

2 EXECUTIVE SUMMARY

Vegetable oils are lipid materials derived from plants and vegetables. Chemically these are composed of triglycerides. Although various plant parts may yield oil, for commercial practices, vegetable oil is essentially derived from the seeds. Contrasting to popular belief, all vegetable oils are not edible. These inedible oils are used in lubricants, paints, cosmetics, pharmaceuticals, and other industrial applications.

The global vegetable oil market is witnessing slow growth due to increasing awareness about the natural trans-fat-free oils, cost effectiveness offered by palm oil, and more importantly the enhanced ecological advantages provided by the biodiesels (vegetable oil fuel) in comparison to the fossil fuels. Asian countries, especially China and India, have emerged as leading destinations, facilitating the market shift from developed economies to developing economies. In relatively saturated markets such as U.S. and Europe, the market is driven primarily by the focus on biodiesel generation from soybean and rapeseed oils respectively.

TABLE 1

GLOBAL VEGETABLE OIL MARKET REVENUE (\$MILLION) & VOLUME ('000 METRIC TONS), 2010 – 2017

Vegetable oil market	2010	2011	2012	2017	CAGR% (2012-2017)
Revenue	73,800.0	77,660.0	81,015.0	91,485.0	2.5
Volume	144,700.0	150,800.0	155,800.0	171,000.0	1.9

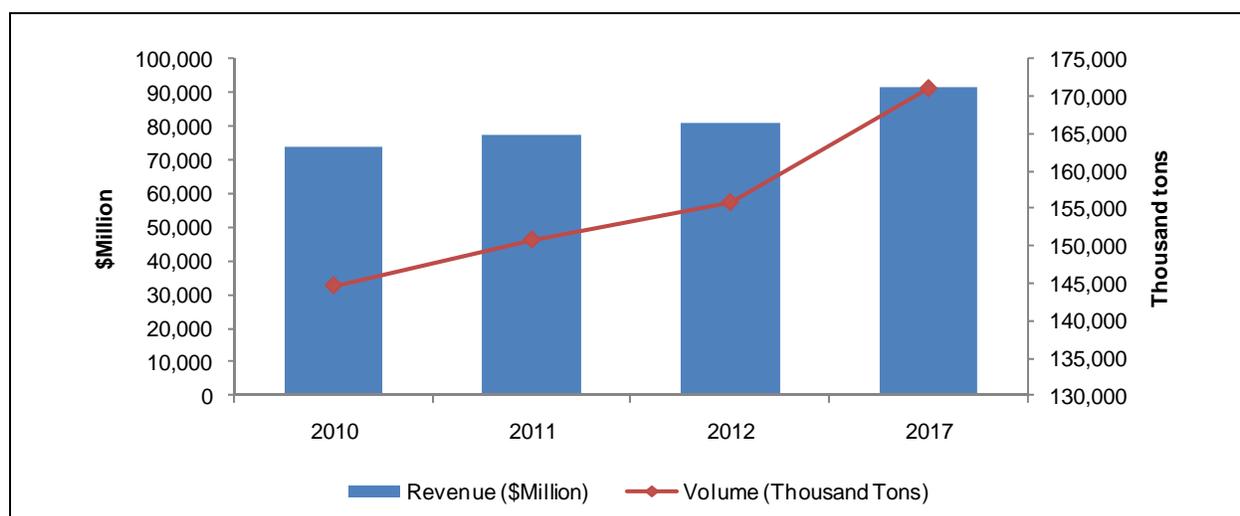
Source: AOCS, FDA, USDA, OECD, FAO, The American Soybean Association, MarketsandMarkets Analysis

The revenue from vegetable oil is estimated at \$77.66 billion in 2011. Increasing demand for natural non-trans-fat oil, increasing needs for biofuel and the biodiesel demands, favorable Asian subcontinent market scenario, the booming food sector and the substitution

opportunities presented by palm oil are the major market drivers which will influence the market size to grow by compounded annual growth rate (CAGR) of 2.5% from 2012 to 2017.

FIGURE 2

GLOBAL VEGETABLE OIL REVENUE (\$MILLION) & VOLUME ('000 METRIC TONS), 2010 – 2017



Source: AOCs, FDA, USDA, OECD, FAO, the American Soybean Association, MarketsandMarkets Analysis

In terms of volume the vegetable oil market is estimated to grow at a CAGR of 1.9% to reach consumptions of 171 million tons by 2017. The market will be led by palm oil segment at the global level, essentially driven by the Indian and Chinese markets. The European biodiesel policy is expected to drive the rapeseed oil market, while the American continent dominates the soybean oil market potential. Being one of the most consumed edible oils for a long time; the soybean oil was usurped by the palm oil segment in the 2010.