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Enhancing ties and cooperation

By **Zaidi Isham Ismail**

THE Federal Land Development Authority (Felda) is charting a new journey by beefing up cooperation with other government agencies to enable it become a more efficient and leaner organisation.

Felda chairman Tan Sri Dr Mohd Yusof Noor says by working together with other agencies which have similar or related business operations, the land development authority will be able to share its expertise as well as nurture other new synergies with the mutual aim of strengthening the national economy.

The agencies include the Malaysia Agriculture Research and Development Institute (Mardi), Federal Land, Consolidation and Rehabilitation Agency (Felcra), Rubber Industry Smallholders Development Authority (Risda) and Lembaga Tabung Haji.

Yusof explains working together does not mean the organisations will merge — something which requires Parliament's approval.

"Tabung Haji, for example, also has a plantation business, owning oil palm estates in Kalimantan and a refinery in Batam, Indonesia.

"Felda has signed an agreement to jointly develop up to 200,000ha of oil palm estates in Kalimantan so that we can each leverage on each other's strength."

In the food business, both organisations are working together to provide catering services to pilgrims in Mecca every year.

"With Mardi, we can jointly undertake research and development (R&D) activities in food and agriculture research and become a stronger R&D team without the need for

Felda to set up its own R&D team," Yusof rationalises.

Under the 2010 Budget, Felda, Risda and Felcra have teamed up to form a consortium to undertake joint agriculture-based projects.

"Another outfit which Felda can work together with is Mara (Majlis Amanah Rakyat) which sows the seeds of entrepreneurship."

Mara runs a community-based programme, called the Business, Industrial and Commercial Community,

which can be enlarged with Felda's participation.

"Felda is home to 112,000 families, of which 31 per cent are entrepreneurs. This is higher than the national average, of which less than 30 per cent of Bumiputeras are business people."

On the international front, Yusof says its Felda Global Ventures will go all out to continue delivering the goods. Only this time it will take a little bit longer to get the returns because of the global recession.

"But that's good enough for us and we are ready to face challenges and deliver despite the gloomy outlook. Felda citizens are unlikely to fail because they have been penetrating new markets and have delivered all this time."

Now their approach will be more professional as they adopt international management standards on par with established international companies out there.

To date, Felda Global Ventures has many companies under its wings,

comprising of wholly owned subsidiaries, joint venture companies and associates with operations in more than 20 countries.

It operates in China, Japan, India, Pakistan, Indonesia, South Africa, United Arab Emirates, Canada, US, Turkey and France, to name a few.

"That's our strategy this year, which is to regain investment returns though

it will be a bit late, say three to four years because of the slowdown. We are confident of delivering because it will be the same management team. We may lose today but double the next day."

On another note, Yusof says Felda is working hard to upgrade the living standards of Felda citizens so that the next few generations will not only work at plantations but also at Felda's overseas operations such as Canada, the US and South Africa.

"We want Felda citizens to be proud of their Felda heritage by becoming professionals in all fields, such as aircraft maintenance engineers, entrepreneurs, doctors, lawyers and others."

On the listing of Felda, Yusof says it is not a priority as it has to make sure that the welfare of the settlers are looked after first.

"Eventually, we will go for listing but there is no hurry as the priority will be on settlers. Let the listing

cake grow bigger and it can be shared evenly among the community."

On crude palm oil prices, Yusof says he expects prices to stabilise between RM2,600 and RM2,700 a tonne this year.

"The prices will be better than forecast but will not be as high as RM4,300 registered in March 2008. Crude palm oil prices will

average at RM2,300 a tonne."

On earnings this year, Yusof says Felda remains optimistic that it can match last year's revenue of RM15 billion. Nevertheless, he cautions of a difficult year ahead.

Now that Felda has aborted plans to open estates in Brazil, it is now focusing on Indonesia or any other countries near the equator.

"We are conducting feasibility studies on each of these countries such as demand and supply, return on investment as well as the cost factor.

"It costs twice as much to open plantations in

a developed country compared with a developing country," says Yusof.

Felda Group operates in more than 20 countries, selling and processing crude or processed palm oil and its related products.

It has been approached before in 2004 by the West African state of Sierra Leone, Papua New Guinea, Timor Leste and most recently, Brazil.

The Felda Group, which has 40 wholly or partly owned subsidiaries as well as joint venture firms, produces a fifth of the world's crude palm oil output.

Set up in July 1956, Felda as at 2007 has a landbank of 853,313ha of which 90 per cent are planted with oil palm.

Out of the land area, about half is owned by Felda's more than 110,000 smallholders and their 1.5 million family members. Felda manages 317 land schemes nationwide and owns 72 oil palm mills and seven refineries.

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Tan Sri Dr Mohd Yusof Noor



Tan Sri Dr Mohd Yusof Noor (second from right) officiating at a ground breaking ceremony of a Felda joint venture in Canada.