

Univanich puts roots in Indonesia
Palm oil leader in seed venture. B10**AGRIBUSINESS**

Univanich confirms Indonesian venture

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SET-listed Univanich Palm Oil Plc (UVAN), the country's largest producer of palm oil, will go ahead with a joint venture with an Indonesian partner to develop palm seeds in Indonesia.

The company's board approved its first joint venture overseas yesterday, hoping that growing seeds in Indonesia would reduce the risk of occasional seed-import bans by the Jakarta government, said managing director John Clendon.

"Indonesia is a large consumer of seeds totalling 100 million seeds a year, 60 million of which are planted locally. But the Indonesian government has from time to time intervened by ordering imports to stop," he said.

Mr Clendon said the partner was now buying two million tonnes of seeds from Univanich after the Indonesian government recently allowed the imports.

The joint venture expects to have a plantation area of 2,000 hectares in either Kalimantan or Sumatra with targeted production of 10 million seeds annually.

Under the plan, Univanich would contribute its hybrid pedigree palm oil technology that costs \$3 million with the main investment costs borne by the

Indonesian partner, Mr Clendon said.

"We will further negotiate with them to get a controlling stake of over 50% of the two-party joint venture. We expect to sign the agreement with them in the first half of next year," he added.

While the company expects to export 6-7 million seeds next year, Mr Clendon said exports of palm oil had been slowing, partly because of shrinking demand from abroad.

Univanich stopped exports of palm oil this month due to production disruptions, with a goal to resume in early 2009. Total exports are expected to be slightly higher than 150,000 tonnes this year, he added.

Next year, it also aims to earn more income from the carbon credit business once it receives an approval from the United Nations for its proposal.

Univanich's net profit in the third quarter rose 339% to 522.49 million baht (5.56 baht per share) from 118.9 million (1.27 baht per share) a year earlier. Nine-month profit rose 308% to 1.38 billion baht on rising capacity utilisation.

UVAN shares closed yesterday on the Stock Exchange of Thailand at 59 baht, up 1.50 baht, in trade worth one million baht.