

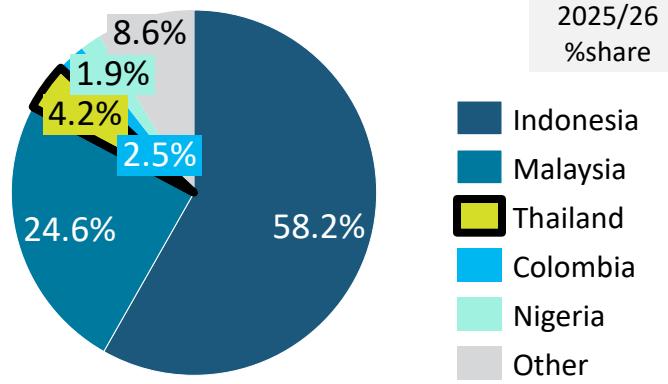
# Palm Oil Industry

**Business Research**  
**January 2026**

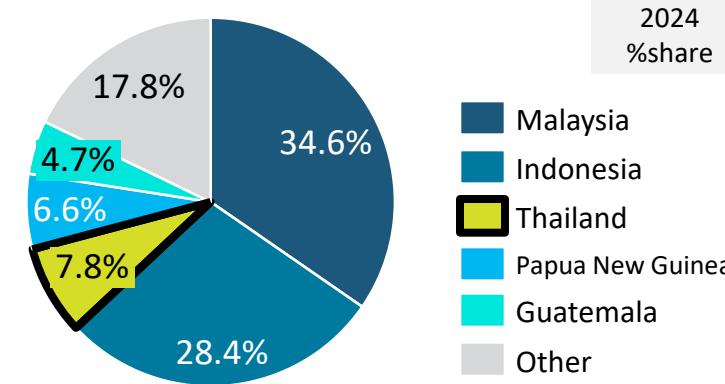
# Executive Summary

Thailand ranks as the world's third-largest crude palm oil producer, yet accounts for only approximately 8% of global exports, causing its prices to largely track international market trends. In terms of competitiveness, Thailand's Revealed Comparative Advantage (RCA) remains significantly lower than that of Indonesia and Malaysia. Additionally, Thailand's heavy dependence on India as its primary export destination exposes the sector to risks stemming from potential shifts in Indian import policies and trade barriers. Nevertheless, roughly 74% of Thailand's palm oil production is absorbed by domestic consumption, with only 26% exported.

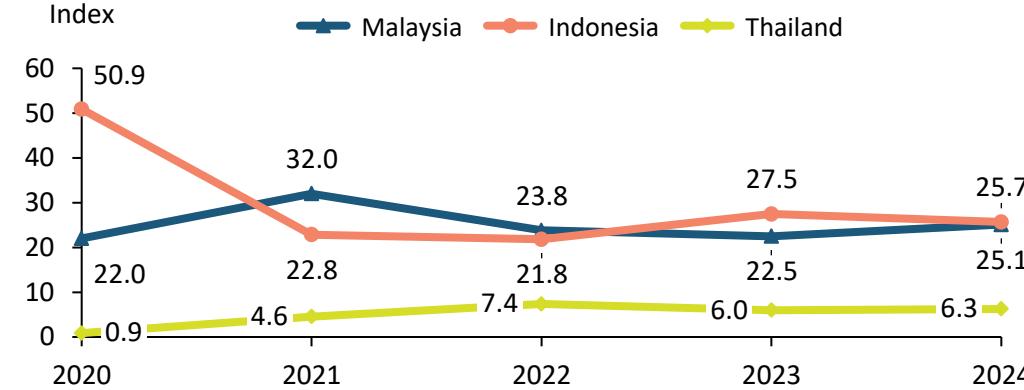
World Palm Oil Production



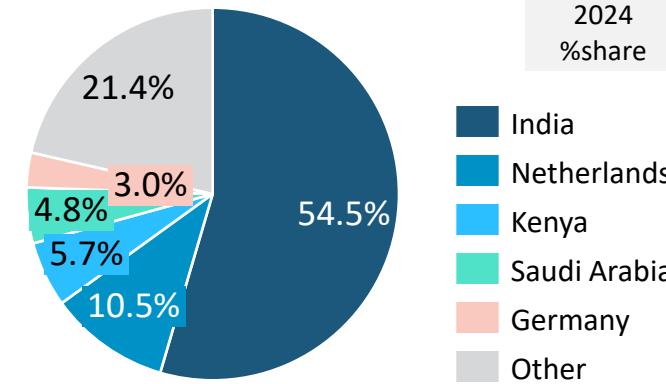
World Palm Oil Exporter



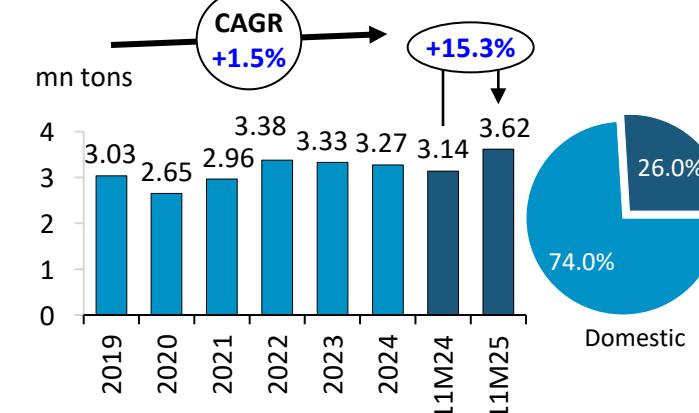
Revealed Comparative Advantage (RCA)



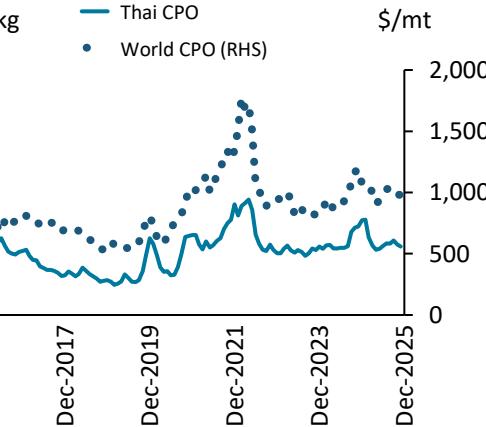
World Palm Oil Importer



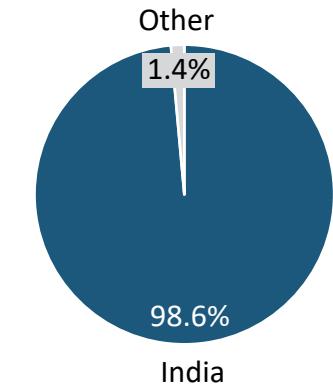
TH Crude Palm Oil Production



Crude Palm Oil Price (TH vs W)



TH Palm Oil Export

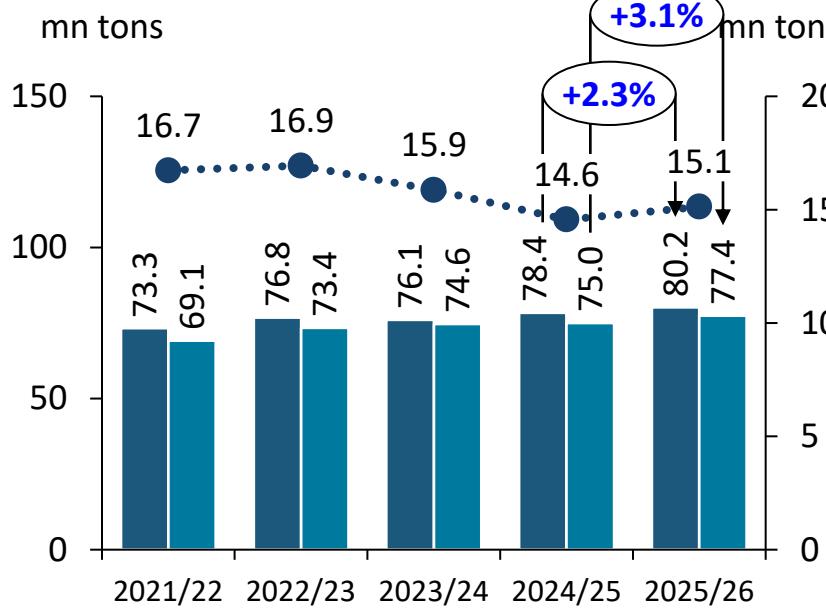


# World Palm Oil Industry

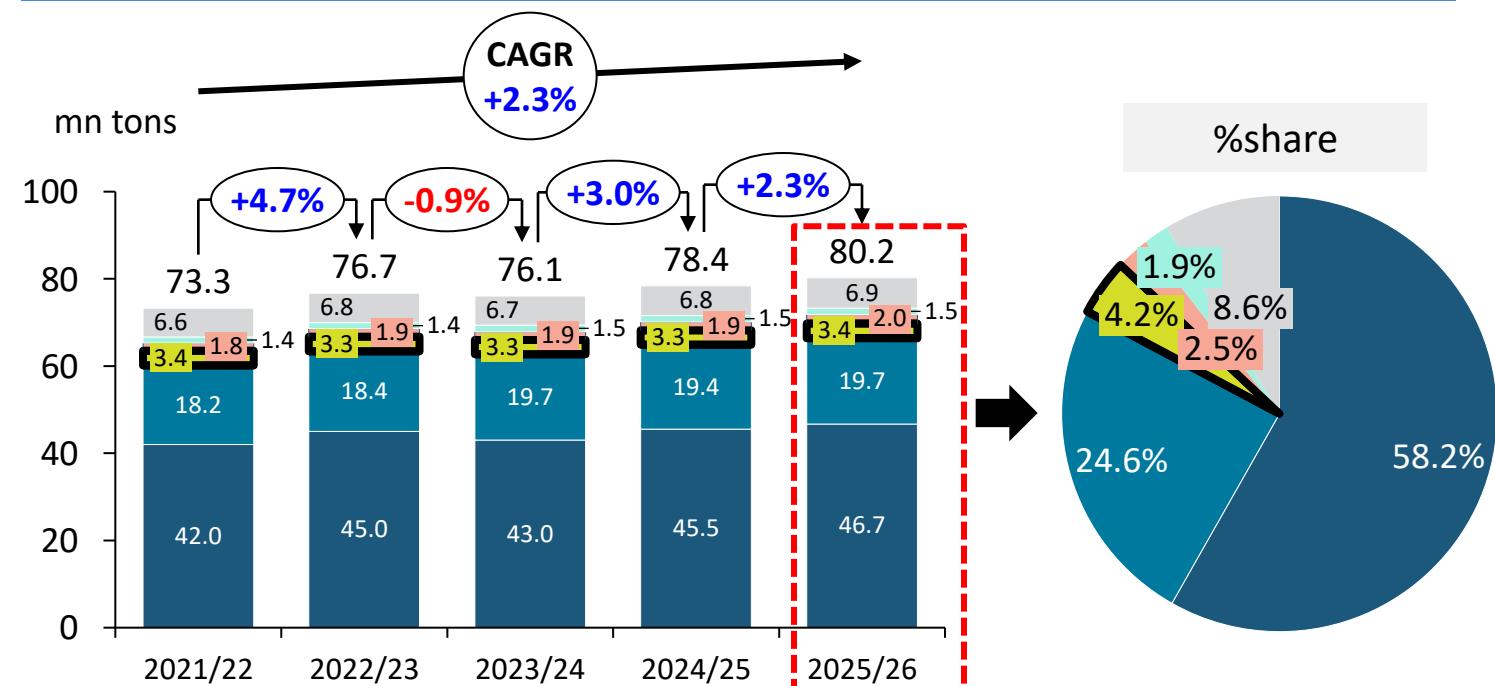
# World Palm Oil Market

Global palm oil production is projected to reach approximately 80.2 million tons in 2025/26, growing at an average annual rate of around 2.3%. This growth is being fully absorbed by consumption, expanding at a similar pace, keeping global ending stocks stable at around 15–17 million tons without significant accumulation. This indicates a relatively balanced market, with palm oil demand from the food and renewable energy industries continuing to grow in line with rising population and income levels. Meanwhile, global production remains highly concentrated among a few countries. Indonesia dominates with approximately 58.2% of global production, followed by Malaysia at around 24.6%. Thailand accounts for only about 4.2% of global output, ranking third in the world market. This reflects Thailand's relatively smaller production scale compared to major producers.

