FGV Widen Oil Palm Seed Business to Indonesia

Felda Global Ventures Berhad (FGV) and PT Mitra Agro Servindo (PT MAS) today signed a Memorandum of Understanding (MoU) to collaborate and work together to market FASSB's planting material and other agricultural related products in Indonesia.

Group President and Chief Executive Officer, Dato' Zakaria said that, through this collaboration FGV was granted approval from the Indonesian Plant Varieties and Release Council for the DxP Felda Yangambi ML161 seeds. The release of FGV planting material will be beneficial to Indonesia through introduction of new germplasm, increasing variety and diversity of oil palm planting material, strengthening Indonesian oil palm industry through improvement in yield and increasing customer's preference in planting material.

This will enable the oil palm seeds from FGV to be marketed commercially in Indonesia beginning in 2017. FGV shall be expecting to export 1 million seeds to Indonesia in the next year with projected growth to 5 million seeds by 2020.

"Potential market size in Indonesia is huge and demand from the industry for new estate development and replanting programmes are expected to be between 60 to 90 million seeds per year.

“This is an important and successful milestone for FGV in its effort to broaden the oil palm seed market and marks the first time a Malaysian company achieved to do this despite the tight conditions imposed by the Indonesian government,” said Dato’ Zakaria.

Currently, FGV seed production capacity is 30 million seeds per year and export market is about 435,000 seeds in 2015 and expected to grow to 850,000 seeds in 2017.

Through this MoU, PT MAS was selected by FGV as the exclusive partner for marketing and distribution of oil palm planting material and other agricultural products including agronomic advisory services and training packages.

Dato’ Zakaria added that, in the above mentioned agreement, FGV and PT MAS shall collaborate to develop a seed garden in Indonesia to strengthen supply in the long term.

FGV is also expected to expand its R&D programmes including the introduction of latest planting material varieties and related technologies.

“This partnership brings benefit to FGV because PT MAS possesses expertise in the oil palm industry and has extensive marketing network in Indonesia.

“FGV is always on the lookout to expand its business in Indonesia and today’s MoU is one of our business initiatives that have been successfully concluded to maximize shareholder returns,” he said.