

Supply and Disappearance of the Malaysian Palm Oil: A Review

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Malaysian palm oil production increased from 11.355 million tonnes in 2003 to 13.976 million tonnes in 2004, *i.e.* by 4.65% (*Table 1*). This was a small increase compared to that of 2002 of 12.14% due to the palms being stressed after four years of high production. The lower increase in production was also due to the large area of young palms coming into bearing. Thus, the yield of palm oil per hectare declined from 3.75 t in 2003 to 3.73 t in 2004.

The year 2005 started of with a low production of palm oil. In January, only 1 153 177 t were produced (*Table 1*), 12.22% lower than in December, the preceding month. However, compared with January 2004, the production was higher by 276 681 t, or 31.6%. In February, production declined to 1 048 180 t although this was also higher than that of February 2004. Production picked up in March 2005 with 1 215 932 t produced exceeding March 2004 by 275 182 t, or 29.25%. Despite the slow start in production, the first nine months of 2005 saw 11 256 007 t produced – 1 215 723 t (12.1%) higher than the 10 040 284 t produced in the same period in 2004.

Beginning stocks of palm oil in 2004 were 1.17 million tonnes which, together with the year's production, made total palm oil available for trade from Malaysia in the year of 15.14 million tonnes. A total of 12.58 million

tonnes were exported, and with the disappearance in the country, the stocks carry over to January 2005 was 1.49 million tonnes. With the estimated production for 2005 of 14.24 million tonnes, 15.73 million tonnes of Malaysian palm oil would be available for trade in the year. This will be 3.9% higher than the equivalent figure in 2004.

In the first nine months of 2005, Malaysia exported 10.16 million tonnes (*Table 2*) of palm oil, an increase of 980 076 t or 10.68% over the same period in 2004. This was mainly due to increased uptakes by China, European Union (EU), Bangladesh, United States (US), Egypt and Turkey. The major importers of the Malaysian palm oil are listed in *Table 2*. Their increased in imports of palm oil were mainly due to frost damage on their oil crops, especially in Europe and China. In addition, crop yields and areas were reduced due to unfavourable weather in Argentina. Drought also occurred in India and Africa leading to a decline in groundnut production.

China PR is the largest importer of Malaysian palm oil in

2005. The import totalled 2 227 420 t, an increase of 230 936 t, or 11.57%, over the same period in 2004 (*Table 2*) due to bad weather affecting its major oilseed crops. The high economic growth in China has also increased the demand for edible oils and fat. The high prices of the major competing oils (mainly sunflower, rapeseed, canola and soyabean oil) due to short supply therefore led the country to importing on other oils, especially palm oil, instead. China PR accounted for 21.9% of the total exports of Malaysian palm oil in these nine months. RBD palm olein was the major product imported (*Table 3*) totalling 1 505 513 t or 68% of the total Malaysian palm oil products purchased. This was an increase of 197 737 t or 15% over the same period in 2004. The imports of RBD palm stearin, the second largest item, increased by 3.9% from 604 265 t to 627 796 t in the third-quarter periods of 2004 and 2005. RBD palm oil was the third largest product imported. The quantum increase was from 36 693 t in 2004 to 53 783 t in 2005. RBD palm olein, RBD palm stearin and RBD palm oil accounted for 98.2% of China's total imports of Malaysian palm oil (CPO). The other imported palm products include crude palm oil, crude palm stearin, palm fatty acid distillate, RBDH palm stearin and cooking oil.