World Palm Oil Balance



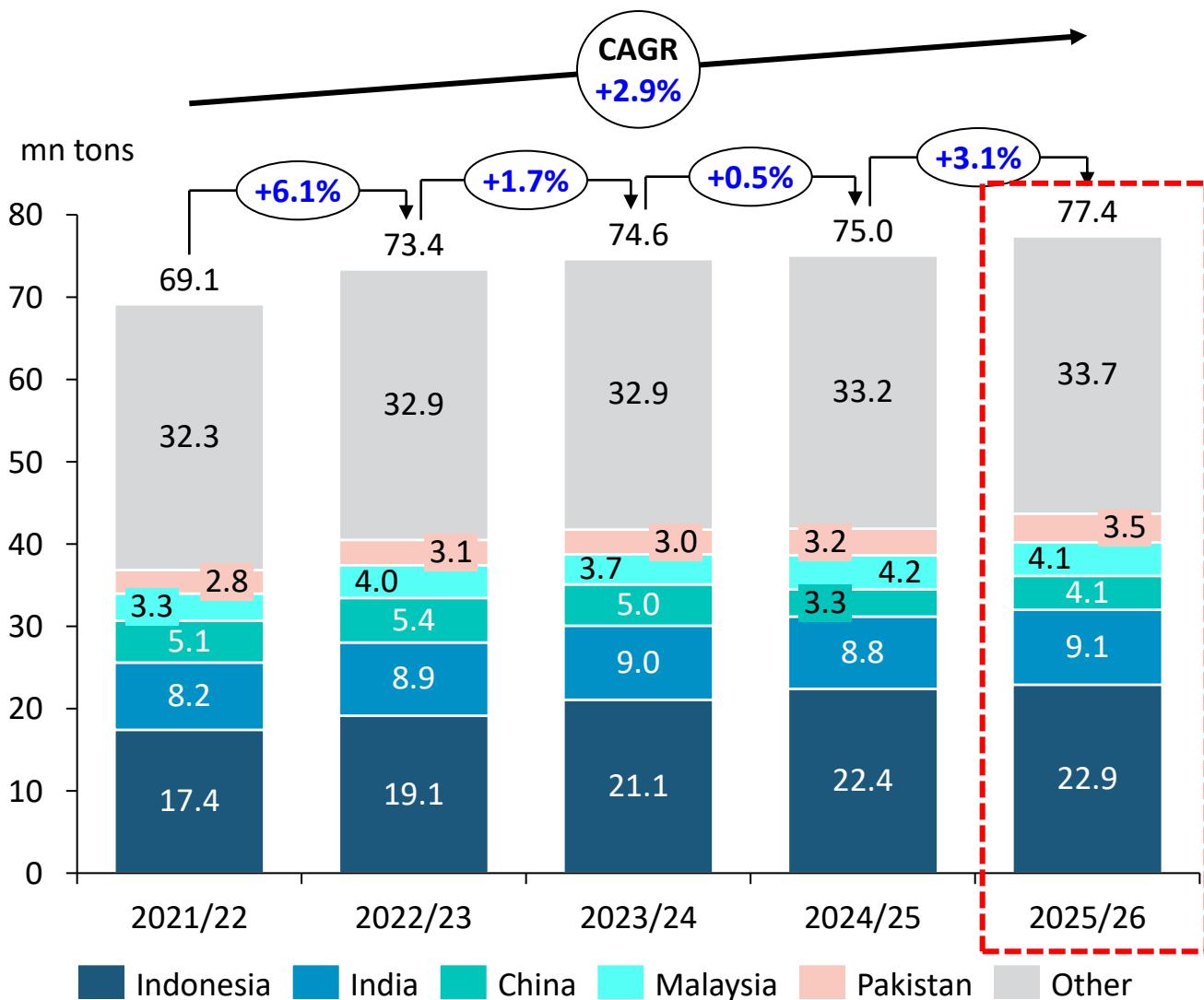
World Palm Oil Production Volume



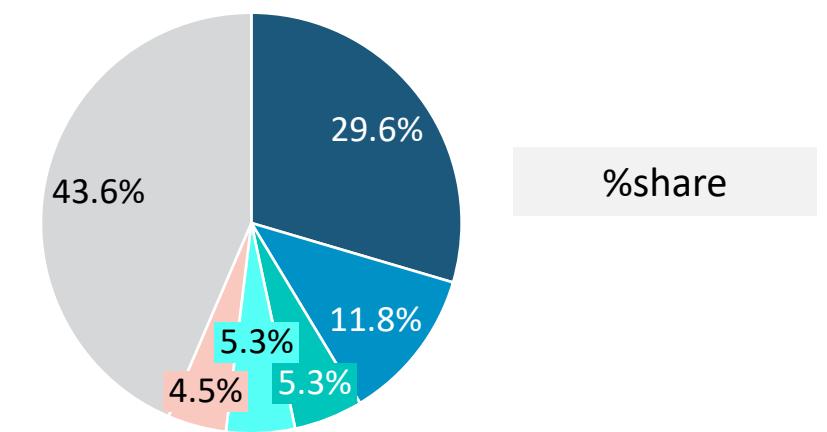
Production Consumption Ending stock (RHS)

Indonesia Malaysia Thailand Colombia Nigeria Other

## World Palm Oil Consumption Volume

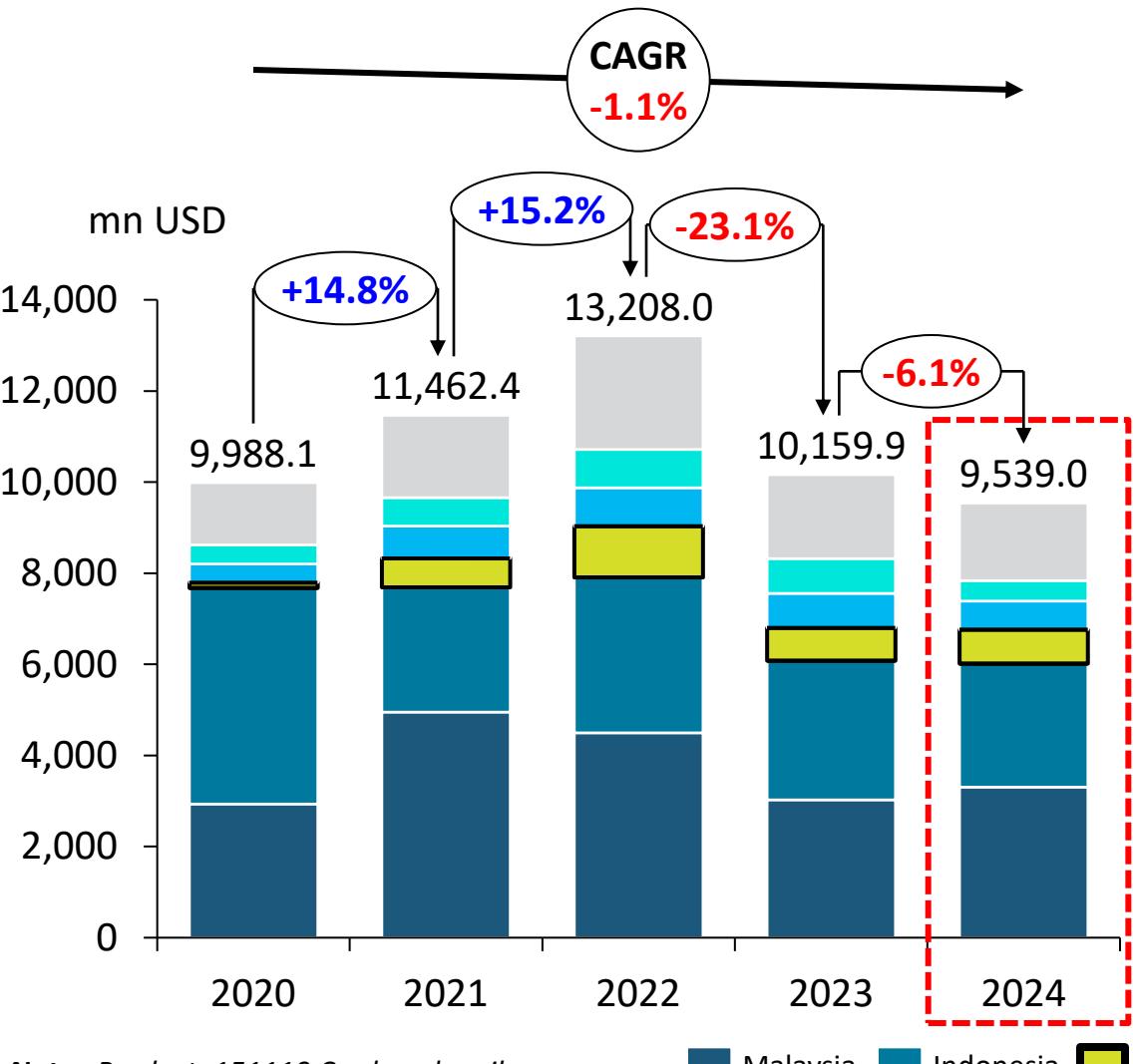


Global palm oil consumption continues to expand, with volume projected to increase from 69.1 million tons in 2021/22 to 77.4 million tons in 2025/26, representing an average annual growth rate of approximately 2.9%. This growth is driven by rising population, income levels, and increasing demand for vegetable oils in the food and biodiesel industries, particularly in developing countries. In terms of consumption structure, Indonesia is the largest consumer, accounting for approximately 43.6% of global consumption, followed by India at around 29.6% and China at approximately 11.8%. Regarding Thailand's market opportunities, given that India is already the primary export destination, Thailand should accelerate market diversification toward other major consumers including Indonesia and China, as well as Pakistan and other Asian countries where consumption continues to grow. This strategy should emphasize Thailand's competitive advantages in quality standards, food safety, and sustainability to differentiate from major regional competitors.

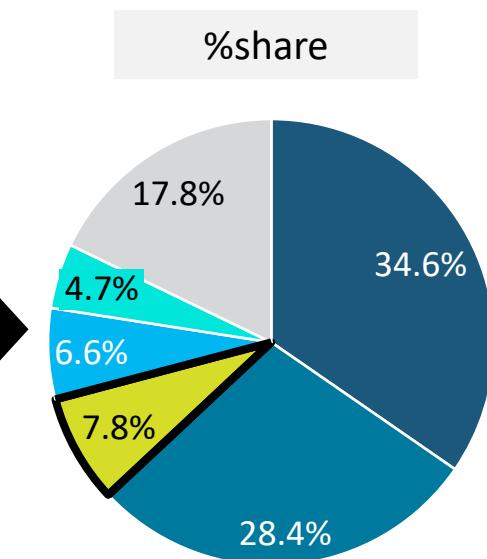


# World Palm Oil Export

## World Palm Oil Export Value



Global crude palm oil export values have been decelerating, declining from approximately \$13.2 billion in 2022 to around \$9.5 billion in 2024. This reflects weakening palm oil prices despite global trade volumes remaining at elevated levels. The 2024 export market structure shows that Malaysia is the leading exporter, accounting for roughly 34.6% of global export value, followed by Indonesia at approximately 28.4%. Thailand holds about a 7.8% share, ranking third among crude palm oil exporters.



