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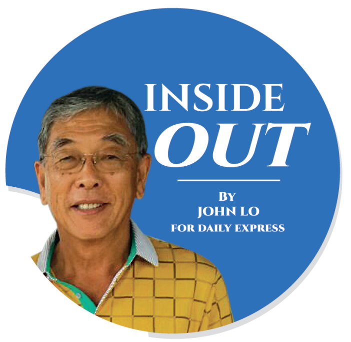
Musa's POIC vision finally bearing fruit

Datuk John Lo

Musa had a brilliant vision for POIC when he launched it in 2005. POIC was destined to cater for the downstream industry for the rapidly growing oil palm plantations in the East Coast where most of Sabah"s oil palm plantations are located. He has provided POIC with a total of 5,000 acres as he was also eyeing the vast area of Kalimantan that was being developed with large scale oil palm. He was right.

Today, Kalimantan has achieved planting of at least 13 million hectares in 2020. More hectares coming! To put Musa"s vision in today"s context, Sabah has 1.7 million hectares and Malaysia has a total of 5.87m hectares.

Kalimantan by itself has more than doubled Malaysia"s acreage. No doubt, tripling is only in a matter of a few years, considering there is insufficient cooking oil supply in Indonesia even now.



John Lo is a concerned ex-banker

Musa has also commissioned two other crucial facilities [a] The construction of a deep-water port of 20-meter draught which is the only one in Sabah and Borneo. Today"s ULCV [Ultra Large Container Vehicles] with capacity of more than 20,000 or more containers, will have no problem berthing in POIC. [b] Musa has also completed the container facilities in 2018.

POIC port is a very important, but grossly under-utilised asset.

Kalimantan"s only deep-water port is Kijing in West Kalimantan, facing the South China Sea. POIC is just a "stone throw" from East Kalimantan where development is gathering speedy momentum. Kijing"s draught is only 12m to 15m. POIC"s is 20m.

https://www.portcalls.com/indonesia-plans-port-kalimantan-serve-large-ships/

The potential of POIC, given the right policies and approach, can be tremendous and can live up to Musa"s full vision.

Opportune time to develop POIC in a big way.

All the stars are coming together for a major expansion of POIC.

[a] Musa has prepared the infrastructures.

[b] Major developments are already underway in East and North Kalimantan and Indonesia"s new capital will generate big waves for this part of the world.

[c] Very significantly, Yong Teck Lee has started the ball rolling by gaining the support/participation of China Construction Bank Corporation Labuan (CCBL) in Kuala Lumpur on April 8 for the development of POIC. This collaboration with CCBL will open many doors in China if Sabah can produce an attractive win-win package for the POIC expansion. This is a major breakthrough.

[d] Overriding importance is Hajiji"s open approach and investor friendly policies which have already attracted RM20 billion in the first quarter of 2022 alone! More can be expected.

A combination of FREE TRADE ZONE, deep-water port, 5,000 acres of industrial park is rare asset. Exploit its potentials.

https://www.dailyexpress.com.my/news/190456/poic-sees-advantages-in-link-up-with-china-s-mega-bank/

Think "BIG" for POIC.

Thanks to Yong Teck Lee"s proactiveness, CCBL"s support for POIC is a clear message which Sabah must read, ponder and act.

Yes. Sabah must think big on POIC. A few investors have already signed MoUs to invest big bucks in Sabah. Why Not? Like I have said, all the stars are shining for POIC. The critical missing jigsaw puzzle piece is the FREE TRADE ZONE from the federal government which Sabah is more than entitled. With this in place Sabah can do big things with POIC"s 5,000 acres because:

[a] Indonesia is developing Kalimantan in a big way. Its new capital called Nasantara is being relocated to Kalimantan.

[b] Besides the new capital, Indonesia is pushing major developments in Kalimantan like pan Kalimantan highway, oil palm and down-stream, exploitation of minerals, food production, tourism.

[c] Indonesia is fast becoming an economic power house. Its economy will surpass Germany and UK by 2030. Much of this expansion will happen in Kalimantan because it has the natural resources and space to fuel Indonesian economic expansion.

https://www.cnbc.com/id/49069336

[d] A major Chinese company has already signed MoU to convert CPO into aviation fuel and green energy. POIC, being in close proximity to Sabah"s centre in oil palm and Kalimantan"s 13 million hectares and FREE TRADE ZONE status, will be a very attractive and natural destination for more such investments.

[e] CPO and its derivatives can be used for the manufacture of hundreds of products, spawning numerous business opportunities.

[f] As a FREE TRADE ZONE, POIC can become a major entrepôt covering Kalimantan and, Southern Philippines and beyond.

