

Supply and Disappearance: A Review

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Malaysian palm oil production declined from 9.07 million tonnes in 1997 to 8.32 million tonnes in 1998. The decline was brought about by the palms resting after continuously producing increasing quantities of palm oil yearly from 1994 and accentuated by the severe drought, which occurred from March to September 1997.

The first month's production in 1999 was 505 372 tonnes which was less than that of December the previous year by 118 323 tonnes or by 18.9 % (*Table 1*). Production in February 1999 increased to 562 957 tonnes, an increase of 57 585 tonnes or by 12% over that of January's production but was still lower than that of the corresponding month of the previous year. Palm oil production continued its upward trend such that in March 1999 it exceeded production of March 1998 by 105 187 tonnes or by 17.6%. By May 1999, monthly production of palm oil had for the first time in the history of Malaysia exceeded the one million tonnes mark. This represents an unusual increase of 56.63% from May of the previous year. For the first five months in 1999, total palm oil production was 3 673 112 tonnes while during the same period in the previous year, production was 2 974 625 tonnes. Production during January to May 1999 increased by 698 487 tonnes or by 23.48% over that of the corresponding period in 1998. Malaysia's palm oil output has been recovering more rapidly so far this year, implying higher than expected yield per tree as well as more rapid expansion of new acres now coming into production especially in Sabah. Another factor leading to the increase in output is the favourable rainfall in both west and east Malaysia which has apparently contributed to higher bunch weights and thus higher than expected palm oil production, particu-

larly from March to May 1999. With the observed trend in palm oil production in Malaysia, it is forecast that production in 1999 would exceed 9 million tonnes.

Beginning stock of palm oil in 1999 was 824 815 tonnes and when compared to that of the previous year, it was lower by 137 667 tonnes or by 14%. With production forecast to exceed 9 million tonnes in 1999, total palm oil available for trade from Malaysia is estimated to be 9.8 million tonnes which is approximately 0.6 million tonnes greater than that was available in the previous year.

Ending stocks which stood at 824 815 tonnes in December 1998 declined to 681 017 tonnes in January 1999. The decline was brought about by exports exceeding production in the month of January of the year such that opening inventory were utilized to meet the surplus demand. Ending stock from February continued to increase from 713 846 tonnes and reached 967 721 tonnes by May 1999. For the first five months in 1999, Malaysia exported more than three million tonnes of palm oil, an increase of 142 732 tonnes when compared to the same period in 1998 or by 4.98%. *Table 2* illustrates the major importers of Malaysian palm oil.

India with imports of 669 163 tonnes was the largest importer of Malaysian palm products during January-May 1999 (*Table 2*). This was an increase of 66.98% over the 400 736 tonnes imported during January to May 1998. The large increase in imports was attributed mainly to the declining prices of oils and fats, especially palm oil products. World prices of RBD palm olein had been constantly declining and went from US\$ 677 in January to US\$ 538 in March and to US\$ 515 in May. This attracted India to import more palm oil from Malaysia. The

