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AT THE
MALAYSIA-EUROPE FORUM MUNICH SPRING DIALOGUE
MUNICH, GERMANY
TUESDAY, 2ND MARCH 2010, 9.00 AM
COLLABORATIVE OPPORTUNITIES IN GREEN TECHNOLOGY
IN MALAYSIA**

Yang Berhormat Tan Sri Rafidah Aziz,
Patron, Malaysia-Europe Forum

Mr Ignacio Garcia Bercero
Director for Sustainable Development and Bilateral Trade Relations, European
Commission

Yang Amat Berbahagia Tun Musa Hitam,
Chairman, Sime Darby Group

Excellencies,

Distinguished Speakers & Panelists,
Ladies & Gentlemen,

Selamat Pagi, as we say when we greet one another 'Good Morning' in Malaysia.

1. I am honoured and delighted to have the opportunity to address you on this fresh spring day in this beautiful city. I wish to thank Yang Berhormat Tan Sri Rafidah Aziz, Patron, Malaysia-Europe Forum for the invitation to deliver the Keynote Address here in Germany. I must admit the theme of this Roundtable is a matter close to my heart and equally important, I am sure, all of us will share the same feeling as the issues that are before us today are of immediate and considerable importance in the global agenda.

2. Hence, I also wish to extend my congratulations to the Malaysia-Europe Forum for organizing this event, and for bringing us together to discuss and to debate on Green issues. Being the Minister for Energy, Green Technology and Water in Malaysia, this forum is relevant to me – both in terms of sharing our own Green Agenda with you in Europe, and also to learn from you and to partner with you in going forward.
Ladies & Gentlemen,

3. Allow me to start my speech with a famous quotation which I believe is profound. It is a proverb supposed to have originated among the native American tribes years ago. It goes like this: ***“We do not inherit the Earth from our ancestors. We borrow it from our children.”*** This suggests many lessons. Firstly, we cannot assume that Planet Earth is ours forever. We cannot expect it will be there for us, forever. We are only in transition and during our short stays, we need to take care of it, because we are living on borrowed time. We are living on the borrowed future that belongs to our children and their children, and if we do not act responsibly, we will be destroying that future.

4. Indeed, if the history of human civilization can be likened to a road, then we have reached an important junction, and the road we ultimately choose to continue on will lead to radically different destinations. The choice we make now will determine our future. We can choose to maintain our current ways, which I will venture to say are threatening the good planet; or we can choose to radically change our habits and take the high road of environmental preservation and sustainable development.

5. Personally, I find that the wisdom of the latter path is indisputable. The world's rapidly expanding population coupled with the unparalleled economic growth in the former third world as exemplified by the BRIC countries {Brazil, Russia, India and China}, has created a demand for energy and resources on a scale never seen before in history. Our planet Earth is already pressed to provide for us all; imagine what it would be like should all nations reach developed nation status, and it will be a matter of time before that happens.

Ladies & Gentlemen,

6. Allow me to quote the speech of my Honourable Prime Minister of Malaysia, Dato' Sri Mohd Najib bin Tun Haji Abdul Razak, at the recent World Future Energy Summit held in Abu Dhabi, i.e. ***“Continuing on today's energy path, without any change in government policy, would mean rapidly increasing dependence on fossil fuels, with alarming consequences for climate change and energy security.”*** These words cannot be taken lightly. Between now and 2030, global primary energy consumption is expected to rise by 1.6% per annum or 45% in total in the next 20 years. This is a situation that is untenable and needs to be addressed quickly. However, hunger for energy and energy security is not the only challenge we face. Climate change has presented itself as the environmental challenge of the new millennium. Water and food scarcity, resource depletion, loss of biodiversity and mounting emissions from air travel are, but a few of the other issues we have to tackle as a global community, and to tackle effectively.

7. Unlike the hole in the ozone layer scare that shook the world but a couple of decades ago, these challenges are not easily solved by, for instance, abstaining from using a certain chemical. There is no easy cure for these consequences of our modern lifestyles, no magic wand to wave. Change can be brought about but only with serious commitment from leaders everywhere, who are prepared to exercise their political will and ready to accept criticism for their policies. Change can be brought about by corporate citizens who champion environmental causes under the umbrella of corporate social responsibility. Change can be wrought by civil society, by NGOs and NPOs {Non-profit organization} working together across the world to raise awareness and put pressure on governments and citizens to practice green consciousness. Last but not least, change can be brought about by individuals, such as ourselves, in our homes and at our places of work and play. By practising a green way of life at the very basic level, where it counts, we can slowly hope to influence others around us. Green, like charity, begins at home.

