

GOVERNMENT TO PRESENT DRAFT LAW ON LEGAL FRAMEWORK FOR CARBON CAPTURE IN NOVEMBER 2024

23 May 2024

The Minister of Economy, Rafizi Ramli, announced recently that efforts are underway to introduce a comprehensive legal framework for the implementation of carbon capture, utilisation and storage ('CCUS') initiatives in Malaysia.¹ In connection with this, a Memorandum has been tabled to the Malaysia Cabinet on 21 May 2024, which is intended to spearhead the preparation of such a framework.²

The Minister of Economy has indicated that the Ministry of Economy is expected to table the proposed Bill on the CCUS framework in Parliament during its meeting in November 2024. Prior to this, there will be a presentation to the Malaysia Cabinet on the CCUS framework.

The main aspects of the Bill on CCUS as highlighted by the Minister are as follows:

- the Bill will cover the governance of all aspects of the CCUS value chain, namely carbon capture, transportation, utilisation and storage of carbon dioxide. It is to be noted that the initial focus for storage activities will be on offshore storage, with the suitability of onshore storage being subject to a feasibility study to be conducted at a later stage; and
- the new law on CCUS will be administered by a governance body at federal level together with a technically competent entity.

In addition to introducing the new law on CCUS, the Government intends to enter into bilateral agreements to promote Malaysia as a regional carbon capture and storage hub. This can be achieved by positioning the country as a provider of integrated CCUS solutions for industries in the Asia Pacific region.

CCUS has been identified as one of the six energy transition levers in the National Energy Transition Roadmap (NETR) that will facilitate Malaysia's transition to clean energy, and the development of a CCUS framework is one of the catalyst projects that is being undertaken in relation to the same. The development of a CCUS industry is key to the country's drive to achieve its net-zero target by 2050.³ At the same time, it is envisaged that a CCUS industry will drive Malaysia's socioeconomic growth by introducing new circular economies and creating high-value job opportunities.

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¹ The Ministry of Economy's media statement can be viewed [here](#) on their official X account.

² [Economy Ministry tables memorandum to cabinet on carbon capture, utilisation and storage](#); The Sun; 21 May 2024.

³ Our earlier articles on the NETR can be accessed [here](#) and [here](#).



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