



Sabah's Competitive Sectors

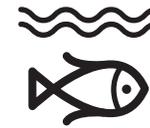
AGRI-PROCESSING





AGRI-PROCESSING IN SABAH

Sabah offers opportunities across agri-processing including aquaculture, horticulture, seaweed and halal processing.



AQUACULTURE



HORTICULTURE



SEAWEED



HALAL PROCESSING

AQUACULTURE

As one of the major exporters of fish in the East Asian region, Sabah is well-positioned to meet growing regional demand for fresh and frozen seafood. Seafood consumption in Malaysia is among the highest in Southeast Asia, and aquaculture is increasingly seen as the solution to bridge the gap between supply and demand.

ADVANTAGES

THE HIGHEST AQUACULTURE PRODUCER IN MALAYSIA

Sabah is ranked as the highest aquaculture producer in Malaysia in terms of metric tonnes (209,248 metric tonnes valued at USD\$120 million), and second in marine fish landing in terms of metric tonnage (179,718 metric tonnes valued at USD\$258 million). In 2019, Malaysia produced 411,782 metric tonnes of aquaculture valued at USD\$790 million.

209,248
METRIC TONNES

USD\$120 MIL

AQUACULTURE PRODUCTION

179,718
METRIC TONNES

USD\$258 MIL

MARINE FISH LANDING

MAIN MARINE COMMODITIES



The country's main marine commodities include fresh and processed fish (freshwater fish 104,602 metric tonnes valued at USD\$187 million and marine fish/prawn 119,669 metric tonnes valued at USD\$588 million); seaweed products (188,111 metric tonnes valued at USD\$16 million); and ornamental fish (287 million pieces valued at USD\$121 million).

104,602
METRIC TONNES

USD\$187 MIL

FRESHWATER FISH

119,669
METRIC TONNES

USD\$588 MIL

MARINE FISH / PRAWN

188,111
METRIC TONNES

USD\$16 MIL

SEAWEED

287 MIL
PIECES

USD\$121 MIL

ORNAMENTAL FISH



SUPPORT FROM THE MALAYSIAN DEPARTMENT OF FISHERIES

With the support of the Malaysian Department of Fisheries, caged farm fishing activities have developed significantly over the last 20 years and is now considered among the most popular aquaculture methods in Sabah with its sheltered coasts and estuaries along the East coast. Several high in-demand fish breeds suitable for cage farming include seabass (*Lates calcarifer*), golden snapper (*Lutjanus Johni*) and grouper (*Epinephelus taurirna*).

INVESTMENT OPPORTUNITIES

1

Seafood consumption in Malaysia is among the highest in Southeast Asia, and with fisheries capture declining, aquaculture is increasingly seen as the solution for bridging the gap between supply and demand. In support of federal government initiatives to increase aquaculture to 50 percent of total marine production, Sabah offers investors opportunities to tap into the up-and-coming aquaculture industry.



2

Emerging opportunities in sustainable aquaculture include investment in Recirculating Aquaculture Systems (RAS), which requires less water and land compared to traditional capture fish systems. RAS is an almost completely closed-circuit wherein waste products are either removed or converted into non-toxic products which are continuously reused. Culture water is purified, making RAS intensive fish production compatible with environmental sustainability. High in-demand fish most suitable for RAS include Tilapia, Barramundi, Catfish, and Crayfish.

HORTICULTURE

With its rich biodiversity, Sabah is ready to serve rising global demand for healthy and sustainable products. The state's natural eco-system is endowed ideal soil conditions for horticulture and a wide topography ranging from coastal littoral to high mountains, making it an ideal location to service expanding global demand for sustainable horticulture products.

Sabah's main horticulture crops include rice paddy (currently over 40,000 hectares), coconut, pineapple, durian, and various other fruits (e.g. mango, pomelo, banana, jackfruit, avocado and rambutan). The expanding global agriculture sector has catalysed demand for sustainable horticulture practices, and Sabah is keen to exploit this by transforming into an agri-processing hub. The Sabah government has allocated 2 million acres for agriculture development.

ADVANTAGES

IDEAL ENVIRONMENT

Sabah offers an ideal environment for the development of the horticulture sector, including accessible coastline and river systems throughout the state, all with ideal soil conditions.

RICH, UNIQUE, AND DIVERSE BOTANICAL HERITAGE

With its rich, unique, and diverse botanical heritage, Sabah is also a prime location for opportunities in floriculture. Tenom Agriculture Park alone is comprised of 1,050 types of plants from 107 plant families. Situated on a 200-hectare site located at Lagud, Sebrang, the park serves as a place for education and training for agriculture, horticulture, landscaping, and seed production. Sabah currently produces significant quantities of flowers including orchids, caladium, ixora, and bougainvillea.