Ladies & Gentlemen,

8. The Malaysian Government is fully cognizant of the challenges presented by climate change, greenhouse gas emissions, energy efficiency and security, resource depletion, and the other negative effects of our current way of life. With the wisdom

and esteemed leadership of our Prime Minister, the Ministry of Energy, Green Technology and Water was established on 9th April 2009. This reflects Malaysia's seriousness in driving the message that 'clean and green' is the way forward towards creating an economy that is based on sustainable solutions. The ministry will be the principal catalyst for the development of a dynamic and efficient energy, green technology and water industry in the country. The ministry pledged to develop and formulate strategic and innovative policies towards achieving this agenda by embarking on at several major thrusts as outlined in the National Green Technology Policy. The National Green Technology Policy that has been unveiled is a holistic policy built on four core pillars namely energy, the environment, the economy, and the society. The National Green Technology Policy embodies the elements of economic, environment and social policies, as reflected in its five objectives:

- To minimise growth of energy consumption while enhancing economic development;
- To facilitate the growth of the Green Technology industry and enhance its contribution to the national economy;
- To increase national capability and capacity for innovation in Green Technology development and enhance Malaysia's competitiveness in Green Technology in the global arena;
- To ensure sustainable development and conserve the environment for future generations; and
- To enhance public education and awareness on Green Technology and encourage its widespread use.

9. While we proactively encourage development of these industries, we also prize Green Technology as the way forward for Malaysia. We have recognized that our competitiveness in the world can be secured through deployment of green technology and we have abundant resources in our country to help us get there. We have undeveloped land, we have biodiversity as well as flora and the fauna, we still have some of the oldest rainforests in the world, we have water power, natural gas and biomass – and we have the commitment of our leadership. What we now need are the partners and the green experts who can work with us to take our Green Agenda forward. An important component of the Malaysian Government's push towards sustainability is the identification of Green Technology as a key driver of future economic growth in Malaysia and a means to increase the knowledge pool of the country. Being a tropical country, Malaysia enjoys plentiful amounts of sun, biomass, and abundant natural resources. The presence of this natural bounty has made the viability of a national Green Technology Policy initiative possible.

Ladies & Gentlemen,

10. While Malaysia has been blessed with fossil fuels for our energy needs, we have for many years worked at achieving energy diversity through the search for alternative fuel sources. We have explored green energy and spearheaded biofuels development. We have the Fifth Fuel Policy which aims to diversify energy resources for power generation. We are exploring the renewable energy source such as solar, wind, mini-hydro, biomass and biogas. My Ministry is also currently drafting the

energy efficiency master plan as another strategy that would enable the country to stretch our energy resources for a longer period of time. The intended initiatives will not only help to reduce our dependence on fossil fuels and our carbon footprint, it will also boost the creation of sustainable growth and the conservation of the environment and resources, as well as economic benefits that include savings on foreign exchange, increased competitiveness of our companies, and new job opportunities.

11. To realize these goals, we have put in place not only the institutional infrastructure of a dedicated Ministry, but also the soft infrastructure by way of policies at a national level. Prominent among these policies are: National Biofuels Policy and National Green Technology Policy. We are also in the process of firming up the National Renewable Energy Policy. The National Green Technology Policy comes with several goals, clearly delineated into short, medium and long term. Included among the short term or immediate goals, is the increase of domestic and foreign direct investments, or DDIs and FDIs, in Green Technology manufacturing and services sectors. It is in this area where I believe collaboration between our two countries will be mutually beneficial. The establishment of a fund amounting to RM1.5 billion (US\$430 million) to provide soft loans to companies that supply and utilize Green Technology will be a catalyst for a more active participation of the private sector in the application of green technology to improve their economic competitiveness as well as contribute toward a sustainable future to all. Besides that, in Malaysia, we have the government's principal agency, the Malaysian Industrial Development Authority (MIDA) tasked for the promotion of the manufacturing and services sectors in Malaysia. MIDA will facilitate and provide more information on the opportunities for investments as well as facilitating various tax incentives that is available to qualified investors.

12. What I have mentioned are a few of the many incentives, grants and soft loans available to the Green Entrepreneur in Malaysia. The detailed information on these incentives is freely available on the respective websites such as <http://www.kettha.gov.my>; <http://www.mida.gov.my> and I urge you to avail yourself of these opportunities. Meanwhile, I am pleased to inform that I have my own blog, <http://peterchin.my> and should you wish to share your idea, I would be more than delighted to hear from you.

Ladies & Gentlemen,

13. Germany and Malaysia have shared close trade and investment links over the past few decades. Germany is the third largest investor in Malaysia, and over 300 German companies have offices in Malaysia. In 2009, Malaysia's total trade with Germany was valued at USD9.45 billion, a decrease of 12.1% compared to 2008. Malaysia exports to Germany amounted to USD4.21 billion, recorded a drop of 3.5% over the previous year. Imports from Germany also plummeted by 18% amounting to USD5.23 billion. Since 2001, bilateral trades between the two countries were always in Germany's favour. In 2009, Germany was Malaysia's 9th largest trading partner; 12th largest export destination; and 9th largest source of import. Germany was also Malaysia's largest trade partner among the European Union countries; 2nd largest export destination; and the largest source of import.

