

# **Malaysia Palm Oil Market, By Product Type (Crude Palm Oil, RBD Palm Oil, Palm Kernel Oil, Fractionated Palm Oil), By Application (Food & Beverage, Personal Care & Cosmetics, Biofuel & Energy, Pharmaceuticals, Others), By Nature (Organic, Conventional), By Region, Competition, Forecast & Opportunities, 2020-2030F**

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## **Abstracts**

### Market Overview

Malaysia Palm Oil market was valued at USD 3.15 Billion in 2024 and is anticipated to grow USD 4.30 Billion by 2030 with a CAGR of 5.37% during the forecast period. Malaysia's palm oil market remains a key pillar of the country's economy, supported by robust export demand, government incentives, and established infrastructure. As one of the world's leading producers, Malaysia benefits from its strategic location and favorable climate. The sector is increasingly investing in value-added downstream products, such as oleochemicals and biodiesel, to diversify income sources. However, the industry faces significant challenges, including environmental sustainability concerns, labor shortages, and growing regulatory scrutiny from global markets, particularly the European Union. In response, industry players are adopting sustainable practices and certifications to enhance market access and improve the sector's long-term viability.

### Key Market Drivers

Strong Global Demand and Export Market

One of the primary drivers of the Malaysian palm oil market is its strong global demand. Palm oil is a highly versatile and cost-effective vegetable oil used across various industries, including food processing, cosmetics, pharmaceuticals, and biofuels. Malaysia, being the second-largest palm oil producer in the world after Indonesia, plays a crucial role in meeting this demand, especially from major importers such as India, China, the European Union, and Pakistan. The product's affordability compared to other vegetable oils like soybean and sunflower oil adds to its appeal in price-sensitive markets.

Furthermore, The growing global population, rapid urbanization, and rising disposable incomes are significantly boosting the consumption of processed food and personal care products both of which rely heavily on palm oil and its derivatives. In Malaysia, household disposable income saw a sharp increase, growing by 10.7% in 2022 compared to just 1.7% in 2021. Likewise, household final consumption expenditure rose by 15.0%, up from 3.8% the previous year. This surge in purchasing power and consumer spending is driving greater demand for palm oil-based goods, both domestically and internationally. Malaysia's strong trade agreements and strategic proximity to key shipping routes further strengthen its position as a dependable global supplier of edible oil.

## Key Market Challenges

### Labor Shortages and Dependency on Foreign Workers

Labor shortages represent a critical structural challenge for the palm oil sector in Malaysia. The industry is heavily dependent on foreign labor, particularly from countries such as Indonesia, Bangladesh, and Nepal. However, stringent immigration policies, rising labor costs, and disruptions caused by the COVID-19 pandemic have exacerbated the shortage of workers in plantations and processing facilities. This labor crunch has led to lower harvesting rates, reduced productivity, and financial losses for many palm oil producers.

Moreover, the industry has faced increasing international criticism over labor rights violations, including allegations of poor working conditions, low wages, and unethical recruitment practices. These issues have not only tarnished the image of the industry but have also prompted regulatory actions from foreign governments and multinational corporations that require ethical sourcing. Addressing these labor challenges will require long-term reforms, including improving working conditions, mechanizing plantation operations, and investing in local workforce development.

## Key Market Trends

### Shift Towards Sustainable and Certified Palm Oil

One of the most prominent trends in Malaysia's palm oil industry is the accelerating shift towards sustainable and certified production. Growing global awareness around environmental degradation, deforestation, and climate change is driving stricter import regulations, particularly from regions like the European Union, which has enacted legislation banning imports linked to deforestation by 2024. In response, the Malaysian government mandated the Malaysian Sustainable Palm Oil (MSPO) certification in January 2020, making it compulsory for all palm oil producers.

As of recent data, over 95% of Malaysia's palm oil plantations have achieved MSPO certification, covering approximately 5.36 million hectares of cultivated land. Additionally, many producers are adopting the Roundtable on Sustainable Palm Oil (RSPO) certification to access premium international markets. Companies are investing in satellite monitoring systems, implementing zero-deforestation policies, and publishing annual sustainability reports to meet the growing demand from eco-conscious consumers and retailers. The sustainability trend is further driven by the rise in consumer demand 73% of global consumers in recent surveys expressed willingness to pay more for sustainably sourced products. As market access increasingly depends on environmental compliance, sustainability is becoming not just a legal obligation but a key strategic advantage in maintaining brand reputation and global competitiveness in the palm oil sector.

## Key Market Players

Archer Daniels Midland Company

Wilmar International Ltd.

Sime Darby Plantation Berhad

IOI Corporation Berhad

Kuala Lumpur Kepong Berhad

United Plantations Berhad

Kulim (Malaysia) Berhad

IJM Corporation Berhad

PT Sampoerna Agro, Tbk

Univanich Palm Oil Public Company Ltd.

### Report Scope:

In this report, the Malaysia Palm Oil Market has been segmented into the following categories, in addition to the industry trends which have also been detailed below:

#### Malaysia Palm Oil Market, By Product Type:

Crude Palm Oil

RBD Palm Oil

Palm Kernel Oil

Fractionated Palm Oil

#### Malaysia Palm Oil Market, By Application:

Food & Beverage

Personal Care & Cosmetics

Biofuel & Energy

Pharmaceuticals

Others

#### Malaysia Palm Oil Market, By Nature:

Organic

Conventional

Malaysia Palm Oil Market, By Region:

West Malaysia

East Malaysia

Competitive Landscape

Company Profiles: Detailed analysis of the major companies presents in the Malaysia Palm Oil Market.

Available Customizations:

Malaysia Palm Oil Market report with the given market data, TechSci Research offers customizations according to a company's specific needs. The following customization options are available for the report:

Company Information

Detailed analysis and profiling of additional market players (up to five).

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