SABAH: INVESTMENT OPPORTUNITIES IN THE MANUFACTURING SECTOR
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MIDA INVEST SERIES:
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Advantages Possessed by Sabah
Department of Industrial Development And Research Sabah (DIDR)

- DIDR was formed in 1977, one of the 6 agencies under the Ministry of Trade & Industry, Sabah (MTI).

- DIDR is entrusted with the responsibility of promoting and coordinating industrial development in Sabah.

- The mission of the department is to promote development through planning and research, investment promotion and provision of industry services.
Main functions of DIDR:

• Investment promotion
• Development of SMI
• Investment facilitation
Land Area – 73,711 km²
Coastline – 1,450km
Population – 3.90 million

Sabah is the second largest state in Malaysia.

Bahasa Melayu – Official Language

Chinese & English – Widely Spoken

Islam – Official Religion but nation’s constitution guarantees freedom of worship

Introduction
GDP (2016) Purchaser's Price: RM 73.7 Billion
GDP per capita: RM 21,081

GDP (2017) Purchaser's Price: RM 79.9 Billion
GDP per capita: RM 23,979

Introduction

Sabah Economy
Sabah Economy Dominated by Primary Sector

- **SERVICES**: 39.9%
- **AGRICULTURE**: 18.7%
- **MINING & QUARRYING**: 31.3%
- **MANUFACTURING**: 7.3%
- **CONSTRUCTION**: 2.8%

GDP STRUCTURE BY SECTOR 2017
Introduction

Approved investments in manufacturing sector

- 2016 – RM 2.13 billion
- 2017 – RM 0.78 billion
- 2015 – RM 0.35 billion
Introduction

Sabah Economy

Total External Trade – RM 80.48 billion
Total Export – RM 51.75 billion
Total Import – RM 28.73 billion
Introduction

Sabah Economy

Sabah Export Destination

5 largest export market in 2017
- India, Australia, China, Singapore, European Union (EU)

5 largest import sources in 2017
- China, USA, European Union (EU), Singapore, Thailand

Sabah Sources of Import
Introduction

Sabah Main Exports 2017

- Crude Petroleum: RM 21.19 billion
- Palm Oil: RM 13.67 billion
- Palm Kernel Oil: RM 2.86 billion
- Methanol: RM 2.57 billion
- Plywood Plain: RM 1.02 billion
- Palm-based Oleo chemicals: RM 761 million
- Sawn Timber: RM 355 million
- Marine Products: RM 364 million
Introduction

Sabah Main Imports 2017

- Iron Ore Steel bars, Rods etc RM 306 million
- Refined Petroleum Products RM 2.865 billion
- Moto Cars, Completely Built-up RM 1.12 billion
- Fertilizers, Manufactured RM 1.032 billion
- Motorbuses & Good Vehicles RM 828 million
- Tubes, Pipes, Hollow Profiles & Fittings of Iron or Steel RM 366 million
- Other passengers motor vehicles RM 585 million
- Rice RM 359 million
Resource-Based Industries

Oil and Gas Industries

Oil Palm / Palm Oil Industries
Targeted Sectors

Oil Palm / Palm Oil Industries

Government initiatives to drive the oil palm / palm oil development in Sabah
Targeted Sectors

Sabah expected to be the biggest producer of oil and gas for nation

Sabah oil and gas terminal undertaken by Petronas Carigali

Possible frontiers for us

Establishment of Sipitang Oil and Gas Industrial Park (SOGIP)

Oil and Gas Industries
Other promoted industries

- Automobile
- E&E
- Non-metallic Minerals
- Machinery & Equipment
- Ship & Boat Reconstruction
- Mould & Dye
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Strategic Location & Importance of BIMP-EAGA

- Easy Accessibility & Gateway to Borneo/BIMP-EAGA

- Good Quality of Life

- Endowed with abundant natural resources

- Transhipment Hub of the East

- Availability of modern industrial facilities

- Government Emphasis on SME Development

Advantages Possessed by Sabah
Endowed with abundant natural resources:

- Oil palm as the major agricultural crop
- Other crops include rubber, cocoa
- Oil and gas

Advantages Possessed by Sabah
BIMP-EAGA

- Land area of 1.54 million square kilometers
- Population of more than 60 million people

Strategic Location & Importance of BIMP-EAGA

Advantages Possessed by Sabah
Easy Accessibility & Gateway to Borneo / BIMP - EAGA

Advantages Possessed by Sabah
Government to develop Sapangar Bay Container Port (SBCP) Transhipment Hub of the East

SBPC expected to be at par with other ports such as Pulau Pinang and Johor by 2030

Advantages Possessed by Sabah
Establishment of Industrial Clusters such as Kota Kinabalu Industrial Park, Palm Oil Industrial Clusters in Lahad Datu and Palm Oil Industrial Clusters in Sandakan

Availability of Modern Industrial Facilities

Advantages Possessed by Sabah
Providing entire value chain to assist micro companies to grow from one producing small local snacks into an exporter.

