

2011

August

Optimising Storage and Shipping to Enhance Palm Oil Value Chain*

MOHAMMAD JAAFFAR AHMAD

The Palm Oil Refiners Association of Malaysia (PORAM), 801C/802A, 8th Floor, Block B, Kelana Business Centre, 97 Jalan SS7/2, 47301 Kelana Jaya, Selangor Darul Ehsan, Malaysia

Malaysia is currently the second largest global exporter of palm oil, exporting to more than 160 countries worldwide. Malaysian exports in 2010 accounted for 44.6 per cent share of the total global export trade of palm oil and 24.3 per cent of the global export market in oils and fats. Shipping is therefore an integral part of a reliable supply chain for the Malaysian palm oil industry to remain competitive in the world market. Shipping efficiency and quality of palm oil products are paramount to ensure Malaysia as the preferred source of palm oil supply. Refineries play an important role to process palm oil into a range of products to meet varied consumer demand. The growth and development of the palm oil refining industry in Malaysia have helped palm oil to achieve worldwide acceptance. Palm oil trading specifications and standard contracts developed by the industry have been instrumental to promote healthy trade and market practices. The prospects of palm oil marketing and distribution in the future remain optimistic. Issues such as international shipping regulations, food standards, contractual requirements, trade practices and logistics will continue to shape the palm oil value chain. One of the main challenges to the Malaysian palm oil industry is to continue increasing the market share and developing new markets through optimisation of storage and shipping strategies.

Keywords: *Contracts, market, palm oil products, quality, refineries, regulations, shipping.*

