

OFI India 2017 Post-Event Report
Serena Lim, Editor of Oils and Fats International

Global oils and fats production is set to grow in 2017/18, with palm, rapeseed and cotton seed oils to see an output jump and strong soya meal demand spurring higher crushing for soyabeans, according to G Chandrashekhar, a global agribusiness and commodities specialist speaking at the OFI India 2017 Business Congress and SOPA Soya Congress held on 19-20 May at the Bombay Convention and Exhibition Centre.

The event attracted hundreds of delegates, visitors, speakers and exhibitors and encompassed an exhibition of suppliers to the oils and fats industry and a Smart Short Course technical programme.

Chandrashekhar projected total global palm oil production of 67M tonnes for 2017/18 (against 62.9M tonnes in 2016/17), soyabean oil production of 56M tonnes (versus 54.3M tonnes in 2016/17), a rapeseed oil output of 29M tonnes vs 27.9M tonnes in the previous year, sunflower oil production of 18M tonnes in 2017/18 against 17.3M tonnes in 2016/17 and remaining oil production of 25M tonnes against 23.7M tonnes in 2016/17.

Total vegetable oil production in 2017/18 would be 195M tonnes against 186.1M tonnes in 2016/17.

Fadhil Hasan, executive director of the Indonesian Palm Oil Association (GAPKI), said Indonesia and Malaysia continued to be the world's major producers of palm oil, contributing 85% of world output, which was 64.25M tonnes in 2016/2017.

However, Indonesia's palm oil production growth was trending down, with production expected to maintain a slow expansion rate of 3% per year in the next decade.

"The country's moratorium on the issue of licenses to open new plantations, a reduced price incentive, extreme weather patterns, the productivity gap between smallholders and private plantations, and campaigns that tie environmental, health and child labour issues will continue to impede production expansion," Hasan said.

Declining oil palm seed sales in the past five years further confirmed the low production growth prospect, he added.

In 2012, annual seed sales totaled 171M seeds, compared with 52M seeds in 2016.

He also forecast Malaysian palm oil production growth to slow with an average annual palm oil production growth rate of 0.7% in 2015-2020 and 1% in 2020-2027, compared with 3.2% in 2005-2010 and 2.3% in 2010-2015.

Hasan said it was unlikely that palm oil exports to the EU would stop despite the European Parliament's April decision in favour of a single certification scheme for palm oil entering the EU.

This was due to exporting countries producing more than 15M tonnes of certified sustainable palm oil, more than enough to satisfy the EU market.

The latest World Bank's Commodity Markets outlook published in April confirmed a moderate price increase in palm oil prices from US\$750/tonne in 2017 to US\$900/tonne in 2027, Hasan said.

Palm oil accounted for nearly 80% of India's edible oil imports and Indonesia was the largest supplier.

Sergey Feofilov, general director of UkrAgroConsult, spoke of Ukraine's role in global sunflower oil production. Ukraine is the world's largest producer and exporter of sunflower oil, accounting for 33% of world output and 56% of exports.

Feofilov congratulated OFI on "an excellent and well organised show."

Bhavna Shah, the Malaysian Palm Oil Council's representative for India and Sri Lanka, also offered her congratulations for an excellent conference and exhibition.

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