

Fats and Oils production reports from: Malaysia, Brazil, India, Philippines & Peru

Annual reports on fats and oils were filed by American agricultural attaches during April from Malaysia, Brazil, India, Philippines, and Peru.

In Malaysia, palm oil production of crude oil should reach 2 million metric tons by 1980 even allowing for poor weather, attache Theodore Freeman reports, with an increasing emphasis on export of processed or refined oil. The Malaysian parliament has approved a bill aimed at improving the marketing of palm oil, providing orderly development of the refining sector, and improving the quality of palm oil. A palm oil commodity exchange is to be established in 1977, at least partially aimed at improving the price of palm oil. Malaysian growers estimate they will reach the 2 million metric ton level in 1978.

In Brazil, attache Robert J. Wicks reports that as of April 12, the 1977 soybean harvest was expected to total between 11.0 and 11.8 million metric tons, compared to an original forecast of 13 million metric tons. Dry weather is responsible for the diminished crop. The Brazilian government on March 23 established a 7% export tax on soybeans, meal and oil, later increased to 12% during May. The effect is to discourage exports.

India has experienced about a 13% drop in oilseeds production during 1976-77, which may mean record imports during calendar year 1977 totaling almost 500,000 metric tons, attache Oldrich Fejfar reports. The government is developing a program to increase oilseed production by more intensive cultivation and expanded acreage.

Philippine coconut production during 1977 will be about 2.37 million long tons, below 1976's record 2.60 million long tons because of below normal rainfall during critical growing periods, attache Glen Samson reports. Government policy discouraging export of copra will mean exports of oil, cake, and meal will be up significantly, Samson says.

In Peru, the 1977 anchovy catch is forecast at approximately 4.5 million tons, which will mean Peru would still need to import fats and oils. Increasing palm oil acreage may reach 1,800 hectares during 1978-79, with palm oil production possibly reaching 18,000 to 20,000 metric tons by 1984.

Summaries and tables from the reports:

Malaysia

Primarily as a result of dry weather early in 1976, the growth rate in Malaysia's output of palm oil and palm kernels slowed in 1976 compared to the preceding two years. Exports of crude palm oil declined by 8% in 1976, but exports of refined or processed oil rose to 458,000 tons as against 203,000 tons exported during the previous year.

Average prices were depressed during most of 1976, resulting in a modest decline in the export earnings compared to 1975. However, prices began to improve in early 1977 and based on early forecasts the value of palm oil exports is expected to improve substantially in 1977.

Production of palm kernels rose by some 8.3% in 1976 while the output of palm kernel oil rose 12% compared to the previous year; some imported kernels were processed in Malaysia.

Domestic output of copra and coconut oil has been steady to stagnant over the past few years, but improvement is expected during the next few years. Production of coconut oil was reported at 84,000 tons in 1976 and exports ranged around 32,600 tons.

Palm oil production is expected to expand in the years

ahead, but the growth rate is not expected to be as dramatic as in the recent past. The original forecast of 1.74 million tons for 1977 now appears to be a bit optimistic, and output of around 1.5 to 1.6 million tons seems more likely as the crop is still being plagued by the dry weather that prevailed in early 1976. Some improvement is expected in prices. Some observers say prices could return to the early 1975 levels of \$1,400-1,500 per ton.

The output of copra and coconut oil could improve slightly during 1977, but much will depend on weather conditions which have been rather erratic over the past few months (Date of report: April 14, 1977).

Yield ranges for Malaysian palm oil, which were about 3,000 pounds of crude oils per acre in 1976, are expected to increase to about 3,584 pounds per acre in 1980. Exports of refined palm oil were 172,003 metric tons in 1975 and 301,945 metric tons in 1976. U.S. imports of refined palm oil rose from 74,583 tons in 1975 to 127,774 in 1976; Japanese imports rose from 3,584 tons to 46,672 tons; and United Kingdom imports rose from 17 tons to 832 tons.

Brazil

Soybeans dominate the domestic and export oilseeds markets. The 1976 crop is estimated at nearly 11.3 million tons. The forecast for the 1977 crop, however, has been twice revised downward to approximately 12 million tons. Unfavorable weather during the remainder of the season could further reduce the forecast. Bean exports for the 1976-77 season are estimated at just under 3.5 million tons. For the 1977-78 season exports are forecast to be proportionally smaller in relation to crop size, but slightly above last season.

Although cotton and perhaps castor oil production will increase this year over last, their significance in the overall oil picture continues to decline. Peanut oil production, after a small surge last year, is expected to decline sharply this year. Numerous oils of regional importance are also believed to be declining in usage to soy oil.

In 1976 the oil and oilseed export policy was again relatively free as was the case in 1975. Due to availability, only small amounts of cottonseed oil were exported. Castor oil quotas were liberal but the exports of castor beans remained prohibited. Peanut exports were not impeded; however, there was an export tax credit for oil which made oil and meal exports more attractive than peanuts.

Early in the 1976-77 season an informal export quota of 540 thousand tons was placed on soy oil. Registrations are believed to have reached 511 thousand tons, but high domestic oil prices just after mid season resulted in wash-out contracts amounting to approximately 10% of the registrations (Date of report: April 12, 1977).

