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FOR

**NATIONAL CONSULTATION ON GREEN
INDUSTRIALISATION IN MALAYSIA: INTEGRATED POLICY
STRATEGIES FOR A SUSTAINABLE FUTURE**

**ORGANISED BY UN TRADE AND DEVELOPMENT
(UNCTAD) IN COLLABORATION WITH THE KHAZANAH
RESEARCH INSTITUTE**

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Yang Berbahagia Dr. Nungsari Ahmad Radhi,
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**Representatives from Ministries, Representatives of
Industry**

Distinguished guests, ladies and gentlemen,

Assalamualaikum w.b.t, a very good morning, and Salam
Malaysia Madani.

1. Congratulations to UN for Trade and Development (UNCTAD) and Khazanah Research Institute (KRI) for co-organising this inaugural **National Consultation on Integrated Policy Strategies for a Sustainable Future for Malaysia**. To our international delegates, *Selamat datang!*

2. Today, we gather to discuss a topic that is not only critical to our nation's economic future but also pivotal to the global community, which is **green industrialisation**.

MALAYSIA'S INDUSTRIALISATION JOURNEY

Ladies and gentlemen, distinguished guests,

3. Over the past decades, Malaysia has transitioned from an agrarian economy to one of the most dynamic and industrialised countries in the region. Additionally, our resource-based industries such as **palm oil**, **rubber**, and **petroleum** have significantly contributed to our economic prosperity and wealth.
4. This transformation has brought about significant economic growth, job creation, and improvements in the standard of living. Notably, Malaysia has also successfully **reduced poverty** from **49.3% in 1976 to 6.2% in 2022**.
5. Our nation has achieved remarkable success in many sectors, particularly in the **electrical and electronics**

(E&E) sector, in which Malaysia is a recognised global player.

6. However, the challenges we face today – climate change, pollution, resource scarcity, and geopolitical tensions – demand that we **rethink and reshape** our **traditional approaches** to industrialisation. On the flip side, this rapid progress also presents us with **new opportunities to innovate and lead in sustainable development**.
7. The environmental effects of industrialisation are multifaceted, from air and water pollution to biodiversity loss. These **environmental degradations threaten not only our natural heritage**, but also our **public health and community well-being**.

NIMP2030: ADVANCING GREEN INDUSTRIALISATION IN MALAYSIA

Ladies and gentlemen,

8. Although **Malaysia produces only 0.37% of the world's cumulative total greenhouse gases**, developing countries like Malaysia are often **held to environmental**

standards that developed nations can easily fulfil. The transition to net-zero emissions is projected to cost the nation over RM1.2 trillion or more than USD270 billion, a necessary investment as we strive to balance economic growth with environmental sustainability.

9. Nonetheless, Malaysia still sees the need to embark on its sustainability journey, and **green industrialisation is an area where we can truly move the needle on sustainability goals**, as espoused by our MADANI Economic Framework, which aims to **foster** a sustainable, inclusive and resilient economy.
10. Malaysia's overarching sustainability journey actually began in the early 2000s with the introduction of the ***Dasar Alam Sekitar Negara (National Policy on the Environment)***. This was a framework for integrating environmental considerations into national development policies and strategies, including industrial strategies.
11. In terms of practical application, in 2007, Malaysia completed a major flood-management project called the SMART Tunnel in Kuala Lumpur. This has significantly reduced flood events since its inception. The result? It has

prevented an estimated RM1.4 billion (USD320 million) in physical damage to our city infrastructure, not to mention lives saved. This is one of those projects that have set the gold standard on successful **public-private partnerships (PPPs) in Malaysia.**

12. The SMART Tunnel project drives home another key point: that a **whole-of-nation approach plays a crucial role in developing resilient infrastructure** to effectively contain the impacts of climate change. I am pleased to also share that all these were implemented way before the Sustainable Development Goals were introduced in 2012.
13. During my term as the Minister of Finance, Malaysia issued the **world's first sovereign US Dollar Sustainability Sukuk** in 2021, raising USD1.3 billion to fund social and green projects aligned to the UN's Sustainable Development Goals (SDG). We also mapped the 2022 and 2023 National Budget measures to the SDGs.
14. Fast forward to today, post-COVID, it is not enough to just think about "People-Planet-Profit". The guiding principle in every policymaker's mind must be about **BUILDING RESILIENCE** – of our supply chains, people, resources and

industries. For Malaysia, policy-driven industrial resilience is embodied in the **National Energy Transition Roadmap (NETR)** and the **New Industrial Master Plan 2030 (NIMP 2030)**, both launched last year.

