

POIC port registers 1m tonnes



LAHAD DATU: When the port at POIC here recorded cargo throughput of one million metric tonnes recently.

The figure attests to the vision of the State Government in the shipping potential in Sabah's east coast. The volume was achieved despite the technicalities that restricted POIC's customers to only investors within the industrial park when its port operations began in 2013.

Its bulk terminal, complete with a conveyor belt system, has contributed to the emergence of a major fertiliser cluster comprising more than 11 major brands in the business. The cluster, of which 7 are now operational can produce 1.3 million tonnes of mixed fertilisers per year.

A state-of-the-art liquid terminal is linked by a pipe rack to all major oil-based investors in the park. This means investors can pump oil direct from factory to ship. This lowers the cost of doing business in POIC.

"The volume, and it has been increasing yearly since 2013, attests to the fact that the economic condition in Sabah's east coast is favourable and is growing," said Datuk Dr Pang Teck Wai (pic), Chief Executive Officer of POIC Sabah Sdn Bhd which is developing POIC Lahad Datu and operating the POIC port under its wholly-owned company, POIC Logistics Sdn Bhd.

Three port components are now in operation – the 13 metre deep bulk terminal, the 20-metre deep oil terminal and the barge landing point. The fourth component, the just completed container terminal, will be in commercial operation in a few months time, making POIC Lahad Datu a one-of-a-kind industrial park with a comprehensive set of port infrastructure within easy access of the park. The designed capacity for the container port equipped with 2 STS cranes is 50,000 TEUs per year which can be expanded fairly easily when the need arises. The water depth is good to receive Panamax size vessels.

"This is the way the government has planned it," said Pang, an economist. "It saw the potential of Lahad Datu being developed into an industrial port city anchored in oil palm but with a port capable of servicing the region and be a major player on the Lombok-Makassar shipping route."

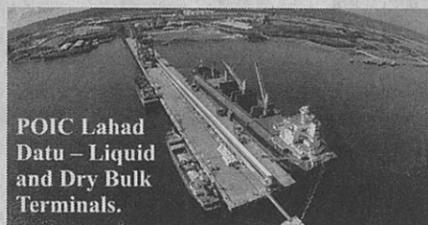
With the completion of POIC's set of ports, Lahad Datu is emerging as Sabah's key port city. As it is the Lahad Datu coastline now hosts POIC's ports, Kwantas private port, SPSB port as well as jetties catering for Esscom and fishing boats; all of which are within a few km of the coastline.

No other location in Sabah has such port facilities complimented by natural deep waters without the need for dredging unlike some other ports.

"In time to come, especially with the downstreaming of the palm oil industry, Lahad Datu will resemble the city of Rotterdam, a rich, dynamically growing, high income city with much of its business and job opportunities deriving from port-related activities", said Pang.

Sabah has about 1.6 million hectares of oil palm, making it the largest palm oil producing state in Malaysia. Siting the POIC at Lahad Datu was an easy decision because of its proximity to resources, but also because of the natural deep harbour of Lahad Datu which could reach up to 25 metres within a km from the shoreline. A 25 metres water draft can berth the very large cargo carriers (400,000 DWT).

The Sabah Government set up POIC in



POIC Lahad Datu – Liquid and Dry Bulk Terminals.

2005 to promote downstream palm oil-based industries in order to add value to the commodity, attract technology transfer that create quality jobs and generate new wealth.

The National Biomass Strategy (NBS) as well as the Oil Palm NKEA (National Key Economic Area) has identified Lahad Datu as the nation's hub for the development of second generation biofuel.

With about 30 million tonnes of biomass and six million tonnes of crude palm oil produced in Sabah annually, the sector if it is transformed to produce very high value products has a potential economic value of up to RM200 billion, which is about 3 times that of the current state GDP. When fully realised, oil palm downstream processing industry alone can possibly generate over 100,000 jobs.

"What Sabah must do with palm oil is to deepen it which we did not do with timber and cocoa. We were once prominent world producers of the two commodities but today we haven't much to show for."

In fact the cocoa industry, once the fourth largest in the world is now almost non-existent. We should not miss the opportunity with oil palm," said Pang.

Lahad Datu is located at the centre of the BIMP-EAGA sub-region of Asean with a population of more than 650 million. This region is expected to be, on its own, the major producer of the world's palm oil in the next decade. The region, comprising Indonesia's Kalimantan provinces and Sulawesi, Sabah and Sarawak are also producing cocoa, rubber, marine resources, coal and petroleum. They are producing commodities much in demand globally. Southern Philippines, another territory of BIMP-EAGA, supplies lauric oil (from coconuts), minerals and marine resources to the world.

Based on its superior infrastructure and geography, POIC Lahad Datu sees itself as an ideal processing centre, whether for finished products or raw materials, for the rich BIMP-EAGA. The Lombok-Makassar Straits could replace the Straits of Melaka as world's main sea trading lane, according to *shp-andbunker.com* quoting Indonesian Coordinating Minister of Maritime Affairs and Natural Resources Rizal Ramli in 2016.

Supported by satellite ship movement maps by UCL Energy Institute and London-based Kiln, he showed that the Lombok-Makassar Straits (sandwiched between Borneo island and Sulawesi) whose route passes Sabah's Dent Peninsula, as a busy shipping lane. The Indonesian minister may have been overly enthusiastic, but the fact shows the potential. With a world now scrambling for resources, especially renewable types, the territories that POIC Lahad Datu could service represent a big-ticket item.

The geographic location, the largest potential land available for industrial development, a comprehensive port infrastructure at POIC Port coupled and the natural deep harbour capable of accommodating the largest ships in the world have combined to put it ahead of potential competitors of the Lombok-Makassar shipping lane.