"The 1977-78 (soy) crush is now forecast at 7.5 to 7.9 million tons," Wicks said in his report.

Castor bean crop for 1976 is estimated at 150,000 to 180,000 tons by trade sources with the 1977 crop forecast at 290,000 tons.

Cottonseed meal production for 1976-77 is forecast at 468,000 tons with oil production at 143,000 tons.

For the current 1976-77 season, the peanut crop is estimated at 209,000 tons and the dry crop forecast is 95,000 tons. The crush forecast is 200,000 tons with oil and meal production of 58,000 and 78,000 tons, respectively.

High world prices between April and planting time in

Brazil would influence producers to again expand soybean acreage, Wicks said.

India

Production of all major oilseeds in India during 1976-77, including coconuts in terms of copra, cottonseed, and safflower, is estimated at 11.87 million metric tons, down by about 13.0% compared to a record 13.61 million tons in 1975-76, and by about 2.0% when compared to 12.13 million tons produced in 1974-75.

Oilseeds crops acreage during 1976-77 is estimated at 24.75 million hectares, slightly larger than the 24.58 million hectares estimated for 1975-76, but 1.0% less than the 25.0 million hectares harvested in 1974-75.

Production of fats and oils including butter and ghee is estimated at 3.32 million metric tons during 1976-77, about 6% less than the 3.53 million tons produced in 1975-76, but 4% larger than the 3.18 million tons in 1974-75. The small oilseeds crops this season, coupled with a large usage of oilseeds and their products in the domestic markets and for exports during CY 1976, has resulted in an acute shortage of liquid oils this season, estimated at 500,000 metric tons.

Exports of oilseeds and their products during CY 1976 attained new record levels. Exports of peanuts are estimated at a record 165,000 metric tons of kernels, and of peanut meal at around 1.2 million metric tons. Exports of rice bran extraction surpassed earlier expectations and are estimated at 350,000 metric tons. Exports of linseed oil were also a record, estimated at 50,000 metric tons, and of castor oil at 35,000 metric tons.

Due to the domestic shortages and high prices, export prospects for CY 1977 are not so promising. Exports of peanuts have been limited to a quota of 50,000 metric tons of kernels for the 1976-77 season; peanut meal is limited to 800,000 metric tons. Exports of linseed oil and castor oil have been banned.

Imports of oilseeds and of fats and oils set a record last year. Imports during the first half of CY 1976 were nominal, but a weak and late start of the monsoon caused a flare-up in prices last June which brought in its wake a sudden change in the GOI policy for imports. About 200,000 metric tons or more of edible oils are estimated to have been imported last year, including about 100,000 tons of soybean oil, 40,000 tons of palm oil, 19,000 tons of peanut oil, and 40,000 tons of rapeseed oil.

Import of certain oilseeds and their oils were liberalized during January 1977, and import duties abolished to make large-scale imports possible. Since then the GOI State Trading Corporation of India and the trade have been buying freely whatever has been immediately available. Imports during CY 1977, therefore, would be a new record at 500,000 metric tons, including about 325,000 tons of soybean oil, 75,000 tons of palm oil, 90,000 tons of rapeseed oil, and 10,000 tons of peanut oil.

Prices climbed steadily during the year and, despite heavy imports arranged by the government, ruled very high during the second half of the year. The price of peanut oil on Jan. 1, 1976, was 4,925 rupees per metric ton and reached a peak of 7,350 rupees per metric ton on Dec. 14, representing about 50% increase during the year. Prices have risen further during this year, peanut oil in Bombay reaching a peak of 9,400 rupees per metric ton on Feb. 23. Prices declined considerably during March due to heavy arrivals of imported oils, but have recently firmed up gaining most of the lost ground. Although prices may decline during the next month or two, the trend is bullish (Date of report: April 12, 1977).

Philippines

Philippine coconut production during CY 1977 is forecast to decline significantly from the previous year's record level to about 2.37 million long tons. The decrease is due to below normal rainfall during the critical periods of nut set and development. Production of peanuts, soybeans and castor beans is expected to increase due to good demand, favorable prices, and government encouragement to diversify production. Production from the relatively young palm plantations in Mindanao is expected to remain at about last year's level.

Export volume of coconut products increased sharply during 1976; however, the total volume is forecast to be lower in 1977. Copra shipments are likely to be down significantly, but this will be partially offset by increased exports of oil, cake, and meal. Exports of desiccated coconut are expected to be up sharply during 1977.

Imports of soybeans totaled 11,153 metric tons during 1976, 10% below the previous year. Soybean meal imports were up 87% and totaled 76,025 metric tons. Imports of tallow totaled 9,361 during 1976, 13% above the previous year. Imports of palm oil were higher, linseed oil remained relatively unchanged, and soybean oil was down sharply from 1975. Average prices for copra and coconut oil were down substantially from 1975 levels. During the second half of 1976, however, they turned upward and by March 1977 were sharply above year earlier levels. Prices are expected to continue firm throughout 1977.

Consumption of edible fats and oils increased about 3% during 1976 while consumption of inedible fats and oils was up 2% from the previous year's level (Date of report: April 18, 1977).