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

Year	Supply			Disappearance			Ending stock	Stock usage ratio
	Beginning stock	Production	Total	Adjusting balance	Exports	Total		
1990	1 059 915	6 094 622	7 154 537	707 991	5 727 451	6 435 442	719 095	0.11
1991	719 095	6 141 353	6 860 448	599 804	5 573 223	6 173 027	687 421	0.11
1992	687 421	6 373 461	7 060 882	835 311	5 565 032	6 400 343	660 539	0.10
1993	660 539	7 403 498	8 064 037	775 994	6 117 171	6 893 165	1 170 872	0.17
1994	1 170 872	7 220 631	8 391 503	986 979	6 654 802	7 641 781	749 722	0.10
1995	749 722	7 810 546	8 560 268	1 187 424	6 512 956	7 700 380	859 888	0.11
1996	859 888	8 385 886	9 245 774	1 239 411	7 211 909	8 451 320	794 454	0.09
1997	794 454	9 068 728	9 863 182	1 410 731	7 489 969	8 900 700	962 482	0.11
1998	962 482	8 319 682	9 282 164	1 032 617	7 424 732	8 457 349	824 815	0.10
1999	824 815	10 553 097	11 377 912	1 288 711	8 913 508	10 202 219	1 175 693	0.12
2000	1 175 693	10 842 095	12 017 788	1 517 284	9 081 495	10 598 779	1 419 009	0.13
2001	1 419 009	11 803 788	13 222 797	1 384 397	10 624 830	12 009 227	1 213 570	0.10
2002	1 213 570	11 909 298	13 122 868	1 100 165	10 886 259	11 986 424	1 136 444	0.09
2003	1 136 444	13 354 769	14 491 213	1 058 608	12 266 064	13 324 672	1 166 541	0.09
2004	1 166 541	13 976 182	15 142 723	1 071 141	12 581 794	13 652 935	1 489 788	0.11
Jan 04	1 166 541	876 496	2 043 031	52 162	914 019	966 181	1 062 401	1.10
Feb	1 076 850	862 554	1 939 404	56 313	895 239	951 552	986 842	1.04
Mar	987 852	940 750	1 928 602	33 510	937 291	970 801	958 263	0.99
Apr	957 801	1 008 723	1 966 524	17 603	948 231	964 844	1 003 029	1.04
May	1 001 680	1 099 299	2 100 979	104 150	955 462	1 055 933	1 047 405	0.99
Jun	1 045 046	1 170 655	2 215 701	109 427	890 936	1 004 437	1 211 825	1.21
Jul	1 211 264	1 271 455	2 482 719	71 821	1 119 256	1 191 077	1 293 371	1.09
Aug	1 291 642	1 322 137	2 613 778	128 821	1 224 491	1 353 221	1 260 552	0.93
Sept	1 260 557	1 488 215	2 748 772	123 111	1 292 615	1 415 549	1 333 223	0.94
Oct	1 333 223	1 362 323	2 695 546	171 533	1 169 293	1 336 747	1 358 799	1.02
Nov	1 358 799	1 259 896	2 618 695	86 238	1 104 305	1 190 543	1 428 152	1.20
Dec	1 428 152	1 313 679	2 741 831	121 387	1 130 656	1 252 043	1 489 788	1.19
Total^a		13 976 182			12 581 794			
Jan 05	1 489 788	1 153 177	2 642 965	122 965	1 002 778	1 125 743	1 517 222	1.35
Feb	1 517 222	1 048 180	2 565 402	89 909	935 323	1 025 232	1 540 170	1.50
Mar	1 540 170	1 215 932	2 756 102	116 837	1 192 497	1 309 334	1 446 768	1.10
Apr	1 446 768	1 246 938	2 693 706	129 050	1 085 640	1 214 690	1 479 016	1.22
May	1 479 016	1 299 466	2 778 482	153 960	1 329 246	1 483 206	1 295 276	0.87
June	1 295 276	1 206 718	2 501 994	146 882	1 170 359	1 317 241	1 184 753	0.90
July	1 184 753	1 291 164	2 475 917	122 281	1 078 802	1 201 083	1 274 834	1.06
Aug	1 274 834	1 362 777	2 637 611	133 822	1 168 880	1 302 702	1 334 909	1.02
Sept ^b	1 334 909	1 431 655	2 766 564	136 037	1 194 091	1 330 128	1 436 436	1.08
Oct	1 436 436	NA	NA	NA	NA	NA	NA	NA
					10 157 616			

Notes:

^a Summation of the monthly totals may not equate to the yearly total because of adjustments made to the latter but not incorporated into the former.

^b Preliminary.

NA - not available.

Source: Palmoil Update, MPOB (various issues).

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

Country	2003	2004	January-Sept 2004	January-Sept 2005
China PR	2 533 170	2 805 898	1 996 484	2 227 420
EU (15)	1 696 015	1 941 348	1 345 145	1 580 130
-Netherlands	(972 813)	(1 146 824)	(802 042)	(923 684)
-Italy	(103 251)	(127 041)	(92 060)	(133 905)
-Germany	(162 256)	(145 517)	(94 580)	(125 701)
India	1 597 951	941 871	728 554	529 895
Pakistan	1 102 679	953 772	717 359	712 453
Jordan	53 950	454 953	371 090	35 239
Japan	447 346	480 231	355 817	353 299
Singapore	471 614	396 291	289 759	267 488
Bangladesh	290 611	364 752	278 358	423 068
USA	263 906	343 052	266 923	412 761
UAE	264 631	318 871	247 140	187 185
Egypt	564 850	335 225	248 304	497 079
Hong Kong PRC	214 292	293 398	221 850	93 962
S. Korea	217 619	223 974	158 736	170 387
S. Arabia	214 851	172 622	123 677	139 031
S. Africa	184 219	244 208	179 949	183 786
Turkey	182 729	98 893	80 737	223 692
Myanmar	151 722	140 755	80 834	130 943
Yemen	122 832	89 436	72 642	96 588
Australia	105 264	105 802	84 727	89 777
Vietnam	114 148	146 486	117 971	109 807
Rest of the World	1 471 665	1 729 956	222 801	510 336
Total	12 266 064	12 581 794	9 177 539	10 157 616

