

Korean firm eyes Sabah for bio-butanol plant

KOTA KINABALU: South Korean conglomerate GS Caltex, the country's second largest oil refiner, is looking to Sabah for the setting up of the world's first commercial plant to produce bio-butanol.

The project is said to have an impact on Malaysia's industrialization.

The company, jointly owned by the G S Group of Korea and American oil giant Chevron, signed a Memorandum of Understanding in Putrajaya yesterday to conduct a study on the feasibility of producing bio-butanol from biomass in Sabah.

The company supplies one-third of oil needs in Korea and is pursuing a renewable fuel agenda in cognizance with the Korean government's drive to balance its carbon footprint by 2030.

The signing with Malaysia-based Biomass Green Technology (BGT) was witnessed by Datuk Nancy Shukri, Minister in the Prime Minister's Department and Korean Ambassador to Malaysia, Yu Hyun-Seok. It was facilitated by Agensi Inovasi Malaysia (AIM), the main driver of the National Biomass Strategy (NBS) 2020.

NBS, which was launched in 2011, has identified Sabah as the national hub for the production of second generation biofuel leveraging on the availability of large volume biomass, especially from the oil palm industry.

The production of bio-butanol, a type of biofuel identical to fuel from fossil sources, involves the extraction of sugars contained in biomass.

The Sabah government has been actively promoting the utilisation of biomass to generate industrial activities.

At the state-owned palm oil industrial cluster at Lahad Datu, a biochemical cluster



Dr Do (second right) of GS Caltex in discussion with Datuk Dr Pang Teck Wai, CEO (third left) of POIC Sabah Sdn Bhd and John Kung (third right) of BGT at Putrajaya yesterday.

is developing anchored by a RM2 billion investment jointly owned by Malaysia's Genting Group and an American technology owner, Elevance Renewables.

In a speech delivered at the signing, Sabah Minister of Industrial Development Datuk Seri Raymond Tan Shu Kiah hoped that the entry of GS Caltex into Sabah would bring into fruition the years of State government's efforts in the development of biomass.

His speech was delivered by his Assistant Minister Datuk Bolkiah Ismail.

Tan, who is a chairman of the steering committee of the Sabah Biomass Industry Development Plan (SBIDP), said steps were being taken to give SBIDP and its custodian agencies the legislative muscles to realise the potentials in biomass.

The sector is estimated to be able to generate RM13.5 investments, add RM3 billion to

the Sabah GDP and create 16,500 job opportunities.

Herelated the state's experience in trying to match investors with biomass owners. Among the initiatives were the biomass joint-venture cluster concept that encourages biomass owners to come together to aggregate biomass and the setting up of satellite collection centres to ensure volume and logistics efficiency.

"We are committed to developing our biomass and we welcome the prospects of having GS Caltex investing in Sabah.

"Meanwhile, Ambassador Yu said the proposed bio-butanol plant in Sabah was a win-win proposition for both GS Caltex and Sabah.

Commenting on the signing, Nancy said the role played by Federal agencies such as AIM in working towards realizing the goals of NBS 2020 was an illustration of the Federal Government's commitment

towards developing Sabah and narrowing its income gap.

She said Sabah plays an important role in Malaysia's ambition to become the centre of biomass investment ecosystem and value chain in Southeast Asia.

Earlier in his briefing, GS Caltex's Senior Vice President, Dr Do Young Seung, said his company considers biomass-based industry as the 'new paradigm'.

In a research that has taken 10 years, the company has gone from a pilot bio-butanol plant to a demo plant, and is hoping to put up the world's first commercial bio-butanol plant in Sabah.

BGT's Chief Executive, John Kung, said the bio-butanol plant, when realized, would have tremendous implication on Malaysia's economy and become a significant contributor to the national GDP.