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Palm Oil Market – Global Industry Size, Share, Trends, Opportunity, and Forecast, Segmented By 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, 2021-2031F

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Abstracts

The Global Palm Oil Market is projected to expand from USD 76.65 billion in 2025 to USD 109.47 billion by 2031, registering a compound annual growth rate of 6.12%. As a highly productive edible vegetable oil derived from the mesocarp of the oil palm fruit, palm oil functions as a fundamental input in food processing, the oleochemical industry, and the renewable energy sector. Growth is largely propelled by the increasing global population's need for affordable vegetable oils and the strategic implementation of national biodiesel mandates that require higher blending ratios. These structural dynamics uphold consumption levels globally and encourage productivity enhancements in key producing areas, operating independently of short-term price fluctuations.

However, market growth faces obstacles from stringent environmental regulations and anti-deforestation measures that limit land development and add complexity to trade with regions sensitive to ecological issues. Compliance with these advancing standards necessitates expensive supply chain transparency systems, which can pressure operating margins. Data from the Indonesian Palm Oil Association (GAPKI) indicates that in 2024, Indonesia's production of Crude Palm Oil and Palm Kernel Oil totaled 52.76 million tons, underscoring the massive quantity of output that must now conform to these rigorous international sustainability protocols.

Market Driver

The rising adoption of biodiesel mandates and renewable energy policies serves as a key structural driver, reshaping international trade patterns. Governments in major producing countries are actively increasing blending targets to lower dependence on fossil fuels and utilize domestic supply, thereby establishing a large captive market that protects the industry from external price fluctuations. This policy-oriented transition ensures that substantial amounts of crude palm oil are redirected from edible exports to domestic energy use, effectively tightening global supply. According to a February 2024 report by the Indonesian Palm Oil Association titled 'Performance of the Palm Oil Industry in 2023,' domestic consumption for biodiesel specifically hit 10.65 million tons, highlighting the immense scale of this regulatory absorption.

Furthermore, growing demand from the global processed food and beverage sector sustains market momentum, driven by the oil's high yield efficiency and cost advantages over other vegetable oils. With inflation impacting consumer spending, food manufacturers increasingly prefer palm oil for its affordability and functional adaptability in goods such as confectionery and bakery products. This trend is especially strong in price-sensitive import markets where purchasing decisions rely on arbitrage against soft oils like soy and sunflower. Data released by the Solvent Extractors' Association of India in August 2024 shows that India's palm oil imports rose to 1.09 million tons in July 2024 due to these favorable price differentials, while the Malaysian Palm Oil Board noted that Malaysia supported this demand with a robust crude palm oil production of 18.55 million tonnes for the preceding year.

Market Challenge

The enforcement of strict environmental regulations and anti-deforestation policies constitutes a major structural obstacle to the growth of the global palm oil market. These regulatory systems fundamentally limit the conversion of new land for farming, thus restricting the area available for plantation growth in primary producing regions. As governments and international organizations implement tighter sustainability criteria, producers face rising compliance costs related to building transparent supply chains. These increased financial obligations directly reduce operational margins and discourage essential investment in production capacity, resulting in a supply bottleneck that hinders the industry's ability to scale output efficiently to satisfy global demand.

Moreover, these developing non-tariff barriers add complexity to international trade dynamics, making it progressively harder for leading exporters to sustain seamless commerce with environmentally conscious markets. The effect of these tightening restrictions is visible in the decrease of trade volumes from key suppliers. According to the Indonesian Palm Oil Association (GAPKI), the total export volume of palm oil products fell by 8.3% to 29.54 million tons in 2024. This drop in export activity highlights how regulatory complications and supply constraints effectively suppress the broader market's potential for growth.

Market Trends

The rising corporate procurement of Certified Sustainable Palm Oil (CSPO) is altering market dynamics, as multinational consumer goods firms actively align their buying strategies with global decarbonization and ethical sourcing pledges. This movement goes beyond simple regulatory adherence, becoming a commercial necessity where verified sustainability credentials determine market access and premium pricing. Downstream buyers are systematically shifting procurement contracts toward segregated and identity-preserved supply chain models to lower reputational risks linked to environmental harm. According to the Roundtable on Sustainable Palm Oil (RSPO) in its 'Impact Report 2024' released in December 2024, global production of CSPO hit 16.2 million tonnes, accounting for about 20.1% of total global crude palm oil output, which demonstrates the industrial magnitude of this move toward verified sustainable sourcing.

Concurrently, the industry is seeing the valorization of palm biomass and mill effluent for renewable energy, effectively turning operational waste into a vital revenue source and circular economy asset. Producers are funding advanced technologies to transform empty fruit bunches, mesocarp fiber, and palm oil mill effluent (POME) into bioenergy and value-added products, separate from the primary crude oil extraction used for standard biodiesel. This integration allows milling plants to attain energy self-reliance and provide excess power to national grids, thereby monetizing by-products that were previously discarded. As per the Malaysian Palm Oil Council (MPOC) in an August 2024 statement concerning the '2024 National Seminar on Palm Oil Milling,' the Malaysian sector alone produced 92.37 million tonnes of palm biomass in the prior year, highlighting the vast commercial potential for renewable energy uses.

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

Palm Oil Market, By Type

Crude Palm Oil

RBD Palm Oil

Palm Kernel Oil

Fractionated Palm Oil

Palm Oil Market, By Application

Food & Beverage

Personal Care & Cosmetics

Biofuel & Energy

Pharmaceuticals

Others

Palm Oil Market, By Nature

Organic

Conventional

Palm Oil Market, By Region

North America

United States

Canada

Mexico

Europe

France

United Kingdom

Italy

Germany

Spain

Asia Pacific

China

India

Japan

Australia

South Korea

South America

Brazil

Argentina

Colombia

Middle East & Africa

South Africa

Saudi Arabia

UAE

Competitive Landscape

Company Profiles: Detailed analysis of the major companies present in the Global Palm Oil Market.

Available Customizations:

Global 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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