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Edible Oil Production in the World

Free · Share

Edible Oil Production in the World

A few countries grow most of the world’s cooking oil. Palm oil comes mainly from Indonesia and Malaysia. Soybean oil is shipped mainly from Argentina and Brazil. Sunflower oil came mostly from Ukraine and Russia.

1 Why does palm oil lead?

Who grows it?



An oil palm plantation in Kabupaten Lamandau, Central Kalimantan, Indonesia. Photo by Rasyid Ridha, CC BY-SA 4.0, via Wikimedia Commons.

Palm oil is the vegetable oil with the biggest output. Indonesia and Malaysia account for about 85% of world production. No other country comes close.

The tree itself began elsewhere. The oil palm is native to West Africa. It reached Southeast Asia later, and the plantations there now dwarf Africa’s output.

Why do farmers choose palm?

Palm gives far more oil from each hectare of land. It can yield up to 20 times as much oil per hectare as the alternatives. That is why farmers and governments back it.

World output of palm oil grew about 40 times between 1970 and 2020. Demand for cooking oil, food and fuel pulled that growth along.

Key terms

Yield per hectare. This is how much oil one hectare of land produces in a year. Think of two farmers with the same size plot. If one gets 20 times more oil, that farmer wins. It matters here because it explains why palm took over.

> **Quick check 1.** The oil palm tree is originally native to Southeast Asia. *(True or False?)* See answer ↓

Sources: news4jax.com; iucn.org; ourworldindata.org

2 Palm oil versus kernel oil

Where does each oil come from?

One fruit gives two different oils. The fruit has a yellow pulp and a hard seed. Crushing the pulp yields palm oil. Crushing the kernel inside the seed yields palm kernel oil.

The Codex food standard says the same. Palm oil comes from the fleshy mesocarp of the fruit. Palm kernel oil comes from the kernel.

How do the three big oils compare?

Oil	Plant part	Leading source
Palm oil	Fruit pulp	Indonesia and Malaysia
Palm kernel oil	Seed kernel	Same oil palm fruit
Soybean oil	Soybean seed	Argentina leads exports
Sunflower oil	Sunflower seed	Ukraine and Russia (2022)

Think it through

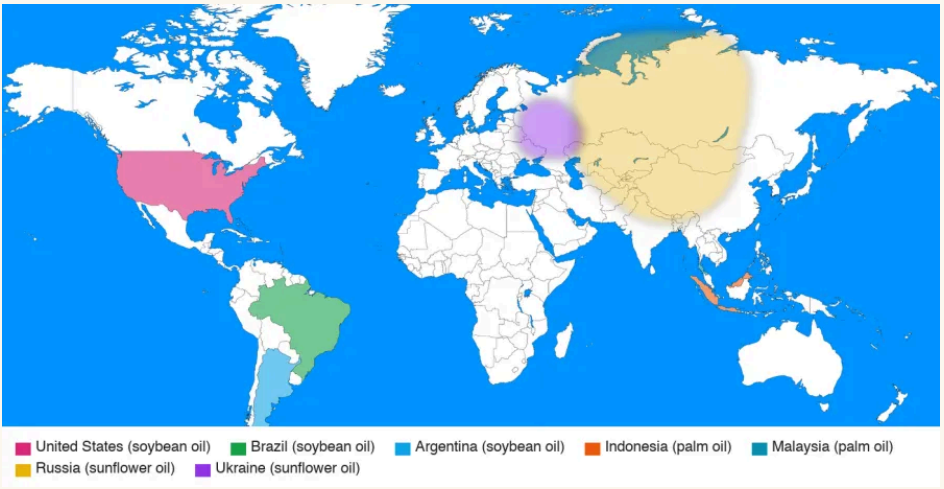
A farmer sells one bunch of oil palm fruit. How many oils can come from it? Two, because the pulp and the kernel give different oils. Many students miss this and treat them as one product.

> **Quick check 2.** Palm kernel oil is pressed from the fruit's pulp. *(True or False?)* See answer ↓

Sources: fao.org

3 Who grows other oils?

Where does soybean oil come from?



