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Energy transition with stability at core

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KUALA LUMPUR: Malaysia will continue to shift towards renewable energy (RE) while maintaining a stable base in power systems that will anchor the country's stability going forward, said Finance Minister II Datuk Seri Amir Hamzah Azizan.

Speaking as a panellist at the IMF Spring Meetings session titled "The Future of Economic Integration in a Fragmenting World" yesterday morning, Amir Hamzah said Malaysia remains relatively fortunate to have domestic energy resources,

particularly natural gas.

"From a gas point of view, we are self-reliant. So, from an electricity point of view in the country, generation and what we can do, we can assure stability of supply.

"But from a liquid (fuel) point of view, we do depend on importation, and how we manage through (it)," he said.

Amir Hamzah said a key lesson for Malaysia as a developing economy has been the need to send the right market signals, particularly through subsidy

reforms.

Historically, Malaysia has heavily utilised subsidisation to keep the population at a low cost structure, but he said this approach was very expensive and caused fiscal deficits to balloon, straining government finances.

"What we needed to do was to reform. We had to reform the structure to make the balance fairer. So, key groups that needed to be supported, we support.

"In terms of assistance to the lower-income people, the key is inflation, leading to things we can

provide some assistance," he said.

Amir Hamzah said such discipline enables the market to also sort out supply and demand, and that efficiency measures can be implemented much more effectively.

Moving forward, he said Malaysia is committed to "Net Zero by 2050" and will accelerate the transition towards RE, including the national grid.

He also emphasised that regional cooperation through the Asian Power Grid plays a crucial role in the transition.

"One of the key projects that we are pushing along the way is the Asian Power Grid. If we can have that redistribution in a better form, everybody will be induced to make sure the system is stable.

"The regional integrated power grids reduce redundancies in the system. At the same time, you also bind the regions to be more co-dependent with each other," he said.

The IMF Spring Meetings session was broadcast live on the International Monetary Fund (IMF) website at 2 am Malaysian time yesterday. – BERNAMA