

**Committee:** United Nations Environment Programme (UNEP)

**Topic:** Balancing Economic Development and Carbon Emission Reductions

**Country:** Malaysia

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Malaysia, a nation celebrated for its rich cultural heritage and rapid economic advancement, stands at a pivotal juncture in addressing the dual challenges of fostering economic growth while mitigating carbon emissions. As a committed member of the international community, Malaysia acknowledges the urgency of climate change and is dedicated to harmonizing its development objectives with environmental stewardship.

Over the decades, Malaysia has transformed into a dynamic economy, with trade and investment being central to its growth. Approximately 40% of employment is linked to export activities, underscoring the nation's openness to global markets. Since 2010, Malaysia has maintained an average growth rate of 5.4%, reflecting resilience and adaptability.<sup>1</sup> Recent fiscal reforms, including the restructuring of subsidies and the introduction of targeted taxes, aim to reduce the fiscal deficit and reallocate resources more efficiently. These measures are designed to promote sustainable economic practices without stifling growth.<sup>2</sup> Malaysia's commitment to industrialization has led to increased energy consumption, resulting in a rise in carbon emissions. In 2023, the nation recorded 285 million metric tons of CO<sub>2</sub> emissions from energy consumption, the highest in a decade.<sup>3</sup> This trend highlights the pressing need for strategies that align economic activities with environmental goals.

Globally, Malaysia contributes approximately 0.77% of greenhouse gas emissions, placing it among the low performers in climate policy rankings.<sup>4</sup> This positions Malaysia as both a contributor to and a stakeholder in global climate initiatives. Initiated in 1971, the NEP aimed to eradicate poverty and restructure societal imbalances. It was succeeded by the NDP, which sought to balance economic growth with wealth redistribution. These policies laid the foundation for inclusive development, addressing socio-economic disparities. Malaysia's aspiration to achieve high-income status involves diversifying the economy, emphasizing sectors like energy, semiconductors, and digital technologies. The government is actively attracting investments in renewable energy and artificial intelligence, aiming to position Malaysia as a leader in these fields.<sup>5</sup>

The pursuit of economic diversification, while essential for growth, poses challenges in managing environmental impacts. Sectors such as manufacturing and energy production are significant sources of emissions. Balancing these industrial activities with emission reduction commitments

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<sup>1</sup> <https://www.worldbank.org/en/country/malaysia/overview>

<sup>2</sup> <https://apnews.com/article/malaysia-budget-tax-subsidies-b3eb6098b967ecf8f9a48652b194bb9e>

<sup>3</sup> <https://www.statista.com/statistics/1394260/malaysia-co2-emissions-from-energy-use/>

<sup>4</sup> <https://climatepromise.undp.org/what-we-do/where-we-work/malaysia>

<sup>5</sup> <https://www.reuters.com/markets/asia/malaysia-aims-be-conduit-diversification-energy-supply-chains-pm-says-2025-01-09/>

requires innovative solutions and international collaboration. Investing in green technologies presents a dual opportunity to reduce emissions and stimulate economic growth. Malaysia's focus on renewable energy, such as solar and hydroelectric power, aligns with global sustainability trends and offers economic prospects.

Malaysia reaffirms its dedication to the Paris Agreement, striving to meet its Nationally Determined Contributions (NDCs). The nation is committed to enhancing its climate policies, promoting renewable energy, and pursuing sustainable development goals. Malaysia's journey towards balancing economic development with carbon emission reductions is complex but achievable. Through strategic policies, technological innovation, and international cooperation, Malaysia aims to harmonize its growth ambitions with environmental responsibilities, contributing to global sustainability efforts.