Major vegetable-oil exporters: Indonesia and Malaysia (palm), Argentina and Brazil (soybean), Russia and Ukraine (sunflower). Base map by FelixCountryBalls163, CC BY-SA 4.0, via Wikimedia Commons.

Argentina is the leading exporter of soybean oil. It holds an average of 40% of the world market. It ships triple the volume of the second largest exporter, Brazil.

So the soybean belt for exports is the Argentine and Brazilian plains. Both countries crush the bean at home and sell the oil abroad.

Where did sunflower oil come from?

Before the war in Ukraine, one country dominated sunflower oil. Ukraine supplied nearly half of the world's sunflower oil. Russia added another 25%. Together they held about three quarters of the world's sunflower oil.

Then the war cut Black Sea supply. Buyers looked for other oils to replace it. That pushed more demand towards palm and soybean oil.

> **Quick check 3.** Argentina is the world's leading exporter of soybean oil. *(True or False?)* See answer ↓

Sources: 3tres3.com

4 Where does the oil go?

Who buys it?

India is a very large buyer of edible oil. It imported about 16 million tonnes in 2024-25. That is more than most countries produce.

India buys palm oil from Indonesia and Malaysia. It buys soybean oil from Argentina and Brazil. So its kitchen prices depend on farms thousands of kilometres away.

Why does India buy so much?

India does not lead the production of any of these three oils. Its own oilseed crops, such as mustard, do not meet the demand. The gap is filled by imports.

- **Palm:** bought from Indonesia and Malaysia.
- **Soybean:** bought from Argentina and Brazil.
- **Policy:** import duty is changed often to protect farmers and consumers.

> **Quick check 4.** India imported about 16 million tonnes of edible oil in 2024-25. *(True or False?)* See answer ↓

Sources: outlookbusiness.com

5 Why did Indonesia's ban matter?

What did Indonesia do in 2022?

On 28 April 2022 Indonesia halted shipments of crude palm oil and some derived products. The aim was to tame soaring cooking oil prices at home. Palm oil prices abroad rose sharply.

The ban lasted about a month. President Joko Widodo lifted it after supply and prices improved at home. Exports resumed on Monday, 23 May.

Why did the world feel it?

Indonesia is the largest palm exporter. When it stops selling, buyers have few other places to go. The ban also came while the war in Ukraine had already raised pressure on cooking oil supply.

About 17 million workers depend on the palm oil industry. That is one reason the government lifted the ban once it could.

Think it through

Was the ban meant to hurt buyers abroad? No. It was meant to help Indonesian households. But a country with a huge share of supply cannot change its rules without moving prices for everyone.

> **Quick check 5.** Indonesia's 2022 export halt was aimed at lowering cooking oil prices inside Indonesia. *(True or False?)* See answer ↓

Sources: businesstoday.in; news4jax.com

6 What does palm cost nature?

How big is the land footprint?

Palm land grew from 3 million to almost 30 million hectares between 1970 and 2020. Indonesia and Malaysia hold about 70% of that land. Yet they give more than 80% of production, because yields are high.

Plantations now cover about 18.7 million hectares in the tropics, by IUCN's count. These are among the most species-rich places on Earth.

What are the risks, and the fix?

Oil palm expansion could affect 54% of threatened mammals and 64% of threatened birds. Forest loss and peatland loss are the main worries.

But swapping to other crops is not a clean answer. Other oil crops need much more land per tonne of oil. Replacing palm is not a solution to this problem. The better path is producing it more sustainably.

The Roundtable on Sustainable Palm Oil (RSPO) was set up for this. It brings growers, buyers and others together to build global standards for sustainable palm oil.

> **Quick check 6.** Replacing palm oil with other oil crops would clearly reduce the damage to nature. *(True or False?)* See answer ↓

Sources: iucn.org; ourworldindata.org; rspo.org

7 How did UPSC ask?

What did the paper test?