[g] Sabah should leverage her geopolitical location in the South China Sea and proximity to China, Kalimantan and Southern Philippines.

[h] UN has alerted the world to a looming major food crisis. Sabah can certainly grow more food to feed ourselves and for export. POIC with its deep-water port can be a regional food processing and export centre.

A well thought out POIC development model can be the growth engine for the all of Sabah"s East Coast.

FREE TRADE ZONE for POIC.

While big $ are being splashed like no tomorrow in W Malaysia, the federal government has rejected Sabah"s request for funds to construct a CIQ complex in Serudong, Tawau, citing lack of money. Sabah"s request has been flushed out of the window just like that. This would have helped Sabah to develop a flourishing border commercial town. What a led down. Let"s not depend on the federal government. Sabah can transform POIC into a major development cluster. All that is needed from the federal government is fairness. In all fairness, the federal government should and must grant FREE TRADE ZONE status to POIC. Sabah is entitled to at least one. After all, it has already given many in W Malaysia. [a] The Bayan Lepas Free Industrial Zone for high-tech firms, [b] The Pasir Gudang Free Industrial Zone for shipbuilding and heavy industry activities. [c] The Port of Tanjung Pelepas (PTP) Free Zone. [d] The Port Klang Free Zone for port and shipping activities. [e] The Digital FREE TRADE ZONE.

The federal government must justify, Sabah cannot accept a brush off, if it refuses to give Sabah a FREE TRADE ZONE. The federal government, if it cannot afford funds for Sabah for a simple CIQ, should give POIC the FREE TRADE ZONE for Sabah to self-develop. Rejecting Sabah the FREE TRADE ZONE is bad intention, wanting to restraint, to deprive Sabah of our rights to development, to prosper.

https://www.bernama.com/en/news.php?id=2066893

Of course, it can be done!

Only the pessimists think otherwise. Sabah can"t afford to give in to such pessimists for they will leave us mired in poverty forever. The world belongs to those with faith in themselves. We can overcome these challenges.

Challenge No. 1.

FREE TRADE ZONE from the Federal Government.

Other states have got it. No reason for Sabah not to get it. Why discriminate against Sabah. After all, the federal government will get more economic benefits than Sabah from a FREE TRADE ZONE. The tipping point is for ALL Sabah political leaders to unite, fight for the FREE TRADE ZONE status. If Sabah leaders can"t unite to get it while other states can, something is seriously wrong with them. Political unity is key.

Challenge No. 2. Funding.

Fear of lack of fund is a myth for those who seek excuse for not doing anything. Yong Teck Lee has made the initial all-important connection with the China Construction Bank which is one of the 4 largest state-owned banks of China. Though not a walk in the park, CCBL can help in sourcing funding for the development of POIC provided Sabah can produce a sensible/logical plan in the context of Hajiji"s policies frame work.

Challenge No. 3. Investors.

POIC will need a major partner investor to develop POIC into a full fledge industrial destination. Good example is the successful MCKIP [Malaysia China Kuantan Industrial Park] which was launched in 2013 and MC Kuantan Port which has only 11m draught compared to POIC"s 20m.

POIC has better attributes than Kuantan in term of infrastructure and raw material supply beside being nearer to China.

https://www.youtube.com/watch?v=19x5MpylfGQ

Challenge No. 4. With many requisites to attract investments already in place, especially Hajiji"s investor-friendly policies, POIC should be able to get a developer/partner for the development of POIC"s remaining 5000 acres, albeit developing it in sensible phases. All that it needs is for POIC to produce a conducive business model that is beneficial for all stakeholders on the basis of strategic partnerships. This Yong Teck Lee and his team can do in the context of Hajiji"s investor friendly policy which has already attracted so much success.

The NCA's important lessons

Chun Sheng Goh

The Paris Climate Agreement has driven countries scrambling to reduce and offset their greenhouse gas emissions. "Carbon markets" are created by capping the overall emission of a country, forcing the emitters to either reduce their carbon emissions or purchase "carbon credits", such as from conservation projects, to compensate for their emissions.

Such mechanisms allow emitters to achieve their emission-reduction targets through developing "green"projects anywhere in the world, especially in developing countries. There are two types of carbon markets. One is voluntary markets that operate on a voluntary basis and functions outside of compliance markets.

In recent years, the voluntary carbon market has grown significantly. Forest carbon projects are arguably one of the most important nature-based climate solutions, with the demand for nature-based carbon credits potentially outpacing their supply.

Another compliance market is created by jurisdictions around the world to fulfil their Nationally Determined Contributions (NDCs) in emission reduction. The EU-ETS is the world"s largest compliance market to date. New opportunities may arise from the new Article 6 of the Paris Agreement published in 2021, allowing the compliance markets to cover also forest carbon credits which were previously not accepted.

