

FOREWORD

The Malaysian oil palm industry fared better in 2022 compared to 2021 with slight increase in crude palm oil (CPO) production and export. With the exception of the second quarter of 2022, the production of CPO recorded higher performance in other quarters as compared to the same period in 2021. The year 2022 ended with higher CPO production by 1.9% and palm oil export by 0.9%. Other key industry indicators also witnessed higher performance such as yield of fresh fruit bunches (FFB) and palm oil stocks, while national oil extraction rate (OER) and imports of palm oil witnessed declines. The tight supply situation had pushed prices to a new record of high annual average price at RM5,087.50/tonne in the palm oil history and boosted total export revenue to RM137.89 billion.

The total oil palm planted area was recorded at 5.67 million hectares in 2022, a decrease of 1.1% as against 5.74 million hectares in the previous year. Sarawak remained as the largest oil palm planted state with 1.62 million hectares or 28.6% of the total Malaysian oil palm planted area, followed by Sabah with 1.51 million hectares or 26.6%. Oil palm planted area in Peninsular Malaysia amounted to 2.54 million hectares or 44.8%.

In 2022, CPO production increased by 1.9%, to 18.45 million tonnes as against 18.12 million tonnes recorded in 2021. The higher production was due to higher FFB processed, which rose 3.4% due to better FFB yield of estates with higher marginal by 0.1% to 15.49 tonnes/hectare in 2022 vis-à-vis 15.47 tonnes/hectare in 2021. CPO production in Peninsular Malaysia and Sarawak increased by 3.2% and 2.5% to 10.16 million tonnes and 4.01 million tonnes respectively. On the other hand, CPO production in Sabah declined by 1.7% to 4.29 million tonnes from 4.36 million tonnes in 2021.

The average FFB yield increased by 0.1% to 15.49 tonnes/hectare in 2022 as against 15.47 tonnes/hectare in 2021. FFB yield in Peninsular Malaysia and Sarawak increased by 1.0% and 1.4% to 16.41 tonnes per hectare and 14.13 tonnes per hectare in 2022 respectively compared to that of 2021. Meanwhile, FFB yield in Sabah decreased by 2.4% to 15.39 tonnes per hectare in 2022 compared to that of 2021.

The national OER performance decreased by 1.5% to 19.70 percent as opposed to 20.01 percent in 2021, mainly due to a lower proportion of ripe FFB processed by palm oil millers throughout Malaysia. The year 2022 recorded the lowest OER performance after two (2) decades where in 2001 the national OER was recorded at 19.22 percent. All regions, namely Peninsular Malaysia, Sabah and Sarawak recorded lower OER performance in 2022, *i.e.*, decreased by 1.3% to 19.57 percent, 1.5% to 20.25 percent and 2.1% to 19.47 percent respectively, compared to 2021 OER performance.

Total exports of palm oil and other palm-based products in 2022 amounted to 24.72 million tonnes, higher by 1.8% from 24.28 million tonnes recorded in 2021. Total export earnings also rose by 27.1% to RM137.89 billion as against RM108.52 billion in 2021 because of higher prices. In 2022, export earnings of palm oil alone surged significantly by 27.7% to RM82.49 billion as against RM64.61 billion in 2021. Similarly, palm oil export volume increased marginally by 0.9% to 15.71 million tonnes as compared to the previous year attributed to higher demand, particularly from UAE, Saudi Arabia, Japan, Bangladesh, Egypt and Turkiye.

India maintained its position as the largest Malaysian palm oil export market in 2022 for the ninth year consecutively since 2014, with 2.89 million tonnes or 18.4% of total Malaysian palm oil exports. This was followed by China at 1.76 million tonnes (11.2%), the EU 1.47 million tonnes (9.4%), Turkiye 0.82 million tonnes (5.2%), Kenya 0.76 million tonnes (4.9%), the Philippines 0.64 million tonnes (4.1%) and Pakistan 0.57 million tonnes (3.6%). These seven (7) major markets combined accounted for 8.92 million tonnes or 56.8% of total Malaysian palm oil exports in 2022.

The reduced exports of palm oil to India by 19.8% to 2.89 million tonnes in 2022 from 3.60 million tonnes in 2021 was attributed to higher uptake of palm oil from Indonesia by 56.0% to 5.00 million tonnes in 2022 from 3.20 million tonnes in 2021. Other contributing factor was higher imports of soybean oil by 10.8% to 3.91 million tonnes in 2022 as compared to 3.53 million tonnes in 2021.

China, albeit down by 5.8%, was the second largest export market for Malaysian palm oil since 2019 with an uptake of 1.76 million tonnes from 1.87 million tonnes attained in 2021. The shortfall was attributed to reduce consumption of major vegetable oils, caused by on-going COVID-19 related lockdowns in several big cities.

Malaysian palm oil exports to the EU also declined by 10.1% to 1.47 million tonnes from 1.64 million tonnes in 2021. This was due to higher imports of soybean for crushing activity from the US by 17.7% to 5.24 million tonnes in 2022 as compared to 4.45 million tonnes in 2021.

