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Report Name: Brazil's Palm Oil Sector

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Report Highlights:

Brazil currently accounts for only about one percent of global palm oil output, yet it holds significant long-term growth potential, supported by favorable climate conditions, relatively strong labor and regulatory frameworks, and availability of degraded pasture land for cultivation. Production is largely concentrated in the Amazon region, mostly in the states of Pará and Roraima. The sector is projected to expand steadily; however, growth remains constrained by high production costs, limited access to long-term credit, reduced government support, and security concerns in key producing regions.

Summary

Palm oil is the most widely produced vegetable oil in the world. Brazil ranks among the top ten producers but only accounts for about one percent of global output. Indonesia and Malaysia remain the dominant suppliers, together responsible for roughly 85 percent of global production.

Brazilian palm oil cultivation is concentrated primarily in the Amazon region. The state of Pará leads national production, accounting for more than 84 percent of the total production, followed by the states of Bahia, Roraima, and Amapá.

Figure 1

National Palm Oil Production Share per Producing State in Brazil

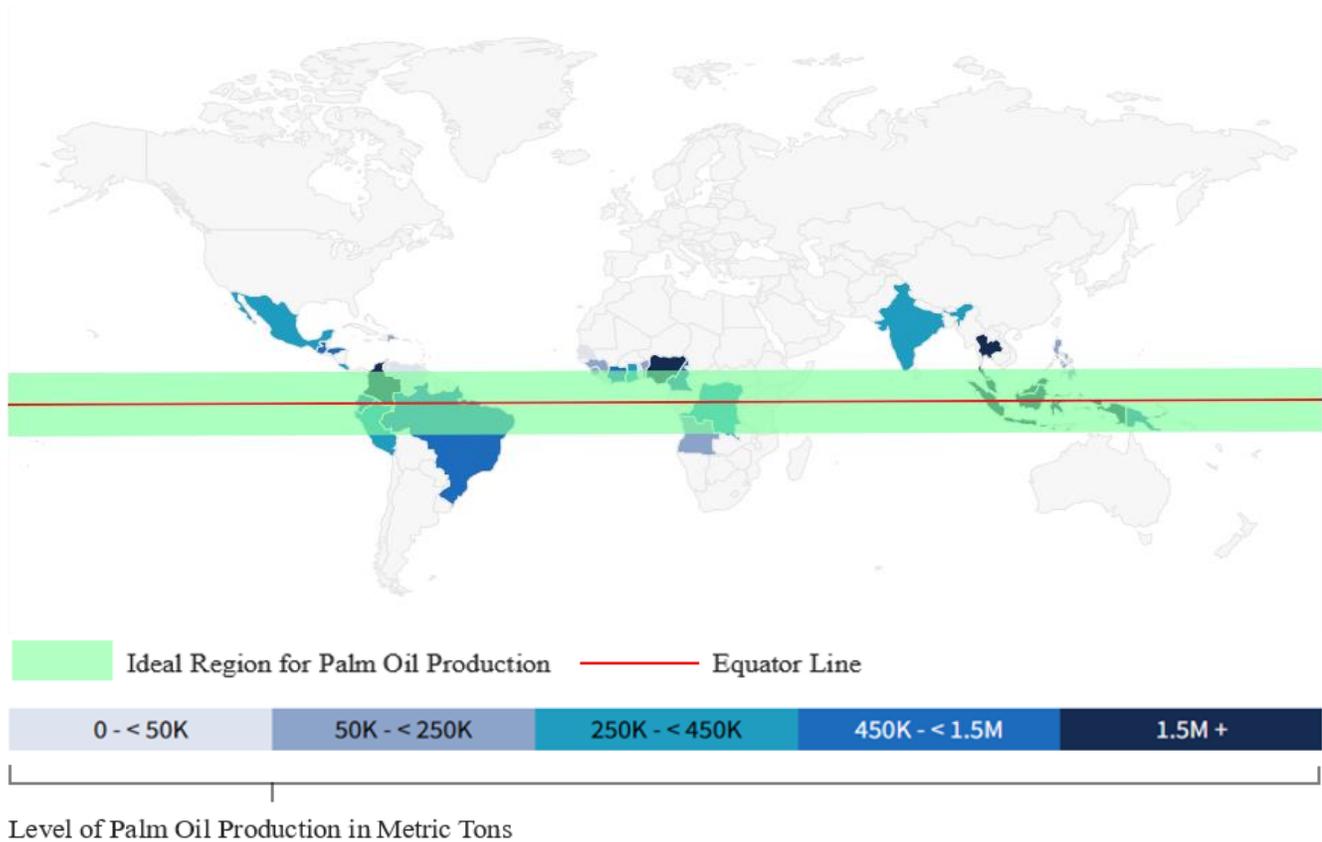


Source: USDA Foreign Agricultural Service (FAS) / Chart elaborated by Post Brasilia (Office of Agricultural Affairs – OAA)

Brazil currently produces just over 600 thousand metric tons (MT) of palm oil per year, out of an estimated harvested area of 220 hectares (HA). Unlike other producing countries, Brazil possesses a set of favorable conditions that could position it as a major producer in the future.

Brazil’s main growing regions are close to the equator, providing ideal climate conditions for palm oil cultivation. Second, Brazil’s labor regulations, resource management, and infrastructure are generally more advanced and better established than those of many other leading producers. These advantages are important drivers for future investment, market confidence, and potential export expansion.