When comparing production capabilities, Indonesia and Malaysia achieve higher crude palm oil yields per unit area than Thailand, benefiting from more favorable climatic conditions, larger plantation sizes, and industrial-scale management practices. These advantages translate into lower unit costs and enable both countries to maintain their dominant positions as major exporters. While Thailand's average yield per rai is lower, the country possesses competitive advantages in quality standards, environmental compliance rigor, and processed product development. This positions Thailand to expand exports to markets that prioritize sustainability and traceability, such as secondary markets in Asia and select niche markets in Europe.

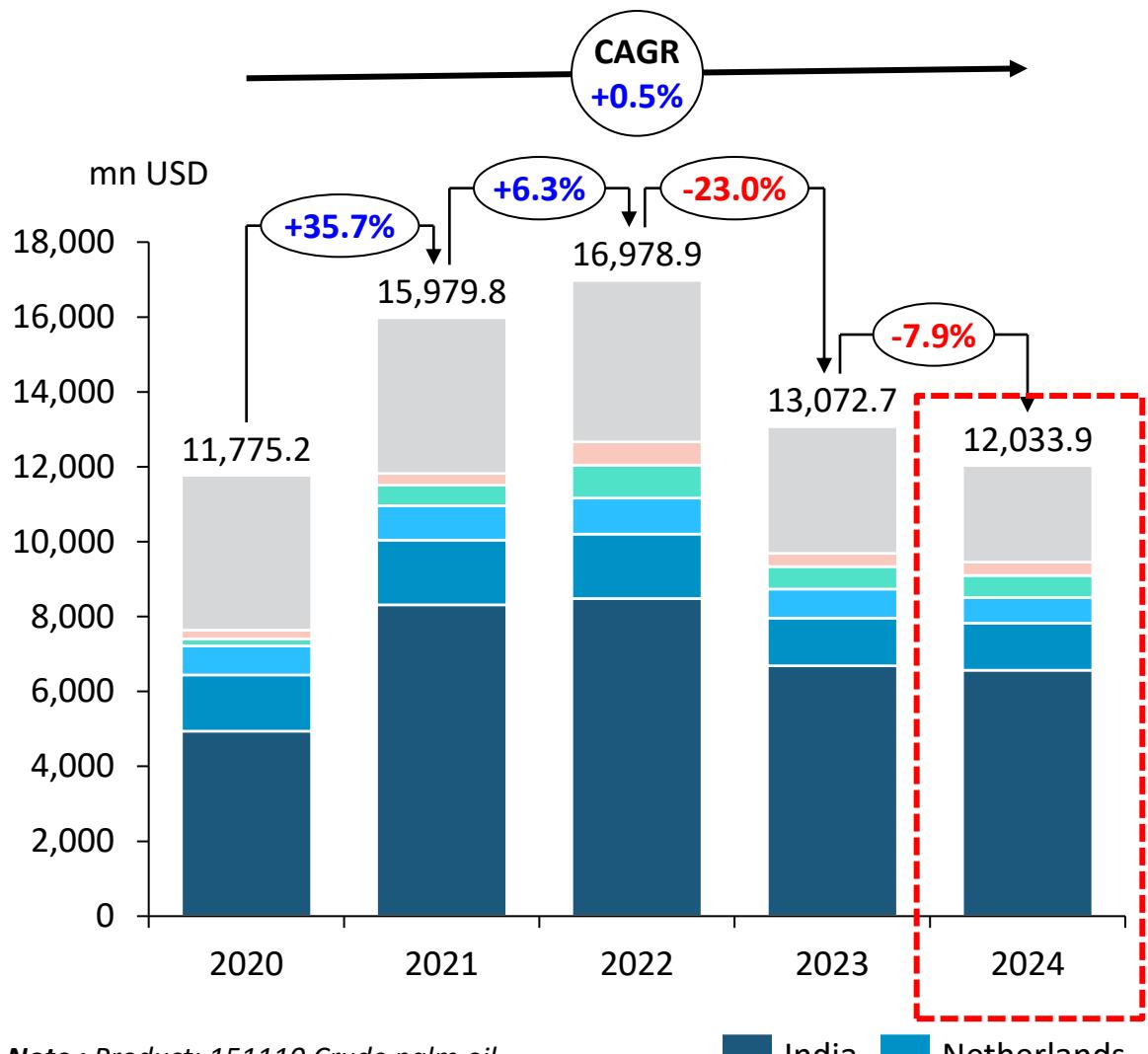
Note : Product: 151110 Crude palm oil

Malaysia    Indonesia    Thailand    Papua New Guinea    Guatemala    Other

Source: LH Bank Research Analysis based on data from Trade Map

# World Palm Oil Import

## World Palm Oil Import Value



Global palm oil import values have remained elevated overall, rising from approximately \$11.8 billion in 2020 to over \$17.0 billion in 2022, before moderating to nearly \$12.0 billion in 2024. This decline primarily reflects weakening palm oil prices rather than a contraction in actual trade volumes. For market structure in 2024, India dominates as the largest importer, representing roughly 54.5% of global import value, followed by the Netherlands, Kenya, Saudi Arabia, and Germany.

However, given the risk that India may reduce or halt imports from Thailand or shift sourcing to other major exporters such as Indonesia and Malaysia, Thailand urgently needs to diversify its export markets. This should involve increasing export shares to continuing buyers including China, Pakistan, Middle East-Africa regions, and ASEAN neighbors. Additionally, Thailand should develop value-added products and enhance sustainability standards—such as traceability systems—to compete effectively in European markets and countries placing greater emphasis on ESG criteria. Concurrently, managing inventory levels and promoting domestic consumption, particularly in the biodiesel and food processing sectors, will help mitigate the impact of volatility in foreign orders.

Note : Product: 151110 Crude palm oil

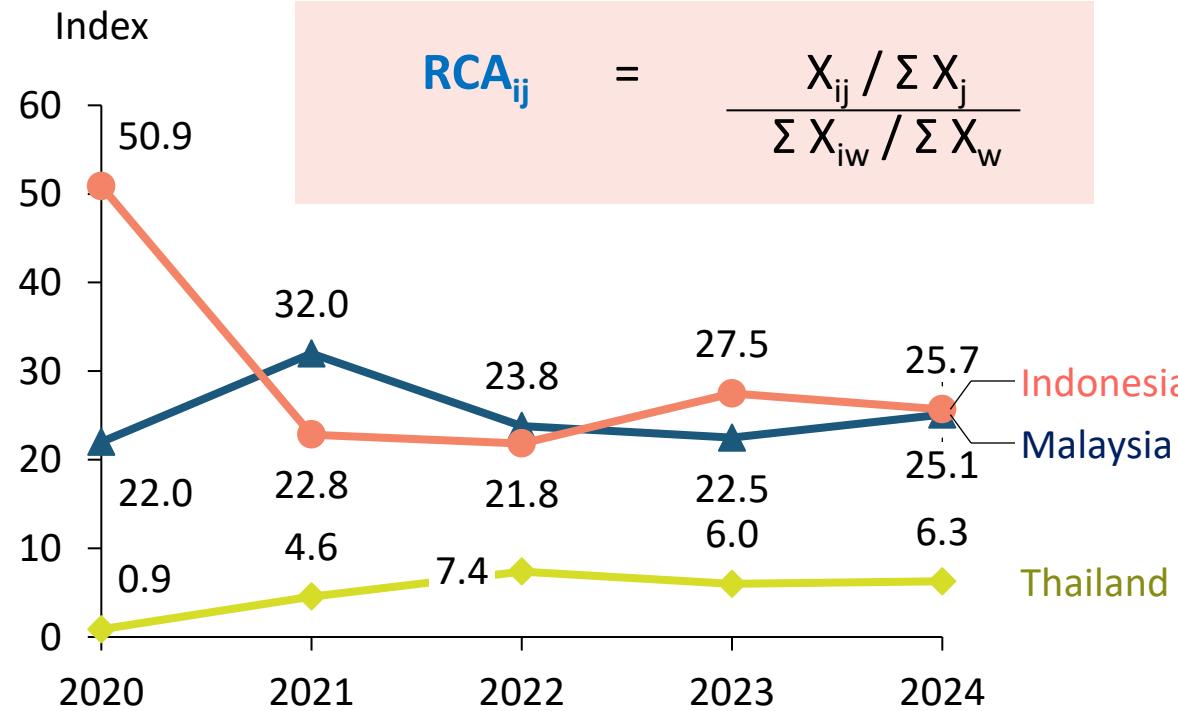
India Netherlands Kenya Saudi Arabia Germany Other

Source: LH Bank Research Analysis based on data from Trade Map

# Palm Oil Industry - Revealed Comparative Advantage (RCA)

According to the Revealed Comparative Advantage (RCA) Index, Indonesia maintains a very high RCA for palm oil, ranging between 25–51 throughout 2020–2024. This confirms palm oil as a 'champion' export that plays a leading role in the country's export structure, with global competitiveness significantly above the world average. Malaysia records an RCA in the range of approximately 22–25, also reflecting strong comparative advantage, though marginally lower than Indonesia, consistent with its position as the world's second-largest exporter. Thailand's RCA has increased from below 1 in 2020 to around 6–7 in recent years. This indicates that Thai palm oil has transitioned from a product without comparative advantage to one with competitive potential above the global average, though still trailing the two market leaders. This shift highlights opportunities for Thailand to continue enhancing its competitiveness through improvements in production efficiency, quality standards, and value-added creation along the industry supply chain.

## Revealed Comparative Advantage (RCA)

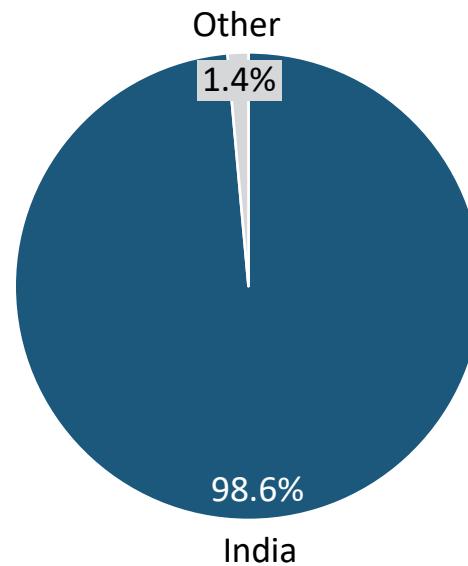


Note :  $i = \text{Palm oil}$

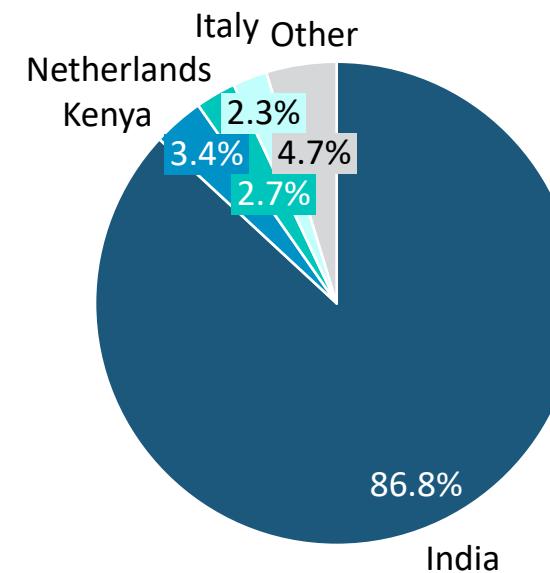
# Comparison of crude palm oil export markets of the three leading producers.

