Global palm oil consumption is forecast to reach a record 37.3 MMT in 2006/07. Since 2001/02, palm oil consumption has increased 13.2 MMT, compared to an 8.7 MMT increase in soybean oil consumption. The strong growth in palm oil consumption over the last 6 years has resulted in palm oil being the dominant oil in the global market. As soybean oil prices began to rise in 2001/02, the spread between palm oil and soybean oil began to widen, increasing the competitiveness of palm oil in the world market. This lower price, compared to other major oils, primarily soybean oil, has given palm oil a competitive advantage in large oil consuming countries like India and China.

The trend of strong growth in palm oil consumption continues in 2006/07, as food use and industrial use are forecast to increase 4.5 percent (1.2 MMT) and 8.9 percent (710,000 MT), respectively. The larger food consumption forecast is driven primarily by increased palm oil demand in China and India. Growth in industrial use comes as Malaysia, China and the EU-25 expand their palm oil biofuels programs.