

Kota Belud poised to anchor Sabah's next industrial leap



16 April 2026

KOTA BELUD: The district is emerging as a strategic location to drive Sabah's next phase of industrial development, with strong potential to shape a more value-driven state economy.

Universiti Malaysia Sabah (UMS) Deputy Vice-Chancellor (Research and Innovation) Prof. Ir. Dr. Rosalam Sarbatly said the district is well positioned to capitalise on Sabah's strengths in agriculture, marine resources and rich tropical biodiversity, which should be viewed as strategic assets rather than constraints.

He said while Malaysia continues to strengthen high-technology industries such as electronics and semiconductors in regions like Penang and Johor, Sabah's comparative advantage lies in enhancing value creation within its resource-based sectors.

"Sabah's economic base is already supported by key sectors, including oil and gas activities in Sipitang, Komanis and Labuan, as well as a growing tourism industry driven by biodiversity, natural landscapes and cultural heritage.

"These sectors provide stability. The next step is to deepen value creation within resource-based industries in line with the global shift towards value-based and resource-driven industrial development," he said.

Rosalam said the state government's initiative, led by the Ministry of Industrial Development and Entrepreneurship, to develop the Kota Belud Industrial Park (KBIP) is timely and aligned with priorities under the current Malaysia Plan.

He proposed that KBIP begin with a pilot agro-marine industrial cluster centred on high-value aquaculture and food processing, supported by integrated production systems, processing facilities and cold chain infrastructure.

"This would create a clear pathway for early-stage investment. Such a phased approach would allow early commercial validation, reduce investment risks and ensure development is guided by actual market demand rather than speculation.

"Several key fundamentals must be addressed early, including strong market linkages with anchor buyers, consistent quality and volume from producers, efficient logistics and cold chain systems, as well as technical capabilities for industrial-scale operations," he said.

He noted that Sabah's existing industrial ecosystem, including the Kota Kinabalu Industrial Park (KKIP) and the Palm Oil Industrial Clusters (POIC) in Sandakan and Lahad Datu, has already established a strong foundation for industrial growth.

Within this ecosystem, he said KBIP can play a complementary role by focusing on agro-marine industries, particularly premium seafood, marine-based products and halal-certified food.

"This can be further expanded into high-value bio-based products derived from Sabah's tropical biodiversity, including herbal extracts, plant-based compounds and natural health ingredients, which are increasingly used in nutraceutical, pharmaceutical and wellness industries," he said.

According to him, global demand for such products continues to grow, alongside expanding markets for seafood and halal food. The global halal food market, valued at more than US\$2 trillion, offers consistent demand across ASEAN and the Middle East for high-quality, value-added products.

"Sabah is among Malaysia's leading aquaculture producers and contributes significantly to the national seafood supply, but much of this production remains at the raw or minimally processed stage.

"The next step is clear — Sabah must move decisively from resource extraction to value creation," he said.

Rosalam emphasised that enabling infrastructure, including reliable energy and water supply, efficient transport connectivity and strong digital systems, is critical to support industrial development.

He said digital infrastructure is particularly important as industries adopt Industry 4.0 technologies such as automation, real-time monitoring and smart production systems to meet international standards.

He also stressed the importance of community participation, noting that local communities can be integrated into the value chain through structured cooperatives and industry-linked production models.

Rosalam said UMS stands ready to support the development of KBIP through its expertise in aquaculture systems, bio-processing and applied research, including conducting feasibility studies, facilitating technology deployment and strengthening linkages with investors and international markets.

"Ultimately, the development of KBIP is not about competing with other industrial centres in Malaysia, but about complementing them by building on Sabah's unique strengths. What is needed now is disciplined execution of a clear direction," he said.