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

Year	SUPPLY			DISAPPEARANCE			
	Beginning stock	Production	Total	Adjusting balance	Exports	Total	Ending stocks
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
1994	1 170 872	7 220 631	8 391 503	986 979	6 654 802	7 641 781	749 722
1995	749 722	7 810 546	8 560 268	1 187 424	6 512 956	7 700 380	859 888
1996	859 888	8 385 886	9 245 774	1 239 411	7 211 909	8 451 320	794 454
1997	794 454	9 068 728	9 863 182	1 410 731	7 489 969	8 900 700	962 482
Jan-98	962 482	513 716	1 476 198	101 212	660 776	761 988	714 210
Feb	714 210	601 251	1 315 461	40 367	537 347	577 714	737 747
Mar	737 747	598 693	1 336 440	126 971	582 713	709 684	626 756
Apr	626 756	618 289	1 245 045	60 876	551 472	612 348	632 697
May	632 697	642 676	1 275 373	94 261	531 270	625 531	649 842
Jun	649 842	7 011 69	1 351 011	72 853	583 702	656 555	694 456
Jul	694 456	772 517	1 466 973	87 515	631 804	719 319	747 654
Aug	747 654	843 062	1 590 716	156 735	759 565	916 300	674 416
Sep	674 416	875 109	1 549 525	74 332	756 403	830 735	718 790
Oct	718 790	794 307	1 513 097	84 623	769 725	854 348	658 749
Nov	658 749	735 198	1 393 947	90 983	535 050	626 033	767 914
Dec	767 914	623 695	1 391 609	41 889	524 905	566 794	824 815
Total ^a		8 319 682			7 424 732		
Jan/May		2 974 625			2 863 578		
Jan-99	824 815	505 372	1 330 187	132 013	517 157	649 170	681 017
Feb	681 017	562 957	1 243 974	787 794	451 334	530 128	713 846
Mar	713 846	703 880	1 417 726	71 050	619 109	690 159	727 567
Apr	727 567	894 267	1 621 834	123 292	685 476	808 768	813 066
May ^b	813 066	1 006 636	1 819 702	118 747	733 234	851 981	967 721
Jun ^b	967 721	NA	NA	NA	NA	NA	NA
Jan/May		3 673 112			3 006 310		

Note: ^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).

composition of imports are mainly of 610 340 tonnes RBD palm olein, 32 428 tonnes palm fatty acid distillates and 14 897 tonnes RBD palm oil (*Table 3*). The other palm products imported included crude olein, palm acid oil, crude palm stearin, hydrogenated palm stearin and RBDH palm stearin.

Pakistan was the second largest importer of palm oil during this period. Imports totalled 453 793 tonnes, an increase of 39 827 tonnes or by 9.62% over imports during the first five months of 1998 (*Table*

2). Imports in the month of February totalled 76 884 tonnes and continued to increase by more than 10 000 tonnes monthly to reach 99 751 tonnes in April 1999. The increase in imports among others was the result of the declining prices of palm products as well as insufficient domestic production of cotton crop. Imports by Pakistan during this period comprised mainly of 431 985 tonnes RBD palm oil, 15 271 tonnes PFAD, 6031 tonnes RBD palm olein and 99 tonnes RBD stearin (*Table 3*). With effect from 9 June, the regulatory duty on palm and soyabean oils

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

Countries	1997	1998	Jan-May	Jan-May
			1998	1999
India	963 642	1 361 973	400 736	669 163
Pakistan	1 132 988	1 020 097	413 966	453 793
EU (15)	729 117	1 062 808	468 285	357 101
-UK	(58 136)	(55 585)	(25 192)	(16 690)
-Netherlands	(350 872)	(626 129)	(281 999)	(190 964)
-Spain	(73 372)	(55 735)	(29 998)	(23 040)
China PR	1 065 393	912 193	341 750	399 351
Egypt	333 511	353 279	138 528	186 822
Singapore	308 217	336 681	69 914	158 340
Japan	358 947	338 564	145 477	138 637
Saudi Arabia	134 182	136 381	60 780	53 888
Rep. of Korea	182 486	138 570	52 510	53 537
Yemen	48 815	95 909	39 297	52 668
USA	113 549	122 848	43 262	40 916
Indonesia	100 901	592	491	119
UAE	106 723	116 075	34 936	47 151
Jordan	230 774	96 104	24 347	35 046
Australia	95 587	93 759	42 154	37 958
Turkey	237 390	131 488	62 499	40 311
Hong Kong	221 905	88 089	43 508	17 235
Myanmar	158 921	203 638	91 525	51 793
Bangladesh	141 666	64 884	51 564	10 013
South Africa	183 703	147 627	59 732	41 774
Rest of the World	641 552	603 173	278 317	240 694
Total	7 489 969	7 424 732	2 863 578	3 006 310

Note:

Figures in brackets denote sub-totals for EEC.

EEC - 12 countries till 1994.

EU - 15 countries effective 1995.

were raised by 2000 Rupees on top of the previous 3000 Rupees to support domestic prices and to also encourage local oilseed production. This is expected to result in a slowing down of imports in the second half of the year.

