Media Release: Budget 2016 To Positively Impact the Nation's Palm Oil and Rubber Industries

Felda Global Ventures Holdings Berhad (FGV) lauds The 2016 Budget tabled in Parliament today. The announcement reaffirms the Federal Government's commitment to enhance rural redevelopment and will boost the palm oil and rubber industries.

As the world's largest crude palm oil producer, Felda Global Ventures Berhad (FGV) welcomes the initiatives announced by the Federal Government under Budget 2016. The budget reflected the Government's aspirations towards a high income advanced economy, of which many sectors especially the agribusiness, can benefit from extensively.

Group President and CEO Dato' Emir Mavani Abdullah said FGV is cautiously optimistic of its future prospects, despite the challenging global commodity market.

"Commodity prices such as palm oil and rubber, in general, have taken a beating since 2013; however, these are cyclical sectors. Given the boost from Budget 2016, coupled with our strong fundamentals, we are confident that we will overcome the turbulence and be in the right position to capitalise when the market rebounds," said Dato' Emir.

He said it is encouraging to note that the Government continues to place significant focus and funds to enhance the settlers' livelihood, in terms of income and productivity.

"We value the contributions by the settlers who provide palm oil fruits and rubber from their estates. As FELDA settlers play a key role in the development of our country's palm oil and rubber industries, we strongly believe that initiatives announced under Budget 2016 will further motivate and reinforce the virtuous cycles of the country's palm oil and rubber industries' growth and prosperity," he said.

With extensive experience in palm oil and rubber, FGV is able to support the government's initiatives in development of rubber and palm estates, as well as initiatives focusing on smallholders.

"FGV is continuously improving the agriculture standards amongst the settlers through Best Agriculture Practices as part of our commitment to sustainability," said Dato' Emir.

To complement the Government's initiatives for the rakyat, FGV will continue to support activities that cover health, environment, education and youth development through Yayasan

Felda, which carries out FGV's Corporate Responsibility programmes.

"All relevant Budget 2016 initiatives will direct and indirectly contribute to FGV in a very promising and positive ways. It is a complementing Budget to our 5-year transformation plan that focuses on enhancing revenue, cost optimisation and operational excellence, across all our businesses; palm oil, rubber and sugar,"

Announced earlier today by the Prime Minister of Malaysia, Y.A.B. Dato' Sri Mohd Najib Tun Razak, the key highlights include:

Domestic Investment

1. RM320mil for development of Rubber City in Kedah
2. RM20mil for Palm Oil Jetty in Sandakan, Sabah.

Armed Forces Development Plan

1. Investment of RM523mil for the development of ESSCOM land army camp in FELDA Sahabat, Lahad Datu, Sabah.

Rural Infrastructure Development

1. RM200mil to improve the standards of road in FELDA settlements;
2. Construction of 20,000 residences for the second generation FELDA settlers;
3. Reduction of FELDA houses from RM90,000 ringgit to RM70,000 ringgit;

Rubber Incentive for Smallholders

1. Increasing the incentive of IPG (Insentif Pengeluaran Getah) from RM4.60 ringgit to RM5.50 ringgit per KG, for SMR20 Freight On Board rubber.
2. Scrap rubber (cup lumps) will be increased from RM1.75 ringgit to RM2.20 ringgit per KG

Ends