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THE PROMISE OF DECARBONISING INDUSTRIAL PARKS IN MALAYSIA

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PETALING JAYA: The decarbonisation of Malaysia's industrial parks is expected to bring positive implications for both domestic and foreign investments, with spillover effects across the broader economy, including job creation and the growth of green industries.

As efforts to reduce carbon emissions intensify, Malaysia is aligning with global sustainability trends, positioning itself as a hub for environmentally-responsible industrial development.

To note, UEM Lestra Bhd (UEM Lestra), a wholly-owned subsidiary and the green industry arm of UEM Group Bhd (UEM Group), has allocated RM1.5bil – which it aims to deploy in the next 24 months – to invest in decarbonising Malaysia's industrial parks.

In a recent announcement, UEM Group managing director and UEM Lestra chairman Datuk Amran Hafiz Affifudin said such a move was part of the company's agenda to spur domestic investment, which will lead to job creation and attract foreign investment to Malaysia.

"Our commitment to investing in sustainable infrastructure underscores our belief that green development is not merely an option, but a necessity to advance Malaysia and ensure future economic resilience.

"We are taking bold steps to create a robust framework for a sustainable future, harnessing innovative technologies and practices that prioritise environmental stewardship while simultaneously enhancing the operational efficiency of businesses within these parks," he said.

An attraction for foreign investors

Economists and industry experts concurred and emphasised that decarbonising industrial parks could enhance Malaysia's attractiveness as an investment destination.

UCSI University Malaysia associate prof of finance Liew Chee Yoong noted that "by reducing carbon emissions, industrial parks can align with global sustainability trends, meeting the growing demand for environmentally-responsible investment opportunities."

This alignment, he added, is particularly appealing to investors who prioritise environmental, social, and governance (ESG) criteria, as it minimises regulatory risks and could potentially attract more capital into the country.

He said foreign investors, particularly those from regions with stringent environmental regulations, are also likely to find Malaysia's decarbonisation efforts beneficial.

Similarly, economist Geoffrey Williams believes that to attract foreign direct investments from Europe and United States companies in particular, Malaysia has to offer low-carbon solutions because of pressure from environmental regulations overseas.

Decarbonising industrial parks boosts Malaysia's appeal as an eco-friendly investment destination



Decarbonising industrial parks could enhance Malaysia's attractiveness as an investment destination.



"By prioritising decarbonisation, we aim to transform our industrial landscape into one that generates new economic opportunities, fosters green industries, and attracts more domestic and foreign investment," says Amran.

He advocates for a careful assessment of the broader economic implications of integrating renewable energy and advanced energy management systems into these parks.

He pointed out that UEM Lestra's RM1.5bil investment plan should aim to showcase tangible benefits that exceed those of traditional technologies.

Williams said in order for domestic investment to thrive, decarbonisation should also focus on improving operational efficiencies and reducing electricity



Liew notes that the integration of advanced technologies within infrastructures will enhance resilience and adaptability, thereby making Malaysia's industrial parks more appealing to global players.

and utility costs.

For foreign investors, he suggested that the relevance of decarbonisation is tied to both local cost efficiencies and global regulatory considerations.

"For example, foreign companies with high carbon emissions in their home countries can reduce their overall carbon footprint by shifting some operations to cleaner industrial parks in Malaysia," he noted.

HSBC ESG research global head and climate change centre of excellence head Wai-Shin Chan

highlighted that bringing lower carbon options closer to hand and making them both more readily available and more affordable will be beneficial to the businesses within industrial parks.

He further emphasised that these efforts contribute to Malaysia's broader goal of halving emissions, though more work remains to be done across the economy to accelerate the pace of decarbonisation.

Driving economic growth

In addition, Liew believes that sustainable infrastructure is critical in positioning Malaysia's industrial parks as competitive hubs globally.

"By incorporating sustainable practices such as green buildings, efficient waste management, and water conservation systems, these parks can lower operational costs and increase efficiency," Liew said.

He added that the integration of renewable energy could drive economic growth by reducing dependence on fossil fuels and fostering job creation in green industries, such as solar energy, wind power, and energy storage.

"Furthermore, it contributes to Malaysia's overall transition to a low-carbon economy by promoting energy efficiency and reducing greenhouse gas emissions, which can lead to increased for-

foreign investment in green technologies and infrastructure."

Liew sees decarbonisation as a pathway to increasing Malaysia's attractiveness to multinational corporations seeking long-term, sustainable operations.

"The integration of advanced technologies within this infrastructure enhances resilience and adaptability, making Malaysia's industrial parks more appealing to global players," he noted.

This sentiment was echoed by Amran, who said: "By prioritising decarbonisation, we aim to transform our industrial landscape into one that generates new economic opportunities, fosters green industries, and attracts more domestic and foreign investment.

"As I've mentioned before, investors are hungry for zero-emission operations.

"As Malaysia continues to attract significant FDI, initiatives such as the decarbonisation of industrial parks are expected to boost local economy, drive sustainable growth and position Malaysia as a key global player.

"Our aim is to develop an integrated ecosystem where sustainability is seamlessly interwoven into the core of our industrial operations, thereby enhancing value creation, improving Malaysia's competitive edge and future-proofing them against a rapidly evolving economic landscape."