Felda - an economic powerhouse

A look at Felda's phenomenal growth from village champion to economic powerhouse.

By SHARIDAN M. ALI

FELDA Global Ventures (Holdings) Bhd (FGV), one of Malaysia’s leading oil palm producers, has its roots running deep in the country’s first settlement programme, the Federal Land Development Authority (Felda).

As the Felda programme successfully grew with over 112,000 settlers by the 1980s, the support mechanisms within Felda also expanded in tandem with the development of rubber and palm oil plantations across the nation. In 1996, Felda Holdings Bhd was formed as a holding company for the various commercial units in Felda.

The success of Felda’s commercial arms has been largely attributed to FGV, which has been entrusted by Felda to chart the growth in all aspects of the industry. The diversified plantation concerns to date are to maintain the 20 positions it maintains as one of Malaysia’s leading palm oil players with a fully integrated palm oil value chain of upstream, processing and downstream production.

In celebrating Malaysia’s 50-year milestone of oil palm cultivation this year, FGV group president and chief executive officer Datuk Zakaria Arshad, who is an ‘unal pen eroka’ growing up in a Felda settlement, says: “Most Felda townships now could be described as having a modern living environment with the underprivileged Malaysians being part and parcel of the country.”

For Zakaria, it all comes naturally as he recalls the history of Felda as a pioneer government agency to aid Malaysia and Indonesia. In 1973, Felda was formed as a holding company to aid underprivileged Malaysians to pursue its replanting programme.

“FGV has been key to develop the cultivation of high-yielding and disease-resistant oil palm plantations, and its other supporting materials. For example, we have won a world-renowned/latest award-winning Yangambi oil palm planting material and its other supporting materials. In 2018, we welcomed 43% market share in Malaysia, it is one of Felda’s innovative products,” says Zakaria.

The Malaysian Palm Oil Board (GTI) and Palm superheroes that were introduced in 1997 were developed by FGV’s subsidiary FGV BKD Sdn Bhd and in 1998, Felda introduced the cultivation of high-yielding and disease-resistant oil palm plantations, and its other supporting materials. For example, we have won a world-renowned/latest award-winning Yangambi oil palm planting material and its other supporting materials. In 2018, we welcomed 43% market share in Malaysia, it is one of Felda’s innovative products,” says Zakaria.

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The downstream cluster is an important component of the Group’s operations and mostly dedicated for refining and processing activities related to the conversion of crude palm oil and palm kernel (PK) into value-added products.

Agricultural activities have been the main focus of FGV in its early years. In 2021, FGV opened its first palm oil mill complex at Tamparuli, Sabah.

“The thousand-year-old sun bears had been rehabilitated and released back into the wild,” says Zakaria.

“Oil palm clonal being carried out at FGV Innovation Centre in Bandar Enstek. We are in the midst of developing shorter oil palm trees to ease harvesting of the fresh fruit bunches,” says Zakaria. — Photos: RAJA FASIL, HIRIAN/The Star

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FGV withdrew the RSPO certificate of its 58 mills nationwide on May 3, 2016. This move has enabled the plantation group to undertake a three-year training and awareness programme on certified sustainable palm oil for its smallholders. It points out that FGV is looking forward to have at least eight mill-complexes audited externally for certification this year, which will open up more markets that require the certified sustainable palm oil.

On another matter, FGV is planning to work with the relevant authorities to develop alternative crops in upstream, processing and downstream operations. “We are looking at these setbacks positively, and these companies are also beneficial for our expansion as many of our joint-venture partners are multinational companies,” says Zakaria.

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