15. The NETR outlines an ambitious **pathway to net zero greenhouse gas emissions** by 2050, while the **NIMP 2030 is a mission-based policy** targeting to green Malaysia's industries even as we grow strategic sectors such as aerospace, chemicals/petrochemicals, digital economy, E&E (+ semiconductors), and renewable energy.
16. While both policies emphasise resource efficiency, and the development of a low-carbon economy, **the main policy on greening industries is still the NIMP**, our overarching industrial reform policy.
17. Because greening industries is what will help Malaysia **move the needle on Malaysia's net zero target**, the **NIMP's third mission (Push for Net Zero) focuses on four key strategies:**
 - a. One, to **accelerate transition towards sustainable practices;**
 - b. Two, to **transition to renewable and clean energy;**

- c. Three, to **catalyse new green growth areas**; and
 - d. Four, to **shift towards green infrastructure**.
18. Allow me to share with you key **updates on the NIMP's net zero mission**:
19. **First, MITI launched¹ the National Environmental, Social and Governance Industry Framework (i-ESG Framework), focusing on** driving a 'Just Transition' towards ESG-practices, especially for the Micro, Small, and Medium Enterprises (MSMEs). As of late July this year, 941 companies had completed their i-ESGReady self-assessments, to get them ready for their first sustainability disclosure. Our **target for this year is 1,000 companies**. Next year, it will be 1,500 companies.
20. **Secondly, to support the transition to ESG practices**, the Malaysian Investment Development Authority (**MIDA**) – one of MITI's agencies – also launched the ***Domestic Investment Accelerator Fund for ESG Adoption* (DIAF-ESG)** in April 2024. This initiative provides **matching grants to Mid-Tier Companies and SMEs**, to encourage green investment.

¹ In October 2023,

21. Third, the **iESG Transition program for Sustainability Reporting for export-oriented SMEs** is also being developed by the Malaysia External Trade Development Corporate (**MATRADE**), another agency under MITI.
22. Fourth, our **Circular Economy Policy Framework (CEPF) for the Manufacturing Sector** is currently under review and scheduled to be launched this coming September.
23. So, in terms of execution, the NIMP's Delivery Management Unit ensures that all planned measures are implemented as per our timeline.
24. The NIMP also has many supportive sector-based policies, whose green agenda has also been aligned with our industrial masterplan's objectives. Examples include the **National Automotive Policy (NAP) 2020**; and the recently announced **National Semiconductor Strategy (NSS)**.
25. The **NAP, for example, aims for 80% Total Industry Volume (TIV) to be EVs by 2030.**
26. We also recently launched the **Green Investment Strategy (GIS) which focuses on attracting investment** in green

technologies and improving resource efficiency, **accelerating Malaysia's transition** to a low-carbon economy.

27. This strategy **support the NETR and NIMP's collective target funding requirement of RM1.2 - RM1.3 trillion by 2050** to decarbonise Malaysia's economy. In **positioning Malaysia as a premier green investment destination by 2030**, we are aiming for a **7.5-fold increase compared to previous levels**. And we will **focus on both domestic direct investment (DDI) and foreign direct investment (FDI)**.
28. By **leveraging seven key levers**—Energy Efficiency, Renewable Energy, Hydrogen, Bioenergy, Green Mobility, Carbon Capture Utilisation and Storage (CCUS), and Circular Economy — we aim to **not only mitigate climate change but also drive sustainable economic growth**.
29. We have **set specific targets on socio-economic benefits in these areas**, including an estimated **RM80 billion contribution to GDP**, and the creation of **350,000 high-skilled jobs by 2030**.

30. To support this transition, **the GIS will leverage Malaysia's existing strengths to secure investments, and foster strategic partnerships** to, among others, **position Malaysia among the top 17 countries in the Global Competitiveness Index by 2030**, and solidify our leadership in green industrialisation.

Ladies and gentlemen,

31. Indeed, in the last 18 months or so, we have **attracted many renowned MNC investors into Malaysia's sustainability space**. These include the UAE's MASDAR, which has committed **USD8 billion to develop up to 10 gigawatts (GW) of renewable energy (RE) projects** across Malaysia, involving **solar, wind, and battery energy storage systems**.
32. We have also attracted **green mobility players** – such as Chery, BYD, Smart, as well as established names like Mercedes, BMW, and Porsche with existing assembly plants here – to help us **develop the Malaysian green mobility/EV market and ecosystem**.

33. Malaysia also recently launched the **Kerian Integrated Green Industrial Park (KIGIP) in Perak**, announced during the 2024 Budget tabling. KIGIP is designed to be a **green technology and industrial hub, powered primarily by RE**. The 1,000-acre park – with a 660-acre solar farm, residential areas, and green environments – **aims to attract high-quality investments in sectors such as electronics, semiconductors, and logistics**.
34. Greening existing industrial parks is also a priority under the NIMP 2030. Our Central Bank (Bank Negara Malaysia) has mandated that **at least 50% of new bank financing supports climate-supporting or energy-transitioning activities by 2026**, including the greening of industrial parks. The Central Bank is also developing guidelines to **align financial institutions' strategies with our national climate goals**, ensuring a robust financing framework for the greening of Malaysia's industrial landscape.
35. MITI is also looking into various **initiatives to mobilise private capital** towards advancing **circular economies, climate mitigation, adaptation strategies**, and **sustainable mobility** in our industry.
36. Outside the MITI ecosystem:

- a. Malaysia has introduced a Voluntary Carbon Market (VCM) through the **Bursa Carbon Exchange (BCX) in 2022**. This platform allows companies to **trade high-quality carbon credits, to support their voluntary climate goals**.

