Analysis of the palm oil market in Germany in 2019

Summary of findings

FORUM Nachhaltiges Palmöl

Forum Nachhaltiges Palmöl (FONAP) e.V.
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Summary of the study

The study "Analysis of the palm oil market in Germany in 2019" has collected current market data on the direct and indirect consumption of sustainable and non-sustainable palm oil, palm kernel oil and their derivatives in Germany in 2019. For this purpose, the palm oil market was divided into five sectors with a total of 23 segments in which palm oil and palm kernel oil are consumed or used as components of products.

Results of the study

PALM OIL

In 2019, 821,500 t of palm oil was imported directly to Germany and 334,000 t was exported to other countries. In addition, more than 1 million t of palm oil was imported into Germany as a component of final and intermediate products, and approximately 320,000 t were exported.

Total palm oil consumption in 2019 was 1.26 million t, an increase of over 100,000 t compared to the 2017 study. Of the 1.26 million t consumed, over 1 million t were sustainably certified (1.044 million t), which means an overall share of sustainable palm oil in total consumption of 83 %. Compared to 2017, this represents an increase of 5 percentage points.

More than half of the palm oil consumed (726,397 t) was consumed in the energy sector, with the transport sector being the most important segment with a total consumption of 646,000 t of palm oil. In the four non-energy sectors, a total of 534,989 t of palm oil was consumed. Here, the food sector was the most important with 246,500 t of palm oil, ahead of the animal feed sector (150,200 t), chemicals and pharmaceuticals (106,517 t), and detergents, cleaning agents and cosmetics (29,622 t).

The share of sustainable palm oil increased in the food sector by 5 percentage points since 2017 to a total of 90%, in the detergents, cleaning agents and cosmetics sector (+ 1 percentage point to a total of 63 %) and chemical and pharmaceutical sector (+ 9 percentage points to 36 %), the sustainable share of palm oil was also increased, whereas a slight decrease was measured in the animal feed sector (– 1 percentage point to 25 %).

PALM KERNEL OIL

327,800 t of palm kernel oil were imported to Germany in 2019 and 20,000 t were exported. In addition, over 80,000 t of palm kernel oil was imported into Germany as a component of a final product and intermediate product, and over 260,000 t were exported.

Consumption of palm kernel oil in the three relevant sectors of food, chemical and pharmaceutical and detergents, cleaning agents and cosmetics was 120,212 t, a slight increase of less than 1 % compared to 2017. The share of sustainable palm kernel oil in total consumption increased by 5 percentage points since 2017 to a total of 63 %.

The most significant sector for palm kernel oil consumption is detergents, cleaning agents and cosmetics with a consumption of 74,458 t and a share of sustainable palm oil of 64 %. The food sector consumed 30,230 t of palm kernel oil, where 88 % was sustainably certified. In the chemical / pharmaceutical sector, 15,524 t of palm kernel oil was consumed, of which only 10 % was sustainable. In the animal feed and energy sectors, no palm kernel oil was consumed due to the higher prices.

Substitution, traceability, trade options and public tenders

There is still a tendency, e.g. in the food sector, for companies to substitute palm oil and palm kernel oil with alternative vegetable oils. One of the drivers is the desire of consumers to consciously avoid foods containing palm oil. Substitution is also taking place in the chemical and pharmaceutical sector and in the detergents, cleaning agents and cosmetics sector. Alternatives to palm oil and palm kernel oil here are animal fats or other vegetable oils.

Few companies use specific tools to ensure the traceability of the palm oil and palm kernel oil they use or to collect transparent information on the entire supply chain. Most companies rely on the information they receive as part of the documentation of certified quantities. Only a few companies also use their own on-site audits at suppliers.