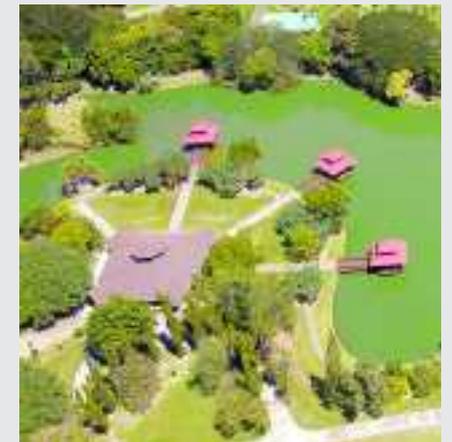
TENOM
AGRICULTURE
PARK

200
HECTARES

1,050
TYPES OF PLANT

107
PLANT FAMILIES

To service growing regional and international interest in high-end horticulture products, Sabah offers eco-tourism products to highlight its diversity within the sector. The Sabah Flower Festival held annually at Tenom Agriculture Park receives both local and international visitors.





RESEARCH & DEVELOPMENT EFFORT

The Universiti Malaysia Sabah (UMS) satellite campus in Sandakan focuses on research and development of new horticulture processing technologies to enhance efficiencies.

INVESTMENT OPPORTUNITIES

In 2021 the worldwide greenhouse horticulture market was valued at USD\$30 billion and is expected to increase at 9 percent CAGR over the next five years. This growth will be driven by the surge in demand for protected crop cultivation across the globe, along with a rising need to extend cropping seasons to feed growing populations with crops that need protection from climatic conditions and pests.



2 | As part of its initiative to increase implementation of smart agriculture in Sabah, the Malaysia Agricultural Research and Development Institute is promoting technology transfers to modernise fertigation cultivation systems for products like rockmelon, ginger, tomato, and cherry tomato produce to cultivate higher quality local produce.

Linaco Group of Companies, Malaysia’s leading producer of coconut-based products signed an MOU to invest in the development of 2,000 hectares coconut based manufacturing facility in Paitan Sugud and another 4,000 hectares for a large scale high yield coconut plantations. The project is estimated initial investment of RM200 million and is expected to provide 4,250 job opportunities.





SEAWEED

With coastlines spanning over 2,000 kilometres, Sabah is the largest seaweed-producing state in Malaysia. The state offers growth potential in the sector as the seaweed production quality is competitive over other players in the region. Local seaweed supply has the capacity to service new processing demands.

The main seaweed-producing areas in Sabah are mainly on the East coast, specifically the districts of Semporna, Tawau, Kunak, and Lahad Datu. Recently seaweed producing areas have expanded in the western region of the state.

