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Palm oil hub puts Sandakan on the map

Sandakan Port, which already handles 40% of Sabah's palm oil exports, is poised for huge growth as the region begins development of a two-phase palm oil industrial cluster. Sawit POIC writes

The state of Sabah, which has the largest planted oil palm area in Malaysia, has the potential to become a leading regional hub for the oil palm industry. Three areas have been designated to be developed as a Palm Oil Industrial Cluster (POIC) in Sabah – Lahad Datu, Sandakan and Kimanis.

The targeted industries in this cluster include refineries, biodiesel plants, bulking installation, oleochemicals and packaging plants.

The Sabah state government has entrusted Sawit Kinabalu Berhad Group (Sawit Group) through its wholly owned subsidiary – Sandakan Bulkers Sdn Bhd – to spearhead the development of the POIC in Sandakan, also known as Sawit POIC. Sawit Group is an investment arm of the Sabah State Government and has been involved in oil palm plantations for more than 30 years. Incorporated in 1996, the group owns about 75,000ha of planted oil palm and eight oil palm mills.

Location

The proposed Sawit POIC is located approximately 14km from the Sandakan city centre and 8km from the existing Sandakan Port. The total area earmarked is about 1,120ha. This area will be developed in two phases – 400ha in Phase 1 and 720ha in Phase 2. Preliminary construction work for Phase 1 was scheduled to begin in November 2006. About 200ha will be available for sale.

Sandakan is a strategic area for POIC in view of its location in relation to the oil palm plantations around the district, as well as to the West Coast division of Sabah and the Interior division, in the area of Labuk-Sugut and Paitan.

Currently, about 40% of Sabah's total palm oil exports go through Sandakan Port, and the volume of exported commodities is expected to increase. The port also handles palm oil from Kalimantan, Indonesia, and lauric oils from

Mindanao in the Philippines.

In the context of the international market, Sandakan is poised to be a strategic location for the Far East region, which includes Hong Kong, Japan, Taiwan and China. Sandakan Port has the natural physical advantages of deep water and a sheltered harbour.

Logistics

The Sawit POIC will be developed as a well planned and integrated industrial park, incorporating modern infrastructure, utilities and amenities. In addition, the industrial park will be equipped with common, convenient handling facilities for export and import of products through a modern liquid cargo jetty. The infrastructure is scheduled to be completed by the middle of 2008.

Sawit POIC has attracted the interest of local as well as international investors. The company is already in preliminary discussions with potential investors regarding the setting up of a refinery and biodiesel plant.

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