In terms of the supply chain models used, a development towards the options of mass balance and segregation can be measured in recent years. Book and claim is mainly seen as an entry option, which allows a gradual transition to the options mass balance and segregation. The exceptions here include smallholder certificates, which are deliberately purchased by a few companies in relatively small quantities. The main focus of these certificates is to specifically promote the cultivation of sustainable palm oil by smallholders and to support them directly through the purchase of certificates.

The authors of the study also believe that the public sector and the contracts it awards could be an important driver for sustainable palm oil and palm kernel oil. This would be the case, for example, if the use of sustainable palm oil and palm kernel oil were to be consistently required in future public tenders, e.g. in the preparation of meals in public canteens or in the awarding of cleaning contracts. However, this has not yet been the case, despite great efforts by various organizations.

Methodology

For the consumption as well as for the processing of palm oil and palm kernel oil in Germany, there is still no evaluable statistical information available that provides a comprehensive picture of the consumption of sustainable and non-sustainable palm (kernel) oil in Germany. Thus, the challenge of this study was to collect meaningful data on the palm oil market in 2019. Furthermore, it had to be ensured that the data of the current study were comparable with the previous surveys for the years 2013, 2015 and 2017. To this end, companies, market experts, associations and institutions were contacted and interviewed. To validate the data, a webinar was held with market experts, among others. All available statistical information, publications of organizations (e.g. certification bodies, Federal Agency for Agriculture and Food), associations, scientific studies and product information were also systematically evaluated and supplemented or compared with the available information from the structured interviews.

Important developments since 2013 and outlook

Impetus from FONAP

The study “Analysis of the palm oil market in Germany in 2019” shows that in all four non-energy sectors the share of sustainable palm (kernel) oil has continuously increased. This is a great success for FONAP, which has set itself the goal of significantly increasing the consumption of sustainable palm (kernel) oil in Germany.

However, the current figures also show that the goal set by FONAP of 100 % use of sustainable palm (kernel) oil in Germany will not be achieved in 2020. There are sectors such as the food sector, with a consumption of 90 % sustainable palm oil, where this target can be achieved in a timely manner. In the “consumer-oriented” sector of detergents, cleaning agents and cosmetics with currently more than 60 %, an exclusive use of sustainable palm (kernel) oil can also be implemented in the future. The number of companies that are certified to one of the standards recognized by FONAP has increased steadily in recent years, especially companies “in the middle” of value chains that process intermediate products containing palm (kernel) oil.

However, despite the successful work of FONAP, the consumption of sustainable palm (kernel) oil in the feed and chemical / pharmaceutical sectors is still well below expectations in 2019. This is mainly due to the fact that consumers are often not aware that palm (kernel) oil is contained in individual sectors, segments and products.

Challenges in the feed industry

In the opinion of the authors of the study, especially in the sectors “far away from the consumer”, such as animal feed, there should be more “educational work” for consumers and companies to show them that the corresponding products are produced from palm (kernel) oil and to what extent sustainable palm (kernel) oil represents a significant added value.

The pet food segment is now 100 % sustainable, as consumers and companies are in direct contact with the sustainable palm oil contained in the feed and there is a corresponding awareness. For consumers who consume end products such as milk or meat, the link to the palm oil used in the feed of farm animals is often not obvious or unknown. For the fastest possible market transformation, the authors believe that primarily companies from the entire supply chain (e.g. from the areas of feed production, livestock farming, meat and dairy industry and retailers) should be sensitized. The market availability of certified palm oil is given. These efforts should be complemented by "education" of consumers to show them the importance of palm oil in the production of these products and to what extent sustainable palm (kernel) oil represents a significant added value.

