
- CPO	-	-	-	-
- RBDPO	13.60	98.63	98.04	1 670.44
- RBDPS	5 760.83	1 773.09	1 773.09	4 365.50
- RBDPL	134 470.42	171 729.80	150 953.94	182 358.72
- PFAD	5 536.97	249.89	249.89	999.38
- CO	970.10	12.97	-	332.79
<b>JORDAN</b>	<b>178 690.05</b>	<b>197 380.49</b>	<b>184 948.12</b>	<b>175 593.80</b>
- RBDPO	155 490.09	138 523.87	129 357.74	54 237.11
- RBDPS	8 875.97	29 563.24	29 288.38	46 577.98
- RBDPL	14 323.99	29 043.50	26 052.12	73 779.80
- PFAD	-	249.88	249.88	998.91

<b>TURKEY</b>	<b>185 468.84</b>	<b>198 206.86</b>	<b>160 728.78</b>	<b>185 468.84</b>
- RBDPO	43 370.95	71 645.95	63 592.47	69 179.97
- RBDPS	35 678.78	23 234.93	18 157.00	13 822.55
- NBDPS	0.00	1 004.43	1 004.43	-
- RBDPL	103 213.16	99 170.58	74 823.91	75 748.70
- PFAD	1 249.55	2 184.87	2 184.87	2 836.26
- HPFAD	16.50	-	-	-
- CPL	2 039.90	-	-	-
- HPS	-	107.50	107.50	-
- PAO	-	858.60	858.60	-
- CO	-	-	-	20.00
<b>KOREA</b>	<b>188 370.93</b>	<b>170 974.94</b>	<b>152 131.87</b>	<b>133 801.71</b>
- RBDPO	107 035.90	102 683.51	88 891.82	72 352.53
- HPS	-	-	-	499.87
- RDBPS	30 949.82	26 431.98	25 084.36	19 598.95
- RBDPL	49 675.44	41 725.56	38 038.40	41 317.36
- PFAD	370.52	16.79	16.79	-
- HPFAD	101.25	33.00	33.00	-
- RBDHS	238.00	33.00	16.50	33.00
- RBDHSF	-	51.00	51.00	-

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 Deodorized Palm Oil
HPFA	- Hydrogenated Palm Fatty Acid
CO/DBL Olein	- Cooking Oil/Double Olein
NBDPL	- Neutralised Bleached Deodorized Palm Olein
NBDPO	- Neutralised Bleached Deodorized Palm Oil
NBDPS	- Neutralised 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

650 784 tonnes during that period and thus imports slowed down from June onwards.

India was the third largest importer of palm oil during the period. Her imports totalled 730 396 tonnes which was an

increase of 512 964 tonnes or by 236% over imports during the eleven months of 1994. The major palm oil products imported for the eleven months of 1995 included 648 650 tonnes RBD palm olein, 45 361 tonnes PFAD, 21 083 tonnes crude palm stearin and 8 751 tonnes RBD palm

stearin. Her other imports, as shown in *Table 3*, included crude palm oil, RBD palm oil and crude palm olein. Imports increased due to the festive season in October including shortfalls in groundnut production as well as the recent damage to the cotton crop. Production of oilseeds in India is expected to be quite high in the coming year. With a build up in stocks of edible oils in the country, there could be reduced imports of edible oils in 1996.

The European Union importing 606 443 tonnes was the fourth largest importer during the period in 1995. Amongst the major palm products imported were 203 990 tonnes RBD palm olein, 130 018 tonnes RBD palm oil, 124 323 tonnes RBD palm stearin and 98 606 tonnes palm fatty acid distillate. Among the EU countries, Netherlands, on its own is the eighth largest importer of Malaysian palm oil. The other palm products imported are as illustrated in *Table 3*. However there has been an increase in EU's imports by 3% when compared to the same period in 1994. The increase in imports could be due to damages in oil crops caused by heavy rainfall in certain parts of Europe and yields of sunflowerseed not reaching expectations. Total acreage of rapeseeds is expected to decline in EU 15 in 1996. Thus EU 15 might be faced with larger demand for oils and fats in 1996.

During the eleven months of 1995, Singapore was the fifth largest importer of

palm products from Malaysia. However most of the imports were reexported. The imports during the eleven months in 1995 totalled 340 310 tonnes, a decline of 1.4% against imports of the corresponding period of 1994 which totalled 345 396 tonnes. The majority of the imports during January – November 1995 were RBD palm olein which totalled 261 108 tonnes or an increased of 11% over the period in 1994. Other palm products imported are as shown in *Table 3*.

Japan the sixth largest importer of Malaysian palm products imported 303 534 tonnes during the period giving a decline of 1.1% over the corresponding period of 1994. Her major imports comprised 138 438 tonnes RBD palm oil, 123 968 tonnes RBD palm olein and 32 484 tonnes RBD palm stearin. Other products imported are as shown in *Table 3*.

Egypt with imports of 257 211 tonnes was the seventh largest importer of Malaysian palm products during the period. However her imports showed a decline when compared to 321 501 tonnes imported during the same period the previous year. Her imports during the period in 1995 comprised mostly of 172 208 tonnes RBD palm oil, 61 597 tonnes RBD palm stearin and 20 434 tonnes RBD palm olein. A total of 2 972 tonnes of CPO was also imported during the period. ■