

Supply and Disappearance of Malaysian Palm Oil: A Review

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Malaysia experienced a 26.8% increase in palm oil production in 1999 compared to the previous year. Production accumulated to 10.553 million tonnes, compared to 8.319 million tonnes produced in 1998 (*Table 1*). The high production was due to the rapidly increasing mature area and higher yield, especially in Sabah and Sarawak. Favourable rainfall was also experienced by the country but the extraction rate for the oil however, declined from 18.91% in 1998 to 18.6% in 1999.

Malaysian palm oil production in January 1999 was 505 371 t, a 20% reduction over that of December the previous year. Production continued to be on the up trend and increased to reach its first peak of one million tonnes in May 1999. Monthly production then rebounded in June and continued to increase to reach its second peak in October with an output level of 1 047 841 t.

Beginning stocks of palm oil in 1999 was 824 815 t, and together with the year's production, total palm oil available for trade by Malaysia in 1999 was at 11.4 million tonnes. This represented an increase of 23% or 2 095 748 t over availability during 1998. Thus, demand for Malaysian palm oil by various consuming countries were easily met. Exports of palm oil from Malaysia in 1999 were 8.79 million tonnes, an increase of 1.37 million tonnes over that of the previous year. Though monthly production had exceeded one million tonnes for three months in 1999, monthly exports had never reached the one million tonnes mark. The highest exports were in August 1999, where 0.91 million tonnes of palm oil were exported by the

country. With the large availability of palm oil, ending stocks reached 1.17 million tonnes by the end of 1999. Considering that Malaysian palm oil production is expected to reach 10.8 million tonnes in year 2000, the availability of palm oil for trade is anticipated to be close to 12 million tonnes. Thus, prices of palm products in 2000 are expected to remain very favourable to consumers.

The biggest importer of Malaysian palm oil for 1999 was India (*Table 2*), with an import volume of 2 384 946 t. These comprised mainly of 2 202 723 t RBD palm olein, 89 575 t palm fatty acid and 27 116 t RBD palm oil (*Table 3*). Other palm products imported included crude palm oil, RBD palm stearin, palm acid oil and NBD palm oil. One of the reasons for the increase in imports could be due to the cut in the import tax on all vegetable oils. The year's drought, which mainly affected areas cultivated with groundnuts, castorseed, rapeseed, soyabeans and sunflowerseed also attributed to the increase in imports by the country. The drought resulted in a shortfall in local production, leading to the increased usage of vegetable oil stocks, thus imports were needed to meet local demand. Increased imports were also due to the increasing demand to meet the festive seasons in the second half of the year.

The European Union (EU) was the second largest importer of Malaysian palm products in 1999 with imports of 1 064 104 t (*Table 2*). The Netherlands maintained its position as the largest importer of Malaysian palm oil in the EU. Imports of the Netherlands in 1999 was 615 125 t and contributed to 58% of the total imports of the EU. The palm products imported by the EU comprised mainly of 211 124 t RBD palm olein, 195 475 t RBD palm stearin and 406 984 t RBD palm oil. The other palm products imported are shown in *Table 3*.

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

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	701 169	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-99	824 815	505 371	1 330 186	132 012	517 157	649 169	681 017
Feb	681 017	562 957	1 243 974	78 522	451 499	530 021	713 953
Mar	713 953	703 880	1 417 833	71 161	619 105	690 266	727 567
Apr	727 567	894 267	1 621 834	123 292	685 476	808 768	813 066
May	813 066	1 006 540	1 819 606	114 032	735 651	849 683	969 923
Jun	969 923	964 210	1 934 133	142 531	744 301	886 832	1 047 301
Jul	1 047 301	960 120	2 007 421	76 496	769 055	845 551	1 161 870
Aug	1 161 870	970 109	2 131 979	121 337	912 667	1 034 004	1 097 975
Sep	1 097 975	1 042 970	2 140 945	97 415	835 427	932 842	1 208 103
Oct	1 208 103	1 047 841	2 255 944	158 076	863 852	1 021 928	1 234 016
Nov	1 234 016	988 838	2 222 854	179 014	790 936	969 950	1 252 904
Dec ^b	1 252 904	905 994	2 158 898	115 963	867 242	983 205	1 175 693
Total ^a		10 553 097			8 792 368		

Notes: ^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.