During the first five months of 1999, the EU was the third largest importer of palm products from Malaysia. Imports during this period totalled 357 101 tonnes, a decline of 23.74% against imports of the corresponding period in 1998 which totalled 468 285 tonnes (*Table 2*). Among the EU countries, Netherlands, on its own is the fifth largest importer of Malaysian palm oil. Amongst the major palm products imported were 190 429 tonnes RBD palm oil, 66 210 tonnes RBD palm olein, 61 423 tonnes RBD palm stearin, 27 899 tonnes PFAD and 4830 tonnes palm acid oil (*Table 3*).

The fourth largest importer of palm oil during this period was China PR. Her imports totalled 319 351 tonnes which was a decrease of 22 399 tonnes or by 6.55% over imports during the first five months in 1998 (*Table 2*). One of the reasons for the decrease in imports of palm oil was due to the increased imports of rapeseed where 761 000 tonnes were imported during the first four months of 1999 against 166 000 tonnes imported in the same period in 1998. Rapeseed were mainly imported from Canada and Australia. The major palm products imported were RBD palm olein which totalled 198 876 tonnes, RBD palm oil 89 375 tonnes, crude palm olein 1215 tonnes and RBD palm stearin 31 814 tonnes. Other palm oil products that were imported are as shown in *Table 3* and included bleached palm oil, crude olein, PFAD and hydrogenated palm oil.

Egypt with imports of 186 822 tonnes was the fifth largest importer of Malaysian palm products during the period. Imports had increased by 34.86% when compared to 138 528 tonnes imported during the same period the previous year (*Table 2*). The country's import during this period in 1999 comprised 154 431 tonnes of RBD palm oil, 10 624 tonnes of RBD palm olein and 21 030 tonnes RBD palm stearin (*Table 3*). A total of 1998 tonnes of CPS was also imported during the period.

The sixth largest importer of Malaysian palm products was Singapore. Total imports during the first five months of 1999 were 158 340 tonnes (*Table 2*). A wide variety of products, amongst which the major one was RBD palm olein (92 564 tonnes) were imported from Malaysia (*Table 3*).

Imports of Malaysian palm oil by other major importing countries are shown in *Table 2* while the palm products that are exported are shown in *Table 3*.

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

Countries	1997	1998	Jan-May 1998	Jan-May 1999
CHINA PR	1 065 393.17	912 192.96	341 750.05	319 351.14
- CPO	-	13 617.19	13 617.19	-
- CPL	72 178.41	19 663.05	18 193.76	1 215.32
- RBDPO	89 746.61	165 982.86	46 207.26	89 375.04
- RBDPS	66 780.40	55 291.94	8 130.52	31 813.73
- RBDPL	777 051.42	646 026.39	244 758.77	196 876.39
- CO	38.00	500.08	500.08	16.72
- PFAD	249.43	1 010.06	533.92	22.38
- BPO	55 349.81	9 798.55	9 798.55	-
- CPS	3 999.09	-	-	-
- HPO	-	10.00	10.00	31.56
- HPS	-	1.00	-	-
- RBDHS	-	291.84	-	-
PAKISTAN	1 132 987.86	1 020 097.40	413 965.69	453 793.30
- RBDPO	1 035 339.13	974 518.35	388 362.24	431 985.27
- RBDPS	3 492.73	746.25	-	99.30
- RBDPL	61 295.24	21 342.75	18 138.76	6 031.12
- PFAD	22 323.13	13 944.00	4 965.86	15 270.79
- PAO	10 517.63	9 383.73	2 498.83	406.82
- RBDHPL	-	78.24	-	-
- HPL	-	64.08	-	-
- HPS	20.00	20.00	-	-
INDIA	963 641.56	1 361 972.52	400 735.51	669 163.33
- RBDPO	32 571.24	20 997.46	2 230.85	14 897.46
- RBDPS	3 249.48	10 399.65	2 043.84	8 334.26
- CPL	6 702.46	20 890.16	167 123.35	179.33
- RBDPL	821 935.06	1 243 741.12	346 064.20	610 339.93
- PFAD	65 375.19	43 578.81	17 635.96	32 428.02
- CPS	32 037.93	19 586.50	14 856.50	254.61
- CO	1 149.93	41.32	20.80	-
- HPFA	546.81	-	-	-
- HPS	73.46	40.00	-	66.00
- HPFAD	-	16.50	-	-
- PAO	-	2 235.50	1 104.21	1 482.79
- RBDHS	-	445.50	66.00	1 180.93

