

20 Indo to take a majority stake in massive gold, copper mines

21 Oil and gas industry gaining momentum, more biddings globally

POIC embarks on strategy

KOTA KINABALU: State-owned POIC Sabah Sdn Bhd has adopted a four-prong business strategy to help the state achieve developed status by 2035.

The strategy will open up economic potentials in Eastern Sabah region. This translates into enormous investment possibilities in logistics, shipping and manufacturing.

"The process will transform eastern Sabah, particularly the Lahad Datu palm oil industrial cluster (POIC Lahad Datu) into a new economic growth centre of Sabah," said Chief Executive Officer of POIC Sabah Sdn Bhd, Datuk Dr Pang Teck Wai, at the 16th Asean Ports & Shipping Conference in Johor on Wednesday.

The 3-day international conference was hosted by Johor Port.

Dr Pang, who briefed Chief Minister Datuk Seri Mohd Shafie Apdal last month on the plans and ambition of POIC Lahad Datu, was sharing the company's latest business plan in public for the first time.

He said the four-prong strategy comprises

- Creating industries to generate cargo volume
- Leverage on geographical location to develop POIC Lahad Datu as logistics and bulk-breaking hub of Asean
- Capture logistics potentials of the Lombok-Makassar Straits, which is Asia's second busiest shipping route after Straits of Malacca

- Promote the region east of Sabah as Asia's last major resource frontier and the importance of POIC Lahad Datu in this scenario.

Pang pointed to the comprehensive port infrastructure available at POIC Lahad Datu, the natural deep harbour and Lahad Datu's strategic geographical location as what qualifies Lahad Datu as the future logistics hub of the vast region.

The government began developing POIC Lahad Datu in 2005. It has attracted a global presence of investors with a portfolio of more than RM2.4 billion. Along with the industrial park development, the cluster has also developed a dry bulk jetty, a liquid jetty, a barge berth and a container terminal.

"And they are located along a busy Lombok-Makassar Straits, and a naturally deep harbour, one of the deepest in the world, that can accommodate vessels up to 200,000 deadweight tons," he told the conference in his presentation 'Role and Opportunities of POIC Port in Asean Trade & Development'.

Dr Pang, an economist, said POIC Sabah's main thrust is in the promotion of industries, particularly oil palm-related value-adding manufacturing.

"We believe that only through industrialisation that Sabah can get out of the middle-income trap," he said.

He asserted that oil palm is a handful of sectors that has the size, volume and



Third from right: Dr Pang with Dato' Sri Che Khalid Mohamad Noh, Group Managing Director of Johor Port and Dato' Azman Shah Mohd Yusof, CEO of Northport (Malaysia) Sdn Bhd (second from left).

global demand that can be developed to transform Sabah's economic landscape.

"We produce more than six million metric tonnes of crude palm oil a year. What we need is to retain about half of it for downstream value-adding, and combined with the large volume of oil palm biomass, we can be looking at adding some RM200 billion to our economy."

Referring to recent statements from State ministers about the prospect of pushing manufacturing's share of the state GDP to 35pc (it is about 8pc currently), Dr Pang said it would take a massive economic sector like oil palm to narrow the gap.

He said the territories of Kalimantan, Sulawesi, Irian Jaya, Southern Philippines, Sabah and Sarawak, once known as BIMPEAGA, combined to be the last frontier of many natural resources from oil & gas, coal, marine and agricultural resources.

"It will require a safe shipping lane, excellent port facilities to amalgamate and move these resources, and also industrial parks of the POIC standard to enable value-adding."

"The Lombok-Makassar Straits will do to POIC Lahad Datu what the Straits of Malacca has done to Singapore, opening up investment opportunities in the entire value chain of logistics."



One of MSM's refining facilities.

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