With an uptake of 0.82 million tonnes of palm oil in 2022, Turkiye maintained its position as the fourth largest market for Malaysian palm oil since 2021. Exports of palm oil to the country rose by 17.2% from 0.70 million tonnes in 2021 as a result of lower uptake of sunflower oil from Russia by 24.5% to 550,000 tonnes in 2022 from 728,800 tonnes in 2021.

Meanwhile, the intake of Malaysian palm oil by Kenya increased by 13.4% to 0.76 million tonnes due to lower import of palm oil from Indonesia by 36.9% to 263,000 tonnes in 2022 from 417,000 tonnes in 2021.

Exports of Malaysian palm kernel oil in 2022 declined by 3.6% to 1.04 million tonnes from 1.08 million tonnes in 2021 in view of lower demand particularly from the EU, Egypt and Ukraine. The EU was the major export market for Malaysian palm kernel oil with 0.25 million tonnes (albeit down by 18.4%), followed by China at 0.17 million tonnes (up by 4.0%) and India at 0.10 million tonnes (down by 6.4%).

Palm kernel cake (PKC) exports also decreased by 6.7% to 2.15 million tonnes in 2022 as against 2.30 million tonnes in 2021 due to lower demand from Pakistan, Vietnam and Saudi Arabia. New Zealand was the largest importer of Malaysian PKC with 0.67 million tonnes (31.3% of total PKC exports), followed by China 0.53 million tonnes (24.8%), South Korea 0.49 million tonnes (22.9%), Pakistan 0.15 million tonnes (6.8%) and Saudi Arabia 0.12 million tonnes (5.4%).

Similarly, exports of palm-based oleochemical products decreased by 5.2% to 2.73 million tonnes in 2022 from 2.88 million tonnes in 2021. The lower export volume was as a result of lower demand from USA, Taiwan, South Korea, Nigeria and Canada. China was the largest importer of Malaysian palm-based oleochemical products, which increased marginally by 0.2% with 0.53 million tonnes (19.3% of total oleochemicals exports), followed by the EU 0.43 million tonnes (15.7%), Japan 0.21 million tonnes (7.7%), USA 0.19 million tonnes (7.0%) and India 0.18 million tonnes (6.6%).

Imports of palm oil decreased by 3.2% to 1.14 million tonnes in 2022 as compared to 1.18 million tonnes recorded in 2021. The decreased in imports was due to higher domestic production of palm oil by 1.9% or 337,066 tonnes. Almost all palm oil imports (both crude and processed) were sourced from Indonesia.

Palm oil end stocks in December 2022 closed higher for the second consecutive year in 2022 by 0.58 million tonnes or 36.0% to 2.20 million tonnes vis-à-vis 1.61 million tonnes in December 2021. The higher stocks were primarily due to higher CPO production by 1.9% or 0.34 million tonnes and higher palm oil opening stocks by 27.6% or 0.35 million tonnes as compared to that of in 2021.

In 2022, the prices of all oil palm products were traded higher. CPO price was traded higher by 15.4% or RM680.50/tonne to RM5,087.50/tonne as compared to RM4,407.00/tonne in 2021. The highest traded price for 2022 was in May at RM6,873.00/tonne, while the lowest was in October at RM3,682.00/tonne. A number of factors accounted for the higher CPO prices in 2022 such as firmer prices of soybean and Brent crude oils in the global market, weaker Ringgit as against the US dollar, which made palm oil more competitive than other vegetable oils and the prolonged Ukraine-Russia war, which disrupted the sunflower oil supply chain globally, causing a surge in the demand for palm oil as a replacement for sunflower oil. Aside of this, the higher prices were also supported by Indonesia's CPO export ban and increased export levies, India's lower vegetable oil import duty and drought in Argentina, which kept supply tensions high in the oilseeds market and led to higher vegetable oil prices.

Prices of processed palm oil products in the world market were also traded higher in 2022. Refined, bleached and deodourised (RBD) palm oil price was traded higher by RM523.50 or 11.0% to RM5,272.00/tonne, RBD palm olein price was higher by RM602.00 or 12.6% to RM5,366.50/tonne, RBD palm stearin price was higher by RM171.50 or 3.7% to RM4,769.50/tonne and palm fatty acid distillate (PFAD) price was higher by RM80.50 or 1.9% to RM4,313.50/tonne.

The average price of palm kernel (PK) in 2022 increased by 12.4% or RM345.00/tonne, to RM3,118.00/tonne compared to RM2,773.00/tonne in 2021. The higher PK price was mainly due to the higher domestic price of crude palm kernel oil (CPKO). The CPKO price in 2022 increased by RM652.50 or 11.5% to RM6,327.00/tonne from RM5,674.50/tonne in 2021. The higher CPKO prices in 2022 were in tandem with the firmer world lauric oil prices, namely palm kernel oil, which price was higher by 5.3% to US\$1,598.00/tonne and coconut oil, which was higher by 0.2% to US\$1,621.00/tonne in 2022.

