

DEMAND AND SUPPLY OF PALM OIL IN WEST AFRICA – NIGERIA & GHANA IN PERSPECTIVE

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INTRODUCTION:

- Fifty years of palm Oil production in west Africa, production estimate is 45MMT, while Malaysia produced in the last 3 years to 2020, produces about 60MMT
- Nigeria and Ghana contribute about 65% of the total west Africa palm oil production,
- In the last 3 years, both countries have step up plans to increase palm oil production with limited success.
- The demand for palm oil consumption has been on the increase due and largely to population growth and industrial consumption need
- Nigeria population is expected to reach about 400million while Ghana is being expected to reach 60 million by 2050
- Both countries unlike other countries in west Africa, consume palm oil for local delicacies as well as for industrial needs.
- This twin edge demand makes palm oil essential commodities for both food and industrial growth
- Have they been able to meet their domestic and industrial need? The answer here is No. What has been the Solution to the deficit? The answer leads us to the issue of supply.

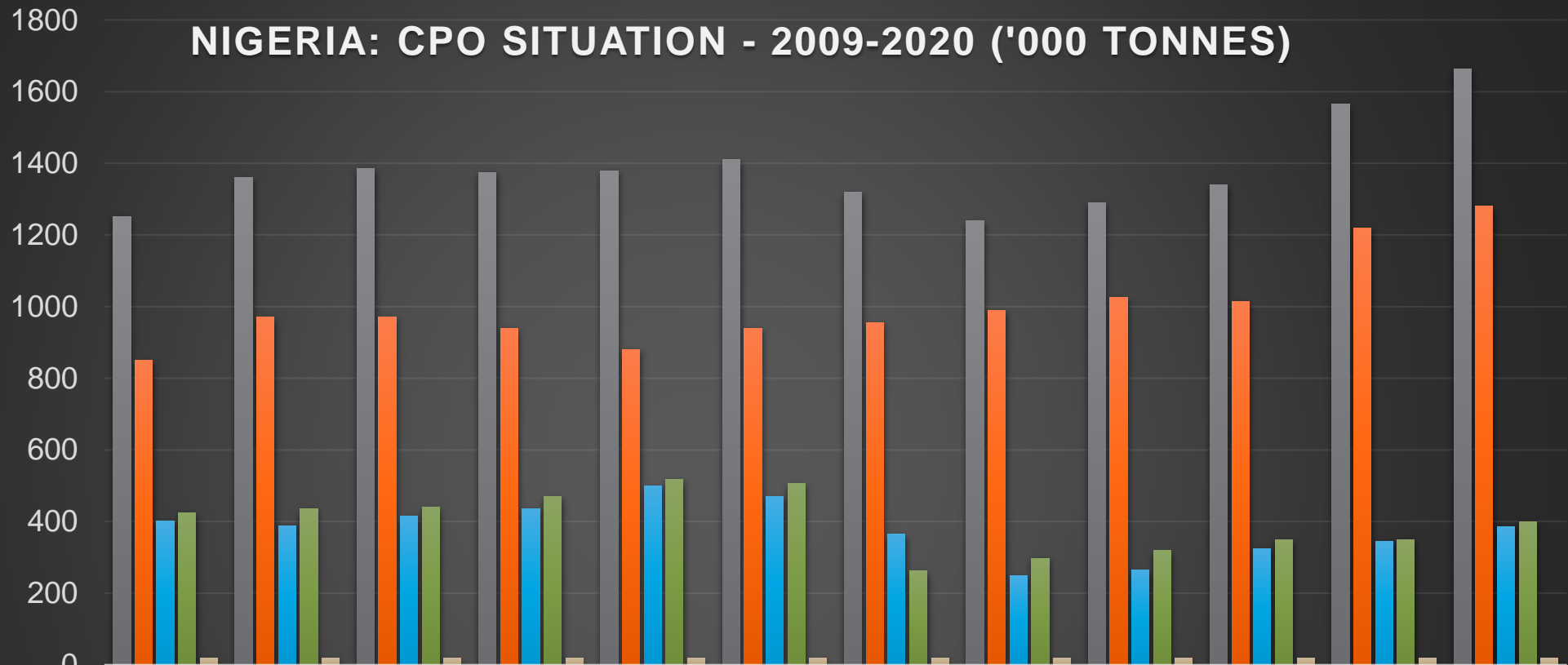
PRODUCTION CAPACITY (SEE GRAPH)