EU	729 117.34	1 062 808.27	468 284.54	357 100.58
- CPO	-	-	-	-
- NBDPO	11 168.50	11 902.42	5 654.72	3 398.72
- RBDPO	171 866.80	540 552.73	234 556.27	190 428.59
- CPS	841.42	-	-	-
- RBDPS	207 801.29	197 907.87	82 869.56	61 423.29
- NBDPL	3 458.48	-	-	1 002.80
- RBDPL	212 040.24	236 868.54	105 369.87	66 209.58
- PFAD	85 868.48	49 879.48	26 107.05	27 899.29
- HPFAD	3 101.66	2 339.71	-	1 333.37
- CO	9.59	500.56	-	0.00
- RBDHPO	498.41	-	-	0.00
- HPHA	1 266.32	39.85	-	500.74
- PAO	29 315.68	22 258.88	13 591.60	4 929.80
- RBDHPL	-	14.00	14.00	-
- HPS	26.00	138.00	0.00	39.00
- CPL	-	30.80	0.00	15.40
- NPL	109.44	164.16	91.20	-
- NPO	21.18	30.27	30.27	-
- NBPO	1 723.85	-	-	-
- RPO	-	60.00	-	-
- HPL	-	41.00	-	20.00
- HPO	-	80.00	-	-
JAPAN	358 947.05	338 563.66	145 477.28	138 637.34
- CPO	31 302.78	27 787.48	12 752.63	2 008.24
- RBDPO	161 834.02	153 797.86	67 375.75	62 440.02
- RBDPS	28 523.70	25 749.06	10 510.68	14 272.86
- RBDPL	136 381.17	128 908.19	54 169.68	58 730.26
- NBDPS	-	159.11	-	-
- NBDPL	-	167.37	-	18.40
- PFAD	41.33	642.08	611.68	366.61
- CO	23.80	94.96	14.96	36.72
- NPL	39.45	1 186.98	41.33	99.30
- NPO	-	0.57	0.57	0.00
- HPS	2.50	50.00	-	-
- RBDHS	-	-	-	0.00
- CPL	798.30	-	-	-
- NBIL	-	-	-	455.06
- NBIS	-	-	-	110.49
- HPL	-	-	-	99.38
- RBDHPL	-	20.00	-	-
EGYPT	333 511.45	353 278.76	138 528.08	186 822.27
- CPO	-	-	-	-
- RBDPO	249 822.40	295 422.59	115 345.07	152 431.43
- RBDPS	54 590.55	39 710.15	16 168.26	21 029.55
- RBDPL	23 518.23	13 375.33	5 034.76	10 623.59
- HPO	600.00	286.60	7.60	740.00
- CO	20.73	-	-	-
- RBDHS	-	12.25	-	-
- CPS	4 959.54	4 471.84	1 972.39	1 997.70

