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Malaysia pushes ASEAN unity on climate, sustainability

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RE makes up just 15.6% of ASEAN's total energy supply, falling short of the 23% goal set for 2025, says IESR

by GLORIA HARRY BEATTY

THE COUNTRY is advocating for enhanced regional cooperation on climate action, green energy and sustainable development.

Natural Resources and Environmental Sustainability (NRES) Minister Nik Nazmi Nik Ahmad said as the ASEAN Chair, Malaysia is dedicated to promoting the adoption of inclusive, affordable and equitable solutions that will benefit the entire ASEAN community.

"We want to ensure that we collectively meet the environmental goals set in the ASEAN Economic Community Blueprint," he said in his virtual keynote address at the 5th German-Malaysian Business Forum (GMBF) in Kuala Lumpur recently.

He added that the chairmanship theme of Inclusion and Sustainability aligns with ongoing efforts to address the complex challenges of climate change, poverty and inequality across ASEAN.

Nik Nazmi said Malaysia believes that sustainability is not only about environmental responsibility but also about fostering social and economic inclusivity.

Green Transition

Malaysia is committed to ensuring that the green transition creates opportunities for all segments of society, with particular focus on vulnerable communities and sectors.

He also shared that Malaysia has made strong progress in renewable energy (RE), despite ASEAN's overall shortfall in meeting regional targets.

According to the Institute for Essential Services Reform (IESR), the share of RE in ASEAN's total primary energy supply remains at only 15.6%, well below the 23% target set for 2025.

However, Malaysia's proactive policies and investments place it on track to meet—and in some cases, exceed—these regional targets.

"We are continuously increasing our RE generation capacity and refining our policies to attract further investment into green energy technologies," Nik Nazmi added.

In addition to expanding RE sources, Malaysia is also advancing the production of sustainable



(From left) Moderator Nat Tan Zhai Yun, with industry leaders JP Leong, Azli Mohamed and Esther Lew during a panel discussion on Strengthening Malaysia-European Union Economic Relationship by Fostering Green Energy



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green investments in Malaysia, as they facilitate financial mobilisation, risk-sharing and the rapid adoption of sustainable technologies.

Malaysia has introduced various PPP initiatives to accelerate the growth of its green economy. The country's PPP-driven green initiatives are guided by key national policies, such as the National Energy Transition Roadmap (NETR) and New Industrial Master Plan 2030 (NIMP).

Viable Green Projects

Sikh Shamsul said PPPs distribute financial and operational risks between the government and private entities, making green projects more viable. For example, the LSS programmes, which operate through a competitive bidding system, enable private and public companies to develop and manage solar farms.

"We are also looking at PPPs in the Circular Economy space. The initiatives under Malaysia's Circular Economy Policy Framework launched in 2024, call for a shift towards an industrial production model that is restorative or regenerative by design and resource-efficient.

"In addition, the framework emphasises recyclability and reuse, improved production and the availability of secondary sources of feedstock. With capabilities and high technologies from Germany as our partner, we look forward to more collaborations and engagements in opportunity areas in the circularity space," he added.

During the event, Tenaga Nasional Bhd (TNB) projected two RE projects will reach their commercial operation date (COD) by 2027.

According to its strategy and ventures division (corporate ventures) head Nor Ziba Zainol Abidin, who attended the forum on behalf of CEO Megat Jalaluddin Megat Hassan, TNB's RE portfolio is primarily focused on hydro and solar energy.

She noted that the latest RE project, the Nenggiri Hydroelectric Power Plant, is currently under construction and is expected to achieve commercial operation by 2027.

She highlighted a special feature for this plant, which will also come with one gigawatt (GW) of hybrid floating-solar capacity.

As part of NETR, TNB was entrusted by the government with the development of two major RE projects, collectively amounting to 3GW in capacity.

On a different note, Nor Ziba identified four major challenges in accelerating generation decarbonisation which involves phasing out fossil fuels. The challenges include energy security and reliability, investment and financing, cost and affordability, and technology readiness and scalability.

Despite the obstacles, she reiterated that TNB remains highly supportive of the energy transition and is committed to driving the shift, noting that "energy is always at the heart of every industrialisation".

"We are working alongside the government to accelerate the adoption of clean technologies through various means. We welcome collaboration between industry and government," she added.

Held under the theme Malaysia Leading the Green Energy Transition in ASEAN, the forum aimed to foster cross-sector collaboration, bolster Malaysia's leadership in ASEAN's green transition and strengthen ties between Malaysia, Germany and other key stakeholders dedicated to building a greener economy.

Strategic Partners

Meanwhile, Malaysian Investment Development Authority (MIDA) CEO Datuk Sikh Shamsul Ibrahim Sikh Abdul Majid noted that Malaysia is not merely seeking capital, but strategic partners who share its vision for sustainable and inclusive growth.

He highlighted Germany as an important ally in this regard. In 2024, Germany ranked as the second-largest foreign direct investor in the local economy, contributing significantly through projects totalling RM12.2 billion and creating nearly 2,560 employment opportunities in various sectors.

"These investments are not abstract figures. They represent tangible progress and real-world impact. Companies such as Infineon Technologies AG, BASF SE, DELO Industrie Kebstoffe GmbH & Co KG, Muehlbauer Holding and WIKO Alexander Wiegand SE & Co KG have all chosen Malaysia as their strategic base for new ventures or expansions. Their presence underscores the attractive business environment that we have built," he said.

Sikh Shamsul also said German companies have already made significant contributions to Malaysia's energy landscape. Energy companies such as ibv, Coara Solar and BayWa re are actively supporting Malaysia's national energy transition by developing LSS farms through local energy programmes such as the Corporate Green Power Programme (CGPP) and LSS initiative.

As such, he welcomed more participation from German corporations in other green sectors including biomass, wind, mini-hydro, waste management and emerging technologies such as green hydrogen and energy storage systems.

Sikh Shamsul added that public-private partnerships (PPPs) are instrumental in expanding

PV International Hub

He said Malaysia has established itself as a major international hub for PV component manufacturing, with six of the world's 10 largest solar PV companies operating within its borders.

Positioned in the 'sun belt' Malaysia benefits from abundant solar resources, making it an ideal location for solar energy production.

Combined with its skilled workforce in electronics and semiconductors, robust infrastructure and reliable power supply, Malaysia offers a strong foundation for the global solar industry.

"These advantages have attracted leading international companies, reinforcing Malaysia's role as a key player in the global RE supply chain and driving innovation in solar technology," Nik Nazmi said.



German companies have already made significant contributions to Malaysia's energy landscape, says Sikh Shamsul