Likely, demand for forest carbon credits will continue to grow in response to the expansion of both compliance and voluntary markets Malaysia has attracted attention for its "investible carbon" kept in its forests, with a sequestration rate of about 32 - 75 million tons of CO_2, making it the fifth on the list among the tropical countries according to a recent study at NUS.

Following this trend, a number of forest carbon projects have been proposed in the country. Some of these are championed by the state governments – the jurisdictions that have full authority over forest and land matters in Malaysia.

The most recent large-scale proposal is the Nature Conservation Agreement (NCA) in Sabah which has been widely reported by both local and international media.

However, it became famous for the wrong reasons – the feasibility and sustainability of the project were closely questioned by the stakeholders and observers, triggering considerable doubts over the deployment of such projects. Given the increasing interest in forest carbon in the country, the case of NCA has provided some important lessons for the future development of forest carbon projects in Sabah and Malaysia.

First, transparency is the basic tenet of any forest carbon project. The lack of transparency in the NCA has created unwanted panic among local communities. There is a fear that they may lose access to the forest or even their rights to land. This is also the main reason why the project has sparked a fierce public debate, reliving the past experience with highly opaque large-scale land- based projects. As such, trust-building should be prioritised in forest carbon projects, particularly those in landscapes with indigenous communities.

Second, the stakeholders must be adequately informed about the concept of "additionality" under the Paris Agreement. It dictates that additional emission reductions or removals "are additional to any that would otherwise occur".

However, additionality highly depends on counterfactuals - emissions or reduction in emissions "that would otherwise occur". For example, carbon sequestrated by forests that are already protected, such as those covered in the NCA, normally does not have "additionality", unless there is convincing evidence demonstrating that the forests are under immediate threat. Contrarily, additionality can be granted to forest restoration projects that only occurred due to human interventions. Addressing this issue requires carefully constructed and rigorously tested predictive models to quantify additionality of a forest carbon project based on historical trends and field evidence.

Third, as forest carbon projects involve forest-dwelling communities as well as other land users, they will be faced with problems related to social equity. The key question would be who has the right to benefit from the "sales of carbon". In the case of the NCA, the broker, Hoch Standard, will receive 30pc of the revenues from the project, while the remaining 70pc is earmarked for restoration. It would be important to clarify how a project like this can contribute to the "economic development for people living in and around the forests". Involving the key stakeholders in co- designing the scheme will be necessary to address the issue of fairness and justice.

Fourth, carbon sovereignty remains a tricky issue to navigate for forest carbon developers. In the case of Malaysia, the thirteen states retain full jurisdiction over land-use matters and policies. While the Federal Government has committed to emission reduction targets for land use, land-use change, and forest (LULUCF) in its Nationally Determined Contributions (NDCs) required by the Paris Agreement, the emergence of the global market for forest carbon credits has invoked concerns over the obligation of the states. There are possibilities that the states may initiate or approve forest carbon projects, bypassing the federal government, and sell the mitigation outcomes from LULUCF in the form of carbon credits in global markets, instead of having them counted towards Malaysia"s NDCs. The federal minister"s ignorance about the NCA in Sabah justifies the need to commence state-federal discussions on issues related to carbon sovereignty as soon as possible.

Fifth, the complementarity of forest carbon projects with other conservation projects may need to be carefully thought through. A very narrow focus on carbon may risk displacing other conservation efforts, such as biodiversity protection, as a high-carbon area may have low biodiversity, and vice versa. One must be careful with the idea of maximising profits from carbon stock accumulation. Instead of focusing on a universal carbon pricing system, a holistic financing mechanism that covers multiple ecosystem services, climate, biodiversity, and livelihoods, such as the "payment for ecosystem service outcomes" may be a more practical avenue to finance forest protection.

Sabah is an interesting case to explore financing mechanisms for conservation, despite the recent controversial NCA, due to its advancement in adopting a "jurisdictional approach" (JA).

To ensure the sustainability of its oil palm sector, the state has committed to developing an official platform to align all stakeholders" activities in conservation and development in the land-based sectors. The platform also naturally serves as a foundation for developing state-wide forest carbon projects as it cuts across all the land-use sectors. Importantly, the JA may fit into the "cooperative approach" stipulated in the Paris Agreement – jurisdictions may directly transfer the emission reductions from forest carbon projects from one to another and counted toward the receivers" NDCs. Developing feasible and sustainable forest carbon projects in Malaysia will still be a daunting task, but it is worth exploring as a means to finance conservation in places like Sabah.

