

## **POIC has key role in realisation New Economic Model objectives**

KOTA KINABALU, Sun. (Apr 4, 2010) - The state-initiated palm oil industrial cluster project in Lahad Datu (POIC Lahad Datu) is well-placed to play a crucial role in the realisation of the New Economic Model (NEM) or raising income and productivity.

“The core concept of POIC Lahad Datu has been to deepen Sabah’s oil palm industry, using knowledge and technology to value-add to the whole oil palm value chain,” said Datuk Raymond Tan, the chairman of POIC Sabah Sdn Bhd and also the Minister of Industrial Development.

That the palm oil sector has been identified as one of the National Key Economic Activities (NKEA) in the NEM confirms that the Sabah government took the right step in initiating the palm oil industrial cluster project.

He was commenting on the NEM unveiled by Prime Minister Dato Seri Najib Tun Razak in Kuala Lumpur on March 30. The development policy seeks to among others drive the nation out of the so-called ‘middle income trap’. It sets a goal of lifting Malaysia’s per capita income from the current US7,000 (RM23,100) to US15,000 (RM49,500) in 10 years.

POIC Lahad Datu was launched in 2005. The project aims to leverage on Lahad Datu’s central location in Sabah’s billion-ringgit oil palm industry and a natural deep harbour. An initial phase of 1,150 acres has been developed with full infrastructure and has attracted 25 Malaysian and foreign investors with an investment value of over RM1.8 billion. A new phase covering over 3,000 acres is being developed. Earth works at the initial parcel of 500 acres is due for completion later this year.

A dry bulk cargo jetty is due for completion in 2012 to service a cluster of seven fertilizer plants under various stages of development in POIC Lahad Datu. With a combined annual capacity of about one million tonnes, this cluster is at present the biggest of its kind in Malaysia. More investors are expected to be attracted to POIC Lahad Datu because of the projected massive expansion of oil palm plantation in the BIMP-EAGA territories, particularly in the Indonesian provinces of Kalimantan and Irian Jaya.

Datuk Raymond welcomed the NEM, which revolves around three principles of higher income, sustainability and inclusiveness.

“POIC attracts downstream industrial activities along with the value-adding industrial continuum. We have also adopted a development approach which advocates balanced and sustainable development, for example, our strive towards Green Port status for POIC Lahad Datu.

“While we focus on knowledge, technology and capital intensive investments, we also have a programme to promote SME (small medium enterprises) participation,” he said, adding that a SME cluster is included in Phase 3 of POIC Lahad Datu’s development.

Illustrating the relevance and timeliness of the POIC concept, the Minister said the project has been recognised as a pioneering NEM vehicle in Sabah and its request for funding under the Sabah Development Corridor and the 10<sup>th</sup> Malaysia Plan (2011-2016) have been well received.

“The NEM wants to address regional imbalance in development, whether it is between Peninsular and east Malaysia, or between the west coast of Sabah and the east coast.

“Everything that POIC has succeeded in pushing for so far and is still pushing for is relevant in addressing the imbalances. These include the need for a new and larger airport in Lahad Datu, the proposed railway line linking the east coast, improving the road infrastructure, the longstanding problem of power and water supply, and the need to improve shipping access and facilities.

“Our move to develop Lahad Datu into an international maritime hub and a regional hub for vegetable oils will also bring the national attention and thus the funding needed to catapult Sabah in general, and the east coast in particular, into the new era of balanced development and equal opportunities envisaged in NEM.”

On the NEM’s vision of Malaysia becoming a ‘green hub’, Datuk Raymond said POIC Lahad Datu is set to be a big-part player because of its stated objectives in promoting renewable energy (fuel and power), biofertilisers and utilisation of oil palm biomass.

“We already have a cluster of biodiesel factories (progress hindered by rising crude palm oil prices). One of our investors is a Korean company who is setting up a combined heat and power plant fuelled entirely by biomass, and a large part of our first parcel of development in Phase 3 is dedicated to biomass-based industries. Furthermore, we already have numerous inquiries from biofertiliser manufacturers and we are quite positive about their eventually investment in POIC Lahad Datu.”

He added that POIC Lahad Datu will look into initiatives that will make it a leading organization in Sabah that promotes ‘green jobs’ so that it can grow to become an influence for change in oil palm’s upstream sector often maligned by environmental groups.

Datuk Raymond, who will lead investment visits to China and Singapore in the coming weeks, is confident that the position of POIC Lahad Datu and Sabah’s oil

palm industry in the economic development of Sabah will be further strengthened by virtue of the fact that oil palm now an NKEA sector.

“This underlines the important role that POIC Lahad Datu could and should play under the NEM. We will use this opportunity to seek new and special incentives to attract anchor industry players to come into POIC Lahad Datu.

“We will also use this momentum to attract local and foreign research-based institutions and companies to set up centres to do research, to design and to commercialise the many technologies we have in relation to oil palm.”

Under the Sabah Development Corridor development blueprint, POIC Lahad Datu has proposed to set up a research and innovation laboratory in phase 3 of its development.

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