Export Tax Suspension to Increase FGV Exports Significantly

The government's decision to suspend the crude palm oil (CPO) export tax for three months is expected to benefit plantation companies with significant upstream operations and strengthen the commodity prices for the first quarter of this year.

FGV Group President and Chief Executive Officer, Dato' Zakaria Arshad said industry players are faced with issues of high CPO stocks level and strengthening of the Ringgit that have pressured the CPO price to around RM2,500 per MT.

"The government's action to implement the export tax suspension is timely and an effective way to reduce CPO stocks level that coincides with the increasing demand from China for the upcoming Chinese New Year.

"With this development, we expect a 30-50 percent increase in the export volume to major importing countries like India, Pakistan, China and Europe. This shall also enable us to increase supply to our joint-venture refinery in Pakistan at a more competitive pricing," he reiterated.

Dato' Zakaria said, based on this situation, FGV expects average CPO prices for the first quarter 2018 to improve slightly by trading around RM2,650 per MT to RM2,750 per MT.

Meanwhile, in commenting the overall 2017 performance, Dato' Zakaria said FGV's core business operations had performed well with positive growth on Fresh Fruit Bunches (FFB) production compared to 2016.

“As for 2018, we remain committed in delivering the Strategic Plan 2020 (SP20) through better core business performance, stronger financial position, enhance governance in all sectors and high performance culture that will deliver sustainable value to our shareholders,” he explained.

End.