Thailand's crude palm oil export market exhibits a structurally hazardous over-concentration on India, compared to regional competitors Indonesia and Malaysia, posing significant long-term risks to both the industry and Thai farmers' income stability. While all three countries rely heavily on India as their primary export destination, Thailand's dependence on this single market is extreme—with nearly 100% of crude palm oil exports directed to India. In contrast, although India remains the dominant market for Indonesia and Malaysia, both countries maintain substantial secondary markets, including Kenya, the Netherlands, Germany, and Italy, resulting in more diversified market structures and stronger trade negotiating power. This concentration risk is further amplified by Thailand's position as the world's third-largest palm oil producer, with a production and export share substantially smaller than Indonesia and Malaysia. Thailand's near-total reliance on the Indian market creates acute vulnerability to several compounding factors: (1) Potential shifts in India's import tariff policies and non-tariff barriers that could favor soybean oil or alternative vegetable oils; (2) Intense price competition from Indonesia and Malaysia, which benefit from lower production costs and significantly higher export volumes; and (3) Should India reduce crude palm oil imports or redirect purchases toward competing suppliers, Thailand would immediately face a domestic oversupply crisis, directly threatening farmer revenues and industry stability.

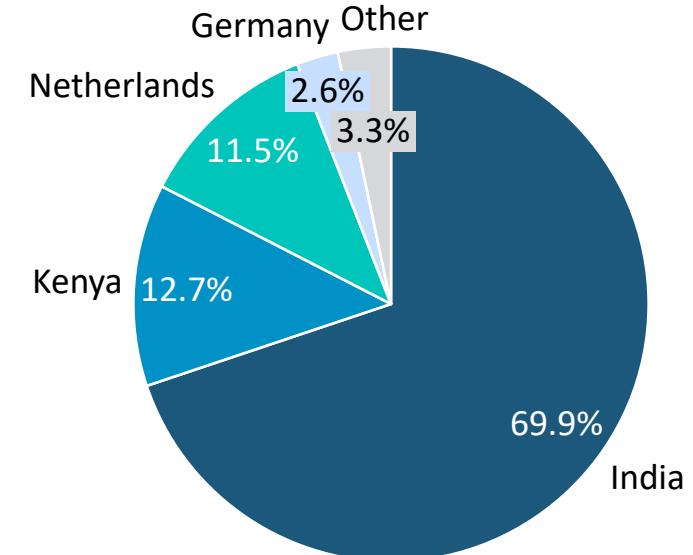
Thailand



Indonesia



Malaysia



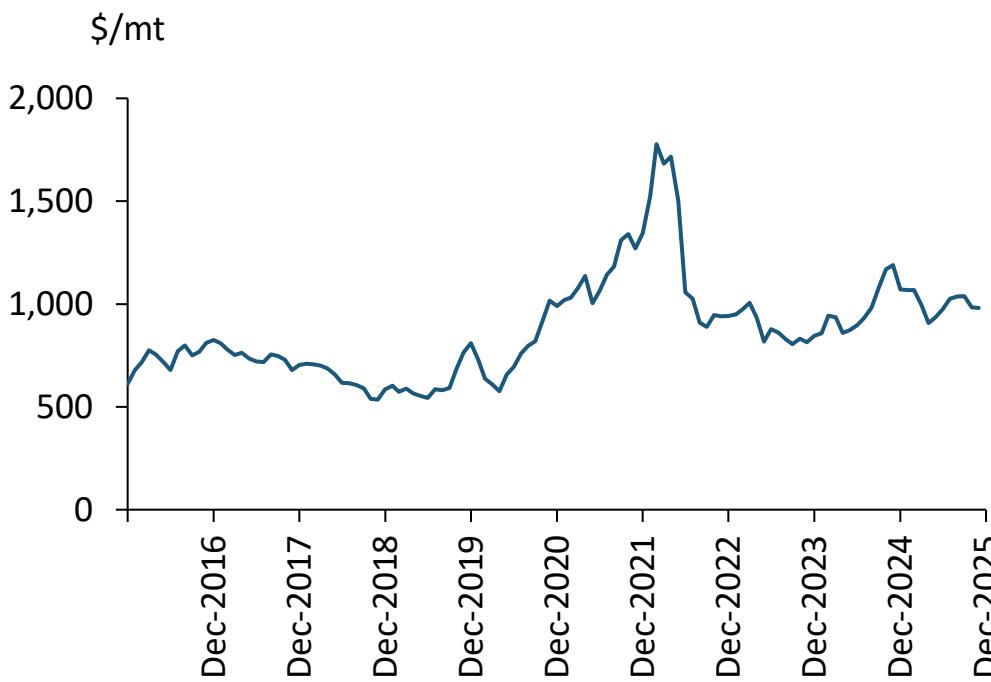
Note : Product: 151110 Crude palm oil

Data as of 2025

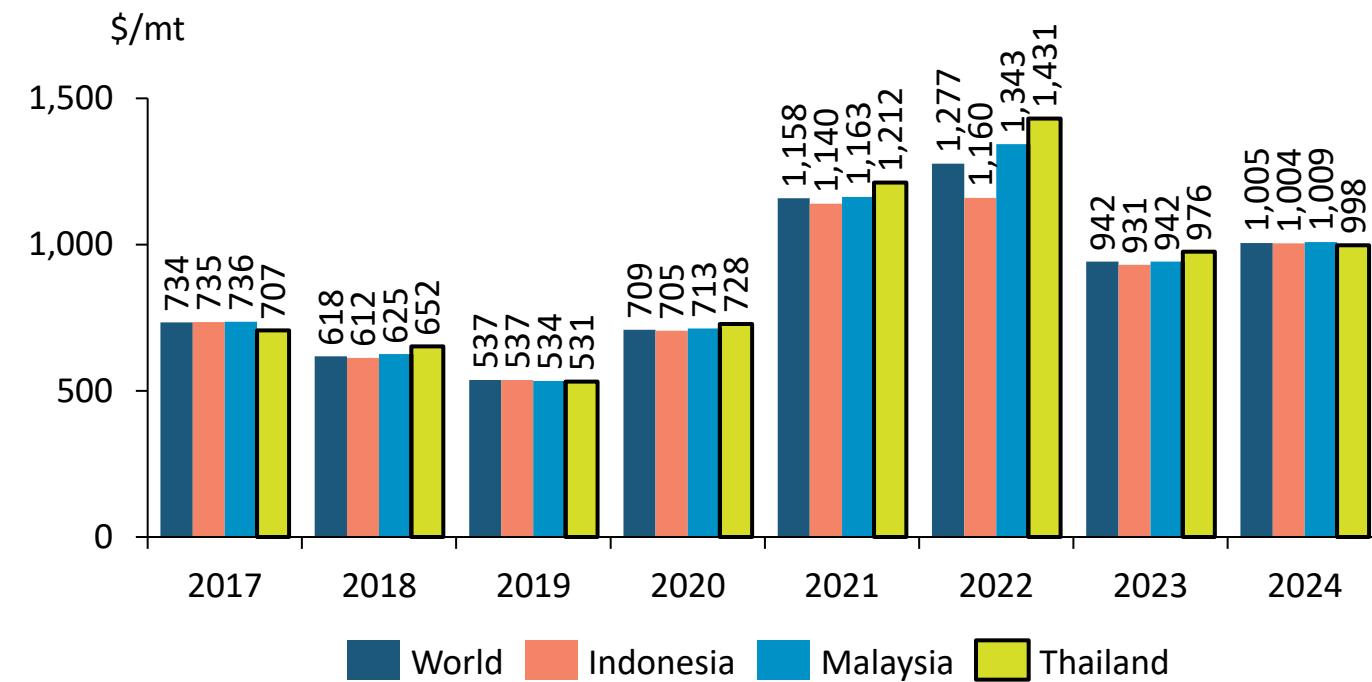
# Palm Oil Price Comparative

Global average crude palm oil prices have exhibited volatile movement over the past decade, with the overall trend stabilizing to slightly declining after reaching peaks during 2021–2022. Prices surged sharply in certain years due to COVID-19 impacts, supply chain disruptions, droughts and El Niño events in major producing countries, and elevated global crude oil prices—which rapidly accelerated demand for palm oil in the renewable energy sector. Subsequently, prices gradually moderated and stabilized around \$1,000 per ton entering 2024–2025, supported by recovering production levels. Comparing India's palm oil import prices reveals that Indonesia's and Malaysia's average export prices to India track closely with the global average and are generally lower than Thailand's export prices. This reflects that major competitors maintain advantages in cost structure and competitive pricing. Consequently, Thailand must leverage its strengths in quality, delivery consistency, and sustainability standards to offset its price disadvantage in order to preserve and expand market share in India and other importing markets.

## World Palm Oil Price



## Imported Unit Value @ India Market



Source: LH Bank Research Analysis based on data from World Bank Commodity Price, Trade Map

# Thailand's Palm Oil Industry

# Thailand's Palm Oil Supply Chain

## Upstream

### Cultivation (Farmers)



Harvested Area: ~6.4 mn rai, across more than 20 provinces.



Farmers: ~412k households (Mostly small-scale)  
Large players integrated with mills.

#### Products



Oil Palm (Fresh Fruit, Bunches)

## Midstream

### Crude Palm Oil Mills and Refineries



Crude Palm Oil: 120 Mills (as of Nov 25)  
Capacity: ~6.7 mn tons/year



22 Refineries  
Capacity: ~3.0 mn tons/year  
Large players integrated with midstream & other food industries.

#### Products



Crude Palm Oil, Palm Kernel Oil, Refined Palm Oil, Palm Olein

(By Product: Palm Kernel, Shell, Palm Stearin, Palm Kernel Meal, Empty Fruit Bunches, Palm Fatty Acid Distillate)

