



Policy initiative to make Sabah a world leader in palm oil, says Hajiji

KOTA KINABALU: A policy initiative will be put in place to set Sabah up as a global leader in sustainable palm oil, says Chief Minister Datuk Seri Hajiji Noor (**pic**).

He said this initiative will be done through the concurrent implementation of the State-initiated Jurisdictional Certification of Sustainable Palm Oil (JCSPO) and Malaysian Sustainable Palm Oil (MSPO) certification.

“These certifications aim at achieving the internationally-recognised Roundtable on Sustainable Palm Oil (RSPO) standards,” added Hajiji.

In his keynote address at the inaugural East Malaysia Palm and Lauric Oils Price Outlook Conference and Exhibition (emPOC2022) Oct 12, he said that this will also protect the resilience of the palm oil sector which is a key contributor to the state GDP. The event was organised by Bursa Malaysia.

(Hajiji’s speech was delivered by Local Government and Housing Minister Datuk Seri Masidi Manjun)

“Consistently over the years, various initiatives have been introduced and implemented by the state government to ensure the palm oil sector remains a key economic driver,” he said.

He said the state government will continue pursuing efforts to increase the crude palm oil (CPO) yield per hectare through precision agriculture, farm mechanisation and the control of pests and diseases among other measures.

Hajiji said Sabah is also focusing on leveraging technology and innovation to increase productivity and competitiveness of the sector while aggressively attracting foreign investment into downstream processing of palm oil and oil palm biomass through the Lahad Datu Palm Oil Industrial Cluster (POIC Lahad Datu).

In terms of production, Sabah’s production of CPO in 2021 was recorded at 4.36 million tonnes with 4.02 million tonnes exported to countries such as the United States, China, the European Union (EU) and South Korea.

The export value of palm oil and other palm-based products generated by the state amounted to RM19.9bil, a hike of 32.7% compared to about RM15bil in 2020, he said.

Hajiji said supported by the rise in global market price, the export value for the period of January to August 2022 has increased by RM5.87bil or 53% to reach RM16.94bil compared with RM11.08bil in the corresponding period last year.

“With export contributions, it is without a doubt that the palm oil industry plays a major role in boosting the state’s economic growth and reaping socio-economic benefits for the people,” he said.

At the moment, nine palm oil refineries are operating in Sabah with a processing capacity of 7.48 million tonnes per year, with two biodiesel factories operating to produce 300,000 tonnes of palm-based biofuel annually. Sabah also has about 130 oil palm mills.

Hajiji said the Sabah government will push the momentum to ensure the state’s participation in the oil palm downstream sector to maximise its advantage as a major player in planting and producing palm oil in Malaysia. Until recently when Sarawak took over Sabah in terms of plantation size, Sabah had been Malaysia’s largest oil palm state with about 11.66 million hectares. It still holds the position as the largest crude palm oil producing state largely because its plantations have consistently recorded high fruit yield and oil yield.

The state government POIC Lahad Datu and a similar Sawit POIC in Sandakan as development hubs for the palm oil industry.

Based on the progress in the palm oil sector and improvement of infrastructures, as well as the availability of attractive government incentives, this will provide excellent business opportunities for industry players to venture into the downstream sector.

He encouraged palm oil industry players in Malaysia to invest in the downstream palm oil sector such as oleochemical factories.

The Chief Minister assured that the state, through the Industrial Development Ministry, was committed to help coordinate and facilitate the investment and development of oleochemical factories.