Asked before

PYQ 1 · UPSC CSP 2018, Q10

Consider the following statements:

(a) 1 only

(b) 2 only

(c) Both 1 and 2

(d) Neither 1 nor 2

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The answer is (a), 1 only. India imports a very large share of its edible oil. But the Government does charge duty and changes it often. Check the full paper, Q10.

What are the traps?

- **Palm and palm kernel oil** are two oils from one fruit.
- **The oil palm** is African in origin, not Asian.
- **India** buys these oils. It does not lead in growing them.
- **Replacing palm** with other crops does not spare nature.

Sources: outlookbusiness.com

Practice MCQs

1. In 2024-25, how much of India's edible oil imports were palm oil?

A. Nearly 47%

B. Nearly 90%

C. About 10%

D. About 25%

See answer ↓

2. Consider the following statements:

1. The quantity of imported edible oils is more than the domestic production of edible oils in the last five years.

2. The Government does not impose any customs duty on all the imported edible oils as a special case.

Which of the statements given above is/are correct? [UPSC CSP 2018, GS Paper I]

A. 2 only

B. 1 only

C. Both 1 and 2

D. Neither 1 nor 2

See answer ↓

3. With reference to palm oil, consider the following statements:

1. The palm oil tree is native to Southeast Asia.

2. Palm oil is a raw material for industries producing lipstick and perfumes.

3. Palm oil can be used to produce biodiesel.

Which of these statements are correct?

A. 1 and 2 only

B. 2 and 3 only

C. 1 and 3 only

D. 1, 2 and 3

See answer ↓

4. The oil palm tree, now dominantly grown in Indonesia and Malaysia, is originally native to which region?

A. The Indian subcontinent

B. West Africa

C. South America

D. Southeast Asia

See answer ↓

5. Palm oil and palm kernel oil, both derived from the same oil palm fruit, differ in which way?

A. There is no real difference between the two oils

B. Palm oil comes from the fruit's pulp; palm kernel oil comes from its seed

C. Palm oil comes from the leaves; palm kernel oil comes from the roots

D. Palm oil is only used in food; palm kernel oil is only used in fuel

See answer ↓

Answer Key

1. **A.** The correct answer is **nearly 47%**. India imported about 16 million tonnes of edible oil in 2024-25. Palm oil was about 7.6 million tonnes of that. Memory hook: palm is nearly half of what India buys. ↑ Q1
2. **B.** The correct answer is **1 only**. Statement 1 is true: India imports a large share of the edible oil it uses, about 16 million tonnes in 2024-25. Statement 2 is false: the Government charges customs duty on edible oils and changes the rate often. Memory hook: duty is a dial, never off. ↑ Q2
3. **B.** The correct answer is **2 and 3 only**. Statement 1 is false because the oil palm is native to West Africa. Palm oil is used in cosmetics and can be made into biodiesel. Memory hook: palm began in Africa. ↑ Q3
4. **B.** The correct answer is **West Africa**. The oil palm began there. Indonesia and Malaysia now grow most of the world's palm oil. Memory hook: African tree, Asian plantations. ↑ Q4
5. **B.** The correct answer is **pulp versus seed**. Palm oil is pressed from the fleshy pulp of the fruit. Palm kernel oil comes from the kernel inside the seed. Memory hook: pulp gives palm oil, kernel gives kernel oil. ↑ Q5

Quick-check answers

1. **False.** The oil palm is native to West Africa. ↑ 1
2. **False.** Palm kernel oil comes from the seed kernel. ↑ 2
3. **True.** Argentina holds about 40% of the world market. ↑ 3
4. **True.** India relies heavily on imported oil. ↑ 4
5. **True.** It was a domestic price measure with global effects. ↑ 5
6. **False.** Other crops give less oil per hectare, so IUCN says replacing palm is not a solution. ↑ 6

Previous year answers

1. **(a) 1 only** India’s 2017-18 imports (15.12 million tonnes) were roughly double domestic production (7.66 million tonnes). Duty was raised twice, not waived, in the seven months before this exam.

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