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Capitalising Felda for the future

SECOND Finance Minister Datuk Dr Jamaludin Jarjis summed up the enterprising move to list Felda on the Kuala Lumpur Stock Exchange: "The issue is not asset sales. The issue is creating value. We are not selling Felda. We are unlocking value, taking the benefit and giving it to the people."

As the Prime Minister pointed out in his Budget speech, Felda's listing and the distribution of shares will benefit the settlers, co-operatives, employees and State Governments who have worked hard to make it a success. This will help meet the target of 30 per cent Bumiputera equity in the corporate sector. Felda's present stakeholders should therefore not be too quick to sell out.

Another benefit, as Datuk Seri Dr Mahathir Mohamad said, was that "Felda will be able to tap funds from the capital market and, therefore, will no longer depend on the Government for its financial requirements."

This marks a significant and innovative turning point for the world's biggest plantation owner and manager as it seeks to rejuvenate itself and find new direction. Having settled hundreds of thousands of landless Malays, reduced rural poverty, created small businessmen and produced educated professionals among the second-generation, Felda has had to grapple with the ageing of the settler population, the aversion of their children to farming, and the perennial problem of fluctuating commodity prices.

Now that its original objectives begun by Tun Razak have been reached, the new commercially-g geared Felda will be able to consolidate its holdings, manage them more productively, open up new land, and develop new downstream products.