Under the SME development program:
- Capacity enhancement through technology is one key area
- Improve design and packaging
- Obtain accreditation such as MESTI, HALAL, GMP and HACCP

Government Emphasis on SME Development

Advantages Possessed by Sabah
To facilitate SMEs to market their products in local supermarkets, MID has set up the Shared Services and Outsourcing Center (SSO) at KKIP. The function of SSO is to address issues faced by SMEs such as logistic cost, storage facilities problems and other requirements by the local supermarkets including bar coding, listing fees, etc. DIDR also assists SMEs to penetrate into international markets by participating in international expositions such as Dubai, China, Korea, Japan and ASEAN countries.
Good basic infrastructure
Clean and refreshing atmosphere
Good Quality of Life

Advantages Possessed by Sabah
Scenic Beaches
Good Quality of Life
Advantages Possessed by Sabah
Thank You
Kota Kinabalu Industrial Park (KKIP)

Kota Kinabalu Industrial Park (KKIP) is one of the State Government’s initiatives to develop the industrial and manufacturing sector in Sabah. Developed and managed by K.K.I.P. Sdn. Bhd., Kota Kinabalu Industrial Park is designed to be a modern integrated self-contained township that offers a comprehensive mix of investment, commerce, residential, and leisure opportunities.

TOTAL DEVELOPMENT
663 buildings constructed (factories, utilities, shops & houses)
Total investment of RM3.048 billion; Job creation of 9,478.

INDUSTRIAL SECTOR CONTRIBUTION
229 factories, Total investment of RM1.443 billion, Job creation of 7,420

The balance of KKIP industrial land is 650 acres and the balance industrial area shall be developed as a Free Economic Zone (FEZ).

NEW INITIATIVES
Automotive & related industries; Halal & Food products; Aerospace MRO and components manufacturing; Biotechnology related products; Logistics; and other high value added products and/or export oriented products.

Strategic Location

Located north of Kota Kinabalu, 20km to the capital of Sabah, 7km to Sepanggar Bay Container Port, KKIP is also strategically positioned within BIMP-EAGA area.
A wholly-owned entity by the Sabah state government, was set up in January 2005 to develop POIC Lahad Datu to spearhead the State industrialization efforts starting with PO Industry, to create jobs and investment opportunities.

- 4,252 acres of integrated industrial complex designed to cater to light, medium and heavy industries beyond oil palm industry such as oil & gas, port & logistics, bio-refinery, halal clusters, aquaculture & agriculture sector.
- POIC Lahad Datu is the first comprehensive industrial cluster in this region of port development plus industrial land.
- Total of 1,700 acres are fully developed to-date.
- POIC Lahad Datu has created 2,386 employment with investment value of RM3,448.6 Billion thus far.
POIC Ports – Managed by subsidiary POIC Logistic Sdn. Bhd.

- Can cater up to 100,000 dwt
- 20m draft
- 7 berths

- Can cater up to 30,000 dwt
- 12.8m draft
- 4 berths

- Can cater up to 65,000 dwt
- 15m draft

- Strategic shipping route and close to resource rich countries, making it an ideal transshipment hub.
- Strategically located with the proximity to the South East Asian and BIMP-EAGA markets.
- Market access- Centre of South East Asia market and beyond.
- Natural deep water seaport with 20 meter depth of sheltered Harbour.
- Surrounded by existing cluster of POM & key PO industrial players
- Home to the Largest Fertilizer Cluster with 1.3 million MT combined capacity at POIC Lahad Datu.
SAWIT PALM OIL INDUSTRIAL CLUSTER, SANDAKAN

- Sawit Palm Oil Industrial Cluster is a fully integrated industrial park dedicated for palm oil downstream activities.
- Strategically located in Sandakan in north-east Sabah, a major export outlet for palm oil.
- A two-phased development of industrial land for oil palm downstream.
- 442 acres of phase 1 is now available for investment.
- Fully equipped with modern infrastructure, essential utilities and a dedicated liquid jetty.
- A bulking installation connected to internal pipeline and the jetty.
- Closed to Sandakan Port which can handle containerized cargo.
- Existing businesses in both phases; 4 oil palm refineries and 3 palm kernel crushing plants.
- Own, manage and market by Sabah Oil & Gas Development Corporation Sdn Bhd (SOGDC).
- With an area of 4,065 acres, SOGIP is a first of its kind and marks a new venture for Sabah in the Oil & Gas related activities and heavy industry.
- Located approximately 144km from Kota Kinabalu City.
- The RM 4.5 billion Sabah Ammonia Urea project by Petronas Chemicals Fertiliser Sabah Sdn Bhd (PCGB) has started operation in May 2017.
- This project will jump start the petrochemical industry in SOGIP.