Figure 2
Global Palm Oil Production



Source: USDA Foreign Agricultural Service (FAS) | Chart elaborated by Post Brasilia (Office of Agricultural Affairs – OAA)

On May 7, 2010, the Government of Brazil approved decree [No. 7,172/2010](#), which established guidelines for sustainable palm oil cultivation in Brazil. This decree is included in the [Sustainable Palm Oil Production Program \(PSOP\)](#) and mandates new palm tree farms can only be established on already degraded lands, specifically those degraded before 2007. The focus of this decree is to prevent deforestation in the Amazon rainforest and promote sustainable agriculture, as producers must follow guidelines to be eligible for incentives and certifications such as the Roundtable on Sustainable Palm Oil (RSPO) certificate.

Degraded lands are areas that lost their natural characteristics and ecological balance due to human or natural impacts such as deforestation, poor pasture management, soil erosion, contamination, and

biodiversity loss. These areas, including degraded pasture lands, can no longer recover naturally without human intervention.

Figure 3

Land in the Amazon with Potential for Palm Oil Crop Conversion



Source: Post Brasilia USDA Foreign Agricultural Service (FAS).

Figure 4

Amazon Land Converted into Palm Oil Crop



Source: Post Brasilia USDA Foreign Agricultural Service (FAS).

In Brazil, recent estimates from research conducted by MapBiomias indicate that between 11 and 25 percent of the country's native vegetation, approximately 60 to 135 million HA, is either degraded or vulnerable to degradation. Of this total, more than 30 million HA are estimated to be in the Amazon region and are considered suitable for palm oil cultivation.

Brazilian Palm Oil Project: 25,000 HA expansion per year, 350,000 HA of total planted area by 2030.

