



KEYNOTE ADDRESS

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MALAYSIA CARBON MARKET FORUM 2025

15 OCTOBER 2025, 9:00AM
W HOTEL KUALA LUMPUR

Salutation

YBhg. Datuk Mas Rizal bin Mohd Hilmi,
Deputy Secretary General (Natural Resources),
Ministry of Natural Resources and Environmental
Sustainability

YBhg. Tan Sri Abdul Farid bin Alias,
Chairman of Bursa Malaysia

YBhg. Dato' Fad'l Mohamed,
Chief Executive Officer, Bursa Malaysia

Esteemed Speakers and Moderators, Distinguished
Guests, Ladies and Gentlemen.

Opening

1. First and foremost, I would like to thank Bursa Malaysia for inviting me to speak at the Malaysia Carbon Market Forum 2025. In recent years, Bursa Malaysia has played a pivotal role in advancing emissions trading in the country, marked by the launch of the world's first Shariah-compliant voluntary carbon exchange in December 2022.
2. Through the Bursa Carbon Exchange, or BCX, Bursa has demonstrated a strong commitment to shaping the broader carbon market ecosystem. I would like to thank Bursa for actively contributing their technical expertise towards the Government's efforts in formulating Malaysia's national policy and regulatory framework on climate change.

The Climate Imperative

Distinguished guests,

3. The climate crisis is no longer a distant or future threat but a present reality that we all face today. From rising sea levels to intensifying droughts, floods, and extreme weather, the effects of global warming are becoming more severe and widespread. The World Meteorological Organization (WMO) reported that 2024 was the warmest year on record, with temperatures at 1.55°C above pre-industrial times.

4. In the face of this challenge, we must act decisively and deploy every instrument available to us. The carbon market represents a strategic instrument that has yet to be fully developed and leveraged in Malaysia. This mechanism can drive emissions reductions at

scale, mobilise climate finance, and incentivise innovation across sectors. Done right, it can bridge ambition with action and align environmental integrity with economic opportunity.

The Economic Imperative

5. Furthermore, as global carbon markets continue to mature and grow in sophistication, carbon considerations will become deeply embedded in all economic activity. Malaysia must not take a back seat or merely react to the actions of others. Instead, we must show leadership and act decisively in advancing what is right for our nation.

6. Carbon pricing is set to become an integral part of how businesses operate, influencing competitiveness and global trade. This trend is already evident in measures such as the

European Union's Carbon Border Adjustment Mechanism (CBAM), which aims to create a level playing field for EU industries that have invested in low-carbon technologies to meet their green targets.

7. By establishing a comprehensive carbon pricing mechanism in Malaysia, we aim to safeguard our exporters against potential green tariffs. More importantly, we must prevent capital outflows that could otherwise be channeled towards domestic initiatives to drive our own low-carbon transition.

The State of the Global Carbon Market

Ladies and gentlemen,

8. The global carbon market has made significant strides. According to the World Bank's 2025 State and Trends of Carbon Pricing, 28 per cent

of global GHG emissions are now covered by a direct carbon price. Carbon pricing has also mobilized over USD100 billion for public budgets in 2024 and more than half of power sector emissions are under carbon pricing mechanisms.

9. Carbon markets are projected to grow exponentially with carbon credit prices expected to reach USD60 per tonne by 2030 and USD104 per tonne in 2050. At the same time, global carbon credit supply is expected to expand substantially, potentially increasing by 20 to 35 times by 2050 compared to current levels. This growth signals stronger global resolve on climate action, but efforts must be intensified to remain on track with our climate targets.

10. To drive meaningful climate action in line with the Paris Agreement goals, global institutions such as the International Monetary Fund (IMF) recommend carbon prices in the range of USD50 to USD150 per ton. However, the average global carbon price under the voluntary carbon market is trading between USD3 to USD20 per ton of carbon, far below the levels needed to deliver impactful emissions reductions. The global voluntary carbon market has remained relatively muted in recent years - small in scale, fragmented in structure, and still grappling with persistent credibility challenges.

Carbon Markets: A Balanced Approach

Ladies and Gentlemen,

11. In order to reach Net Zero, carbon markets must evolve with broader participation across sectors, regions, and industries. As this ecosystem matures, it is important to maintain a balanced perspective on the types of credits that play a role in emissions reduction. Both carbon removal and carbon reduction credits are critical. While removal credits, such as carbon capture or reforestation, will become increasingly important over time, reduction credits such as those that avoid emissions from happening in the first place, remain more cost-effective and immediately impactful. Every tonne of carbon avoided today reduces the burden of removal in the future.