## Downstream

### Domestic/International Consumers and Processing Industries

#### Products



Food



Biodiesel



Cosmetics



Animal Feed



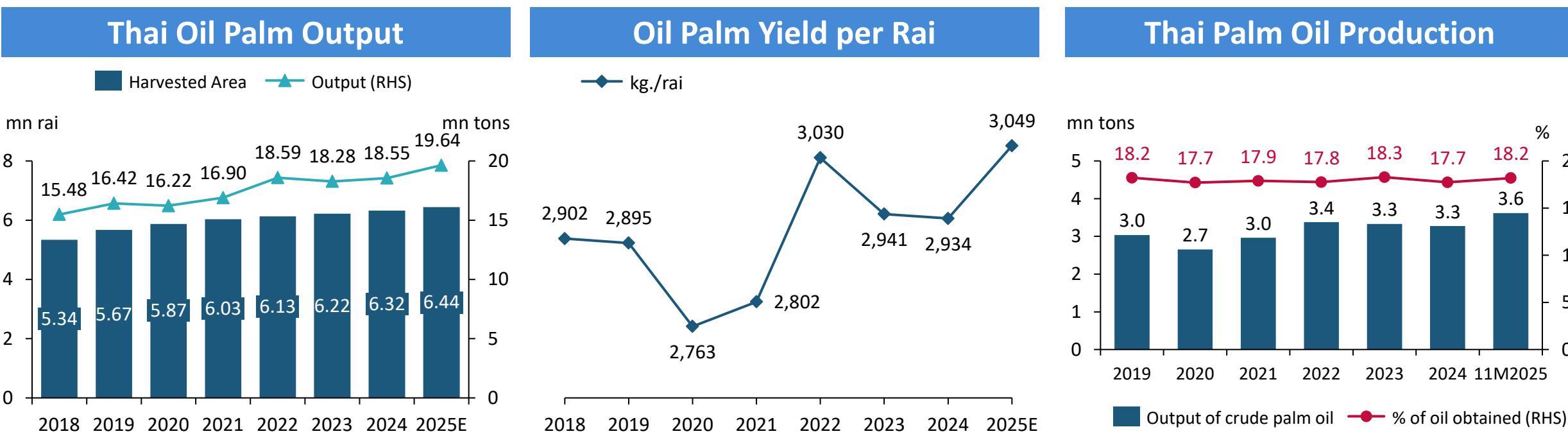
Electricity



Oleochemicals

# Thailand's Palm Oil Production

- Thailand has 6–6.5 million rai of oil palm, with the harvested area in 2025 estimated at 6.44 million rai (up 1.9% YoY), yielding 19.6 million tons of fresh fruit bunches (up 5.9% YoY) or 3.05 tons per rai under favorable weather. Despite oil palm's strong yield advantage over other crops, yields in Thailand remain below potential due to smallholders, seed quality and under-optimal management.
- Thailand's palm oil industry is expected to increase production in 2026, due to an expansion in cultivated land and improved yields per rai. However, the industry's overall value is likely to decline due to weaker global palm and soybean oil prices, as well as mounting economic and trade risks. Exports will face strong competition from Indonesia and Malaysia, which have lower production costs and greater influence over prices in the global market.
- During the first eleven months of 2025, Thailand processed fresh fruit bunches (FFB) to produce 3.6 million tons of crude palm oil (CPO). With FFB output projected to increase in 2026, domestic CPO production is expected to follow a corresponding upward trajectory. The oil extraction rate (OER) remains stable at 18%, in accordance with Ministry of Industry standards.

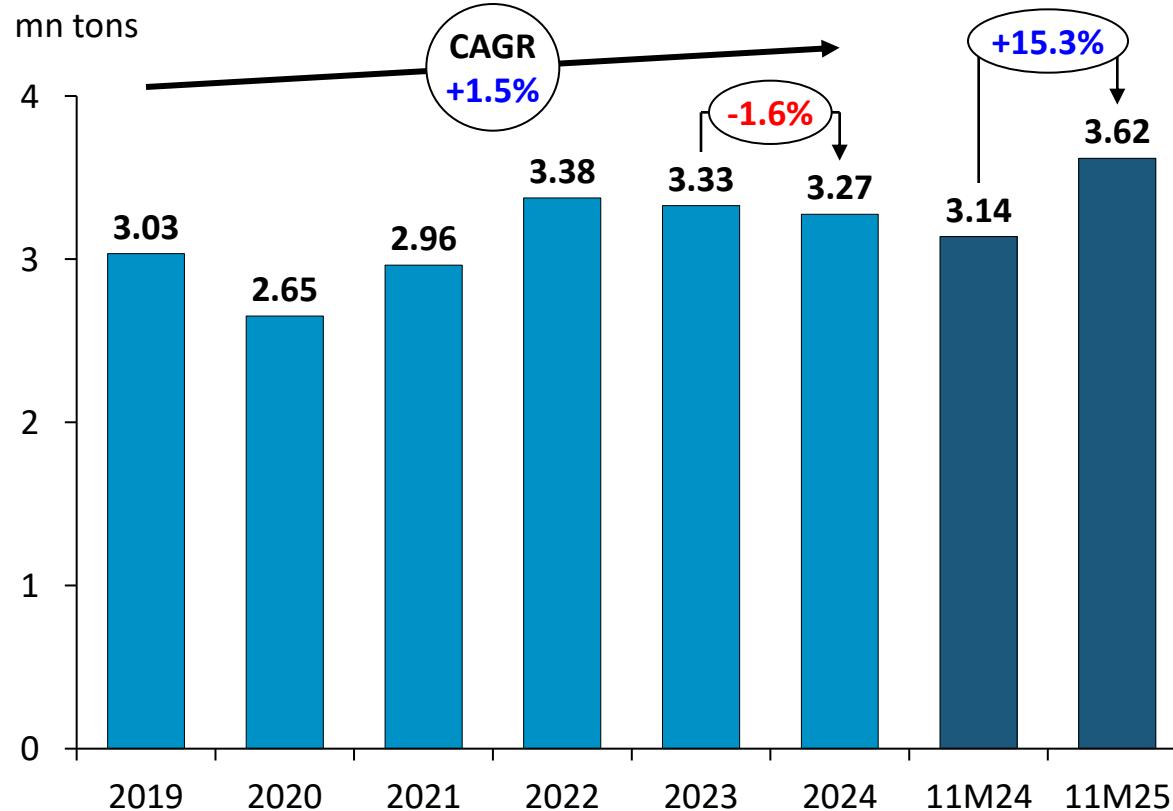


Source: LH Bank Research Analysis based on data from OAE

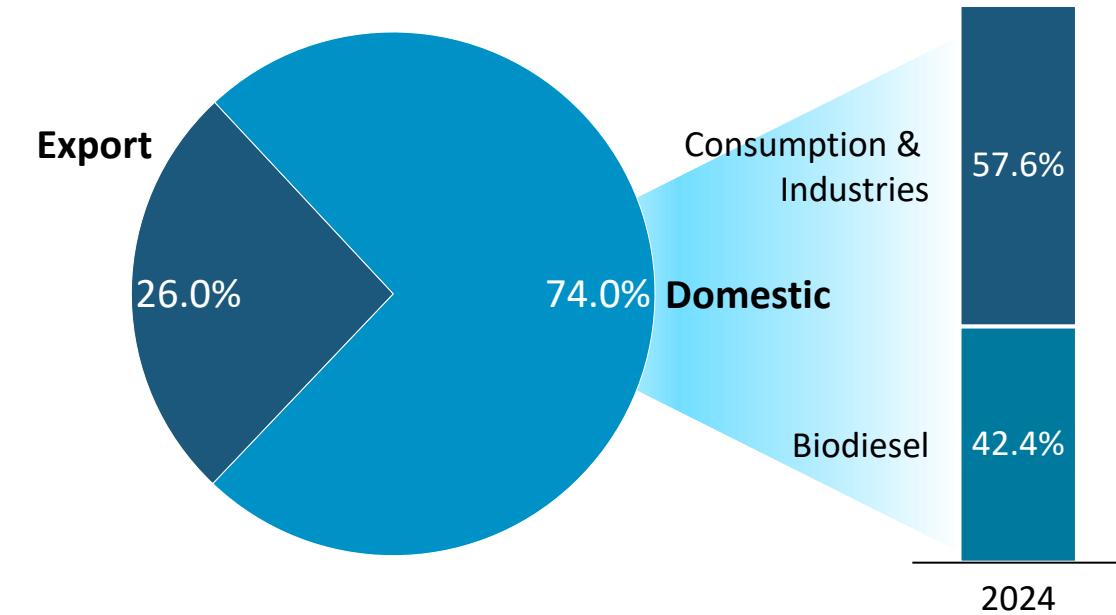
# Thailand's Palm Oil Production

Thailand produces 3 million tons of crude palm oil (CPO) per year during 2019–2024 (approximately 2.7–3.4 million tons), with 3.27 million tons in 2024 (down 1.6% YoY) from 18.6 million tons of fresh fruit bunches harvested over 6.3 million rai, while CPO production in the first 11 months of 2025 reached 3.62 million tons (up 15.3% YoY). In 2024, 3.27 million tons of CPO were produced, 74% of which were consumed domestically and 26% were exported. Approximately 58% of the domestic use (1.45 million tons) was for food and oleochemical production and 42% (1 million tons) to biodiesel. Meanwhile, the majority of Thailand's exports are to India, reflecting a relatively high dependence on the Indian market.

