

PRESS RELEASE

KOTA KINABALU, Mon. (Mar 8, 2010) - Sabah and Indonesia's Kalimantan provinces should be packaged as one investment destination and a secretariat to handle inquiries has been proposed.

"Sabah and Kalimantan can work together to leverage on their prominence in world palm oil production," said Industrial Development Minister Datuk Raymond Tan.

For this to happen, a joint secretariat is desirable for government officials and business groups on both sides of the Borneo border to develop an investment data base, encourage interaction and collaboration.

The views are shared by Indonesian Consul-General in Sabah, Soepeno Sahid, during a meeting with Datuk Raymond and officials from POIC Sabah Sdn Bhd at the Indonesian Consulate here last week.

"We can also try to tap our neighbour Brunei's financial resources to make oil palm a truly BIMP-EAGA business," Datuk Raymond said in his briefing on investment opportunities in Sabah, with special focus on the oil palm sector.

He said that Borneo, including Sarawak, will become increasingly important globally because much of the world's future palm oil supply will be of Borneo origin.

Indonesia is the biggest palm oil producer in the world, accounting for 45% of global production. Malaysia is a close second with 44%. Increasingly, Indonesia's new oil palm plantations will be in the Kalimantan provinces of East, West, South and Central Kalimantan. These provinces are expected in the next decade to have some five million hectares of oil palm.

(Malaysia had about 4.5 million ha of oil palm in 2008, of which 1.3 million were in Sabah, which is Malaysia's top palm oil-producing state.)

Datuk Raymond said the palm oil industrial cluster in Lahad Datu (POIC Lahad Datu) was conceptualized with an intention to source vegetable oils (palm oil and coconut oil) in the BIMP-EAGA territories for value-adding at Lahad Datu. The key rationale is the existence of a

natural deep-water harbour of over 20 metres than can accommodate ocean-going tankers and container-carriers of over 100,000 deadweight tons.

Most harbours in the BIMP-EAGA region are not deep enough for larger capacity vessels, which provide for economy of scale and savings on shipping cost.

Mr Sahid said the oil palm sector can become the common denominator for Sabah and Kalimantan to work to fulfill the objectives of BIMP-EAGA as a sub-region of growth in Asean.

He invited Sabah government officials and businessmen to visit the Kalimantan provinces to explore the development of bilateral investment.



Datuk Raymond Tan presenting a book on Sabah to Consul-General of Indonesia Soepeno Sahid in Kota Kinabalu last week.

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