- **As at year 2020, the total volume of Palm Oil produced by west African countries is put at 2.3MMT with Nigeria and Ghana contributing close to 65% (Nigeria 1.3MT, Ghana 0.400MT of the total production.**
- **Under the same year, both countries palm oil consumption is estimated to have reached 2.4MMT, this is far higher than the total west Africa Palm Oil production.**
- **The deficits are met with importation from Malaysia which cost both countries close to One billion USD annually to finance.**
- **Several policies have been formulated by both countries to increase production capacity but this attempt has not been successful due to problems with land fragmentation, policy summersault from government and finance**
- **With the expectation that the countries population will double by year 2050, it is still plausible to say that gaps in production capacity and demand will still be met by Importation form Malaysia and other exporting countries.**
- **Nigeria and Ghana will have to cultivate 250,000 hectare and 100,000 hectares respectively to meet national demand for Palm Oil.**
- **Government at various level especially, Nigeria, has made available about 300,000 hectares of Agricultural land for credible investors to develop Oil Palm Plantation.**
- **Also, the central bank of both countries has made available Billions in local currency, at affordable interest rate to credible investors towards the development of oil Palm Plantations.**

CONCEPT OF PALM OIL DEMAND AND SUPPLY NIGERIA/GHANA (REF GRAPH)

- **The demand for Palm Oil in both countries is a function of food and industrial needs while Nigeria has a good investment in the downstream sector, Ghana use of palm Oil is for food use only with little significant investment in the downstream.**
- **The demand for the use of Palm Oil in West Arica is very high due to its cultural use for food and sometimes in the worship of their gods.**
- **Overtime both countries have been dependent on importation of palm oil to augments' the deficit in meeting countries need.**
- **Countries like Malaysia, Indonesia and few others top the list of exporters of palm oil to West Africa. This is expected to continue unless the required investment in the sector are deployed.**
- **The supply needs of both countries are expected to double by 2050. The increase in Demand and supply is due expected increase in Population and Domestic industrial needs.**