SINGAPORE	308 216.68	336 680.88	69 913.83	158 339.62
- CPL	3 007.95	3 009.58	84.54	1 784.17
- NBDPO	22.80	11.40	11.40	-
- RBDPO	19 651.37	42 852.57	3 100.68	36 929.56
- RBDPS	10 642.53	14 007.81	3 350.93	7 041.33
- RBDPL	270 760.47	240 016.14	61 461.68	92 563.58
- PFAD	3 764.39	7 776.56	927.50	6 539.78
- CO	99.39	90.00	36.00	-
- RBDHPL	-	-	-	-
- HPL	140.00	272.00	120.00	-
- HPS	39.78	308.78	176.78	36.00
- HPO	80.00	120.00	-	-
- CPS	-	28 226.54	644.32	13 445.20
- NPL	8.00	-	-	-
- RBDHS	-	16.50	-	-
JORDAN	230 774.16	96 103.65	24 346.90	35 045.62
- RBDPO	151 863.84	73 523.16	19 725.55	27 461.70
- RBDPS	28 483.95	7 594.21	297.74	1 795.54
- RBDPL	49 880.96	12 030.82	2 883.76	5 750.78
- PFAD	507.81	2 938.46	1 439.85	-
- HPO	37.60	16.50	-	37.60
- CO	-	0.50	-	-
TURKEY	237 389.97	131 488.04	62 498.56	40 310.76
- RBDPO	127 944.49	40 067.70	15 208.04	22 199.19
- RBDPS	31 881.29	17 599.85	8 877.88	2 635.55
- RBDPL	72 880.63	72 695.06	37 897.98	14 427.39
- PFAD	3 683.70	904.22	498.16	999.13
- NBDPS	999.86	-	16.50	-
- RBDHS	-	32.30	-	-
- CO	-	20.41	-	-
- HPL	-	80.00	-	-
- HPS	-	88.5	-	49.50
S. AFRICA	183 702.61	147 627.08	59 731.69	41 774.43
- CPL	1 081.17	998.25	998.25	-
- RBDPO	3 189.30	4 602.36	1 294.68	2 462.02
- RBDPS	97 553.70	68 999.77	28 905.21	12 284.73
- RBDPL	52 352.55	44 728.46	15 148.78	18 154.80
- PFAD	27 310.87	22 507.77	9 337.22	7 723.40
- CO	210.59	209.63	290.44	5.00
- PAO	248.60	1 906.23	1 199.00	-
- RBDHPL	822.94	40.00	-	-
- RBDHS	-	19.20	19.20	-
- RBDHPO	-	-	-	171.28
- HPL	523.68	299.80	299.80	-
- HPO	160.00	1 720.00	740.00	939.00
- HPS	-	36.00	-	-
- HPFAD	-	61.00	-	-
- RPO	-	-	-	34.20
- CPS	249.21	1 498.61	1 498.61	-

S. KOREA	182 485.64	138 569.61	52 509.90	53 537.42
- RBDPO	106 241.71	80 488.07	30 804.90	28 472.65
- HPS	-	-	-	16.50
- RBDPS	19 907.40	6 975.93	3 516.12	3 240.91
- RBDPL	55 960.14	50 258.19	18 172.38	19 857.98
- CPS	-	49.50	-	1 791.36
- HPL	309.00	33.00	-	-
- RBDHS	-	247.50	16.50	82.50
- CO	67.77	-	-	-
- PFAD	-	517.42	-	75.52
MYANMAR	158 920.86	203 637.54	91 524.76	51 793.16
- RBDPO	-	2 897.82	1 999.82	1 164.03
- RBDPS	-	479.93	-	1 022.61
- RBDPL	153 000.16	193 217.59	86 395.78	43 000.54
- PFAD	3 615.51	6 582.45	2 844.92	4 900.30
- CO	505.44	286.96	247.76	706.00
- HPO	-	36.48	-	-
- RPS	-	-	36.48	-
- HPS	-	18.24	-	-
- CPS	1 799.75	118.06	-	999.68

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
HPL	Hydrogenated palm olein
PAO	Palm acid oil
PFAD	Palm fatty acid distilled
RBDHPO	Refined bleached deodorized hydrogenated palm oil
RBDHPL	Refined bleached deodorized hydrogenated palm olein
RBDHPS	Refined bleached deodorized hydrogenated palm stearin
RBDPO	Refined bleached deodorized palm oil
RBDPL	Refined bleached deodorized palm olein
RBDPS	Refined bleached deodorized palm stearin
HPFAD	Hydrogenated palm fatty acid distilled
HPS	Hydrogenated palm stearin
RPS	Refined palm stearin
HPO	Hydrogenated palm oil