Public procurement as an opportunity

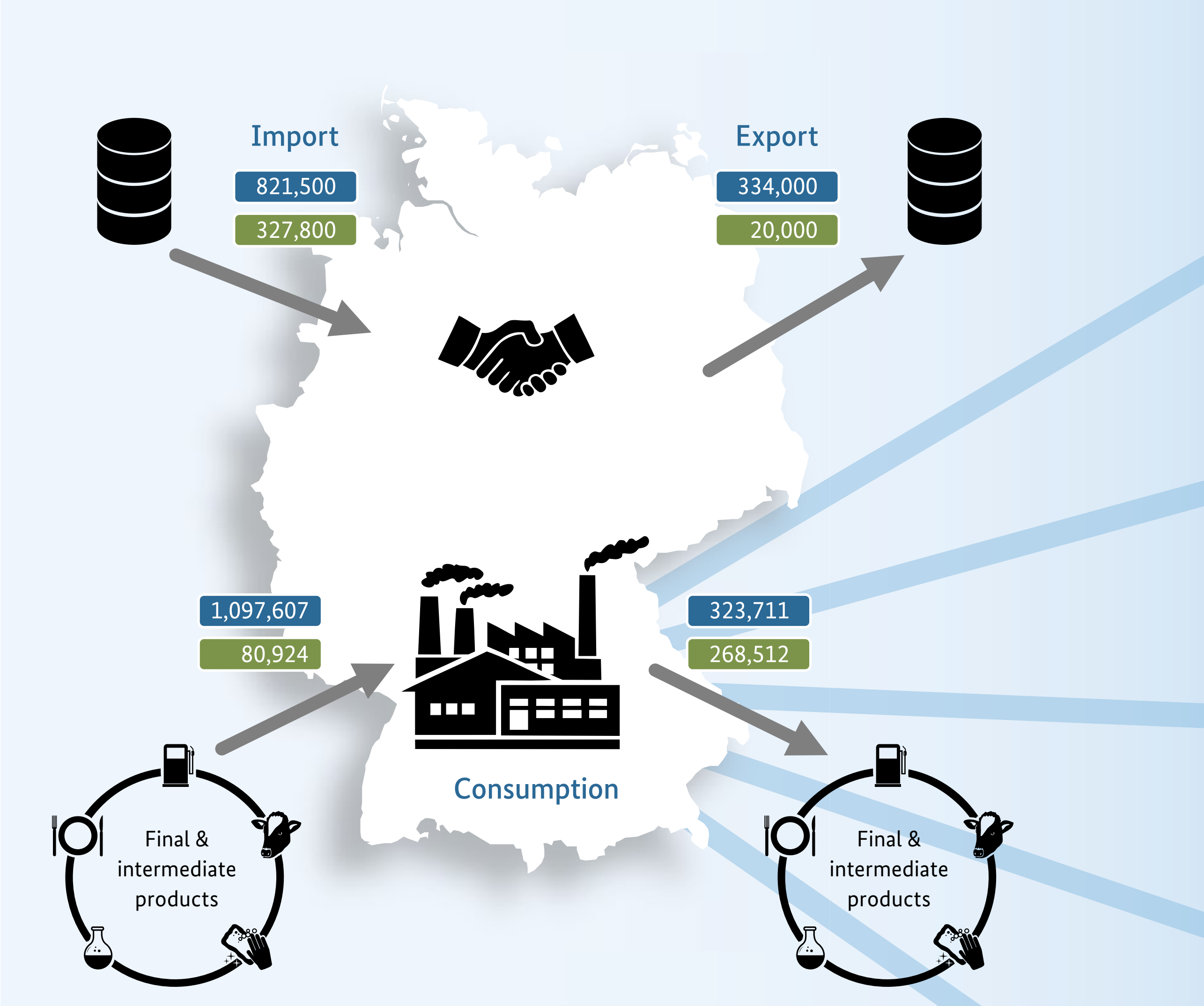
Another important point from the authors' point of view is the area of public procurement. So far, public tenders for services, for example, have not included any requirements for the mandatory use of sustainable palm (kernel) oil. This is a missed opportunity for the federal, state and local governments to strengthen demand and awareness for products with sustainable palm (kernel) oil due to their exemplary function for companies and consumers.