NIGERIA PALM OIL INDUSTRIAL/DOMESTIC CONSUMPTION BY YEAR

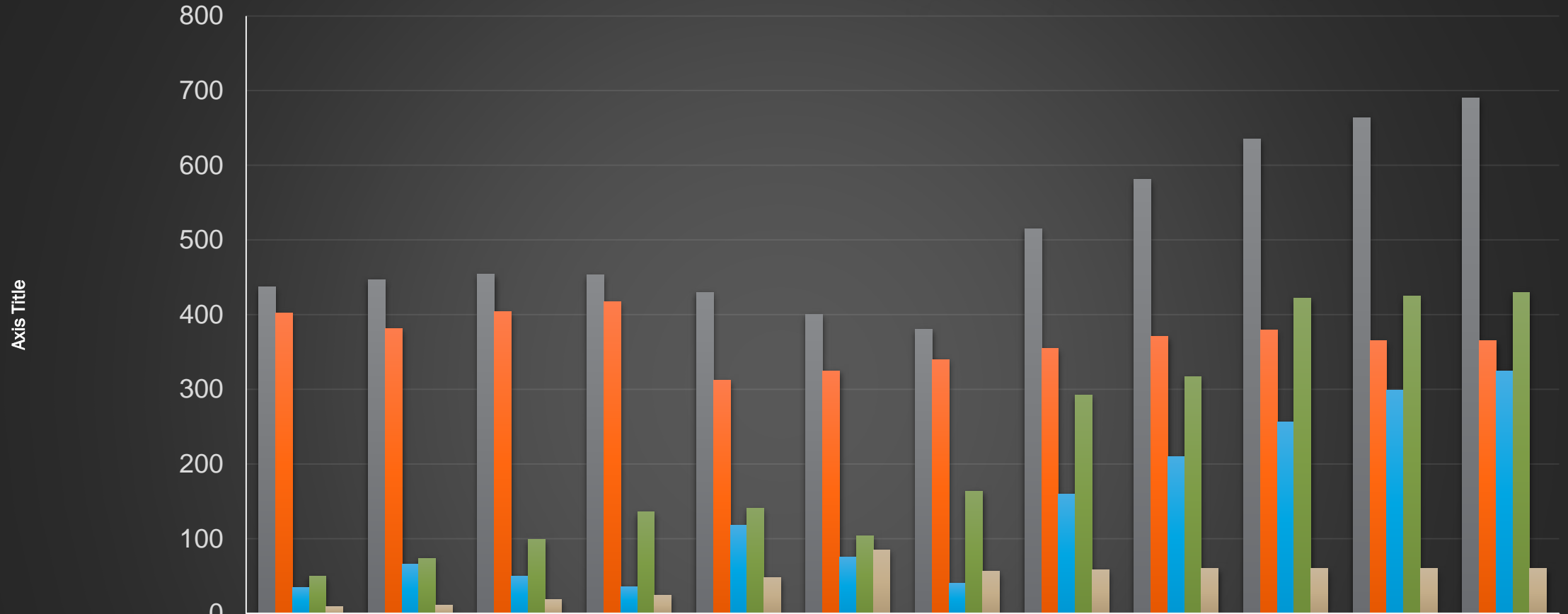


	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
■ CONSUMPTION	1252	1360	1385	1375	1380	1410	1320	1240	1290	1340	1565	1665
■ PRODUCTION	850	971	970	940	880	940	955	990	1025	1015	1220	1280
■ DEFICIT	402	389	415	435	500	470	365	250	265	325	345	385
■ IMPORT	425	435	440	470	518	506	263	298	320	350	350	400
■ EXPORT	18	18	18	18	18	18	18	18	18	18	18	18

■ CONSUMPTION ■ PRODUCTION ■ DEFICIT ■ IMPORT ■ EXPORT

GHANA PALM OIL INDUSTRIAL/DOMESTIC CONSUMPTION BY YEAR

GHANA: CPO SITUATION - 2009-2020 ('000 TONNES)




	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
■ CONSUMPTION	437	447	454	453	430	400	380	515	581	635	664	690
■ PRODUCTION	402	381	404	417	312	325	340	355	371	379	365	365
■ DEFICIT	35	66	50	36	118	75	40	160	210	256	299	325
■ IMPORT	50	74	99	136	141	104	164	292	317	422	425	430
■ EXPORT	9	11	18	24	48	85	56	58	60	60	60	60

TRADE -IMPORT/EXPORT

- Despite the deficit in the demand and supply of CPO in both countries, export trade is still being achieved.
- Although the quantities of palm Oil exported to other countries is very low, it has formed part of foreign exchange earner to both countries.
- Nigeria and Ghana export trade per year is estimated to be in the range of 40,000Mt, very insignificant when compared to domestic demand. The export trade become necessary due to African in diaspora preference to oil palm from their Natives.
- Both countries are NET importer of CPO due to large deficit in the scale of demand and supply. This deficit are majorly met with importation of the product.
- The effect of the export trade has not been able to ingest required development in both countries Oil Palm plantation development

HINDERANCES TO SUPPLY

- **No clear-cut trade agreement between Importing and Exporting countries**
 - **Lack of trade incentives from Exporting countries like Malaysia**
 - **Trade imbalance, which gives room for foul trading among Importer and Exporter**
 - **Lack of adequate forex to facilitate quick import of CPO to meet demand gaps timely**
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WAY OUT

- **A clear, definitive and effective government to government (G2G) trade agreement should be put in place. This will remove trade bureaucracy and fast track trade approvals within the policy framework of both government**
- **Incentives on the part of the exporting country to the Importing country will tilt quick approval for import. Incentives such as R & D, technological information, investment consideration and effective CSR towards the country importing**

CONCLUSION

The question here is : Does Malaysian Palm Oil Council has the potential to meet Nigeria and Ghana demand gap?

The answer here is 3Y. Yes, Yes and yes.

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THANK YOU

