

OVERVIEW OF THE MALAYSIAN OIL PALM INDUSTRY IN 2023

FOREWORD

The Malaysian oil palm industry experienced mixed performance in 2023 compared to the preceding year. Despite a marginal reduction in planted area partly attributed to ongoing site preparation activities for replanting initiatives within the industry, crude palm oil (CPO) production saw a modest increase of 0.5% to reach 18.55 million tonnes as against 18.45 million tonnes in 2022 attributed to an improved labour supply, particularly in harvesters and FFB collectors. Similarly, fresh fruit bunches (FFB) yield of oil palm estates and oil extraction rate (OER) in 2023 witnessed increases by 1.9% to 15.79 tonnes/hectare and 0.8% to 19.86 percent compared to the 15.49 tonnes/hectare and 19.70 percent in 2022, respectively.

Meanwhile, a decline in exports of palm oil due to reduced demand by major importing countries had resulted in higher palm oil stock. Exports of palm oil stood at 15.13 million tonnes in 2023 compared to 15.71 million tonnes in 2022. India maintained its position as the largest Malaysian palm oil export market in 2023 for the tenth year consecutively since 2014, with 2.84 million tonnes or 18.8% of total Malaysian palm oil exports. This was followed by China at 1.47 million tonnes (9.7%), the EU 1.07 million tonnes (7.1%), Kenya 0.92 million tonnes (6.1%), Turkiye 0.88 million tonnes (5.8%), Japan 0.55 million tonnes (3.6%) and Pakistan 0.50 million tonnes (3.3%). These seven (7) major markets combined accounted for 8.23 million tonnes or 54.4% of total Malaysian palm oil exports in 2023.

The subsided impact of the Russia-Ukraine war and the lifting of export ban of palm oil by Indonesia in April to May 2023 had pushed down the CPO price substantially by 25.1% to RM3,809.50/tonne as against RM5,087.50/tonne in 2022. The price drop to normalcy but supported by higher SBO prices in the world market, firmer Brent crude oil prices and lower CPO production to remain relatively high as compared to previous years. As a result, total export earnings had declined to RM94.95 billion, down by 27.1% compared to RM130.22 billion recorded in the previous year.

Palm oil ending stocks closed higher in December 2023 for the third consecutive year, rising by 0.09 million tonnes or 4.3% to reach 2.29 million tonnes as compared to the 2.20 million tonnes in December 2022. The increase was driven by higher carry-over palm oil stocks in January 2023 by 0.58 million tonnes, 0.10 million tonnes increase in CPO production and 0.58 million tonnes decrease in palm oil exports totalling 0.58 million tonnes as compared to the previous year.

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SUMMARY ON THE PERFORMANCE OF THE MALAYSIAN OIL PALM INDUSTRY, 2023 & 2022

INDICATOR	2023	2022	DIFFERENCE	
			VOLUME/ VALUE	(%)
PLANTED AREA (HECTARES)*				
MALAYSIA	5,652,569	5,674,742	(22,173)	(0.4)
PENINSULAR MALAYSIA	2,518,883	2,544,307	(25,423)	(1.0)
SABAH	1,510,025	1,508,060	1,964	0.1
SARAWAK	1,623,661	1,622,374	1,286	0.1
CPO PRODUCTION (TONNES)				
MALAYSIA	18,551,950	18,453,420	98,530	0.5
PENINSULAR MALAYSIA	9,825,140	10,161,330	(336,190)	(3.3)
SABAH	4,507,460	4,286,665	220,795	5.2
SARAWAK	4,219,350	4,005,425	213,925	5.3
CLOSING STOCKS (TONNES)				
CRUDE PALM OIL	1,197,668	1,293,873	(96,205)	(7.4)
PROCESSED PALM OIL	1,093,125	902,701	190,424	21.1
TOTAL PALM OIL	2,290,793	2,196,574	94,219	4.3
EXPORTS (TONNES)				
PALM OIL	15,130,738	15,712,071	(581,334)	(3.7)
PALM KERNEL OIL	981,799	1,033,850	(52,051)	(5.0)
PALM KERNEL CAKE	2,311,506	2,146,024	165,482	7.7
PALM-BASED OLEOCHEMICALS	2,864,004	2,734,203	129,801	4.8
BIODIESEL	244,793	309,374	(64,580)	(20.9)
PALM-BASED FINISHED PRODUCTS	527,013	561,245	(34,232)	(6.1)
OTHER PALM PRODUCTS	2,427,193	2,216,375	210,818	9.5
TOTAL EXPORTS (TONNES)	24,487,045	24,713,142	(226,097)	(0.9)
EXPORT REVENUE (RM MILLION)				
PALM OIL	62,584.10	86,471.91	(23,887.81)	(27.6)
PALM KERNEL OIL	4,993.09	8,345.72	(3,352.63)	(40.2)
PALM KERNEL CAKE	1,667.21	1,669.92	(2.71)	(0.2)
PALM-BASED OLEOCHEMICALS	15,998.82	22,875.07	(6,876.25)	(30.1)
BIODIESEL	1,310.49	2,068.74	(758.25)	(36.7)
PALM-BASED FINISHED PRODUCTS	3,602.05	4,389.23	(787.18)	(17.9)
OTHER PALM PRODUCTS	4,793.20	4,403.51	389.69	8.9
TOTAL REVENUE (RM MILLION)	94,948.96	130,224.10	(35,275.14)	(27.1)
IMPORT (TONNES)				
PALM OIL	898,806	1,139,022	(240,215)	(21.1)
PALM KERNEL OIL	152,635	195,074	(42,439)	(21.8)

Note : * The figures have been rounded to the nearest whole number and percentage calculated based on full figure.

Source: MPOB

SUMMARY ON THE PERFORMANCE OF THE MALAYSIAN OIL PALM INDUSTRY, 2023 & 2022

INDICATOR	2023	2022	DIFFERENCE	
			VOLUME/ VALUE	(%)
PRICE (RM/TONNE)				
FFB (MILL GATE)	778.00	1,087.00	(309.00)	(28.4)
CPO (LOCAL DELIVERED)	3,809.50	5,087.50	(1,278.00)	(25.1)
PALM KERNEL (EX-MILL)	2,016.00	3,118.00	(1,102.00)	(35.3)
CPKO (LOCAL DELIVERED)	3,896.00	6,327.00	(2,431.00)	(38.4)
RBD PALM OIL (FOB)	3,945.00	5,272.00	(1,327.00)	(25.2)
RBD PALM OLEIN (FOB)	4,018.00	5,366.50	(1,348.50)	(25.1)
RBD PALM STEARIN (FOB)	3,781.00	4,769.50	(988.50)	(20.7)
PFAD (FOB)	3,424.00	4,313.50	(889.00)	(20.6)
OER (%)				
MALAYSIA	19.86	19.70	0.16	0.8
PENINSULAR MALAYSIA	19.64	19.57	0.07	0.4
SABAH	20.40	20.25	0.15	0.7
SARAWAK	19.83	19.47	0.36	1.8
FFB YIELD (TONNES/HECTARE)				
MALAYSIA	15.79	15.49	0.30	1.9
PENINSULAR MALAYSIA	16.09	16.41	(0.32)	(2.0)
SABAH	16.39	15.39	1.00	6.5
SARAWAK	14.75	14.13	0.62	4.4

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

Source: MPOB