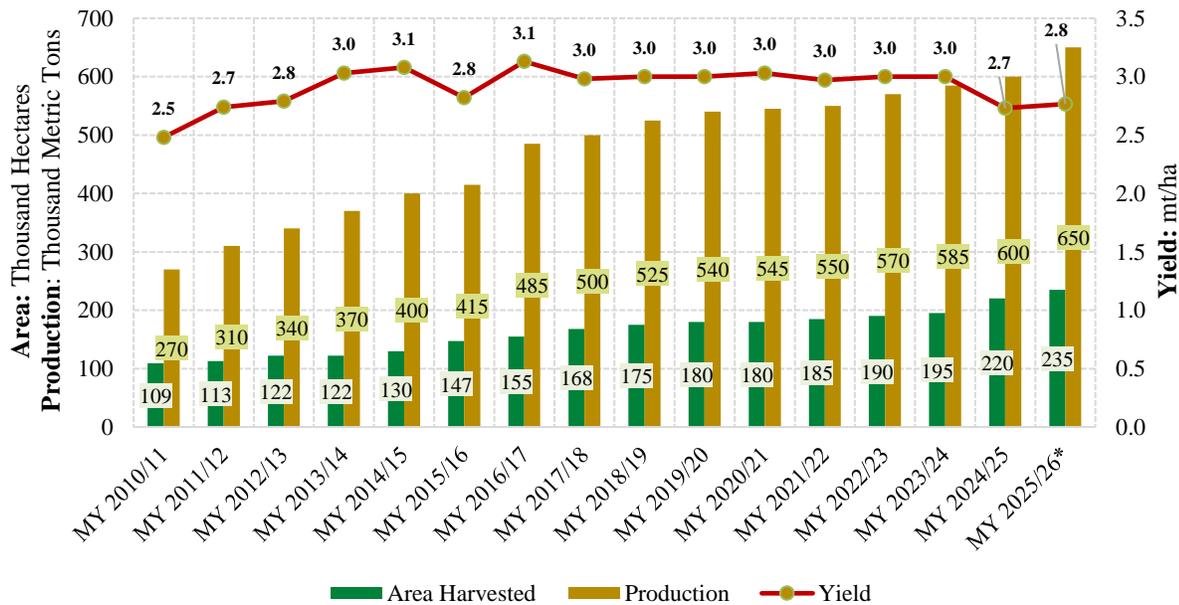
During the recent United Nations Climate Conference (COP30) event, in Belém, Brazil, the palm oil sector gained significant visibility and space for discussions on the future of the industry in Brazil. These discussions highlighted a promising outlook for palm oil, not only for the domestic market but also internationally.

The sector is estimated to expand by an average of 25 thousand HA per year, reaching 350 thousand HA by 2030 and potentially achieving an annual production level of 1.2 million tons of oil.

For MY 2025/26, Post forecasts the total palm oil harvested area to reach 235 thousand HA, nearly a seven percent increase from the previous marketing year, with production reaching 650 thousand MT.

Figure 5

Evolution of Palm Oil Area, Production and Yield in Brazil (MY 2010/11 – MY 2025/26)*



Source: FAS. Chart generated by Post Brasilia (Office of Agricultural Affairs – OAA). Note: Data for the latest MY, marked with (*), considers Post’s estimates and forecasts.

Most of the area expansion is projected to take place in Para and Roraima. To support the projected growth in the coming years, the palm oil industry is calling for land-tenure regularization, targeted subsidies, and policies that integrate family farming. These measures are seen as essential to ensuring the sector’s continued development and stability.

Expanded access to dedicated credit lines is also essential, given the long-term nature of palm cultivation, which typically requires up to five years to reach full productivity and begin generating the expected return on investment.

Cultivation Process & Production

Palm oil trees begin producing fruit three to four years after planting and can continue yielding high-oil-content fruit for around 25 years. Harvesting, which occurs year-round with peak periods between August and December, is still largely manual, with workers cutting fruit bunches using specialized tools.

Figure 5

Palm Oil Harvest



Source: Post Brasilia USDA Foreign Agricultural Service (FAS).

The oil extraction process is highly time-sensitive, as the fruit must be processed within 24 hours to prevent spoilage and quality loss.

After harvest, the bunches are steam-sterilized to loosen the fruit and avoid spoilage. The fruits are then separated into a thresher and sent to a digester, where they are heated and mashed. The resulting pulp is mechanically pressed to obtain crude palm oil (CPO), which is then clarified, filtered, and refined through processes such as degumming, bleaching, and deodorization to produce Refined, Bleached, and Deodorized (RBD) palm oil.

Meanwhile, the kernels are crushed to obtain palm kernel oil (PKO), commonly used in cosmetics and soaps. The final products are widely used in the food, cosmetics, and biofuel industries.

