



Nigeria's palm oil imports from Malaysia grow multi fold in Q1 2023

Nigeria's Crude Palm Oil (CPO) imports from Malaysia – world's second highest producer – have risen by 505 percent in the first quarter of 2023 despite local production push by the federal government, data from Malaysian Palm Oil Council (MPOC) shows.

This is seen by Malaysian authorities as a healthy development in Malaysia's attempt to diversify its export market to counter potential impact on import demand from the EU, which is tightening requirement for sustainability-certified palm oil. China, India and the EU are main buyers of Malaysian palm oil.

The country's CPO import from Malaysia increased to 63,788 metric tons (MT) in the first three months, January to March from 10, 536MT in the same period in 2022, up by 53, 252 MT on a year-on-year basis, the data states.

In 2022, the country imported 227,035 MT of crude palm oil from Malaysia.

To boost local crude palm oil production, the federal government listed crude palm oil on the 41 items restricted from forex access.

Similarly, to protect the country's palm oil industry and spur the industry growth, the Nigerian government had imposed a 35 percent tariff (10 percent duty and 25 percent levy) on palm oil imports into the country

Despite this, oil palm imports into the country are still on the rise owing to the huge demand-supply gap.

Nigeria's palm oil output is estimated at 900,000-1.3 million MT, experts say. Import is estimated at over N500 billion annually. With national demand of 2.1 million MT, the supply gap is around 800,000MT.

Experts stated that palm oil imports have continued to rise because Nigeria's CPO has remained less competitive than the imported ones owing to high production costs among others.

According to them, this makes local manufacturers who use CPO as raw material for production resort to importing rather than patronising local producers.

“Since the inclusion of CPO in the country’s import prohibition list, Nigeria has significantly increased its production in the last 10 years,” Fatai Afolabi, executive secretary of the Plantation Owners Forum of Nigeria, said in a statement last year.

“But Nigeria is still importing a lot of CPO into the country and many are smuggled through the land borders,” Afolabi said.

Meanwhile, Reuters reported from Jakarta said Indonesia, the top CPO producer in the world, will lower its mandatory domestic sales threshold to 300,000 MT a month starting in May, from 450,000 tonnes currently.

Indonesia’s Trade Ministry said on Thursday (April 27) that it tightened exports earlier this year in anticipation of higher domestic demand for cooking oil ahead of the holy Islamic month of Ramadan, which started in late March this year.

Ministry official, Isy Karim, said the government will tighten the ratio of palm oil exports to four times the volume producers have sold domestically from six times the volume, but ease the ratio for some cooking oil products.

In early 2023, Indonesia froze around 3 million tonnes worth of palm oil export permits. These permits will be allowed to be used in stages within the next nine months, senior trade official Budi Santoso added.