FGV and DVS Signs MoU to Cooperate in the Development of Palm Kernel Cake (PKC) Animal Feed for the Ruminant Industry

FGV Holdings Berhad (FGV) has signed a Memorandum of Understanding (MoU) with the Department of Veterinary Services (DVS), an agency under the Ministry of Agriculture and Agro Based Industry (MoA) to explore a collaboration to develop Palm Kernel Cake (PKC) based animal feed for the ruminant industry by sharing experience and expertise that will benefit both organisations.

FGV Group Chief Executive Officer, Dato' Haris Fadzilah Hassan said this collaboration is part of a strategic plan to penetrate and expand our 'Waste to Wealth' product offerings into a new market that is interrelated with our core business.

"FGV is the biggest producer of PKC with 380,000 MT produced annually and 97% is exported. PKC is used as the basic ingredient for making animal feed for ruminants such as cattle and sheep. We hope that through this collaboration, we can offer premium animal feed products at a competitive price and help farmers reduce their animal feed costs", he said.

PKC is a by-product when palm kernel is processed and can be used as an alternative main raw ingredient for animal feedstock. PKC prices are much cheaper when compared to the prices of other materials such as soybeans, corn and wheat which is also widely used in animal feeds.

Through this collaboration, DVS will assist FGV's Feed Meal strategy in both domestic and international market, provide direction on an effective ruminant programme, assist in developing a Cattle Farming Business Model – dairy or meat, provide advice on government grants, incentives, subsidies and other related aids applicable to FGV.

The rationale for venturing into the cattle farming project is to create a new growth area as we have been depending on one type of business for far too long. This new venture is a game changer for both Animal Feed Meal and Dairy Cattle Farming as it represents a new income stream to FGV which is compelling, significant and sustainable.

The business of PKC or any of the Cattle segments (Milk or Meat) will definitely create a natural synergy between Downstream (mills operations and wider product range), R&D (feed meal, genetics, milk quality) and Logistics (distribution channels). Two important cost components in cattle farming business are vast lands and feed meal, which we naturally have.

In addition to this, FGV would like to address the gap (self-sufficient) in milk and meat supply. By leveraging on our strength in R & D and downstream we hope to achieve a significant impact in the first 3 years.

FGV's wholly owned subsidiary, FGV Kernel Products Sdn Bhd (formerly known as Felda Kernel Products Sdn Bhd) will be able to leverage on DVS platform that is rich in experience and expertise to improve the PKC product quality and expand the reach of target market regionally and globally.

According to a DVS report, Malaysia imported 4 million MT of animal feed in 2017 with a value of RM7 billion. FGV PKC products has the potential to help reduce Malaysia's agriculture industry dependency on external sources of animal feed.

Haris further added, "This collaboration will complement MoA's plan to ensure animal feed supply stability and the nation's food prices by stressing on ruminants and private sector investment in agriculture."

END