COMPETERE
Policies for Sustainable Development

REPORT

EU PALM OIL IMPORTS

Jul-Sep 2022 vs Apr-Jun 2022 and Jul-Sep 2021

An overview of the last decade

COMPETERE
Policies for Sustainable Development

Please direct inquiries to:
Competere – Policies for sustainable development
Piazza San Salvatore in Lauro, 13 - 00186, ROMA, RM, ITALY +39 06 97842491
info@competere.eu

INTRODUCTION

We present an overview of the trends in EU-27 countries' palm oil (PO) imports between 2012 and 2022. The scope of the analysis encompasses the EU's top nine supplier countries (Indonesia, Malaysia, Guatemala, Papua New Guinea, Colombia, Honduras, Ecuador, Thailand, and Nigeria), selected based on current trade volume and/or the outlook for future development. As some of the world's main producers and Europe's key trading partners, Indonesia, Malaysia, Guatemala, Papua New Guinea, and Colombia are analysed in greater depth.

We aim to provide a snapshot of the last decade in PO trade, which was affected by multiple relevant events, such as the anti-PO campaign (mid-2010s), the COVID-19 pandemic (2020-21), the invasion of Ukraine (2022-ongoing) and — as rising trends — the disruption of certain supply chains, the increasingly common export bans and protectionist policies, and changes occurred to imports of edible PO over time.

KEY FINDINGS

- Overall, 2022Q3 saw a recovery in international exchanges of PO compared to 2022Q2.
- Compared to 2021Q3, there was still a contraction, as the whole of 2021 saw a post-Covid boom. EU-27 exports remain marginal, but those directed outside the bloc have started to grow.
- The effects of the Indonesian ban on PO exports (in May 2022) remain clear in the following quarter. Jakarta's exports declined in both absolute and relative terms (i.e., as a market share). Other countries have implemented similar measures or considered them.
- The bearish trends in PO prices during the second half of 2022 were far from absorbing the spike occurred during the first half.
- Crude PO constituted an outright majority of EU-27 imports during 2022Q3, though on a decreasing trend. Unlike one year before, the edible component prevailed in the bloc at-large.
- Compared to the bloc, Italy imports an above-average share of non-crude PO, but mostly for technical and industrial uses. The edible component has grown over the last few years. In both EU-27, only a marginal share pertains to the cosmetic industry.
- The EU-27 has a relatively diversified array of PO suppliers. Most of imports come from Indonesia and Malaysia. Unlike the latter, Guatemala, Honduras, Colombia, and Papua New Guinea have profited from the Indonesian ban.
- Italy's imports have been much more concentrated toward Southeast Asia, which is more specialized in PO for non-food uses.

Long-term trends in PO trade: EU-27 vs. Italy

If we look at net imports by country relative to EU-27 imports from outside the bloc (**Chart 9**), the Indonesian ban's impact is clear. Colombia has faced a similar decline over time, as the PO it exports is mostly used in edible products and tends to be complementary to the Indonesian one, which is mainly for industrial applications instead. Guatemala's role has significantly expanded from 2018 onwards, making it country the third-largest producer; Honduras and Papua New Guinea's positions have been more fluctuating over time and exhibited declining trends in more recent years, yet both are still among the top PO exporters toward the EU-27. Other countries — Thailand, Nigeria, Ecuador — used to trade in PO with the EU-27 until a few years ago, yet have recently been off the radar.