## Crude Palm Oil Production

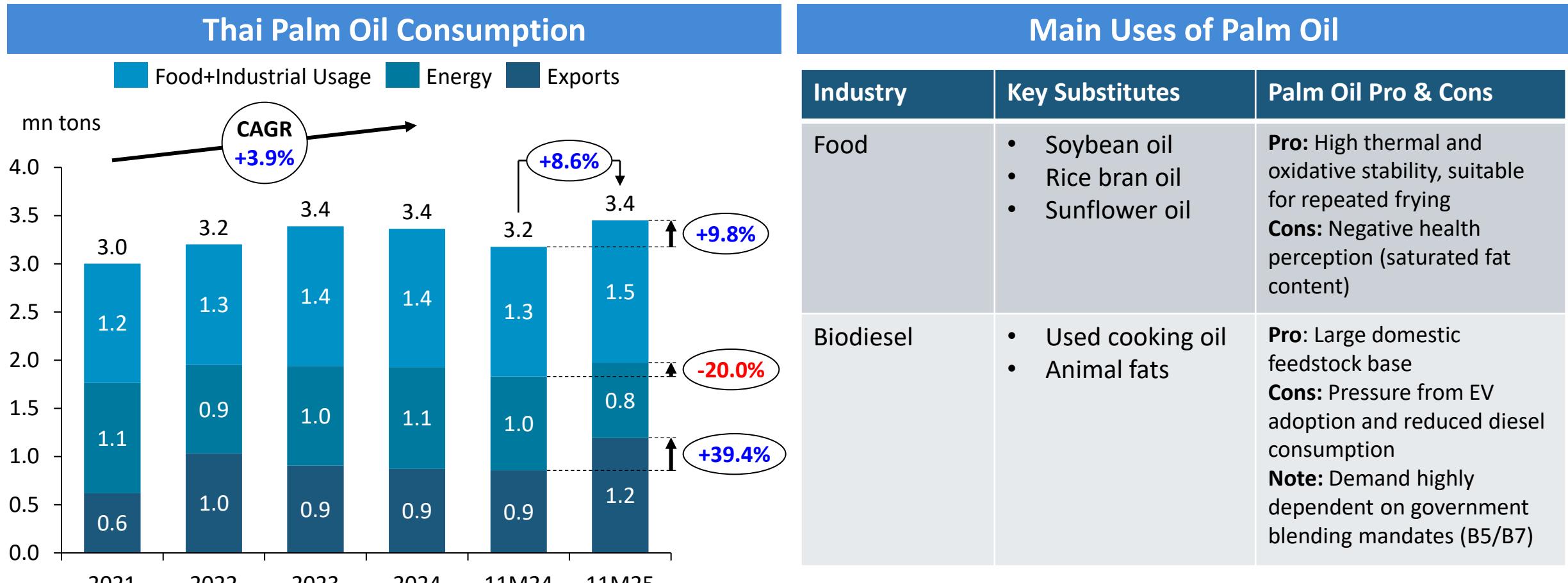


## Domestic & Export Share 2024



# Thailand's Palm Oil Consumption

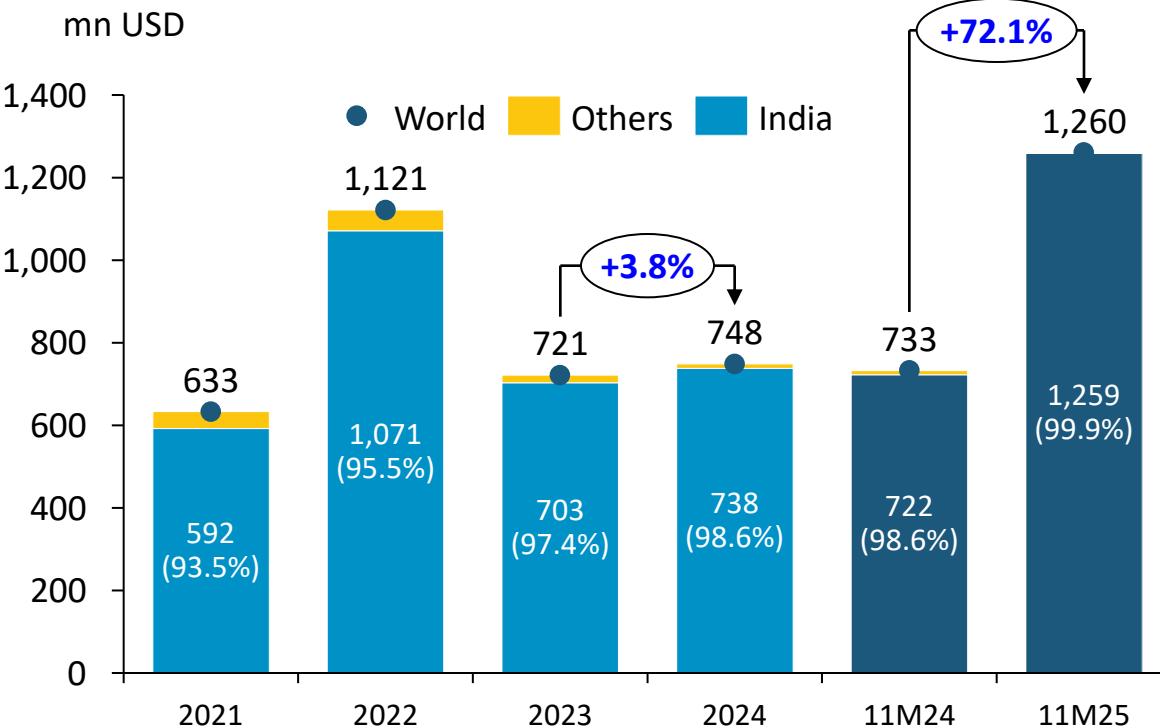
Crude palm oil produced domestically serves as a feedstock across multiple industries. In the food industry, it is used for vegetable oil, margarine, and ice cream production. Other industries utilize it for soap manufacturing and animal feed. The energy sector employs it in biodiesel production. Additionally, Thailand exports approximately 26% of total palm oil production to international markets. Palm oil remains widely used in the food industry due to its thermal stability, while the energy sector continues to blend palm oil into biodiesel. This segment stands to benefit from the mandated increase in biodiesel blending ratios from B5 to B7



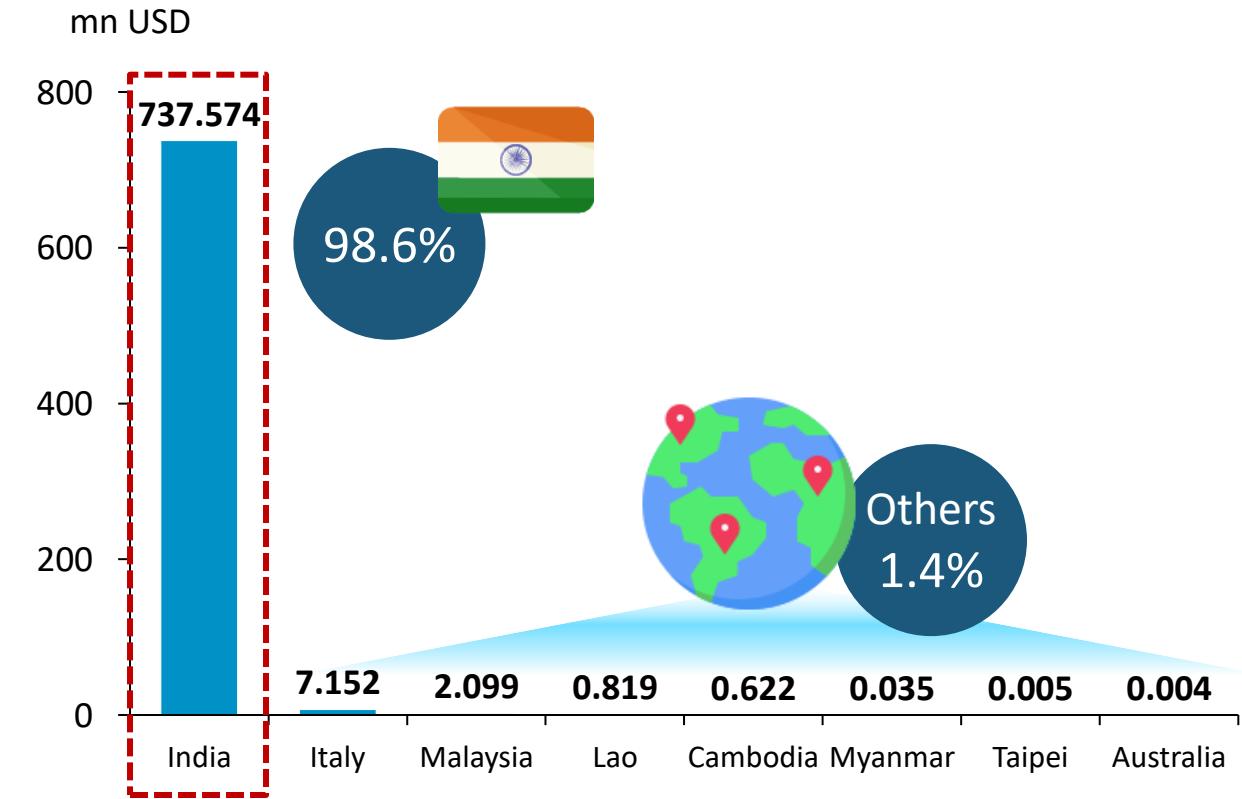
# Thailand's Palm Oil Export

Thailand's crude palm oil export market is highly concentrated in India, which has absorbed almost all shipments in recent years. In 2024, export value was around USD 748 million, with India accounting for approximately 99% of this amount. Export value has risen and plateaued in 2023–2024, then jumped to about USD 1.26 billion in the first eleven months of 2025, driven by higher output and harvested area, while demand has also grown in line with consumption, generating a larger exportable surplus. Because India is the dominant buyer and other markets represent only a marginal share, Thailand's CPO export earnings are highly sensitive to India's import policy and demand conditions.

## Thai Crude Palm Oil Export



## Thai Crude Palm Oil Export by Country in 2024

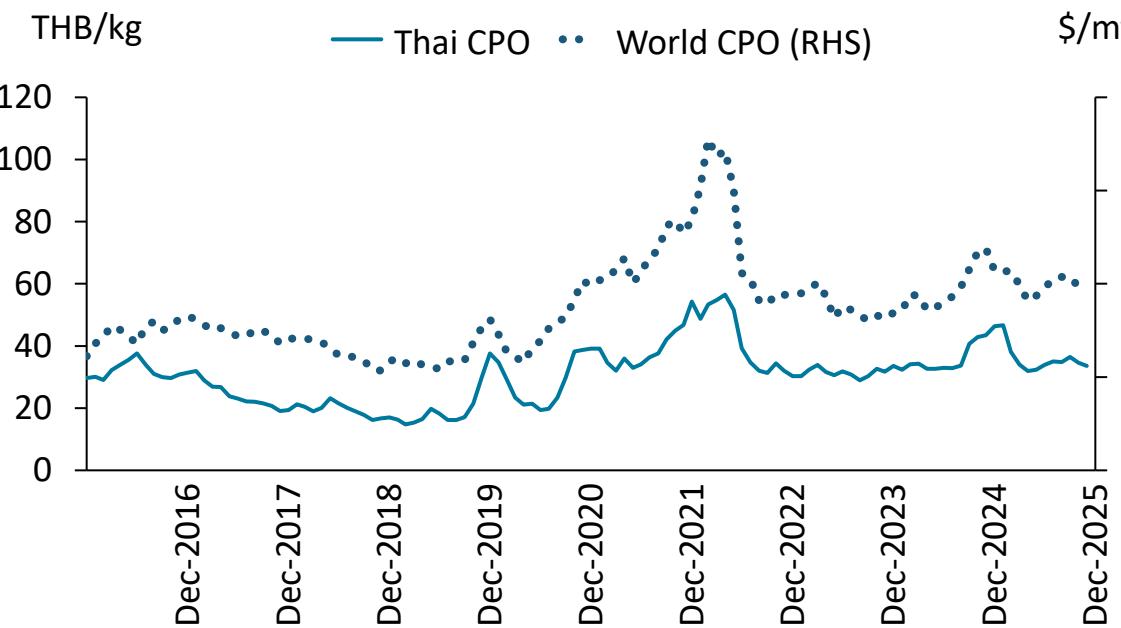


Note : Product: 151110 Crude palm oil

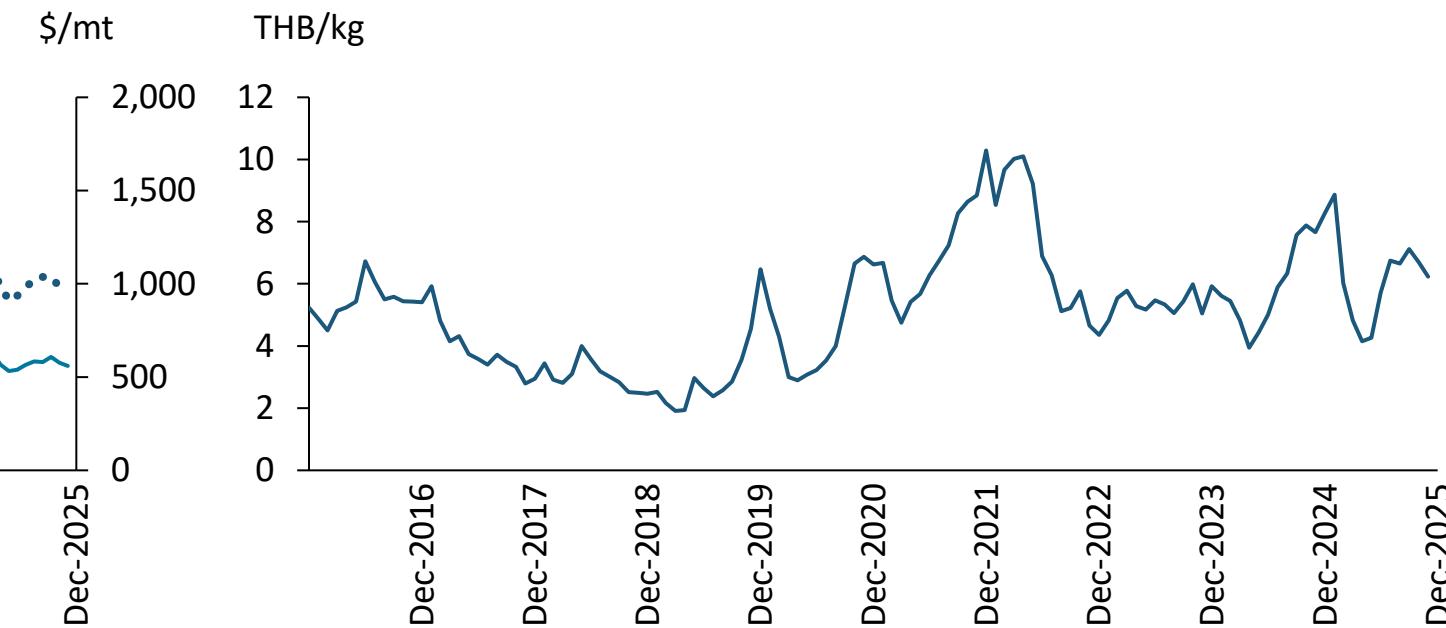
# Thailand's Oil Palm & Palm Oil Price

Thai crude palm oil (CPO) prices move in line with the global market, with domestic prices benchmarked against Malaysia and Indonesia, the world's leading producers. Prior to 2020, average domestic prices remained stable at approximately 18–30 THB per kilogram. Prices then climbed in line with the global market surge during 2021 to early 2022, driven by El Niño weather patterns, supply chain disruptions, and accelerated palm oil consumption in the energy sector. This pushed Thai CPO prices above 50 THB per kilogram, before gradually declining to the 30–40 THB per kilogram range in 2023–2025 as both global and domestic production recovered. **Thai oil palm prices followed similar trends to CPO prices, both domestically and internationally.** Thai oil palm prices rose during 2020–2022, reaching peaks above 9–10 THB per kilogram, driven by increased demand from refineries and biodiesel plants amid constrained supply. Prices subsequently moderated to the 5–8 THB per kilogram range as supply and demand rebalanced, and domestic CPO stock management measures took effect. This demonstrates that farmer-level FFB prices are significantly influenced by both domestic and international CPO prices, with additional support from biodiesel policy, stock control measures, and weather conditions affecting production.