A massive replanting program underwritten by the Philippine government was scheduled to begin last month (June 1977) involving planting of 40,000 hybrid seednuts on 50 selected farms totaling about 250 hectares. Existing trees are to be cut, the land cleared and then planted with the new varieties. The government will subsidize landowners for five years until the trees begin bearing.

The government also is encouraging investment in coconut oil processing, with foreign equity in oil milling limited to 40%, the report said.

The Philippine International Trading Corp. also plans to establish a coconut oil depot in The Netherlands in hopes of giving the Philippines more power in pricing of coconut oil. The trading group also may establish other depots elsewhere in Europe.

Peru

The reduced output of fish oil dropped the total production of fats and oils by 45% in 1976, and increased the import requirements from 61,000 metric tons in 1975 to 80,100 metric tons, up 30%. In addition 35,000 metric tons of U.S. soybeans were purchased in 1976.

Currently, based on an expected 4.5 million ton anchovy catch, the production of fats and oils could recover by about 29% in 1977. However, to balance consumption needs and maintain reasonable ending stocks, it will be necessary to import about 75,500 tons of fats and oils in 1977, including 70,000 of soy oil.

Since 1976, the locally produced palm tree seeds have been processed. Production of palm oil is forecast to total 35,000 tons in 1977.

Peru's output of fats and oils is expected to increase to 174,600 metric tons in 1977, up 29% from the 135,000 metric tons produced in 1976, which in turn dropped 45% from the 1975 level. The main reason for such changes is the volume of the anchovy catch. Production by items is shown in Table V.

TABLE III
Estimated Supply and Distribution
for the Major Oilseeds and Products
(1,000 M. Tons)

	1977-78	1976-77
Soybeans		
Beginning stocks	677	292
Production	12,000	11,227
Seed and waste	1,000	800
Available for crush/export	11,677	10,719
Export	3,600	3,458
Crush	7,700	6,584
Ending stocks	377	677
Cottonseed		
Production	1,000	850
Imports	0	0
Total supply	1,000	850
Consumption		
Seed and waste	45	35
Export	0	0
Crush	955	815
Total distribution	1,000	850
Castorbeans		
Beginning stocks	50	83.6
Production	290	160
Imports	0	0
Total supply	340	253.6
Consumption		
Seed and waste	10	6
Crush	300	197.6
Ending stocks	30	50
Total distribution	340	253.6
Peanuts		
Beginning stocks	Nominal	2
Production	304	513.5
Total supply	304	515.5
Consumption		
Domestic consumption	45	55
Crush	200	375
Seed, feed, and waste	39	49.4
Exports	20	36.1
Ending stocks	0	0
Total distribution	304	515.3

TABLE I

Oil Palm Acreage, Production

	Bearing	Non-bearing	Total	Production (1,000 metric tons)
West				
Malaysia				
1977	1,140	505	1,645	1,564
1978	1,313	401	1,714	1,835
1979	1,497	247	1,744	2,354
1980	1,605	161	1,766	2,700
East				
Malaysia				
1977	129	81	210	173
1978	157	70	227	195
1979	182	56	238	229
1980	208	40	248	278
Combined				
1977	1,269	586	1,855	1,737
1978	1,470	471	1,941	2,040
1979	1,679	303	1,982	2,354
1980	1,813	201	2,014	2,700

Source: Malaysian Oil Palm Growers Council.

TABLE IV

Summary and Outlook
Summary Table: Production and Exports of Coconut
Products, CY 1974 to 1977
(long tons)

Calendar year	Copra	Coco oil	Cake and Meal ^a	Desiccated
Production				
1974	1,354	624	317	62
1975	2,171	811	412	57
1976	2,602	1,087	554	75
1977 Forecast	2,370	1,145	582	90
Exports				
1974	304	435	285	64
1975	814	584	292	55
1976	822	809	475	80
1977 Forecast	500	900	500	90

^aCommercial crushings only.

TABLE II

Malaysia -- Supply and Distribution of Palm Oil

	1975	1976 ^a	1977 ^b
Beginning stock	134	173	135
Production	1,257	1,374	1,600
Imports	0	0	0
Total supply	1,391	1,547	1,735
Domestic Consumption ^c	37	30	35
Exports	1,181	1,382	1,570
Crude	(960)	(882)	(720)
Processed ^d	(221)	(500)	(850)
Ending stock	173	135	130
Crude	(144)	(106)	(100)
Processed ^d	(29)	(29)	(30)
Total Distribution	1,391	1,547	1,735

^aPreliminary.

^bForecast.

^cResidual.

^dCrude basis.

Source: Department of Statistics, Kuala Lumpur.

TABLE V

Final Preliminary Forecast

	(1,000 metric tons)		
	1975	1976	1977
Cottonseed oil	23.0	21.0	23.0
Palm oil	.0	.4	3.5
Other vegetable oils	.7	.8	.8
Fish oil	211.0	101.0	135.0
Lard	8.2	7.9	7.8
Tallow	4.6	4.5	4.5
Total fats and oils	247.5	135.6	174.6

(Date of report: April 25, 1976)