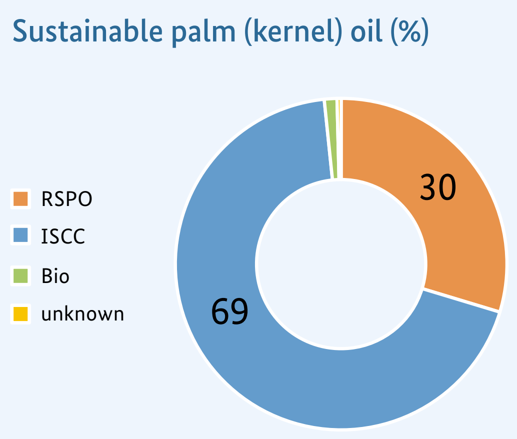
Focus on traceability

Only few companies use additional tools for traceability of the processed palm (kernel) oil along the value chain. There has been little movement here since the last study, i.e. the companies that use these additional measures already indicated this in the survey for the previous study.

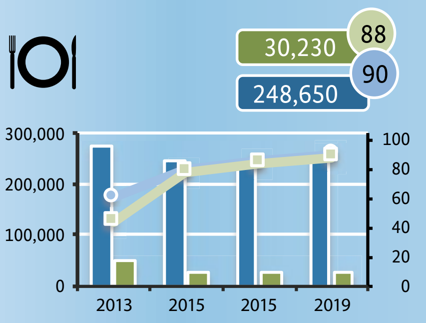
The main driver for the companies is primarily minimizing the risk of sourcing non-sustainable raw materials. In addition, these measures fulfill requirements for corporate due diligence. Consumer demands or additional requirements from customers and consumers do not play a role as a driver for the use of these tools, since in most cases these are sufficiently fulfilled by existing certification.

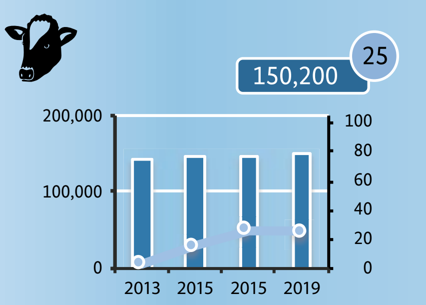
Consumption of sustainable palm (kernel) oil in Germany in 2019