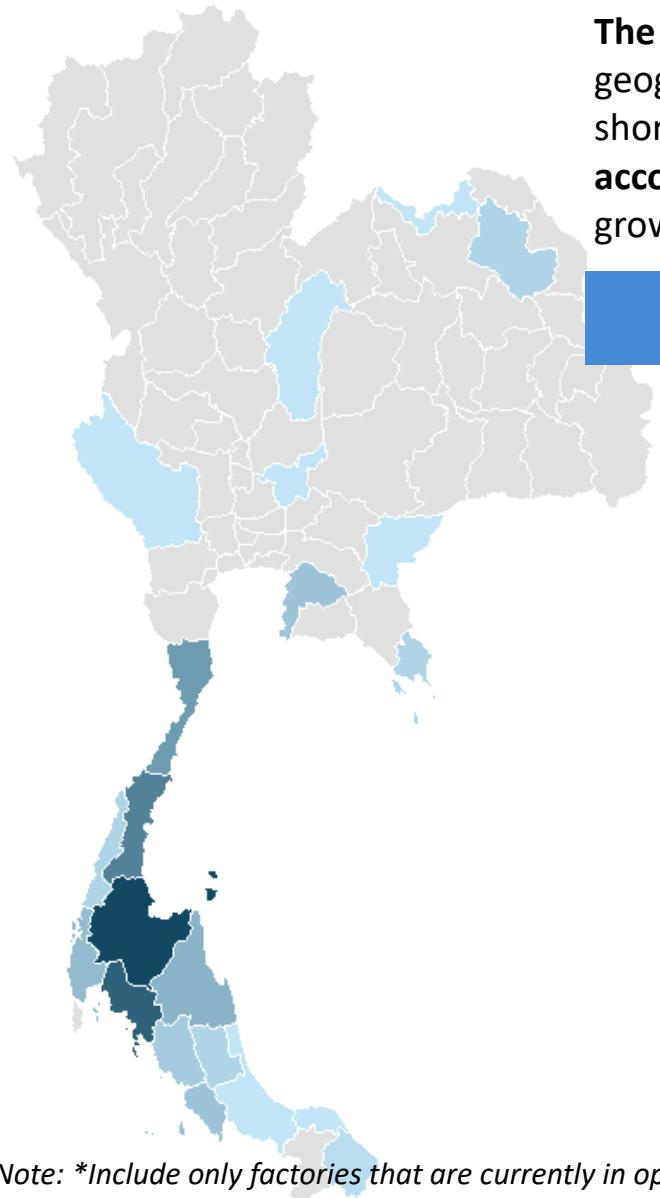
Crude Palm Oil Price (Thai vs World)



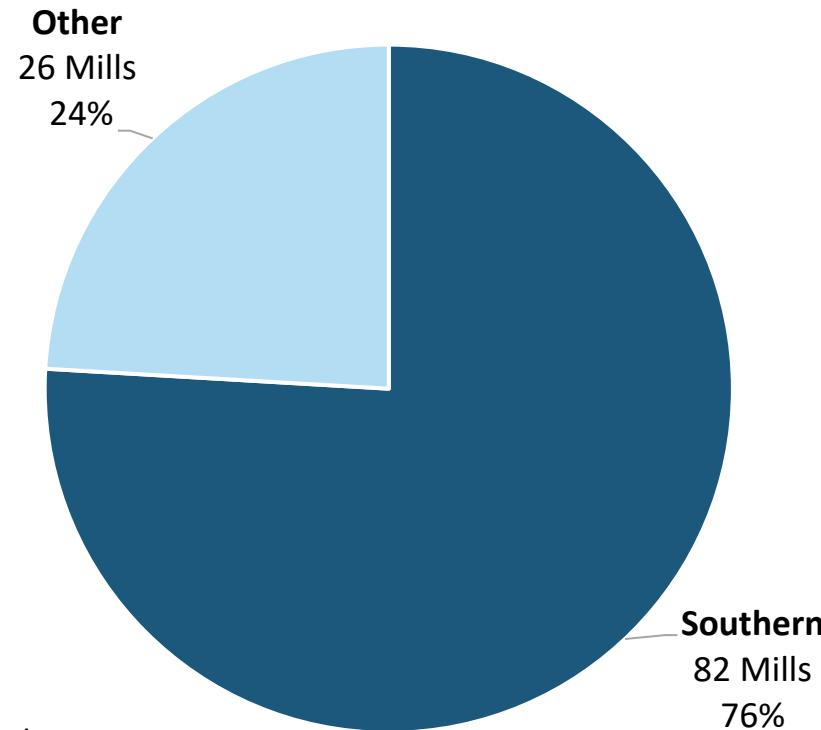
Thai Oil Palm Price (At Farm Gate)



# Crude Palm Oil Mills (CPO Mills)



## Concentration of CPO Mills in Thailand



Note: \*Include only factories that are currently in operation.

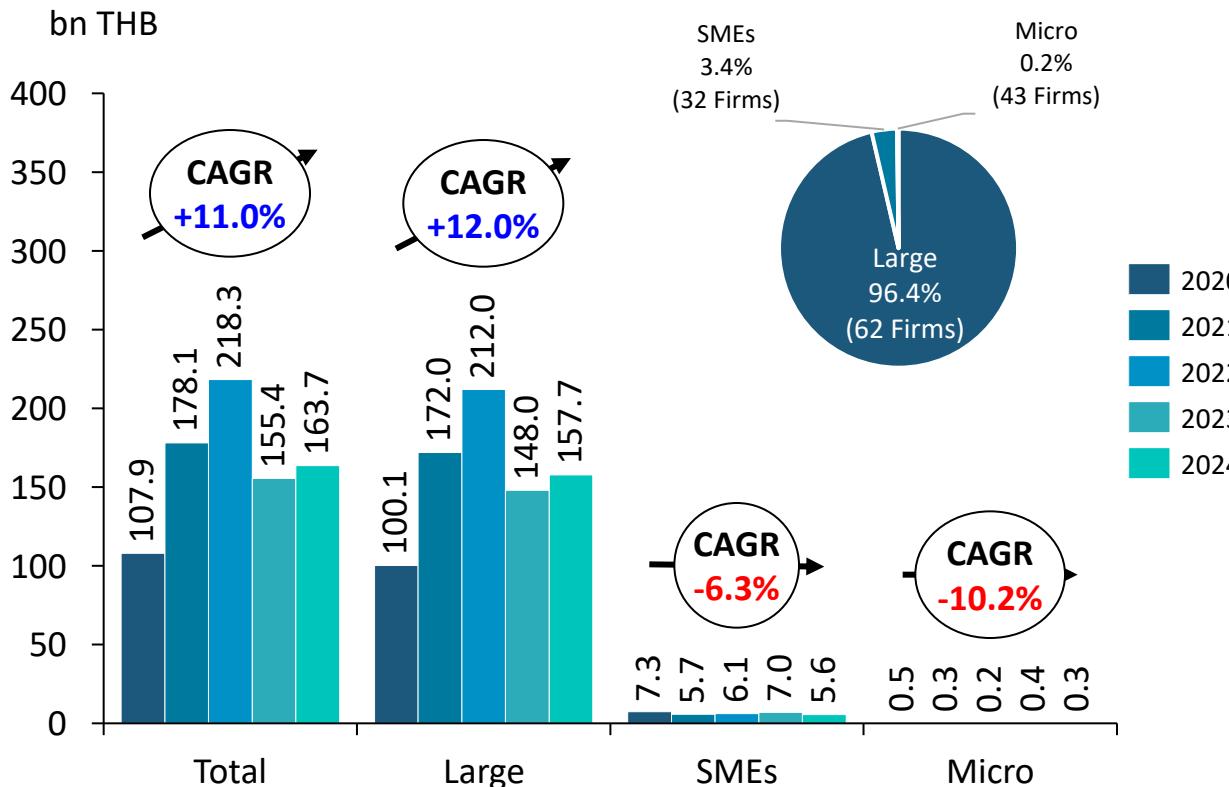
Source: LH Bank Research Analysis based on data from DIT (Data as of Nov 2025).

| Province            | Number      |
|---------------------|-------------|
| Surat Thani         | 20          |
| Krabi               | 17          |
| Chumphon            | 13          |
| Prachuap Khiri Khan | 10          |
| Nakhon Si Thammarat | 7           |
| Phang Nga           | 6           |
| Satun               | 5           |
| Chonburi            | 5           |
| Trang               | 4           |
| Trat                | 3           |
| Sakon Nakhon        | 3           |
| Phatthalung         | 3           |
| Ranong              | 3           |
| Narathiwat          | 2           |
| Sa Kaeo             | 1           |
| Songkhla            | 1           |
| Phetchabun          | 1           |
| Pattani             | 1           |
| Saraburi            | 1           |
| Nong Khai           | 1           |
| Kanchanaburi        | 1           |
| <b>Total</b>        | <b>108*</b> |

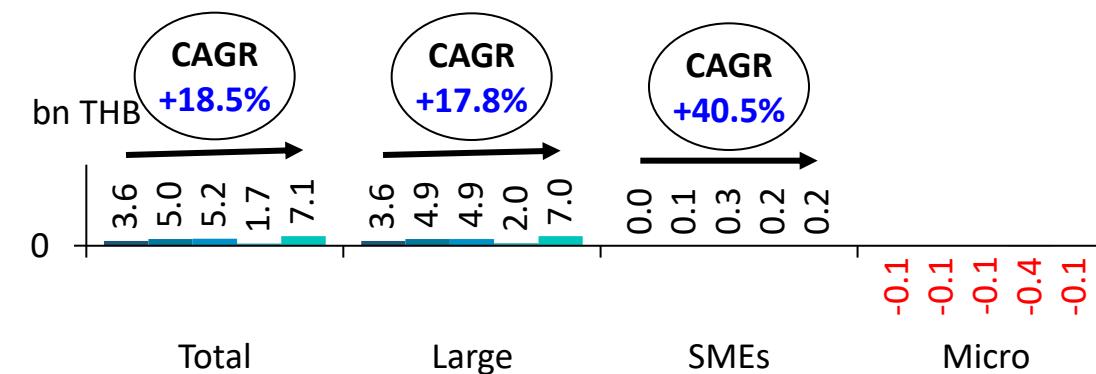
# Business Performance (based on TSIC 10420 : Manufacture of palm oil)

The structure of the palm oil extraction industry (TSIC: 10420) clearly demonstrates "dominance by large players," with a few dozen large firms capturing nearly all revenue share while maintaining relatively stable profitability. This reflects superior cost management, efficiency, and bargaining power. Meanwhile, the SME segment, though still profitable overall, experiences high volatility in both revenue and net profit margins, indicating limited capacity to absorb cost and market price shocks. The micro segment holds a minimal share of total industry revenue and predominantly operates at continuous losses, revealing fundamental constraints in terms of firm size, economies of scale, and bargaining power when compared to larger players within the same value chain.

