

# Malaysia

## General Information

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### ETS Description

On September 25, 2025, Malaysia's Cabinet approved the "National Climate Change Policy 2.0" (NCCP 2.0), which highlights the country's aspiration to utilize carbon pricing instruments and carbon markets to unlock climate financing. It also highlights the strategic need to formulate a Climate Change Act and establish an entity to regulate certain aspects of climate change-related mechanisms.

A consultation paper for a Climate Change Bill released in 2024 includes the legal basis to establish a domestic ETS and its related ecosystem. Under the 13th Malaysia Plan (2026 to 2030), the government announced that it will introduce a National Carbon Market Policy and launch a domestic ETS to facilitate a structured transition towards a low-carbon economy. This scheme will serve as a key market-based instrument to incentivize the private sector to reduce GHG emissions by placing a price on carbon.

On October 18, 2025, during the Budget 2026 tabling, the Prime Minister announced that to facilitate the transition to a low-carbon economy, the government will introduce a carbon tax on the iron, steel, and energy industries by 2026. The implementation of this tax will be aligned with the National Carbon Market Policy (DPKK) and the forthcoming National Climate Change Bill.

### ETS Status

under consideration

### Jurisdictions

Malaysia

## Emissions & Targets

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### Overall GHG Emissions excl. LULUCF (MtCO<sub>2</sub>e)

329.0 MtCO<sub>2</sub>e (2021)

### GHG reduction targets

**By 2030:** 45% reduction of economy-wide carbon intensity compared to 2005 levels, emissions peak (unconditional, updated NDC)

**By 2035:** absolute reduction of 15-30 million tonnes of CO<sub>2</sub>e from the peak level (up to 20 MtCO<sub>2</sub>e unconditional reduction, and an additional 10 million tonnes reduction conditional on international support) (NDC 3.0)

**By 2050:** Net-zero ("The 12<sup>th</sup> Malaysia Plan 2021-2025")

## Other Information

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### Institutions involved

**Ministry of Natural Resources and Environmental Sustainability (NRES):** Responsible for overseeing the implementation of national climate policy, including the national carbon market mechanisms, Climate Change Bill and ETS

### **Regulatory Framework**

[Consultation paper for a “National Climate Change Bill” \(2024\)](#)

[National Policy on Climate Change 2.0 \(2024\)](#)

[13th Malaysian Plan 2026 to 2030 \(2025\)](#)

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