



KEYNOTE SPEECH

MINISTER OF NATURAL RESOURCES, ENVIRONMENT AND
CLIMATE CHANGE

INAUGURAL MALAYSIA CARBON MARKET FORUM 2023

5 OCTOBER 2023 (THURSDAY)

1.45 PM

HALL 7C, LEVEL 3,
KUALA LUMPUR CONVENTION CENTRE

Salutation [to be finalised closer to the launch]

Ladies and Gentlemen,

Assalamuailaikum warahmatullahi wabarakatuh, Salam Sejahtera, and a very good afternoon to all.

AN ERA OF GLOBAL BOILING

1. I want to begin by offering my heartiest congratulations to Bursa Malaysia for the successful go-live of the BCX trading platform which I understood commenced last Monday, 25 September 2023. This feat is commendable as the inaugural auction was completed less than 6 months ago.
2. As Datuk Umar has alluded to in his opening speech, I am delighted that both Bursa Malaysia and the Malaysian Green Technology and

Climate Change Corporation have completed the development of Malaysia's voluntary carbon market (VCM) handbook.

3. Last July, the Secretary-General of the United Nations, **Antonio Guterres** declared that "**the era of global warming has ended and that the era of global boiling has arrived.**" This is unsurprising given the findings by the **World Meteorological Organisation** that July was the hottest period on record. Global mean temperature temporarily exceeded the 1.5° Celsius threshold above pre-industrial levels during this period, while sea ice coverage hit a record low, having witnessed a continual downward trend since 2014.
4. Only the most foolish and stubborn will now say that climate change is not real. The facts do not care about our feelings and the fact is that our world, as Mr Guterres so vividly described it, is boiling.
5. And as our YAB Prime Minister said at the UN recently, "...we have not a moment to lose" if we want to continue existing on this planet. It is an effort that requires the support of all quarters in our nations, and so I am grateful to everyone, whether from the public, private or civil society sectors, for joining us today.

Ladies and gentlemen,

MALAYSIA'S VULNERABILITY TO CLIMATE CHANGE

6. Malaysia's vulnerability to climate change is obvious, given our long coastline stretching over 4,809 km. According to a study released in 2021 by the **Asian Development Bank**, between 1970 and 2013,

Peninsular Malaysia, Sabah, and Sarawak regions experienced surface mean temperature increases of 0.14°C–0.25°C **per decade**. **Flooding appears to have become part of our lives**, with this natural hazard contributing more damage than any other natural hazards our country has experienced.

7. The frequency and extremity of flood events have increased in recent decades, with projections showing they will continue to increase with continued global warming. This represents a real threat to Malaysia as our valued national assets, such as power plants, LNG regasification terminals, gas pipelines, ports and urban developments, are located next to our coastlines.

MALAYSIA'S CLIMATE INITIATIVES

8. **And yet, the challenge of climate change also presents our country with real opportunities to reform itself and move up the value chain.** Although Malaysia's share of total **global greenhouse gas (GHG) emissions is not more than 0.8%**, as a nation, we have embraced our share of climate responsibilities and not sought to absolve ourselves. This is demonstrated in a series of climate initiatives the Government of Malaysia has undertaken in recent years.
9. As you likely know, in May 2023, the government announced its commitment to **further accelerate the share for Malaysia's renewable energy power installed capacity to 70% by 2050, up from our existing installed capacity of 25%**. The government, through the Ministry of Economy, has also launched the **National Renewable Energy Roadmap (NETR)** last August, anchored on **6**

levers to accelerate energy transition, namely **renewable energy, energy efficiency, hydrogen, bioenergy, green mobility and carbon capture, utilisation and storage (CCUS)**.

10. I believe that the carbon markets can emerge as among the financial enablers to support these levers, including the voluntary carbon markets (VCMs). Indeed, I am certain this will be deliberated at length in today's forum **and that VCMs will be very important for Malaysia moving forward.**

THE IMPORTANCE OF VCMS IN CLIMATE ACTION

Ladies and Gentlemen.

11. The **World Economic Forum** (WEF, 24 August 2023) has argued that VCMs are **currently the most effective way** to address GHG emissions reduction by mobilising billions of dollars in private sector finance every year. Importantly, VCMs can help host countries to achieve their **nationally determined contributions (NDCs)** even if such sales are to corporate buyers outside of Malaysia. This is because **sales of carbon credits in VCM do not require authorisation from host countries and are not considered as international transfer of mitigation outcomes (ITMOs) from host countries** to meet the buyer country's NDC obligations.