The average FFB prices at 1% OER for Peninsular Malaysia, Sabah and Sarawak were registered at RM55.52, RM50.17 and RM50.50 respectively, in 2022. These prices were higher as against in 2021 in tandem with the higher prices of CPO and PK in 2022. Based on the average OER for each region, the average price of FFB for Peninsular Malaysia was equivalent to RM1,087.00/tonne, Sabah RM1,016.00/tonne and Sarawak RM983.00/tonne.

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SUMMARY ON THE PERFORMANCE OF THE MALAYSIAN OIL PALM INDUSTRY, 2022 & 2021

	2022	2021	DIFFERENCE	
			VOLUME / VALUE	(%)
PLANTED AREA (HECTARES)				
MALAYSIA	5,674,742	5,737,731	(62,989)	(1.1)
PENINSULAR MALAYSIA	2,544,307	2,607,847	(63,540)	(2.4)
SABAH	1,508,060	1,523,624	(15,564)	(1.0)
SARAWAK	1,622,374	1,606,261	16,113	1.0
CPO PRODUCTION (TONNES)				
MALAYSIA	18,453,420	18,116,354	337,066	1.9
PENINSULAR MALAYSIA	10,161,330	9,846,997	314,333	3.2
SABAH	4,286,665	4,361,537	(74,872)	(1.7)
SARAWAK	4,005,425	3,907,820	97,605	2.5
CLOSING STOCKS (TONNES)				
CRUDE PALM OIL	1,293,873	852,877	440,996	51.7
PROCESSED PALM OIL	902,701	761,717	140,984	18.5
TOTAL PALM OIL	2,196,574	1,614,594	581,980	36.0
EXPORTS (TONNES)				
PALM OIL	15,712,068	15,566,256	145,812	0.9
PALM KERNEL OIL	1,037,852	1,076,732	(38,881)	(3.6)
PALM KERNEL CAKE	2,146,024	2,300,759	(154,736)	(6.7)
PALM-BASED OLEOCHEMICALS	2,734,203	2,882,698	(148,495)	(5.2)
BIODIESEL	309,374	366,143	(56,770)	(15.5)
PALM-BASED FINISHED PRODUCTS	561,712	559,845	1,867	0.3
OTHER PALM PRODUCTS	2,216,375	1,526,861	689,514	45.2
TOTAL EXPORTS (TONNES)	24,717,607	24,279,295	438,312	1.8
EXPORT REVENUE (RM MILLION) (p)*				
PALM OIL	82,493.56	64,614.75	17,878.81	27.7
PALM KERNEL OIL	7,615.54	6,668.30	947.24	14.2
PALM KERNEL CAKE	1,710.02	1,394.29	315.73	22.6
PALM-BASED OLEOCHEMICALS	33,614.44	26,802.30	6,812.15	25.4
OTHER PALM-BASED PRODUCTS ⁽¹⁾	12,456.98	9,035.55	3,421.43	37.9
TOTAL REVENUE (RM MILLION)	137,890.54	108,515.18	29,375.36	27.1
IMPORT (TONNES)				
PALM OIL	1,139,022	1,177,251	(38,230)	(3.2)
PALM KERNEL OIL	195,074	273,691	(78,617)	(28.7)

Note : (p) * - Preliminary data from Department of Statistics Malaysia

⁽¹⁾ - Includes biodiesel, finished products and other palm products

Source: MPOB

Department of Statistics, Malaysia

	2022	2021	DIFFERENCE	
			VOLUME / VALUE	(%)
PRICE (RM/TONNE)				
FFB (MILL GATE)	1,087.00	955.00	132.00	13.8
CPO (LOCAL DELIVERED)	5,087.50	4,407.00	680.50	15.4
PALM KERNEL (EX-MILL)	3,118.00	2,773.00	345.00	12.4
CPKO (LOCAL DELIVERED)	6,327.00	5,674.50	652.50	11.5
RBD PALM OIL (FOB)	5,272.00	4,748.50	523.50	11.0
RBD PALM OLEIN (FOB)	5,366.50	4,764.50	602.00	12.6
RBD PALM STEARIN (FOB)	4,769.50	4,598.00	171.50	3.7
PFAD (FOB)	4,313.50	4,233.00	80.50	1.9
OER (%)				
MALAYSIA	19.70	20.01	(0.31)	(1.5)
PENINSULAR MALAYSIA	19.57	19.83	(0.26)	(1.3)
SABAH	20.25	20.55	(0.30)	(1.5)
SARAWAK	19.47	19.88	(0.41)	(2.1)
FFB YIELD (TONNES/HECTARE)				
MALAYSIA	15.49	15.47	0.02	0.1
PENINSULAR MALAYSIA	16.41	16.24	0.17	1.0
SABAH	15.39	15.77	(0.38)	(2.4)
SARAWAK	14.13	13.94	0.19	1.4

Note : FOB - Free on Board
FFB - Fresh Fruit Bunches
RBD - Refined, Bleached, Deodourised
PFAD - Palm Fatty Acid Distillate
HRBD - Hydrogenated RBD

Source: MPOB