Note:

Figures in brackets denote sub-totals for EU.

Source: MPOB.

The EU was the second largest importer of Malaysian palm products. Imports in the first nine months of 2005 totalled 1 580 130 t, an increase of 17.47% over the corresponding period in 2004 of 1 345 145 t (Table 2). Among the EU countries, Netherlands was the most important, on its own being the world's third largest importer of Malaysian palm oil. The major palm products imported by the EU were CPO (705 201 t), RBD palm olein (316 445 t), palm fatty acid distillate (166 864 t), RBD palm stearin (135 504 t) and RBD palm oil (127 615 t) (Table 3). Imports of palm mid fraction in these nine months were 69 335 t. The quantities of the other imported palm oil products are in Table 3.

The third largest importer of Malaysian palm oil during January to September 2005 was Pakistan with 712 453 t. However, there was a slight decline of 4906 t, or 0.7%, when compared to imported quantity during the same period of 2004 when the quantum imported was 717 359 t (Table 2). The imports decreased due to sufficient stocks of imported vegetable oils. However, imports are expected to rise again due to the coming festive season. The major Malaysian palm products imported were RBD palm olein (510 285 t), RBD palm oil (74 802 t), CPO (66 850 t), palm fatty acid distillate (PFAD) (18 844 t) and palm acid oil (8841 t). There was a decrease in RBD palm olein with only 548 032 t imported. The

other palm oil products imported are shown in Table 3. The imports of RBD palm stearin increased from 5972 t to 18 884 t from the period in 2004 to that in 2005 respectively.

In the first nine months of 2005, the fourth largest importer of Malaysian palm oil was India. It took 529 895 t of palm oil, a decrease of 198 659 t, or 27.3%, over the same period in 2004 (Table 2). India accounted for 5.2% of total Malaysian exports of palm oil. Local oilseed output also decline due to dry conditions especially from kharif soyabean crop and cottonseed. This resulted in prices of oils and fats extremely high in the Indian domestic market. Hence, imports are required to meet demand. Therefore palm oil offered the

stabilizing factor considering that its price is the lowest among all the traded oils and fats but imported in declining quantity. CPO accounted for the largest portion of the imports with a share of 39.4% (208 954 t). The second largest product imported was RBD palm olein with 107 796 t, or 20% of the palm oil products imported from Malaysia. The other major products taken were 68 994 t PFAD and 51 673 t crude palm olein. The list is shown in *Table 3*.

Egypt, with imports of 497 079 t, was the fifth largest importer of Malaysian palm products in the first nine months of 2005. The

imports increased 100.2% over the 248 304 t in the same period in 2004 (*Table 2*). The largest items taken were 224 847 t RBD palm olein, 187 225 t RBD palm oil and 71 221 t RBD palm stearin (*Table 3*). RBD palm stearin increased by 184% over 2004. However, olein, mainly used in the industrial frying sector and in restaurants, declined by 15.8%. The lower imports of other vegetable oils also decline as a result of tight supply.

US imported 412 761 t of Malaysian palm products, making it the seventh largest importer of Malaysian palm oil in January to September 2005. The volume was

an increase of 54.6% over the 266 923 t imported in the same period in 2004. The major import product was RBD palm oil with 129 238 t. The import of RBD palm stearin was 101 006 t. Both these oils accounted for 55.8% of total US imports of Malaysian palm oil. This increase was due to concern over *trans* fats, with their labelling required from 1 January 2006.

The above indicates the performance of Malaysian palm oil in the world market. It also describes palm oil consumption in the major importing countries. The imports are shown in *Table 2* with the breakdown of palm products bought in *Table 3*.