12. **This is an opportunity as** Malaysia is well endowed with resources that can propel us towards a lower carbon economy. We not only have huge renewable energy technical potential, especially solar PV, but also the means to support climate actions. As of 2019, **54.9% of our**

country is under forest and tree cover, with more than 18 million hectares of forest cover, which could be managed to ensure permanent carbon sequestration.

13. It is widely agreed that we need **nature-based solutions (or NbS)**, which can **provide up to 30% of the mitigation required by 2030** to keep the 1.5°C target in reach. The VCM can help mobilise public sector finance towards NbS, particularly in the Global South, where it is most urgently needed.

VCM OPPORTUNITIES IN MALAYSIA

14. As is well known, forest lands in Malaysia are largely owned by the state governments. Indeed, many state governments have reached out to my Ministry for alignment of carbon policies for forest carbon assets. I can and have assured them that my Ministry is doing our best to ensure that these discussions take place—and fruitfully at that. I wish to also reiterate that our **National Carbon Policy** is expected to be ready for implementation this year. It will provide, among other things, guidance on carbon trading at the state level.

15. On this note, I am pleased to note that the **Bursa Carbon Exchange (BCX)** is organising their next auction to offer Malaysian nature-based carbon credits. Given the challenges of a nascent VCM in Malaysia, I am delighted with the progress of BCX thus far.

16. Congratulations to BCX are also in order as their trading platform just went live last week, and now they are getting ready to auction carbon

credits from the Kuamut Project, which is located in the state of Sabah. The auction date will be announced once **Verra** has issued Kuamut's carbon credits. This project is commendable as **it's being verified** for a **triple gold labelling** under Verra's co-benefit standard of Climate, Community and Biodiversity.

Ladies and Gentlemen,

GREENWASHING MUST BE RESISTED

17. Despite the huge technical potential for various carbon projects in Malaysia, it must be acknowledged that carbon markets are in their early days, and as such, are evolving. Much needs to be considered, including the complexity of macro-economic factors which influence the prices of carbon credits, evolving standards and safeguards to ensure the integrity of carbon credits, potential interactions between voluntary and compliance carbon markets, the impact of cross-border carbon leakages, and others.
18. In this regard, I appreciate the presence of the speakers at this Carbon Market Forum who will share their expert views on how these challenges can be navigated. We hope that they can share how we can best develop high-quality carbon projects that can meet increasing standards and criteria to avoid the former from ending up as stranded assets.
19. I will leave you with this point: sustainability, ESG and climate action, among others, are now buzzwords for corporations everywhere. This

is a welcome development, but there is an urgent need to translate rhetoric into concrete actions.

20. We must realise that this is an age of scepticism, where faith in institutions and even science are constantly challenged. The idea that all efforts at addressing climate change, including on the part of the private sector is so-called “greenwashing” continues to spread, including through the unchecked and perhaps uncheckable realm of social media. While a discerning public is always a good thing, unwarranted cynicism is rarely a blessing for societies, especially for something so important as addressing climate change.

21. There is certainly a need for strong narratives and communication. But also, on both the parts of regulators and the regulated, for sincerity, integrity and; indeed, doing what we say we will do. Concepts like VCMs are exciting and possibly necessary for climate action—but they need public support. Hence, leadership, in all sectors, will be necessary to bring this about.

Ladies and Gentlemen,

CONCLUSION

22. This generation can make a difference through climate actions that are inclusive and empowering. I wish to thank Bursa Malaysia for fulfilling their mandate to deliver the world’s first Shariah-compliant carbon exchange and their endeavours to facilitate the development of a vibrant VCM ecosystem.

23. To date, Bursa Malaysia has delivered a VCM handbook and organised numerous awareness sessions, including this Forum. The success of this carbon market will require deep collaboration among many stakeholders. To this end, I urge everyone in this room to join us on this journey, whose destination, we hope, will be a better Malaysia and world, which we can be proud to leave our children and their children.

24. It is my great pleasure to launch the BCX Malaysia's Voluntary Carbon Market (VCM) Handbook.

Thank you.