

**Speech by YB Datuk Dr Ewon Ebin  
Minister of Industrial Development Sabah  
Chairman, POIC Sabah Sdn Bhd**

**at**

**Signing ceremony of  
Sale & Purchase Agreements  
Between POIC Sabah Sdn Bhd & Investors**

**Grand Ballroom, Pacific Sutera Hotel  
Kota Kinabalu, 06 Nov 2006**

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1. Good afternoon. Let me begin by expressing our gratitude to Yang Amat Berhotmat Chief Minister of Sabah, Datuk Musa Hj Aman, for gracing this ceremony today. We in the Ministry of Industrial Development consider YAB's presence as a seal of approval and acknowledgement of the progress made by one of the government-linked companies under our ministry's purview.

2. Industrialisation is an important development agenda for Sabah. It is also an integral component of Vision 2020. An economy is not developed if its industrial sector is weak and small. As the minister in charge of industrial development, this afternoon's signing ceremony is a very significant one. It is significant in two ways. Number one is the fact that it has been a while that Sabah witnessed such a sizable block of investment coming into the state at one time. The eight companies who are taking part in today's signing ceremony are about to mobilize a total investment of RM . A number of other investors are in their final stages of their feasibility studies and we expect them to conclude their sale and purchase agreements with POIC Sabah Sdn Bhd before the end of this year.

3. The second reason why today's ceremony is significant is how the companies' investment in POIC Lahad Datu promises to push Sabah's palm oil industry up the value chain. In the process, the palm oil industry in Sabah will be transformed from one that focuses on export of crude palm oil and RBD palm oil to extensive technology-driven, value-adding industries.

YAB, ladies and gentlemen, the Japan External Trade Organisation's Kuala Lumpur office recently predicted that new foreign direct investments from Japan to Malaysia is expected to slow down drastically. This is because Malaysia's rising labour, land costs and a relatively small domestic market are making it less attractive than new investment destinations such as Vietnam and China.

4. Although Sabah may not be on the radar of Japanese FDI, the prediction I mentioned earlier further illustrates the need for us to exploit the natural advantages that we have and go for knowledge- and technology-driven industries.

5. What is being envisaged in POIC Lahad Datu is exactly that, and it is in line with the so-called 'rapid advancement strategy' in Sabah industrial development planning. This strategy essentially means that the products to be produced from POIC Lahad Datu will be two or more stages higher than our present position in the value chain. For a very long time, Sabah's oil palm industry was centred on exporting crude palm oil, refined, bleached and deodised olein, and crude palm kernel oil. The industries that are expected in POIC Lahad Datu will be using these crude oils as feed stock for the production of biodiesel, oleo chemicals, phytonutrients and high-value food products.

6. In my numerous visits overseas with Malaysian trade promotion missions, the concern that was most frequently expressed to me was about infrastructure. Indeed, inadequacy in infrastructure and suitable manpower were the major stumbling blocks to Sabah's industrialization ambition. But these have changed. The road network in the Lahad Datu and its surrounding oil palm growing areas has vastly improved over the years. Under the 9<sup>th</sup> Malaysia Plan, we are to get substantial allocations for the improvement of basic infrastructure such as water, electricity and roads in Lahad Datu. In addition, the State government is undertaking major commitments in the development of POIC Lahad Datu which include a deep sea jetty and a wide range of advanced physical infrastructure such as steam plants and bulking installation.

7. On the manpower front, Malaysia Palm Oil Board has set up the Pusat Latihan Sawit Malaysia (Plasma) in Lahad Datu, and there are seven training and R&D institutions in the vicinity of the Kota Kinabalu Industrial Park. These institutions not only can produce annually more than 10,000 workers trained in various disciplines, they can also customize training courses for individual industry.

8. In a nutshell, I dare say that Sabah is finally ready for investors especially in sectors such as oil palm, timber, fisheries and the like where we have comparative advantages over other investment destinations in the region. Therefore, I am very happy to see this signing ceremony taking place, confirming that industrialization in Sabah is destined for greater achievements in the years to come.

9. Finally, let me congratulate the investors here for demonstrating your confidence in Sabah. I hope your investment will prosper and together as partners, we will also contribute to the betterment of Sabah.

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