Types of Extraction

Crude Palm Oil (CPO)

- Extracted from the flesh (mesocarp) of the palm fruit.
- It has a deep reddish-orange color due to high carotene content.
- Commonly used in cooking oils, margarine, processed foods, and biofuel after refining.

Palm Kernel Oil (PKO)

- Extracted from the seed (kernel) inside the fruit.
- It's lighter in color and more similar to coconut oil and rich in lauric acid.
- Used in cosmetics, soaps, detergents, and some confectionery products.

Palm Kernel Cake (PKC)

- The solid residue left after extracting oil from the kernel.
- Used as a high-protein ingredient in animal feed, especially for cattle.

Post recently visited palm oil production areas in the State of Roraima. Production is still modest but holds great potential to reshape Brazil's palm oil market and strengthen the domestic industry while reducing dependence on imports.

During the visit, the representatives showcased its operations, which range from energy generation to the strategic cultivation of cocoa within palm oil plantations. With more than 2 million palm trees in Roraima alone, the state is strongly committed to expanding palm oil production across the region. Post visited a newly expanded nursery with more than 300 thousand palm seedlings for future planting.

Until recently, palm oil was cultivated exclusively in monoculture systems, and producers avoided intercropping due to the belief that it would reduce productivity. Today, with well-established research, producers have begun cultivating additional crops, such as cocoa and cupuaçu, between palm tree areas.

This cultivation approach is known as [Agroforestry](#), a production model that integrates multiple agricultural and forest species within the same area, which enriches the soil with organic matter and promotes the natural fertilization of the land by beneficial microorganisms.

Figure 6
Agroforestry System



Source: Post Brasilia USDA Foreign Agricultural Service (FAS).

Brazil's Palm Oil Sector Challenges

Though the palm oil industry potential to expand in Brazil, producers still face several challenges that hinder the growth and expansion of production in the country.

According to Post contacts, Brazil's original goal to expand palm oil production and become a major exporter in the international market has recently weakened. Mostly, due to the lack of government support and investments in the sector.

Currently, the National Program for Strengthening Family Agriculture (PRONAF) is the primary government financing tool, and although this program has supported many farmers, the program is designed specifically for small producers and offers a credit limit of \$250,000 BRL, which is considered insufficient for many palm oil producers due to high production costs and the long-term nature of the investment required.

In addition to limited investment, several other factors place Brazil at a disadvantage compared to major palm oil producing countries. These include higher production costs, particularly for labor, as well as strict regulatory requirements.

Prior to 2020, Embrapa supplied seeds for palm oil cultivation at an estimated cost of \$1 BRL per seed. However, Post contacts report that Embrapa has suspended most of its activities in the palm oil sector and stopped supplying seeds, forcing producers to seek alternative suppliers.

One of the main alternatives for palm oil seed supply comes from an international breeder and supplier based in Central America, the company develops and commercializes high-yield palm seed varieties and clones and is estimated to export an average of 1.6 million palm oil seeds to Brazil annually, accounting for approximately 30 percent of total palm oil seed exports to the country.

The annual volume of seed exports to Brazil by this one company can support the establishment of roughly 11 thousand hectares of plantations, contributing to the projected growth and promising outlook of Brazil's palm oil sector, despite constraints such as market instability and higher production costs.

While Brazilian producers have found reliable alternative suppliers, seed prices have increased more than fivefold, with seeds now typically costing around \$1 USD each, equivalent to approximately \$5.40 BRL in 2025.

Producers, Post contacts, and local officials have also raised concerns about the rising of violence and crime in rural areas of Pará, Brazil's main producing state, responsible for over 90 percent of national output.

In general, overall crime indicators in the state of Pará have decreased in 2025. However, violence in rural areas remains a significant issue, especially in the regions of Tomé-Açu, Acará, and Concórdia do Pará, where organized crime, drug trafficking, and rural violence have reportedly affected the agricultural sector, discouraged investment in palm oil, and left local communities under constant threat, fearing the loss of their primary source of income.

Attachments:

No Attachments.