



**PRESS STATEMENT
MINISTRY OF ECONOMY**

3rd AZEC MINISTERIAL MEETING, KUALA LUMPUR

The Government of Malaysia in collaboration with Japan, today hosted and co-chaired the 3rd Asia Zero Emission Community (AZEC) Ministerial Meeting in Kuala Lumpur. The meeting reaffirmed Malaysia's commitment to advancing a sustainable and resilient energy future, in line with the ASEAN Community Vision 2045 and the national principles of Malaysia MADANI.

The AZEC platform provides a critical avenue for regional cooperation to achieve net-zero greenhouse gas emissions while maintaining economic growth and energy affordability.

As part of today's meeting, seven Memoranda of Understanding were signed between Malaysian and Japanese entities, covering strategic areas of decarbonisation, biofuels, transition financing, and carbon capture and storage (CCS). These include:

- i. Memorandum of Co-Operation between the Government of Malaysia and the Ministry of Economy, Trade and Industry of Japan in the Field of Carbon Capture and Storage;
- ii. Collaboration Agreement to improve the Malaysia Rubber Council member companies' operations by connecting them to a company offering cloud services and related consulting services;
- iii. Memorandum of Cooperation between Development Bank of Sarawak and Mizuho Bank for Strategic Collaboration;
- iv. A supply and purchase agreement for BAC to build, own and operate a biomass steam boiler to supply steam to Kaneka for production process usage;
- v. Equity Investment Agreement for Biofuel Production Plant (Pengerang Biorefinery in Pengerang, Malaysia) between PETRONAS Mobility Lestari Sdn Bhd, Enilive Spa and Euglena Co. Ltd;

- vi. Memorandum of Understanding of a Feasibility Study for CO₂ Capture from Emission Sources in Malaysia between Kawasaki Heavy Industries and PETRONAS CCS Solutions Sdn. Bhd.; and
- vii. Key Principles Agreement for the Southern Offshore Peninsular Malaysia CCS Project between PETRONAS, TotalEnergies and Mitsui&Co.

Discussions at the Ministerial Meeting focused on three key pillars for future cooperation:

- i. Ensuring a Just Transition through capacity building, technology transfer and affordable financing;
- ii. Accelerating Green Mobility and Sustainable Aviation Fuel (SAF) by harmonising regional standards for electrical vehicle and charging infrastructure, as well as advancing commercialization for SAF; and
- iii. Mobilising Transition Finance by unlocking diverse financial tools, including transition finance and green Sukuk, to support essential infrastructure projects across the region.

Malaysia highlighted its own transition pathway through the National Energy Transition Roadmap (NETR), introduced in 2023, which sets the target of achieving 70% renewable energy capacity by 2050, leveraging solar, hydro, green hydrogen, and digital grid solutions. This is further reinforced under the Thirteenth Malaysia Plan (Thirteenth Plan), which sets a nearer-term target of achieving a 35% renewable energy share in the installed capacity mix by 2030. Among notable achievements in energy transition include:

- i. The gazettelement of the Energy Efficiency and Conservation Act (EECA) 2024, regulating efficient energy consumption and conservation across industrial, commercial, and public sectors;
- ii. The gazettelement of the Carbon Capture, Utilisation and Storage (CCUS) Act 2025, strengthening Malaysia's regulatory framework and positioning the country as a regional CCUS hub;
- iii. The establishment of the National Energy Transition Facility (NETF), providing blended financing through Malaysia Debt Ventures (MDV) and Bank Pembangunan Malaysia Berhad (BPMB) as strategic partners, totalled to RM603.7 million in committed financing since its implementation;
- iv. The launch of the Energy Exchange Malaysia (ENEGEM), facilitating 50MW in cross-border green electricity trades since December 2024;

- v. To spur the development of green hydrogen hub through the Hybrid Hydro Floating Solar Project in Kenyir, enhancing renewable generation capacity and contributing to grid stability;
- vi. The introduction of open bidding for the development the Battery Energy Storage Systems (BESS) with a total capacity of 400MW and 1,600 megawatt-hours, strengthening grid flexibility and reliability;
- vii. The implementation of the residential rooftop solar initiative at the City of Elmina, integrating rooftop solar systems across township developments to accelerate household-level renewable energy adoption;
- viii. The launch of Malaysia Aviation Decarbonisation Blueprint (MADB), which outlines a comprehensive strategy for decarbonising the aviation sector, including positing Malaysia as a regional SAF producer; and
- ix. The development of a biorefinery at the Pengerang Integrated Complex (PIC) in Johor, producing sustainable aviation fuel (SAF) and other biofuels, including renewable diesel and hydrogenated vegetable oil (HVO), to meet the increasing demands of the global aviation and transportation sectors.

In parallel, the Thirteenth Malaysia Plan has recognized nuclear to be included in Malaysia future energy mix.

Malaysia's hosting of the 3rd AZEC Ministerial Meeting underscores its commitment not only to decarbonisation but also to strengthening its role as a leading regional energy hub.

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