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## FGV Fist to Sell Oil Palm Seeds to Indonesia

Felda Global Ventures Holdings Bhd (FGV) has appointed exclusive agents to market its oil palm seeds in Indonesia and the Philippines.

The deal marks the first time a Malaysian company has managed to penetrate the Indonesian market, according to a report by TheStar on-line on April 21, 2017.

FGV, in a filing with Bursa Malaysia, said its unit Felda Agricultural Services Sdn Bhd (FASSB) had entered into a definitive agreement with PT Mitra Agro Servindo.

“The purpose of the agreement is to establish a supply and distribution arrangement of FASSB’s oil palm seeds and product exclusively in

Indonesia for the period of three years, subject to the terms and conditions of the agreement,” it said.

In a separate statement, FGV said it had appointed Bali Oil Palm Produce Corp (BOPPC) as the sole agent to carry out the services of marketing and promoting FASSB’s oil palm seed exclusively in the Philippines for a period of five years.

Indonesia is the world’s largest producer of crude palm oil. Together with Malaysia, the two countries account for about 85% of global CPO output. The Philippines, on the other hand, is a relative small player with scattered, but expanding, plantations in the southern part of an archipelago of over 7,000 islands.

FGV had previously entered into preliminary agreements with Mitra Agro in November 2016 and BOPPC in May 2015.

Based on previous reports, FGV expects to export 1 million seeds to Indonesia in 2017 and increase the figure to 5 million seeds by 2020.

Indonesia is the biggest base of operation for FGV overseas. It has over 5,000ha of oil palm estates there (excluding joint-venture estates)

FGV, which has a production capacity of 30 million seeds per year, controls over 40% of the local oil palm seeds market. However, it needs to expand its market abroad due to the stagnating demand in Malaysia.