

Sabah's largest single investment

Larry Ralon

KOTA KINABALU: A RM13 billion plant – the biggest ever single investment in Sabah – is expected to be set up at the Palm Oil Industrial Cluster (POIC) Lahad Datu.

This is the essence of the term sheet signed between State-owned POIC Sabah Sdn Bhd, the developer of POIC Lahad Datu, and Burel Industries Sdn Bhd in a ceremony witnessed by Chief Minister Datuk Seri Mohd Shafie Apdal at the State Government Administration Centre, here, Wednesday.

Burel Industries is a partnership of Swiss, Saudi, Chinese and Malaysian interests. The plan is to set up a petrochemical plant at POIC Lahad Datu to process naphtha, a petroleum by-product, into a variety of petrochemical products for the world market.

Burel Industries has secured a long-term supply of naphtha from a Saudi source.

The investment envisages some two million tonnes of the petrochemical products to be shipped overseas via about 70,000 containers a year as well as some products through POIC's liquid bulk jetty.

POIC Lahad Datu has a container terminal as well as terminals for liquid and bulk cargo which have been in operation since 2013.

POIC Sabah CEO Datuk Dr Pang Teck Wai signed for POIC Sabah, while Burel Industries was represented by its Chairman Per Brandtzag.

Congratulating the Malaysian Investment Development Authority (Mida) and POIC Sabah for having succeeded in bringing in Burel Industries to explore the possibility of a multi-billion ringgit investment in Sabah, Shafie hoped the signed term sheet, which contains an agreed set of major terms and conditions between POIC Sabah and Burel, will pave the way for the eventual realisation of the mammoth project.

"With Burel, I see an emerging indus-

trial direction in Sabah, something that the Warisan-led Government is pursuing.

"Chemicals have become Sabah's single largest key industrial sector and likely to be so going forward.

"To date, the largest single investment in Sabah is Samur in Sipitang Oil and Gas Industrial Park (Sogip), a petrochemical plant.

"Our natural gas has been the driver for other large successful industries in Sabah as in the Labuan Methanol and HBI plants," he said.

He said in the area of palm oil, the single largest plant is the RM2 billion biochemical Genting plant, also located in POIC.

"Indeed, the most and largest sustainable and successful industrial plants in Sabah have been the palm oil refineries and palm oil mills.

"Chemicals, whether from fossil source or oil palm, will continue to be the single largest and most important industrial sector in Sabah...Burel adds to that industrial importance," said Shafie.

Deputy Chief Minister-cum-Trade and Industry Minister Datuk Seri Wilfred Madius Tangau, who was also present, said the investment will have a significant impact on POIC Lahad Datu which, by anchoring on its comprehensive port infrastructure and strategic geographical location, is hoping to develop Sabah's east coast into a regional and international logistics, shipping and industrial hub.

Burel Industries has obtained Malaysian Government approval for its project, he said, adding it has also signed a 20-year supply agreement for naphtha, as well as having secured several tranches of funding needed for the Lahad Datu investment.

"Although Burel's plan is to process raw materials brought into Sabah, the investment will have a notable impact in terms of job creation and transfer of technology, not to mention the impact on the port logistics and expansion of outgoing cargo volume.

"As such, my Ministry supports the investment, much like how Korean government's explicit support for the anchoring roles of the many world-dominating conglomerates such as Samsung and Hyundai," he said.

He also said his Ministry has set up a number of special task forces which seek to redefine the State's industrialisation priorities with a hope to hasten its development.

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Shafie (centre) and others witness as Pang and Brandtzag exchange documents.

Sabah chosen because of ideal location

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"Indeed industrialisation is an important agenda of the State Government under the Chief Minister's leadership.

"Hardly a State Cabinet meeting went by without the agenda being emphasised, and how important it is for every apparatus of the Government, from water supply to power supply authorities, to ministries and government-linked companies and agencies, to embrace the agenda.

"One main target in the agenda is to attract foreign investments to broaden the economy via value adding to our natural resources," he said.

Brandtzag, in his speech, said Burel chose Sabah because of its ideal location and the favourable investment plans offered.

He said the plant, once operational, would provide up to 1,000 job opportunities to the people in the State.

State Secretary Datuk Seri Hashim Pajjan, Burel Industries Director Guna Mahalingam, Strategic Swiss Partners Global (Energy) Solution, Gmbh, President Datuk Benjamin Reynauld, Rawda Group – Saudi Arabia Chairman Dr Mashhoor Ali Al-Madodi and CMC Vice President Kang Hui-biao, among others, were also present.