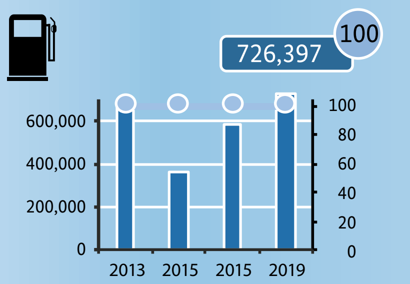


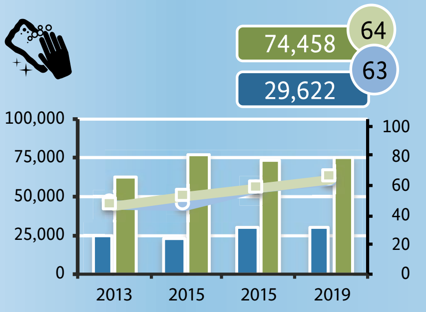


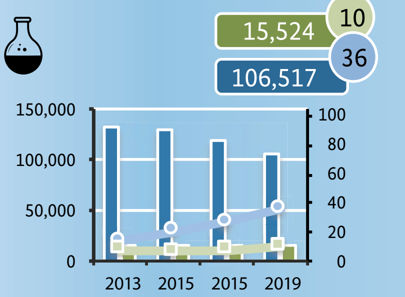
Consumption per sector











Overview

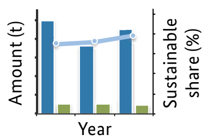
Direct Im-/Export

5 % sustainable palm oil

5 % sustainable palm kernel oil

123 Amount palm oil (t)

123 Amount palm kernel oil (t)



Food

Feed

Energy

Detergents, cleaning agents (WPR) and cosmetics

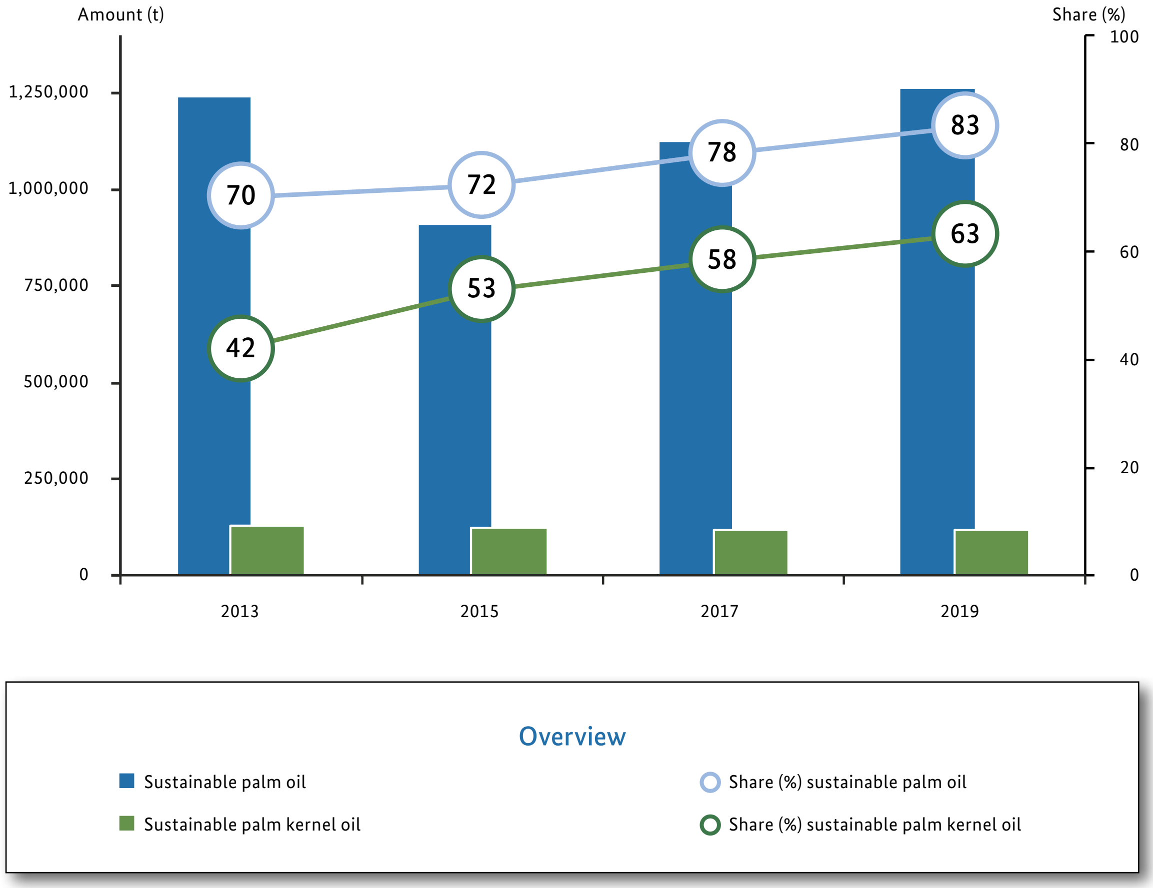
Chemicals and pharmaceuticals

RSPO Roundtable on Sustainable Palm Oil

ISCC International Sustainability & Carbon Certification

The share of sustainable palm (kernel) oil in Germany continuously increased since the first study in 2013

Consumption of palm (kernel) oil in Germany 2013 – 2019



Source: Meo Carbon Solutions (2014, 2016, 2018, 2020), DESTATIS (2020), RSPO ACOP reports and interviews with market experts

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