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Govt restricts entry of non-AI related new data centres

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THE government has restricted the entry of new data centres unrelated to artificial intelligence (AI) for nearly two years to reduce pressure on the national power grid and water supply, said Prime Minister Datuk Seri Anwar Ibrahim.

Acknowledging a surge in energy and water usage following the operations of data centres, he said that projections indicate Malaysia still has the capacity to ensure sufficient supply.

“We have restricted the entry of new data centres that have nothing to do with AI. If there are benefits in terms of high-technology and AI development, approvals are easier.

“So, all new applications that are not related... have already been stopped,” he said during the Ministers’ Question Time session in the Dewan Rakyat, Tuesday.

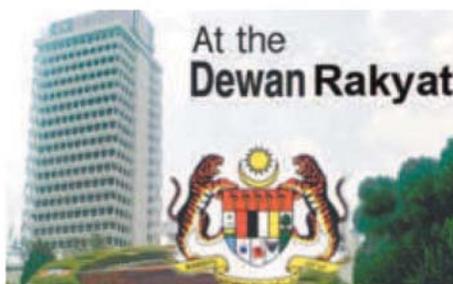
Anwar was replying to a supplementary question from Datuk Che Mohamad Zulkifly Jusoh (PN-Besut) regarding the energy efficiency of data centres in Malaysia and the government’s measures to ensure that the large-scale entry of data centre investments would not lead to higher electricity tariffs or disrupt supply to domestic consumers.

Explaining further, Anwar, who is also Finance Minister, said that in the long term, various measures will be implemented, including leveraging the Asean Power Grid and plans to channel supply from Sarawak to Peninsular Malaysia.

“The Asean Power Grid is being maintained from Vietnam to Peninsular Malaysia and Singapore, and there are also plans to source energy from Sarawak to the Peninsula and Singapore,” he said.

In response to a question from Rodziah Ismail (PH-Ampang) regarding measures in the Artificial Intelligence (AI) Governance Bill to address copyright and intellectual property issues, Anwar said the drafting of the Bill will place special emphasis on ethical considerations, citizens’ rights and potential risks.

“This differs from the approach currently adopted in the West, where the focus is mainly on legal details, while ethical and



moral aspects are not prioritised,” he said.

He added that the bill will take into account the AI Risk and Classification Framework, an approach based on risk classification to ensure the use of the technology does not override ethical considerations.

According to Anwar, this approach also covers AI harms and incident reporting to ensure any risks can be monitored and addressed systematically.

He said the bill is still in the early drafting stage at the Digital Ministry and will undergo stakeholder engagement, including review by a special parliamentary committee, before being finalised.

He added that the Bill is important for a comprehensive governance framework covering the entire AI system lifecycle, including development, training, implementation, monitoring and risk management.

“This represents a new approach and effort for the country, as it does for most countries. It will also detail issues of accountability, ethical use, and involve developers as well as deployers of AI systems.

“Since this is a new approach and initiative, it also ensures that existing laws remain applicable and enforceable,” he said.

Anwar noted that the Intellectual Property Corporation of Malaysia must also be capable of ensuring effective enforcement of related laws, including in the context of materials used as inputs to train AI systems and the outputs generated from them.

He said protection for AI system inputs and outputs is already provided under the Copyright Act 1987 and must be enforced more effectively.