Palm oil is a versatile oil and the Malaysian palm oil industry is well known for its vitality. Since its introduction in 1871 into Malaysia more than a century ago, the industry has undergone rapid growth and tremendous progress especially in the last 30 years where improved technologies and equipment have been introduced. All these have enabled Malaysia to remain as the largest producer of palm oil in 2001 accounting for 64.5% share of the global palm oil export trade.

New technologies continue to be developed in the areas of milling, refining and fractionation with regards to improving efficiency, reducing processing cost, ensuring quality and minimising environmental impact. The palm oil milling technology has seen improvements in process machinery such as the change from hydraulic to screw press, nut cracker and crack-mixture separator designs, sterilizer cage handling system with emphasis on continuous sterilization and automation of mills. A novel development in refining is S.O.F.T. degumming, a new route to the pre-treatment of crude palm oil. This refinement is based on the chelating capacity of a specific agent. The aim of the Malaysian palm oil industry is to produce high quality oil whilst retaining the minor components which are of nutritional and economic importance. This new challenge has led to considerable changes in the palm oil extraction and refining processes. Multifunctional dry fractionation is an improvement over the existing dry fractionation process for the production of speciality fats such as cocoa butter substitutes (CBS). Lipase and chemical interesterification technology is increasingly being utilised to widen the application of palm oil in various food products. Current developments in this fast expanding area will be reviewed.