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

Country	2003	2004	January-Sept. 2004	January-Sept. 2005
INDIA	1 597 950.96	941 870.85	728 554.13	529 894.69
CPO	454 968.87	354 730.13	261 856.55	208 953.70
CPOs	31 375.47	10 728.79	6 276.22	29 196.79
CPOo	574 831.93	143 015.82	106 687.47	51 672.57
RBDPO	37 591.83	1 3 042.99	10 889.57	9 517.11
RBDPOs	5 254.65	8 354.18	7 238.77	24 010.07
RBDPOo	383 266.27	313 047.32	256 582.62	107 796.09
PAO	18 377.70	24 380.96	19 238.93	18 738.96
PFAD	86 243.11	68 118.65	54 864.21	68 993.65
PMF	114.67	0.00	0.00	11.77
CO	1 855.10	1 644.38	1 094.17	519.02
HPO	717.86	45.20	19.20	78.26
RPOo	0.00	30.00	1.00	0.00
RPOs	33.00	0.00	0.00	0.00
RBPO	0.00	0.00	0.00	6 029.49
RBDHPO	0.00	0.00	0.00	32.00
RBDHPOo	0.00	0.00	10.00	19.44
RBDHPOs	1 207.00	1 465.50	1 114.00	2 098.70
RBPOs	0.00	27.93	0.00	0.00
MIX V OIL RBDPOo	0.00	0.00	27.93	0.00
DFPOo	0.00	0.00	20.00	0.00
BPO	0.00	0.00	0.00	0.00
RBDHFPOs	2 113.50	3 239.00	2 633.50	2 227.07
EU	1 696 014.59	1 941 348.27	1 368 574.89	1 584 757.81
CPO	652 065.65	854 621.07	608 823.49	705 201.40
CPOo	0.00	0.00	0.00	59.53
CPOs	1 860.17	1 024.21	1 024.21	0.00
NPO	721.19	1 138.87	0.00	0.00
RPO	0.00	20.12	0.00	312.44
RPOo	0.00	0.00	20.12	0.00
NBDPO	1 993.15	5 488.16	4 487.09	5 038.15
NBPOo	0.00	0.00	0.00	499.44
NPOo	499.38	0.00	757.93	426.11
NBDPOo	0.00	1 604.92	502.25	2 771.23
NBDPOs	80.00	593.24	513.24	596.20
RBDPO	193 835.22	145 046.56	98 294.51	127 614.59
RBDPOs	247 883.42	207 078.92	150 661.42	135 503.87
RBDPOo	303 584.53	366 555.16	267 490.13	316 445.45
PAO	19 660.18	23 840.26	17 319.23	16 507.50
PFAD	143 865.79	189 327.85	114 597.56	166 863.66
PMF	75 446.72	91 021.35	60 773.71	69 334.98
CO	4 236.81	4 971.12	3 692.38	9 261.43
HPO	330.80	2 159.42	1 642.38	519.25
HPFAD	999.11	0.00	0.00	112.15
HPOo	40.00	0.00	72.00	122.60
DFPOo	47 257.48	45 464.48	36 769.20	25 587.08
RBDHPO	27.00	0.00	0.00	0.00
RBDHFPOs	737.34	819.30	739.60	501.85
RBDHPOo	20.00	192.26	130.94	668.60
RBDHPOs	870.65	381.00	263.50	810.00