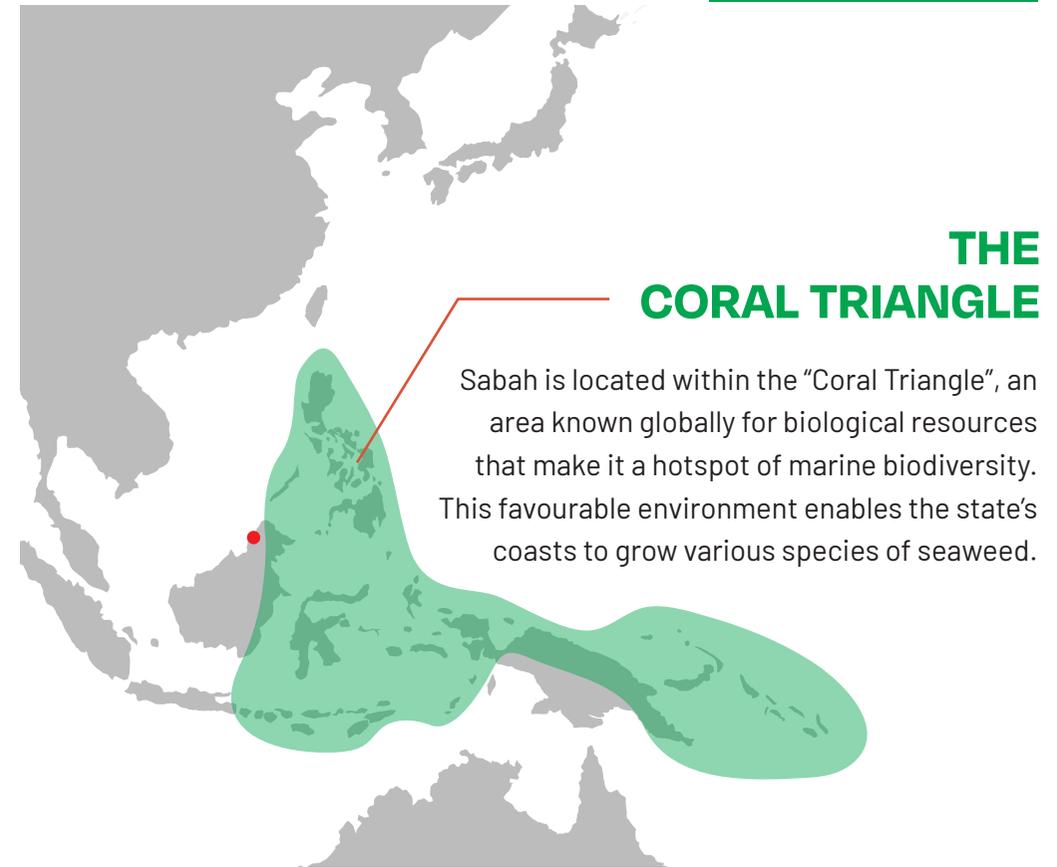
ADVANTAGES

In 2019, Sabah produced 188,110 metric tonnes of seaweed aquaculture production worth USD\$15.8 million.

SEAWEED PRODUCTION

188,110
METRIC TONNES

USD\$15.8 MIL



THE CORAL TRIANGLE

Sabah is located within the "Coral Triangle", an area known globally for biological resources that make it a hotspot of marine biodiversity. This favourable environment enables the state's coasts to grow various species of seaweed.

Euchemia is the most cultivated variety grown in the state to accommodate high demand from buyers and processors for *Euchemia denticulatum* (commercially known as spinosum). *Euchemia denticulatum* is also used in the production of carrageenan, which is used in many food products; and semi-refined carrageenan is currently processed and exported to Peninsular Malaysia.



INVESTMENT OPPORTUNITIES

1 Seaweed is widely regarded as a health food, owing to the presence of nutrients such as high iodine, calcium, magnesium, iron, vitamins, antioxidants, and fibre. The global commercial market for seaweed is projected to grow at a CAGR of almost 10 percent between 2020 and 2025. Strategic nearby markets for Sabah's seaweed industry include high seaweed consumption countries such as Japan, South Korea, and China. Strong international market demand for carrageenan and agar for processing into food and pharmaceutical products will continue to drive growth in the seaweed industry.

2

The Sabah government has gazetted 7,500 hectares of new areas for seaweed cultivation under the Aquaculture Industrial Zone (AIZ) in addition to the 800 hectares designated previously.

AQUACULTURE INDUSTRIAL ZONE

8,300
HECTARES

**SEAWEED
CULTIVATION**

Factors such as the rising consumer adoption of plant-based products, increasing consumption of seaweed-based products, its status as a source of high nutrients and minerals, and growing government initiatives to boost seaweed cultivation are driving the growth of this market. It is estimated that the seaweed market will be worth USD\$23.2 billion by 2028.

3



HALAL PROCESSING

In 2019 demand for halal products and services by Muslims globally was recorded at USD\$2.02 trillion for major halal sectors (i.e. food and beverages, modest fashion, Muslim-friendly tourism, pharmaceuticals, and cosmetics), a 3.2 percent increase from 2018. The halal industry presents abundant opportunities for new investment, and Malaysia has made considerable efforts to become a global halal hub by creating networking and collaborations with other countries.

Within Sabah, there are significant opportunities to invest, driven by growing local demand for halal products. Sabah's Kota Kinabalu Industrial Park (KKIP) and Sabah Agro-Industrial Precinct (SAIP) offer dedicated manufacturing facilities with halal certification support for producers.

ADVANTAGES

GLOBAL RECOGNITION

With more than 40 years of experience in developing halal standards, Malaysia has pioneered the development of a halal industry and has become the reference centre for more than 150 countries. The halal certification by the Department of Islamic Development Malaysia (Jabatan Kemajuan Islam Malaysia or JAKIM) is well recognised globally.



RANKED #1 IN THE GLOBAL ISLAMIC INDICATOR

Since 2012 Malaysia ranked first in the Global Islamic Economy Indicator placing it ahead of countries such as the United Arab Emirates, Bahrain, and Saudi Arabia. Malaysia also leads in sectors such as Islamic finance, halal food, travel, pharmaceuticals, and cosmetics.

