

POIC port set to unlock economic potentials

KOTA KINABALU: The recently completed POIC container terminal at Lahad Datu is set to unleash the massive economic potentials of the east coast of Sabah, including the possibility of making the district become successful like the port of Rotterdam.

The container terminal, the first in Sabah equipped with ship-to-shore cranes, completes the picture of Sabah's first comprehensive port infrastructure with specific terminals for liquid and dry bulk, cargo, barge landing for roll-on-roll-off cargo and containers.

"These facilities in one place (Lahad Datu POIC) is needed to support an industrial take-off of the oil palm industry, and to truly open up the region on both land and at sea as the Prime Minister (Datuk Seri Najib Tun Razak) visualised when he first visited POIC Lahad Datu in 2012 and subsequently approved the container terminal project," said Datuk Dr Pang Teck Wai, Chief Executive Officer of POIC Sabah Sdn Bhd, the State-owned company that develops POIC Lahad Datu and operates the port.

POIC Lahad Datu is set up to primarily develop oil palm downstream industries, leveraging on Sabah's 1.55 million hectares of oil palm, most of which are located in Sabah's east coast.

Pang said most of the downstream oil palm products, especially those from the oleochemical plants, require containerisation for export.

Biochemicals, the export of which will also require containers, are being developed at POIC Lahad Datu with Malaysian conglomerate Genting Bhd leading the way with its United States technology partner.

The POIC container terminal has been on the wish-list of existing and potential investors of POIC Lahad Datu who desired a container-capable port for their export needs.

There are 20 oleochemical plants in Malaysia but none in Sabah although it is the biggest palm oil producing State in the country with 6.5 million tonnes per year of crude palm oil.

"Oleochemical investors have stayed away waiting for us to provide a container port. We are now ready to unlock this bottleneck and open the door to billions of ringgit in investments," said Pang.

The planned capacity of 50,000 TEUs (twenty foot equivalent units, short for con-



The POIC container port equipment.

tainers) takes into consideration how the POIC port will open up to the rich resources in the Southern Philippines, Kalimantan, Sulawesi, Papua New Guinea and the Northern Territory of Australia.

The strategy is to secure resources in the BIMP-EAGA territories, consolidate these in POIC for value-adding or use POIC as the consolidation hub for raw or semi-processed materials. The geographic centrality of POIC in East Asia and our natural deep harbour give many advantages in bulk cargo handling.

The amalgamation of the raw materials has the potential of attracting investors to go into downstream processing for resource-deficit developed economies such as China, Japan, Korea, Taiwan and Hong Kong.

Pang also alluded to the potential of the Lombok-Makassar Straits as a major global shipping lane in the near future. The shipping lane passing by POIC Lahad Datu, gives rise to massive opportunities in bunkering and ship-related business much like Singapore benefiting from vessels using the Straits of Melaka.

The container terminal also opens up the palm oil and oil palm biomass potentials in Sabah. This can potentially translate into a RM200 billion, industry which is about three times the size of Sabah's economy currently.

No other economic sector in Sabah possess such a scope in terms of job opportunities, economic linkages and business

opportunities in creating new wealth.

When the oil palm industry goes further downstream, it means the creation of high-wage jobs. It would mean that graduates from schools, polytechnics, skills development centres, training institutes both specialised and general, and universities are likely to secure jobs in this industry.

"It would mean that for the very first time in Sabah's economic history there will be business opportunities at a scale never before seen in Sabah," said Pang. This is sufficient to lay the industrial base needed to transform Sabah towards becoming an industrialised, developed and high-income economy. The container port is a game-changer.

Pang sees oil palm and logistics anchoring Lahad Datu as the largest industrial city in Sabah in the next 25 years, much like what the Port of Rotterdam is to the City of Rotterdam, Netherlands, where much of its wealth, revenue, jobs and business opportunities are created and sustained by the activities of the port.

Like the port of Rotterdam emerging from a tiny fishing village, and Singapore rising from a resource-less city state to one of the world's biggest port, Lahad Datu with its deep-waterport, a strategic location within BIMP-EAGA and lying along the Lombok-Makassar shipping route, possesses the ingredients to be the Rotterdam of the East (a conclusion by a study by Port of Rotterdam).