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

Pakistan which imported 1 033 972 t of Malaysian palm oil was the third largest importer in 1999. This was an increase of 1.4% over imports in 1999. The increase was probably due to the improved price competitiveness of Malaysian RBD palm oil against other oils and fats. World market price for RBD palm oil FOB was US\$ 411 t⁻¹ while that of soyabean oil was US\$ 427, cottonseed

oil was US\$ 463, rapeseed oil was US\$ 423, sunflowerseed oil was US\$ 507 and groundnut oil was US\$ 788 t⁻¹. For the first six months of 1999, imports of Malaysian palm oil by the country was 534 633 t. The larger portion of the palm oil imported (52%) was in the first half of the year. The decline in imports during the second half of the year was attributed to the regulatory duty being

increased by 20% for RBD palm oil and 5% for soyabean oil. Imports of RBD palm oil from Malaysia in 1999 was 976 865 t, accounting for 94% of the total Malaysian palm oil products imported by Pakistan. The other palm products imported included 24 535 t PFAD, 12 367 t PAO, 14 141 t RBD palm olein and among others 2999 t CPO (Table 3).

The fourth largest importer of Malaysian palm oil in 1999 was China PR. Imports totalled 790 911 t, a decline of 121 282 t or by 13.3% over imports of the previous year (Table 2). Some of the reasons for the large decline in imports of palm oil by China PR were the large increase in production and imports of oilseeds by the country. Production of oilseeds in the country had increased from 41.6 million tonnes in 1998 to 42.5 million tonnes in 1999. Imports of soyabeans in 1999 were 40.38 million tonnes while 37.8

million tonnes were imported in the previous year. Imports of rapeseed increased from 1.4 million tonnes in 1998 to 2.8 million tonnes in 1999. The shift towards imports of oilseeds at the expense of vegetable oils resulted from stringent import quotas on edible oils which were supposed to protect the local oilseed crushing industry. Crushing of oilseeds had increased from 29.9 million tonnes in 1996/97 to 35.5 million tonnes in 1999. Of the Malaysian palm products imported by the country, the major ones were RBD palm olein which totalled 483 055 t, RBD palm oil at 202 315 t, RBD palm stearin at 76 810 t and PFAD at 19 034 t. The other palm oil products that were imported were as shown in Table 3 and included CPO, crude olein, cooking oil, crude palm stearin, hydrogenated palm oil, hydrogenated palm olein and refined palm stearin.

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

Countries	1997	1998	1999
India	963 642	1 361 973	2 384 946
EU (15)	729 117	1 062 808	1 064 104
-UK	(58 136)	(55 585)	(36 161)
-Netherlands	(350 872)	(626 129)	(615 125)
-Spain	(73 372)	(55 735)	(54 688)
Pakistan	1 132 988	1 020 097	1 033 972
China PR	1 065 393	912 193	790 911
Egypt	333 511	353 279	481 325
Japan	358 947	338 564	362 782
Singapore	308 217	336 681	334 879
Rep. of Korea	182 486	138 570	194 553
Turkey	237 390	131 488	154 366
UAE	106 723	116 075	152 379
Saudi Arabia	134 182	136 381	144 610
Myanmar	158 921	203 638	140 213
Yemen	48 815	95 909	122 899
USA	113 549	122 848	128 753
Indonesia	100 901	592	419
Jordan	230 774	96 104	106 812
Australia	95 587	93 759	88 958
Hong Kong	221 905	88 089	84 909
Bangladesh	141 666	64 884	56 108
South Africa	183 703	147 627	126 919
Rest of the World	1 774 540	1 623 270	1 871 523
Total	7 489 969	7 424 732	8 792 368

Notes:

Figures in brackets denote sub-totals for EEC.

EEC - 12 countries till 1994.

EU - 15 countries effective 1995.