12. Similarly, both nature-based and technology-based carbon projects are vital. Nature-based solutions, such as reforestation and the restoration of mangrove forests, typically offer larger-scale mitigation potential. Meanwhile, technology-based projects can be deployed more rapidly, replicated across geographies and often leads to innovation and local capacity-building. Each approach has its strengths, and the path forward requires a diverse, well-rounded portfolio tailored to national and regional contexts.

13. Above all, it is important to reinforce that carbon credits are not a license to pollute. They are a tool that helps bridge the gap while deeper decarbonisation efforts take shape. Evidence shows that companies that use carbon credits are more likely to set ambitious emissions targets, invest more heavily in internal

reductions, and accelerate their transition pathways. A well-designed carbon market, grounded in transparency, environmental integrity, and meaningful accountability, can help us not only meet our climate goals but do so in a way that supports innovation, investment, and inclusive growth.

Advancing Regional Carbon Markets: Malaysia and ASEAN's Shared Path

Ladies and Gentlemen,

14. As Malaysia takes on the ASEAN Chairmanship in 2025, we are reminded that regional collaboration must now move from principle to practice. In this spirit, we welcome the ASEAN Common Carbon Framework (ACCF), a timely initiative developed by Bursa Malaysia and supported by the Malaysia Carbon Market Association (MCMA).

15. The ACCF is a practical step toward building a more connected and efficient regional carbon market. It aims to reduce fragmentation by aligning national carbon standards, improving transparency, and enabling cross-border access. As ASEAN member states develop their own crediting systems, mutual recognition will be essential to scale markets and lower costs.

16. The opportunity is immense. From 2025 to 2050, ASEAN's carbon markets could generate USD 946 billion to USD 3 trillion in cumulative value. By 2030, mitigation potential is estimated at 220 million tonnes of carbon equivalent, rising to 1.12 billion tonnes by 2050. With ASEAN expected to become the world's fourth-largest economy by the end of this decade, this framework is both timely and necessary.

17. Importantly, the ACCF does not replace national systems. It complements them. It respects domestic priorities while building a more coherent and investable regional carbon landscape. Malaysia's national efforts are aligned with this broader vision. The National Climate Change Bill (RUUPIN) is nearing completion and will be tabled in Parliament soon. It will serve as the legal backbone of our climate governance, defining institutional roles, reporting duties, and compliance mechanisms.

18. In parallel, we are finalizing the National Carbon Market Policy, which provides an overarching framework that will set Malaysia's direction on carbon trading. It outlines how we will utilize carbon pricing to support investment, innovation, and low-carbon development. Together, RUUPIN and DPKK strengthen Malaysia's readiness for credible, well-

governed carbon markets, while positioning us to integrate meaningfully with regional frameworks like the ACCF.

19. In addition, the Malaysia Forest Fund (MFF) has introduced two key instruments: the Forest Conservation Certificate (FCC), which channels finance into forest protection, and the Forest Carbon Offset (FCO), Malaysia's national crediting system for avoided, reduced, and removed emissions. I am pleased to announce a new collaboration between MFF and Bursa Malaysia to promote corporate adoption of both FCC and FCO. In parallel, Bursa and MFF are assessing the FCO's potential for trading on the Bursa Carbon Exchange (BCX), linking Malaysia's domestic carbon efforts with broader markets.

20. While our forests remain a critical strength, Malaysia also sees strong potential in technology-based solutions. The palm oil sector for instance, with over 450 mills nationwide, presents scalable opportunities such as methane capture from palm oil mill effluent.

21. Through these initiatives, Malaysia is positioning itself to ensure that carbon markets drive real climate action, attract capital, and support inclusive growth, both at home and across the region. With the right frameworks and a shared commitment, ASEAN has the potential to become a global leader in climate-aligned development. Malaysia is ready to do its part.

Closing

Ladies and Gentlemen,

22. The climate crisis calls for bold, united action.

Carbon markets can drive real emissions cuts and build resilience. As Malaysia assumes ASEAN leadership, we have an opportunity to shape a regional carbon economy that is credible, inclusive, and results-driven. Net Zero must go beyond ambition. It must become reality, and that requires all of us - governments, business, and civil society. With COP30 just ahead, Malaysia is prepared to showcase more than commitments. We aim to present concrete carbon market pilots that can serve as models for other emerging economies.

23. My sincere thanks to Bursa Carbon Exchange for organising the Malaysia Carbon Market Forum. I believe the ideas shared today will

feed into actionable outcomes. To our international guests, thank you for being here. I hope your time in Malaysia is enriching, through our ideas and partnerships. May this forum lead to lasting collaboration and real progress.

Thank you.