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

Country	2003	2004	January-Sept. 2004	January-Sept. 2005
CHINA PR	2 533 170.15	2 805 897.93	1 996 483.51	2 227 420.24
CPO	18.62	2 349.26	0.00	18 738.27
CPOs	373.00	251.75	251.75	9 887.60
CPOO	0.00	0.00	0.00	103.78
RBDPO	77 476.87	78 301.79	36 692.71	53 782.61
RBDPOs	670 539.70	793 602.02	604 264.53	627 795.87
RBDPOo	1 770 953.43	1 879 704.53	1 307 775.14	1 505 512.52
PAO	181.13	2 139.34	1 051.54	794.58
PFAD	3 374.08	798.19	745.41	5 851.50
PMF	298.04	589.60	589.60	91.20
CO	591.45	488.75	380.96	351.40
HPO	229.59	436.24	173.27	442.79
HPOs	5 209.78	0.00	1 399.00	49.50
HPOo	20.00	76.08	39.72	15.36
DFPOo	3 322.01	3 087.46	2 100.73	1 601.98
RBDHPOo	322.95	336.01	198.24	366.56
RBDHPO	0.00	20.00	20.00	19.57
RBDHPOs	242.50	2 873.00	0.00	1 975.15
RBDHFPOs	17.00	2 062.67	2 019.67	0.00
Mix V Oil RBDPOo	0.00	38 781.24	38 781.24	0.00
Nutri POo	0.00	0.00	0.00	40.00
PAKISTAN	1 102 679.33	953 772.19	717 358.76	712 452.98
CO	104.86	10 396.29	4 562.32	2 303.24
CPO	63 644.67	32 083.16	14 987.14	66 849.70
CPOo	0.00	0.00	0.00	9 001.85
CPOs	0.00	0.00	0.00	1 499.59
RBDHPO	20.00	0.00	0.00	0.00
RBDPO	190 472.41	149 162.12	124 999.01	74 802.26
RBDPOs	10 143.82	7 471.40	5 971.97	18 880.93
RBDPOo	774 005.39	730 801.16	548 032.11	510 285.06
PAO	28 200.21	8 806.86	6 242.82	8 841.06
PFAD	35 883.29	14 284.88	11 997.07	18 844.01
HPO	204.68	766.32	566.32	1 034.62
PMF	0.00	0.00	0.00	90.65
HRBD Stearin Flakes	0.00	0.00	0.00	20.00
EGYPT	564 849.85	335 224.51	248 304.23	497 078.85
CPO	8 494.07	0.00	0.00	0.00
CPOs	13.80	1 559.93	1 559.93	0.00
RBDPO	255 075.83	219 812.80	161 667.12	187 225.39
RBDPOs	51 696.68	36 014.41	25 086.29	71 220.61
RBDPOo	241 998.93	71 086.16	56 234.69	224 847.27
PFAD	4 046.69	2 001.47	1 001.84	5 804.23
CO	102.60	37.24	37.24	286.30
HPO	82.12	200.00	200.00	108.80
RBDHPO	240.00	0.00	0.00	48.00
RBDHPOo	100.00	0.00	0.00	142.40
DFPOo	2 999.13	4 512.50	2 517.10	7 395.86

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

Country	2003	2004	January-Sept. 2004	January-Sept. 2005
USA	263 905.57	343 051.91	266 922.89	412 760.93
NPO	0.00	2.88	2.88	3.04
RBDPO	92 353.51	98 903.88	73 263.31	129 238.35
RBDPO _s	64 457.77	82 573.88	59 026.54	101 006.46
RBDPO _o	19 849.12	49 689.21	44 132.84	85 462.10
PFAD	86 866.09	111 512.75	90 233.41	84 407.23
CO	273.00	271.36	185.98	39.86
DFPO _o	0.00	0.00	0.00	8.10
PMF	40.00	0.00	0.00	3 567.76
HPO	0.00	0.00	0.00	21.05
HPO _o	0.00	41.02	38.02	21.00
RBDHFPO _s	38.00	0.00	0.00	8 694.32
RBDHPO	19.01	0.00	0.00	0.00
RBDHPO _o	0.00	0.00	0.00	130.80
RBDHPO _s	0.00	56.93	39.92	160.86
HPFAD	9.07	0.00	0.00	0.00

Notes:

CPO	Crude palm oil
CPO _o	Crude palm olein
CPO _s	Crude palm stearin
NPO	Neutralized palm oil
NPO _o	Neutralized palm olein
NPO _s	Neutralized palm stearin
NBDPO	Neutralized bleached deodorized palm oil
NBDPO _o	Neutralized bleached deodorized palm olein
NBDPO _s	Neutralized bleached deodorized palm stearin
RPO	Refined palm oil
RPO _o	Refined palm olein
RPO _s	Refined palm stearin
RBPO	Refined bleached palm oil
RBDPO	Refined bleached deodorized palm oil
RBDPO _o	Refined bleached deodorized palm olein
RBDPO _s	Refined bleached deodorized palm stearin
RBDHPO	Refined bleached deodorized hydrogenated palm oil
RBDHPO _o	Refined bleached deodorized hydrogenated palm olein
RBDHPO _s	Refined bleached deodorized hydrogenated palm stearin
RBDHPSF	Refined bleached deodorized hydrogenated palm stearin fractionated
NBIO	Neutralized bleached interesterified palm oil
DFPO _o	Double fraction palm olein
HPO	Hydrogenated palm oil
HPO _o	Hydrogenated palm olein
HPO _s	Hydrogenated palm stearin
HPFA	Hydrogenated palm fatty acid
HPFAD	Hydrogenated palm fatty acid distilled
CO	Cooking oil/double olein
DFPO _o	Double fraction palm olein
PMF	Palm mid fraction
PAO	Palm acid oil
PFAD	Palm fatty acid distillate
Mix V Oil RBDPO _o	Mixed vegetable oil RBD palm olein

Source: Palmoil Update, MPOB (various issues).