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

Countries	1997	1998	1999
INDIA	963 641.56	1 361 972.52	2 384 946.39
- CPO	-	-	10 985.61
- RBDPO	32 571.24	20 997.46	27 115.66
- RBDPS	3 249.48	10 399.65	23 629.12
- CPL	6 702.46	20 890.16	782.97
- RBDPL	821 935.06	1 243 741.12	2 202 722.65
- PFAD	65 375.19	43 578.81	89 574.57
- CPS	32 037.93	19 586.50	23 324.86
- CO	1 149.93	41.32	3 168.78
- HPFA	546.81	-	-
- HPS	73.46	40.00	66.00
- HPFAD	-	16.50	-
- PAO	-	2 235.50	1 498.79
- RBDHS	-	445.50	2077.38
EU	729 117.34	1 062 808.27	1 064 104.10
- CPO	-	-	159 510.93
- NBDPO	11 168.50	11 902.42	3 398.72
- RBDPO	171 866.80	540 552.73	406 984.12
- CPS	841.42	-	7 226.71
- RBDPS	207 801.29	197 907.87	195 474.57
- NBDPL	3 458.48	-	1 003.37
- RBDPL	212 040.24	236 868.54	211 123.60
- PFAD	85 868.48	49 879.48	68 533.46
- HPFAD	3 101.66	2 339.71	4340.50
- CO	9.59	500.56	-
- RBDHPO	498.41	-	-
- HPHA	1 266.32	39.85	500.74
- PAO	29 315.68	22 258.88	5592.71
- RBDHPL	-	14.00	-
- HPS	26.00	138.00	39.00
- CPL	-	30.80	15.40
- NPL	109.44	164.16	160.93
- NPO	21.18	30.27	11.84
- NBPO	1 723.85	-	-
- RPO	-	60.00	-
- HPL	-	41.00	20.00
- HPO	-	80.00	167.50
PAKISTAN	1 132 987.86	1 020 097.40	1 033 972.14
- CPO	-	-	2 999.43
- RBDPO	1 035 339.13	974 518.35	976 865.12
- RBDPS	3 492.73	746.25	2 669.27
- RBDPL	61 295.24	21 342.75	14 141.47
- PFAD	22 323.13	13 944.00	24 535.50
- CO	-	-	364.80
- PAO	10 517.63	9 383.73	12 367.81
- RBDHPL	-	78.24	-
- HPO	-	-	28.74
- HPL	-	64.08	-
- HPS	20.00	20.00	-

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CHINA PR	1 065 393.17	912 192.96	790 910.80
- CPO	-	13 617.19	5 998.37
- CPL	72 178.41	19 663.05	2 924.08
- RBDPO	89 746.61	165 982.86	202 315.13
- RBDPS	66 780.40	55 291.94	76 810.38
- RBDPL	777 051.42	646 026.39	483 055.59
- CO	38.00	500.08	16.72
- PFAD	249.43	1 010.06	19 034.08
- BPO	55 349.81	9 798.55	-
- CPS	3 999.09	-	68.00
- HPO	-	10.00	31.56
- HPL	-	-	503.89
- HPS	-	1.00	119.00
- RPS	-	-	34.00
- RBDHS	-	291.84	-
EGYPT	333 511.45	353 278.76	481 325.48
- CPO	-	-	-
- RBDPO	249 822.40	295 422.59	383 978.97
- RBDPS	54 590.55	39 710.15	53 921.92
- RBDPL	23 518.23	13 375.33	31 885.93
- HPO	600.00	286.60	1 003.00
- CO	20.73	-	-
- RBDHS	-	12.25	-
- CPS	4 959.54	4 471.84	10 535.66
JAPAN	358 947.05	338 563.66	362 781.54
- CPO	31 302.78	27 787.48	10 015.07
- RBDPO	161 834.02	153 797.86	171 340.35
- RBDPS	28 523.70	25 749.06	38 730.87
- RBDPL	136 381.17	128 908.19	139 132.34
- NBDPS	-	159.11	-
- NBDPL	-	167.37	36.80
- PFAD	41.33	642.08	1595.84
- CO	23.80	94.96	91.80
- NPL	39.45	1 186.98	298.34
- NPO	-	0.57	274.02
- HPS	2.50	50.00	-
- RBDHPL	-	-	101.14
- RBDHS	-	-	-
- CPL	798.30	-	-
- NBIL	-	-	680.88
- NBIS	-	-	259.55
- HPL	-	-	99.38
- HPO	-	20.00	125.16
SINGAPORE	308 216.68	336 680.88	334 878.57
- CPO	-	-	8 005.34
- CPL	3 007.95	3 009.58	6 627.10
- NBDPO	22.80	11.40	34.20
- RBDPO	19 651.37	42 852.57	45 946.27
- RBDPS	10 642.53	14 007.81	23 149.12
- RBDPL	270 760.47	240 016.14	200 914.63
- PFAD	3 764.39	7 776.56	24 914.13

