FGV builds on maiden PME shipment to China's fast-growing biodiesel market

Felda Global Ventures Holdings Berhad (FGV) continues to expand its biodiesel business in China and build on the success of its maiden shipment of 6,000 metric tonnes (MT) of Palm Methyl Ester (PME) to Nansha Port, Guangzhou.

The PME had been produced by FGV subsidiary Felda Global Ventures Biotechnologies Sdn Bhd (FGVB) and delivered to China in early September. A second consignment of 6,000 MT of PME is expected to arrive in Dongguan Port, Guangdong, end of this month.

Biodiesel trade between China and Malaysia is poised to rise based on the republic's rapidly growing interest in renewable energy. China imported 590,777 metric tonnes of biodiesel from January to August 2014 from biodiesel players around the world.

Dato' Mohd Emir Mavani Abdullah, Group President and Chief Executive Officer of FGV said, "FGV's maiden shipment of PME to China is a highly significant development for the company's biodiesel ambitions. By successfully penetrating the China market, FGV is on track to achieving its global growth targets for its biodiesel strategy."

"Furthermore, China is one of the biggest biodiesel markets in the world. Given China's huge energy requirements and its reliance on biodiesel imports, we can meet this demand by virtue of being Malaysia's largest PME exporter. Currently, FGV accounts for 31.59 percent of Malaysia's PME exports", he added.

The maiden PME consignment was shipped on board the vessel "Bremen Trader", and delivered to its client in a deal that was brokered by Gunvor Geneva, a reputable Swiss-registered petroleum trader.

As part of its long-term growth plans, FGV has identified biodiesel as one of the strategic areas for the company's expanding presence into high margin downstream activities. To grow its biodiesel capacity, FGV entered into a joint-venture agreement with M2 Capital Sdn Bhd and Benefuel International Holdings S.A.R.L. to acquire a biodiesel plant for USD22.5 million in Kuantan Port in September. The new plant is located next to FGV's current biodiesel plant in Kuantan, which has a production capacity of 100,000 metric tonnes a month, and is expected to be operational by late 2015.

With the new plant, FGV's biodiesel production capacity will eventually increase over threefold to 350,000 metric tonnes a month, resulting in FGV becoming one of the largest exporters of biodiesel in Southeast Asia.

According to Wira Adam, Chief Executive Officer of FGVB, "With this significant increase in

our biodiesel production capacity, FGV will be able to aggressively pursue export opportunities for its biodiesel business. This will include FGV producing and exporting biodiesel directly to China, as well as other significant overseas markets that are also looking to alternative and renewable fuels for their energy needs."

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