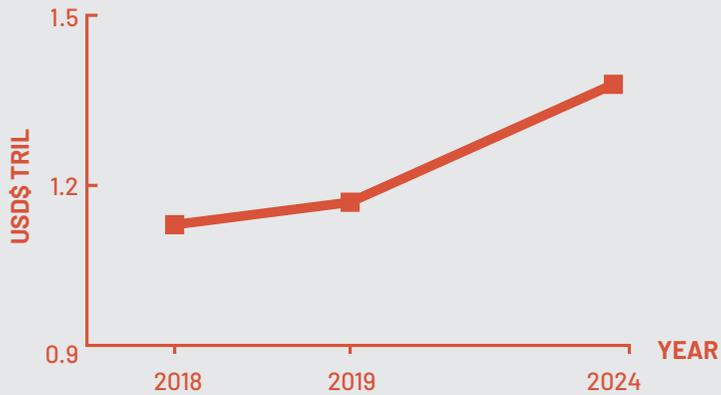
In 2019, Malaysia showed consistent growth across all the halal sectors, with exports to the Organization of Islamic Countries (OIC) increasing in food, pharmaceuticals, and media and recreation. Strong awareness and governance credentials have allowed Malaysia to rank higher than other Islamic countries, even those with larger export volumes.



INVESTMENT OPPORTUNITIES

1

With a population of 1.9 billion, Muslims represent 24.9 percent of the global population. This number is expected to increase to 2.2 billion by 2030, and to 2.76 billion by 2050. The current global supply for halal food and non-food products has room for growth to cater to this growing population and demand, reflecting a need to develop a more robust and efficient global supply chain to benefit both Muslim and non-Muslim markets.



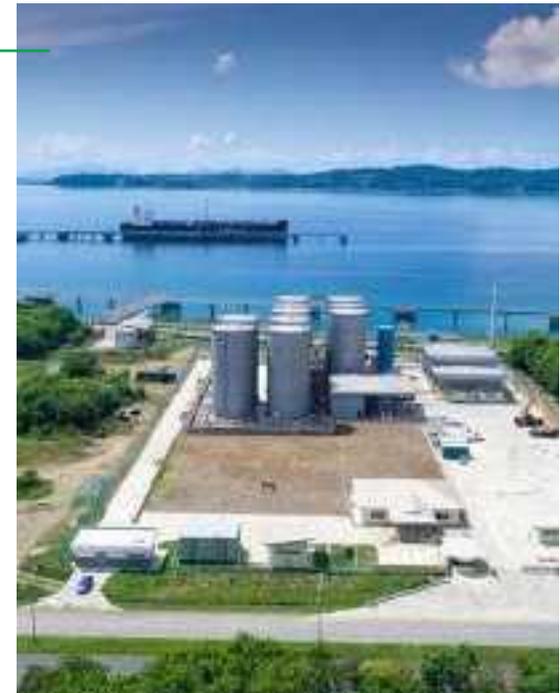
GLOBAL MUSLIM COMMUNITY SPENDING ON FOOD

2

Globally the Muslim community spending on food increased by 3.1% in 2019 to USD\$1.17 trillion from USD\$1.13 trillion in 2018. A CAGR of 3.5% is expected between 2019 and 2024, with spending expected to reach USD\$1.38 trillion by 2024.

3

Among Sabah's industrial parks, the Kota Kinabalu Industrial Park (KKIP) and Palm Oil Industrial Cluster in Lahad Datu are Halal Designated Industrial Parks (Halmas Parks). These parks are accredited for halal compliance and offer tenants incentives and streamlined halal certification for their products.



FOR MORE INFORMATION PLEASE REACH OUT TO US

Sabah Economic Development and Investment Authority (SEDIA)

Level 26 -28,
Menara Tun Mustapha,
Yayasan Sabah Headquarters Complex,
Likas Bay,
88817, Kota Kinabalu,
Sabah, MALAYSIA.

or via our mailing address:

Sabah Economic Development and Investment Authority (SEDIA)

P.O.Box 17251
88873, Kota Kinabalu, Sabah. MALAYSIA

or call us at 088-418 917

CONTACT OUR TEAM

Kevin George Ukang

Chief Investment Officer

✉ kevin@sedia.com.my

Karen Christine Mijin

Senior Manager (Investment Promotion)

✉ karen@sedia.com.my

Ynez Teo

Senior Manager (Investment Support)

✉ ynez@sedia.com.my

Disclaimer: The information contained in this publication is for general reference only. While every effort has been made to keep information current and accurate, SEDIA is not liable for any errors in, omissions from, or misstatements or misrepresentations (whether express or implied) concerning any such information, and does not have or accept any liability, obligation and responsibility whatsoever for any loss, destruction or damage (including without limitation consequential loss, destruction or damage) however arising from or in respect of any use or misuse of or reliance on the information. You are responsible for making your own assessment of all information contained in this publication and shall verify such information by making reference and obtaining independent advice before acting upon it. There is no implied endorsement of any material or recommendation of a company or service provider over another.

FOLLOW US ON SOCIAL MEDIA

[f @sediaip](#) [t @sediaipofficial](#) [in](#) SEDIA Investment Promotion

www.investmentpromotion.sedia.com.my

© 2022 Copyright SEDIA. All rights reserved.