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- PAO			40.16
- CO	99.39	90.00	428.20
- RBDHPO			13.65
- RBDHPL	-	-	60.00
- HPL	140.00	272.00	-
- HPS	39.78	308.78	202.84
- HPO	80.00	120.00	372.44
- CPS	-	28 226.54	24 170.49
- NPL	8.00	-	-
- RBDHS	-	16.50	-
S. KOREA	182 485.64	138 569.61	194 552.73
- RBDPO	106 241.71	80 488.07	88 079.32
- HPS	-	-	45.50
- RBDPS	19 907.40	6 975.93	35 847.06
- RBDPL	55 960.14	50 258.19	67 740.88
- CPS	-	49.50	1 824.17
- CPL	-	-	65.13
- HPO	-	-	46.40
- HPL	309.00	33.00	-
- RBDHS	-	247.50	165.00
- CO	67.77	-	-
- PFAD	-	517.42	-
TURKEY	237 389.97	131 488.04	154 365.67
- RBDPO	127 944.49	40 067.70	67 404.06
- RBDPS	31 881.29	17 599.85	21 384.10
- RBDPL	72 880.63	72 695.06	63 713.64
- PFAD	3 683.70	904.22	1 495.66
- NBDPS	999.86	-	-
- RBDHS	-	32.30	99.00
- CO	-	20.41	-
- HPO	-	-	20.00
- HPL	-	80.00	199.71
- HPS	-	88.5	49.50
MYANMAR	158 920.86	203 637.54	140 213.27
- RBDPO	-	2 897.83	1 819.64
- RBDPS	-	479.93	1 711.38
- RBDPL	153 000.16	193 217.59	119 492.79
- PFAD	3 615.51	6 582.45	10 073.11
- CO	505.44	286.96	3 640.26
- HPO	-	36.48	-
- HPS	-	18.24	204.82
- CPS	1 799.75	118.06	3 271.27
JORDAN	230 774.16	96 103.65	106 812.07
- RBDPO	151 863.84	73 523.16	74 172.79
- RBDPS	28 483.95	7 594.21	9 787.10
- RBDPL	49 880.96	12 030.82	22 699.46
- PFAD	507.81	2 938.46	-
- HPO	37.60	16.50	152.72
- CO	-	0.50	-

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S. AFRICA	183 702.61	147 627.08	126 918.75
- CPL	1 081.17	998.25	-
- NBDPO			36.48
- RBDPO	3 189.30	4 602.36	2903.68
- RBDPS	97 553.70	68 999.77	54 383.79
- RBDPL	52 352.55	44 728.46	46 059.71
- PFAD	27 310.87	22 507.77	20 101.02
- CO	210.59	209.63	336.37
- PAO	248.60	1 906.23	-
- RBDHPL	822.94	40.00	-
- RBDHS	-	19.20	-
- RBDHSF			132.00
- RBDHPO	-	-	311.28
- HPL	523.68	299.80	-
- HPO	160.00	1 720.00	2 537.72
- HPS	-	36.00	82.50
- HPFAD	-	61.00	-
- RPO	-	-	34.20
- CPS	249.21	1 498.61	-

Notes:

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

Source: PORLA

Imports of Malaysian palm oil by Egypt in 1999 were 481 325 t. When compared to imports of 1998 which totalled 335 279 t, imports had increased by 128 046 t or by 36.2%. The increase in imports of palm oil was attributed to the decline in the production of cottonseed from 0.56 million tonnes in 1998 to 0.37 million tonnes in 1999. A total

of 383 678 t of RBD palm oil were imported in 1999 and this accounted for approximately 80% of the Malaysian palm oil products that were imported by the country. The other palm products imported included 53 922 t RBD palm stearin, 31 886 t RBD palm olein, 10 535 t crude palm stearin and 1003 t hydrogenated palm oil (Table 3).

Japan was the sixth largest importer of Malaysian palm products in 1999. Imports by the country in 1999 totalled 362 782 t, an increase of 7.2% when compared to imports in 1998 (*Table 2*). The major palm products imported were RBD palm olein and RBD palm oil, which together contributed to 85.6% of the Malaysian palm products imported by the country. The other palm products that were imported in 1999 are shown in *Table 3*.

The seventh largest importer of Malaysian palm oil products in 1999 was Singapore. Imports in 1999 totalled 334 879 t, a slight decline when compared to that of 1998. Total yearly imports of palm oil from 1997 to 1999 had been above 300 000 t while in 1996, the amount imported by the country was 240 269 t. RBD palm olein was the major product imported and with a total of 200 914 t imported in 1999, it accounted for 60% of the total Malaysian palm oil imported by the country. The other palm oil products that were imported by Singapore are also illustrated in *Table 3*.