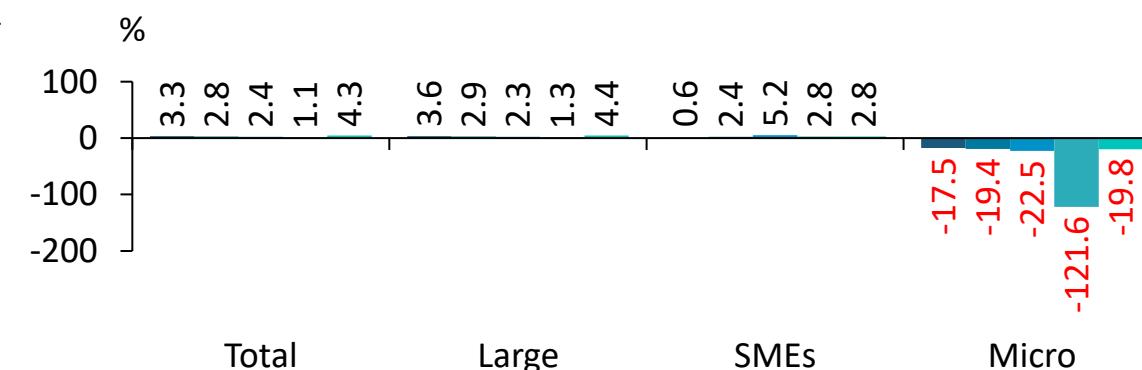
## Total Revenue by Firm Size



## Net Profit by Firm Size



## Net Profit Margin by Firm Size



Note: The analysis focuses exclusively on active companies that have submitted complete financial statements for the past three years, including available Total Revenues data for 2024.

Large (Rev > 500 MN THB), SME (Rev 50-500 MN THB), Micro (Rev < 50 MN THB)

Source: LH Bank Research Analysis based on data from BOL ENLITE (Data as of 2024)

# Thailand's Palm Oil Industry Outlook for 2026



**Thailand's palm oil industry** is expected to experience a slowdown in 2025, despite continued production growth. Although domestic output is projected to increase due to area expansion and improved yields, prices for both crude palm oil (CPO) and fresh fruit bunches (FFB) are likely to remain flat or soften in line with global market conditions. Meanwhile, the industry remains heavily dependent on the domestic market, with high consumption concentrated in the food and biodiesel sectors. On the export front, Thailand continues to face competitive disadvantages in terms of cost efficiency compared to Indonesia and Malaysia.



**Production Outlook:** Total palm oil production in Thailand is expected to rise in 2026, driven by both expanded harvesting areas and recovering per-rai yields following the dissipation of earlier El Niño impacts. Fresh fruit bunch production is projected to grow as newly planted areas progressively reach maturity and harvesting acreage expands. However, this continuous supply growth raises the risk of market oversupply if domestic consumption and export demand fail to keep pace.



**Price Trends:** Global crude palm oil prices in 2026 are expected to remain stable to slightly weaker compared to the previous year, as worldwide production growth is anticipated to match or marginally exceed consumption growth. Additionally, prices for soybean oil and other vegetable oils continue to exert downward pressure across the entire vegetable oil complex. In the Thai market, prices for crude palm oil and FFB at farm gate are likely to move in tandem with global trends, while energy prices remain subdued.



**Export Competitiveness:** Thailand remains the world's third-largest palm oil exporter, but its competitive position is constrained by the cost and scale advantages enjoyed by Indonesia and Malaysia. These countries benefit from higher yields per rai and larger plantation sizes, resulting in lower production costs and more competitive pricing. Although Thailand's Revealed Comparative Advantage (RCA) Index has improved from below 1 to the 6–7 range in recent years, it still lags significantly behind Indonesia and Malaysia, which maintain substantially higher RCA values. Thailand's export structure remains vulnerable due to near-total dependence on the Indian market, contrasting with competitors who, while also heavily exposed to India, maintain meaningful secondary markets such as Kenya and the Netherlands. Under the 2026 outlook, Thailand must focus on preserving its position in India while accelerating market diversification efforts toward other potential destinations including the Netherlands, Kenya, and Saudi Arabia.



**Domestic Market Dominance:** Domestic consumption will remain the industry's core pillar in 2026, accounting for approximately 70–75% of crude palm oil production. This includes both refined cooking oil for food consumption and feedstock for the biodiesel industry, while exports represent roughly 25–30% of output. This heavy reliance on the domestic market makes government energy policy (B5–B7 biodiesel blending mandates), stock management measures, and price regulation critical factors in stabilizing prices and operator revenues.

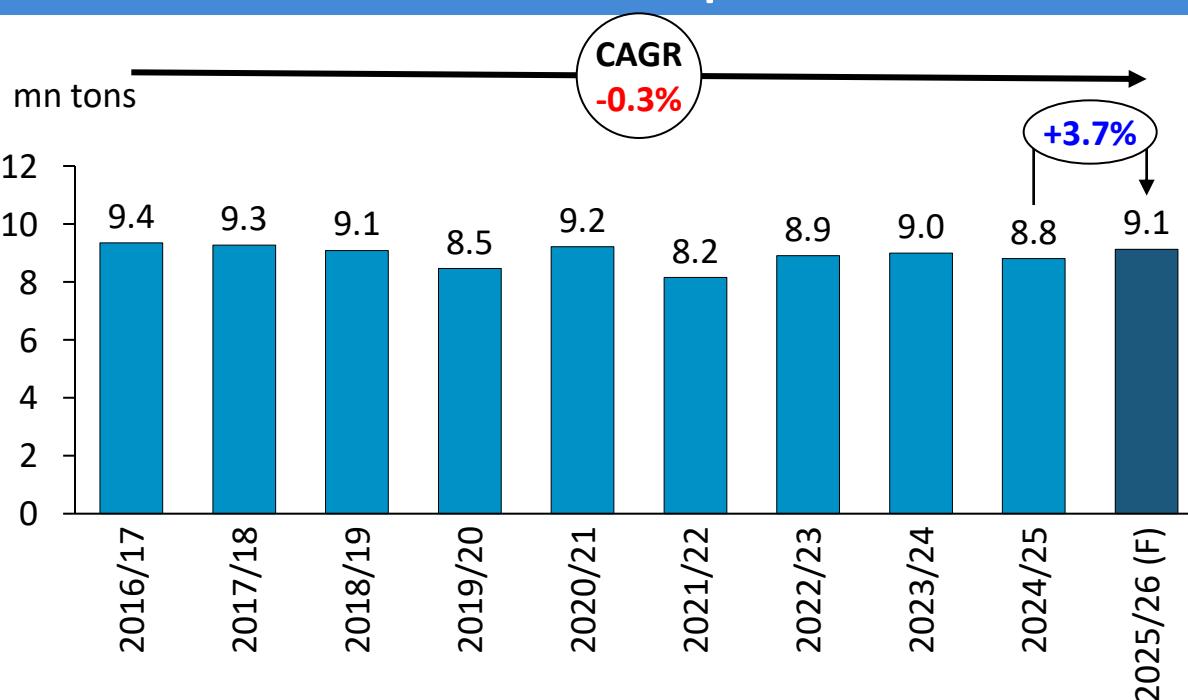


**Strategic Recommendations:** Given the outlook for 2026, the appropriate strategic approach involves balancing price support through enhanced domestic consumption, improving production efficiency to reduce costs, and developing value-added products. This multi-pronged strategy would create buffers against global price volatility and mitigate risks arising from dependence on a narrow base of export markets.

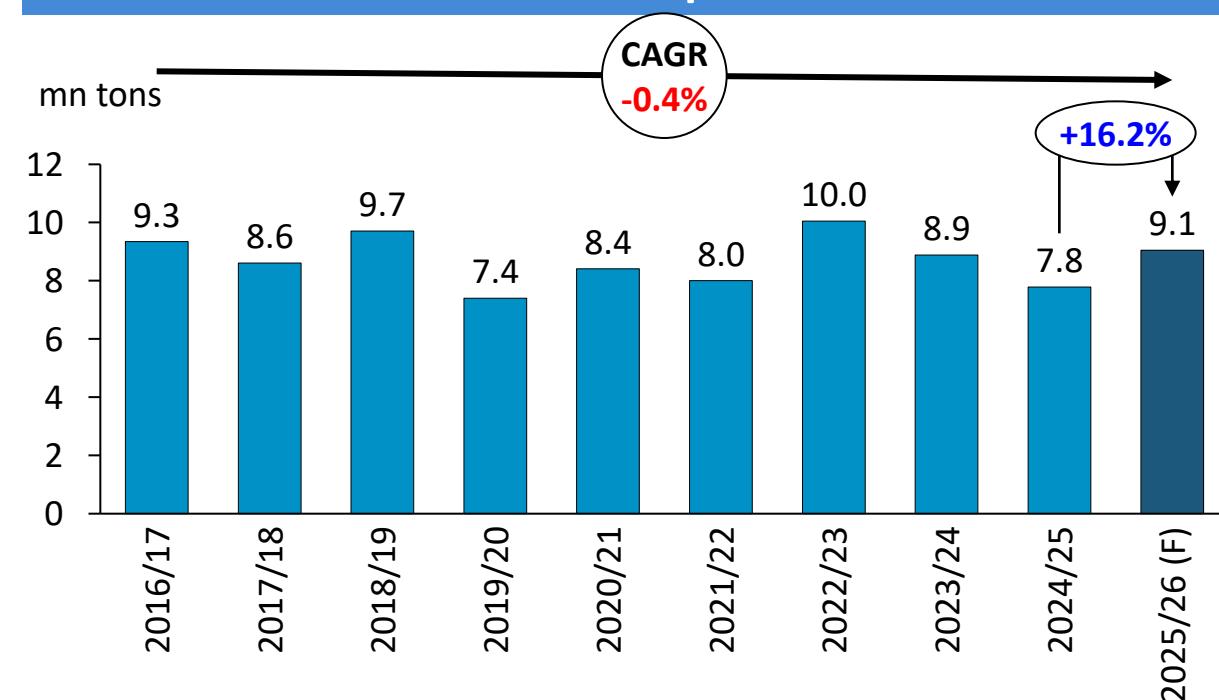
# India's Palm Oil Consumption & Import Trend

India cultivates oil palm and produces crude palm oil (CPO) domestically; however, domestic production accounts for only a small fraction of total national consumption. India's palm oil consumption has remained relatively stable in recent years at approximately 8.5–9.4 million tons per annum and is projected to register modest growth to 9.1 million tons in 2025/26, reflecting economic recovery and strengthening domestic consumption. On the import front, historical volumes have been stable to marginally declining; however, 2025/26 estimates indicate that imports will increase substantially to approximately 9.1 million tons—representing over 16%YoY. This surge is attributable to anticipated domestic consumption recovery following persistently subdued levels, combined with rising demand for competitively priced vegetable oils in both the household and food processing sectors. This implies that incremental demand growth in India will become increasingly dependent on imported palm oil from foreign suppliers. For Thailand, which relies on India as its primary—and nearly exclusive—export market, this trend represents a "positive opportunity" in the short to medium term, as the projected increase in Indian import demand should continue to support Thai palm oil exports going forward.

## India's Palm Oil Consumption Forecast



## India's Palm Oil Import Forecast



# End of Presentation

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