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# Global edible oil markets enter structurally volatile phase amid trade and biofuel realignments: IVPA President

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By **Sanjiv Das** | February 11, 2026



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Global edible oil markets have entered a phase of structural volatility, driven by trade realignments, biofuel mandates and supply rigidity, said Sudhakar Desai, President, Indian Vegetable Oil Producers' Association (IVPA) and CEO, Emami Agrotech, while addressing the UOB Kay Hian Conference in Kuala Lumpur.

Speaking on "Navigating Structural Shifts in Global Edible Oils: Implications for India," Desai said geopolitical restructuring has altered global trade corridors, compressing arbitrage opportunities and amplifying the transmission of energy prices, currency movements and policy shocks into edible oil markets.

"Small adjustments in duties, mandates or trade flows are now producing disproportionate price swings across the supply chain," he noted.

Presenting a global outlook, Desai said production of the four major vegetable oils is projected at 208.4 million tonnes in 2025–26, only marginally higher year-on-year. While palm and rapeseed oil output is increasing, sunflower oil production remains constrained.

"This limited supply growth leaves global balances vulnerable to weather and policy disruptions, keeping inter-oil competition intense and price spreads unstable," he said, with sunflower oil continuing to command a premium.

Biofuel mandates have emerged as a dominant swing factor. Indonesia's biodiesel programme alone absorbs about 14 million tonnes of palm oil, while U.S. biofuel policies continue to anchor soybean oil price expectations.

"Edible oils are increasingly functioning as energy-linked strategic inputs rather than pure food commodities, raising the price floor and strengthening correlation with crude and policy cycles," Desai said.

Turning to India, Desai said domestic edible oil production is estimated at 9.6 million tonnes in 2025–26 oil year (Oct - Sep), covering only about 40 per cent of Indian needs, reinforcing India's

structural dependence on imports of around 16.7 million tonnes. Imports are expected to comprise 8–8.5 million tonnes of palm oil, 5–5.5 million tonnes of soybean oil, 2.8–3 million tonnes of sunflower oil, and around 200,000 tonnes of other oils, including zero-duty imports routed through Nepal.

“A $50–60 per tonne shift in spreads is sufficient to reallocate volumes at scale, highlighting the absence of stickiness at the bulk oil level,” he said. Palm oil imports have already declined from over 10 million tonnes in 2021–22 to around 8 million tonnes, as sustained premiums and competition from soybean and sunflower oil alter market share dynamics. Refining margins, he added, remain under pressure, constraining demand momentum.

On trade policy, Desai said recently concluded FTAs and bilateral arrangements with partners such as the US, EU, Australia, the UAE and SAFTA members have become integral to market pricing and sourcing decisions.

“These agreements now directly influence landed cost structures, arbitrage flows and refining economics,” he said, noting that further details on potential tariff concessions or quota mechanisms for U.S. soybean oil will provide additional market clarity.

Under the deal there is a quota of 500 k tons of corn DDGS announced last night which helps the poultry and aqua sector however, its impact on Indian soya bean prices is yet to be assessed.

Desai projected Malaysia’s palm oil production at 19.9 million tonnes (vs. 20.2 million tonnes last year) and Indonesia’s at 51.8 million tonnes (vs. 51.2 million tonnes), with replanting progress remaining slow in both countries. Near-term supply tightness could support prices until March 2026. However, sustained premiums over soybean oil are expected to cap palm and sunflower oil consumption in India.

He expects BMD prices to remain range-bound but policy-driven, with April–June trading in the 4,000–4,400 range and July–September in the 4,200–4,600 range, as palm and soybean oil compete for market share. Sunflower oil prices are likely to remain elevated until the next production cycle.

Desai said that in a market increasingly driven by policy shocks rather than traditional supply cycles, stable and predictable duty and mandate frameworks are critical to prevent unintended price transmission to consumers. He reiterated IVPA’s continued engagement with policymakers and global stakeholders to support balanced growth across the edible oil value chain.

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