14. Malaysia's major exports to Germany included electrical & electronic products, valued at USD2.86 billion (68.1% of total exports to Germany), optical & scientific equipment (USD204.5 million / 4.9%), rubber products (USD178.6 million / 4.2%), and machinery appliances & parts (USD103.9 million / 2.5%). The largest bulk of Malaysian imports from Germany in 2009 also consisted of electrical & electronic products valued at USD2.18 billion (41.8% of total imports from Germany), machinery, appliances & parts (USD928.7 million / 17.8%), chemicals & chemical products (USD614.9 million / 11.8%) and transport equipment (USD426.3 million / 8.2%).

15. Total investments from Germany in 2009 declined sharply to only USD124.3 million as compared to USD1.28 billion recorded in 2008. German investments were concentrated mainly in the electrical & electronics industries, chemical & chemical products and machinery & equipment sectors. For the period 2000-2009, German investments in Malaysia totaled USD6.45 billion. Altogether, 188 projects – including new and expansion/diversification projects – were approved. In the course of the implementation of these projects, more than 23,870 jobs were created. In addition, tourism and cultural links between our two countries remain strong.

Ladies & Gentlemen,

16. I have great admiration for Germany as a world leader in Green technology. The progress achieved by Germany in the Green space is admirable and something worth emulating by any country. We know of the achievements of companies such as Siemens and BMW which have demonstrated a high level of green consciousness in their culture as well as their products and services. The Malaysian Government recognizes that to achieve our aims, we will need the assistance of a trusted partner with a track record, and we believe that Germany could be this partner. I am optimistic such a partnership is guaranteed to bring about mutual gains for both Germany and Malaysia.

17. Most of our policies and incentives have thus far produced results. The photovoltaic industry is an example of a Green Technology industry that has flourished in Malaysia. To date, we have secured approximately EUR3 billion in FDIs, from companies such as First Solar, Sun Power, Tokuyama, and German company Q-Cells AG. The success of the photovoltaic industry demonstrates the feasibility of investing in Malaysia. I call on German industrialists to take time to learn about our Green policies and to await the launch of our 10th Malaysia Plan, which is imminent, to get a better feel of the commitment of our country to a greener future – a future which we can all share.

Ladies & Gentlemen,

18. Asia continues to be impressed by the achievements of Europe in the area of sustainable development. I recognize that a great deal of progress has been made in the EU, particularly in terms of climate change, environmental consciousness, sustainable transport and effective management of resources. I sincerely hope that during this dialogue, we will do our best to learn from you while hoping you will share your expertise with us. Let us build bridges to better understanding. Shared perspectives, the willingness to forge partnerships and a positive win-win approach will help us not only deal with the negative impacts of development on our Planet Earth, but also proactively bring about positive change and improvement. Certainly,

the topics to be discussed during this Dialogue, and the networking to take place during and after the discussions, will help bring us one step closer to realizing our common goals.

19. Asia, today, is the world's largest manufacturing hub and is emerging as the new nexus for eco-products and green technologies. Against a backdrop of increasing consumer awareness concerning global climate change and demand for green products, and pressures from the developed world, many Asian businesses are Going Green. The EU, along with the US and countries like Japan and Korea have enacted legislations and regulations to support green purchasing. These regions are also the world's largest consumers of goods and services, and their consumption preferences will dictate the way that goods are manufactured in Asia. Asian products whether paper, office automation equipment, clothing or food, are currently being subjected to green procurement policies. My Ministry of Energy, Green Technology and Water will spur industries and institutions to be green technological innovators in the field of green design, green materials, green products and services, as well as low carbon Green Technologies. Ultimately, we certainly want to keep our competitive edge; and Green Products and Services are the way to do so.

Ladies & Gentlemen,

20. I am pleased to inform that Malaysia will be hosting the International Greentech & Eco Products Exhibition and Conference Malaysia 2010 {IGEM 2010} that will be held from 14 to 17 October at Kuala Lumpur Convention Center (KLCC). This exhibition will provide a platform for the private sector from the international arena and EU countries to showcase their green technologies and products and services, as well as to look for possible joint ventures in Malaysia. We expect to draw more than 600 companies and institutions from around the world, and attract over 120,000 visitors. I take this opportunity to extend our invitation to all the EU companies dealing in Green Technology to participate in this coming exhibition and conference, to explore and seize the many opportunities on offer, from one of the most exciting and emerging green markets in the region!

21. To our German friends, I am pleased to say that Munich has been a most hospitable city. Allow us to return the favour when you visit our IGEM 2010 this October.

Thank you.
Danke Schon.