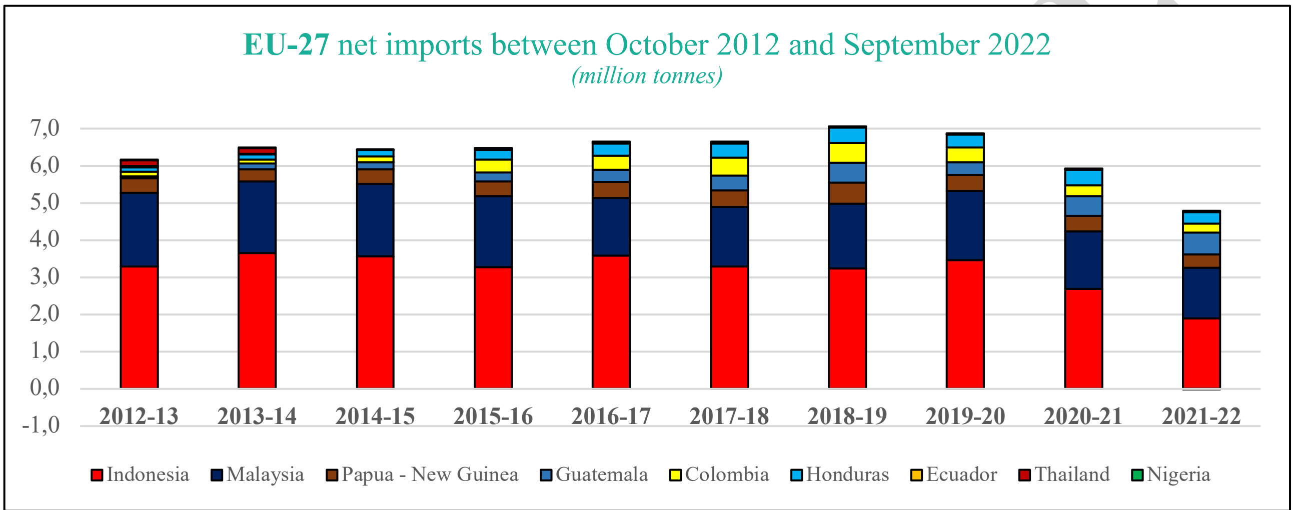

Chart 9 — Source: Eurostat. Each period $(t, t+1)$ ranges between October of year t and September of year $t+1$

Italy's net imports (**Chart 10**) have steadily been much more concentrated toward Indonesia and Malaysia, with the latter gaining some market share from the former even before the export ban; overall, the degree of diversification of inbound supplies has grown over time.

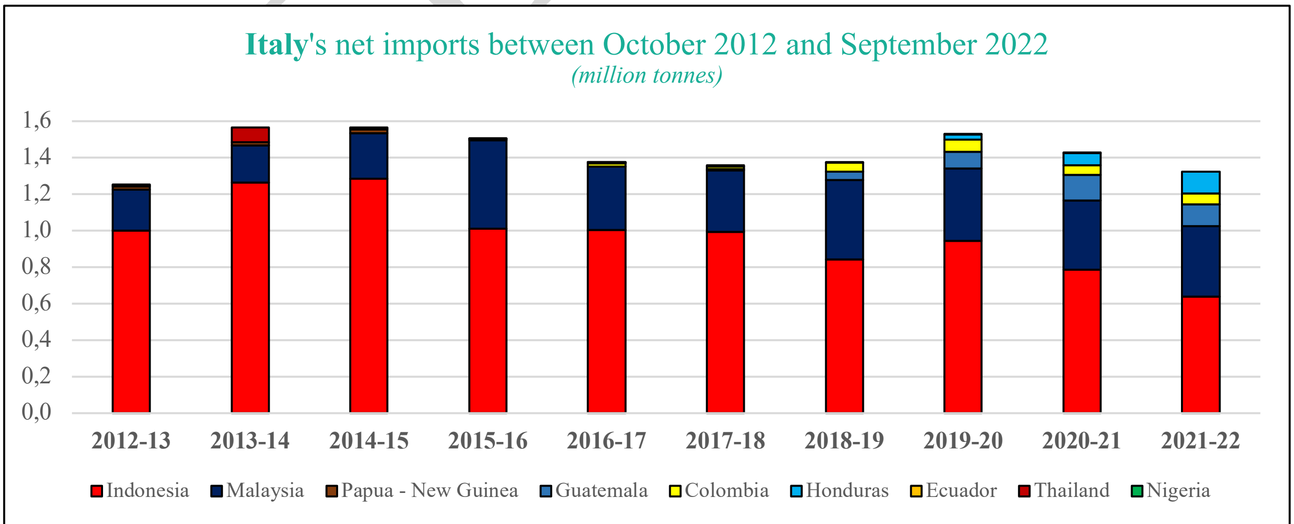

Chart 10 — *Source*: Eurostat. Each period $(t, t+1)$ ranges between October of year t and September of year $t+1$.

COMPETERE

Policies for Sustainable Development

Roma – Brussels – Milano

www.competere.eu - info@competere.eu - @competereEU