 - b. Malaysia, through the Ministry of Science, Tech & Innovation (MOSTI), will begin work on hydrogen at end-2024, and **the first mobile hydrogen filling stations will be operational by early 2025**. Our **Hydrogen Economy Roadmap** has clear targets set for 2050. Malaysia has also begun a **pilot project that uses solid-based hydrogen to generate electricity** for rural off-grid areas.
37. Ultimately, we are aiming for Malaysia to become a high-income nation with a low-carbon economy by 2050.

CLOSING THE CLIMATE FINANCING GAP FOR DEVELOPING COUNTRIES

Ladies and gentlemen,

38. While these policies represent significant progress, there is always room for enhancement. This includes:

- a. One, **greater coordination and synergy among governmental agencies, industry stakeholders and civil society**, to ensure, among others, streamlined regulations;
- b. Two, **strengthening our R&D capabilities in green technologies** – particularly **between academia, industry, and government** – **to accelerate the innovation and deployment of green solutions**. This includes nurturing industries capable of providing sophisticated and commercially viable solutions to the green challenges of our time.
- c. Three, **ensuring that workers and communities are adequately supported through robust training/retraining programmes, and adequate social safety nets**. This is equally important in effecting a just and equitable climate transition.

d. Four, fostering better **regional cooperation on greening our industries and our grids**. Malaysia's **upcoming chairmanship of ASEAN offers a key platform to drive this agenda forward**, positioning our nation at the forefront of regional efforts in green industrialisation. In fact, one of the strategic thrusts under our Priority Economic Deliverables (or PEDs) is **Forging an Inclusive and Sustainable Future**, to better coordinate ASEAN's capacity to address climate risks and promote sustainable development.

39. Nonetheless, at this juncture where **many developing economies are still trying to get back on their fiscal feet** post-pandemic, the way I see it, one of the key **imperatives now is climate financing**. We must **address the financing gap to speed up green projects**.

40. **Developing countries** may need to spend **an additional \$1 trillion a year on climate-related goals by 2025, and \$2.4 trillion a year by 2030** to meet climate and nature goals². This is four times the amount currently invested.

² The climate finance gap is the difference between the \$100 billion annually committed by donor countries and the amount needed by developing countries. Source: https://unctad.org/system/files/official-document/gds2023d7_en.pdf

41. According to data by the World Bank, Malaysia invests only about 1% of its GDP in R&D, which is below the average for high-income countries. **Developing countries like Malaysia need increased funding for R&D, and to create incentives for private sector investment in embracing sustainable technologies.**
42. Additionally, many businesses, especially **small and medium-sized enterprises (SMEs), struggle to access funds to invest in green technologies.** In your deliberation, therefore, I hope you will discuss viable ways to **enhance and broaden access to financial instruments** like green bonds, grants, and concessional loans, **for both developing nations and their SMEs.**
43. On that note, following **COP28**, Malaysia lauds **UNCTAD's report on the Considerations for a New Collective Quantified Goal (NCQG)**, which highlights the need for equitable and just frameworks in debt restructuring, expanding financial safety nets, and improving the transparency and accountability of climate finance.
44. All these **reforms can significantly scale up climate finance, address critical shortfalls and meet the urgent needs of developing countries,** to ensure more impactful

and sustainable traction globally on climate-related measures.

CONCLUSION AND CALL TO ACTION

Distinguish guests, Ladies and gentlemen,

45. **Sustainability** goes beyond addressing climate issues and energy security, or even just transitions. **At the heart of it is the need to develop RESILIENCE**, a key lesson from the pandemic. As mentioned earlier, for Malaysia, socio-economic **resilience underscores our inclusive and holistic development** as envisaged by the MADANI Economy Framework.
46. **Through our progressive industrial policies, Malaysia aims to position itself as a GREEN, regional manufacturing hub.** So, we would like to invite like-minded investors, collaborators, experts, policymakers, industry leaders and stakeholders to join us on this journey to not only address the challenges of green industrialisation, but also unlock its vast potential for the benefit of our people and our planet.

47. To the foreign delegates, I am confident that our beautiful country – with almost 55% of our land still under forest cover – will leave a lasting impression on you. In fact, a refreshing forest hike can be enjoyed just a stone's throw away from here, in a 66-acre forest reserve near our National Monument - just one of the many sustainable ways we run our cities.
48. On a final note, I wish you all great success in your discussions as we chart a greener, more sustainable path for Malaysia and the world.

Terima kasih.