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Rubber firm has plans in Cambodia

Fri, 28 June 2013 Anne Renzenbrink

Kuala Lumpur-based Felda Global Ventures Holdings Berhad (FGV), the third-largest palm oil operator in the world, said it plans to cultivate rubber inside Cambodia.

"We are . . . consolidating by expanding into countries like Myanmar, Cambodia and Laos - planting other crops such as rubber," Sabri Ahmad, FGV Group president, said in a company statement distributed on Wednesday.

According to FGV, a reason for the Cambodia expansion is that the country still has much land available; however, the company did not reveal any details on the size of the investment and plantations or when they plan to come in.

FGV's main business is palm oil, but in addition, the company also plants rubber and cocoa.

Srey Chanthy, a Cambodia-based independent agricultural analyst, told the Post in an interview yesterday that one concern for newcomers in Cambodia could be that "recently the rubber prices have been going down a little bit".

However, he said that not only will demand still be there, but Cambodia still has room for potential expansion, citing the fertility of land for planting crops such as rubber.

He said the primary product from Cambodia is processed over the border in Vietnam before being exported to Cambodia's largest market, which is China. But "I wish these investors [in Cambodia's rubber sector] invest in [local] processing plants", said Chanty.

In China, a significant volume of rubber consumption is exported as rubber end products (tyres) to Europe or North America, according to Singapore-based International Rubber Study Group (IRSG).

Data by IRSG say that natural rubber consumption in China is expected to rise by 7.2 per cent in 2013, after a 4.5 per cent growth last year.

Demand in North America was expected to grow 4.2 per cent this year after shrinking by 6.9 per cent in 2012, IRSG said.

FGV appears not to be the only Malaysian player interested in Cambodia's rubber sector.

In February the Post reported that the Rubber Industry Smallholders' Development Authority, which facilitates the Malaysian government's rubber-replanting program, was prepared to develop 20,000 hectares of rubber and oil-palm plantations in Cambodia, provided suitable land can be found.

Last month, the Post reported that Prime Minister Hun Sen boasted that the country's rubber industry could soon overtake Vietnam.

That same week, the UK watchdog Global Witness released a report accusing Vietnamese rubber firms of perpetrating a "land grabbing crisis" in Cambodia and Laos.

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