● Dr. Goh Chun Sheng is currently the Programme Leader for Master in Sustainable Development Management at Jeffrey Sachs Center, Sunway University. He is also an Associate of the Harvard University Asia Center. Chun Sheng"s research interests lie within the intersection of bioeconomy development and environmental restoration, with a special focus on both Malaysian and Indonesian Borneo. The most recent work by Chun Sheng is a monograph on Borneo, namely "Transforming Borneo: From Land Exploitation to Sustainable Development", which will be published in late 2022.

Rising old age poverty in Malaysia

Sharan Raj

For decades, the issue of old age poverty had been left unaddressed for it to become a chronic national crisis. According to Employees Provident Fund (EPF), about 13.6 million of its members cannot afford to retire. That figure does not include precarious workers and agri-food producers. The rising old age poverty can be addressed by introducing Golden Age Pension (GAP). The society needs to weigh the overall benefits of such social advancement policy.

GAP Slows Down Aging Society

According to World Bank, Malaysia will become a "*super-aged society*" as 20pc of the population will be above the age of 65 years by 2056. This megatrend is caused by rising life expectancy microtrend coupled with declining birth rate microtrend. Since the year 2013, Malaysia fertility rate had fallen below the replacement rate of 2.0 child per women.

Young adults born after 1983 are saddled with student loan, rising housing prices, soaring inflation, stagnant wages and job insecurity. This was direct impact of privatisation and liberalisation during Mahathir"s first regime. The polices usually takes about one generation (30 years) to impact the national fertility rate.

In Asian culture, children are expected to provide for their financially insecure senior citizens increasing the financial stress. Henceforth, youths are getting married older and bearing less children to avoid deeper financial stress.

The trend of childless couples is rising exponentially not purely because of choice but because of cost. GAP will ease the financial stress on young adults to allow fertility rates to rise again.

GAP Speeds Up Modernisation

Senior citizens with certain obsolete means of productions to resist new technology. One such example is taxi driver assaulting and preventing e-hailing drivers.

Meanwhile, senior citizens-owned small business resist strategic infrastructure such as widening of roads, realignment of railways, urban redevelopment etc. These senior citizens resist and agitate against progress to protect their sole "*bread and butter*".

Small business and taxi drivers earn too little to save or invest for old age, so they work to death. The loss of existing *means of production* will make their life more miserable.

Henceforth, the senior citizens "*stand and fight*" against modernisation which does not benefit them because it is "do or die". GAP will allow senior citizens to accept progress and speed up modernisation of Malaysia.

GAP Reduces Food Prices

Senior citizens with smallholder agriculture lands and sea-fishing licences are surviving by renting out their lands and boats respectively to young people and undocumented migrants.

The senior citizens will neither surrender nor allow new sea-fishing boats or farming land to protect their meagre rental income.

The "rent-to-live" introduces new input cost on agriculture produces increasing food prices. GAP will dismantle the resistances to allow lands and boats to move into the hand of next generation without rental cost.

GAP Reduces Inequality

GAP provides income for senior citizens in small towns and rural suburbs. This increases the base disposable income in those towns and rural areas which increase productive spending on essentials such as foods, groceries and home repairs. Subsequently, creating and sustaining small business and jobs to narrow the urban-rural inequality.

Rising labour surplus caused by rural to urban migration coupled with absence of collective bargaining stalls wage growth. Henceforth, widening inequality between labour and capital.

GAP creates and sustains small business and jobs in small towns and rural area to reduce rural to urban migration putting upward pressure on the wages. Henceforth, GAP will narrow labour-capital inequality.

GAP Reduce Homelessness & Begging

Contrary to mainstream narratives, the old-age homelessness and begging are not rooted in laziness. Since the 1980s, government forced industrial workers to accept low wages and poor working conditions to allow Malaysia to "get rich first".

The low salary prevented them from saving for retirement or purchasing a home. Meanwhile, many of the former high-risk industry workers were unable to bear children due to pollutions and poor working conditions.

These workers had sacrificed their life to make Malaysia the 40th richest country on Earth. Today the senior citizens are left to live and/or beg on streets.

Meanwhile, certain right-wing politicians labelled the senior citizens as lazy to avoid taking responsible. GAP will end old age homelessness and begging for good.

Moving Forward

There is need for different intervention such as Golden Age Pension (GAP) to close the income gap between working age and death age.

The discussed benefits of GAP onto our society are merely to tip of the iceberg. The federal government could introduce Golden Age Pension which can be funded by capital gain taxes (CGT) on the ultra-rich.

The World Bank highlighted in its Economic Monitor (December 2021) that Malaysia had achieved the material condition to tax capital gains and inheritances as form of redistributive mechanism.

Capital gain taxes (CGT) does not impact 99pc of the population compared to regressive Good & Service Tax (GST).

● Sharan Raj is a human rights activist, environmentalist and infrastructure policy analyst.