

Session SB64 (2026)

Session starts: 08-03-2026

Facilitative, Multilateral Consideration of Progress

A compilation of questions to – and answers by – **Malaysia**
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Title: Experiences of the first Technical Expert Review

Question From Party: Japan

Question raised on: 07.04.2026 CEST

Question Category: Reporting related capacity-building needs

Question: Japan understands that last year's Technical Expert Review (TER) was Malaysia's first experience with the process. Could you share your overall impressions of undergoing the TER process for the first time? What did you find to be the most beneficial aspect of participating in the TER? Conversely, could you please share any barriers or challenges you encountered during the TER process?

Answer:

The government is prioritizing the implementation of the newly launched National Carbon Market Policy (NCMP). To date, Malaysia has deferred the implementation of its carbon tax, initially planned for 2026, due to economic uncertainties and rising energy costs. The tax was slated to target high-emission industries like iron, steel, and energy. Carbon tax is under the purview of the Ministry of Finance and the details and design of the tax is currently under development. This include complementary measures to facilitate related sectors towards decarbonization while maintaining its market competitiveness.

(Note: The responses for the written questions in Excel format have been emailed to the UNFCCC Secretariat on 25 May 2026)

Title: Introduction of carbon tax

Question From Party: Japan

Question raised on: 07.04.2026 CEST

Question Category: Mitigation actions, policies and measures supporting NDC implementation

Question: According to BTR1, Malaysia will introduce a carbon tax for the iron and steel industry by 2026 as part of the national effort to reduce emissions. Could you provide further details on the design and implementation of this carbon tax? Specifically, Japan is interested in understanding the scope, tax rate, expected impacts on the industry, and how the revenue will be utilized. Additionally, are there any complementary measures planned to support the iron and steel sector's transition towards decarbonization while maintaining its competitiveness?

Answer:

The government is prioritizing the implementation of the newly launched National Carbon Market Policy (NCMP). To date, Malaysia has deferred the implementation of its carbon tax, initially planned for 2026, due to economic uncertainties and rising energy costs. The tax was slated to target high-emission industries like iron, steel, and energy. Carbon tax is under the purview of the Ministry of Finance and the details and design of the tax is currently under development. This include complementary measures to facilitate related sectors towards decarbonization while maintaining its market competitiveness.

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Title: Article 6 participation

Question From Party: Australia

Question raised on: 08.04.2026 CEST

Question Category: NDC target (e.g. conditions, assumptions, methodologies)

Question: Malaysia's NDC (October 2025) states it will participate in Article 6, a change from its 2024 BTR which indicated Malaysia did not intend to use Article 6 for its NDC. Can Malaysia give an update on its plans for Article 6 voluntary cooperation, including any details on likely eligible activities or limitations on participation?

Answer:

Under its previous reporting, including the BTR1, Malaysia indicated that it does not intend to rely on the acquisition of international carbon credits to achieve its Nationally Determined Contribution (NDC) targets. However, through NDC 3.0, Malaysia has stated its intention to participate in voluntary cooperation under Article 6 of the Paris Agreement as a mechanism to enhance ambition, mobilise investment, accelerate technology deployment, and support sustainable development, while complementing domestic climate mitigation action. Malaysia has already begun operationalising this approach through bilateral Memoranda of Understanding signed with Singapore and the Republic of Korea under Article 6.2 cooperative approaches; while a Memorandum of Cooperation with Japan under the Joint Crediting Mechanism (JCM) is currently negotiated. These partnerships are designed to facilitate high-quality mitigation activities that generate real emissions reductions alongside technology transfer and capacity building.

The Government has approved the National Carbon Market Policy on the 1st of April 2026 which signals the official participation of Malaysia in the international compliance carbon market namely through the cooperative approaches under Article 6.2 and the Paris Agreement Crediting Mechanism (PACM) under Article 6.4. Malaysia's participation in carbon markets is guided by a strategic and integrity-driven framework. The Marginal Abatement Cost Curve (MACC), developed under the National Carbon Market Policy (DPKK), serves as the Government's central analytical tool to identify and prioritise emissions-reduction opportunities and determine which activities are suitable for domestic mitigation and which may participate in carbon market mechanisms.

The MACC estimates an emissions-reduction potential of approximately 56 MtCO₂eq. by 2030, using an indicative benchmark of RM100 per tCO₂eq. to guide policy and investment decisions. Around 70% of this potential (about 39 MtCO₂e) comes from negative and low-cost measures such as energy efficiency, renewable energy deployment, electrification, improved waste management, and operational optimisation which are prioritised for domestic implementation to ensure Malaysia meets its NDC targets first.

Higher-cost abatement opportunities, representing roughly 17 MtCO₂e, including carbon capture, utilisation and storage (CCUS), hydrogen-based industrial transformation, advanced low-carbon manufacturing, and large-scale nature-based solutions, are identified as potential carbon market activities. These initiatives are well suited to attract international climate finance and cooperative approaches under Article 6, enabling Malaysia to unlock investment while safeguarding national climate ambition.

Moving forward, Malaysia is developing and putting in place the necessary institutional and regulatory framework consistent with the National Carbon Market Policy and forthcoming climate legislation. These are important to ensure that Article 6 cooperation is implemented transparently, credibly, and in full alignment with international guidance. Likely eligible activities for PACM is indicated in the Host Party Participation form submitted on 30 October 2025.

(Note: The responses for the written questions in Excel format have been emailed to the UNFCCC Secretariat on 25 May 2026)

Title: Approach to avoid PAMs double-counting

Question From Party: Canada

Question raised on: 08.04.2026 CEST

Question Category: National inventory report

Question: In Section 4.9.1.1 Renewable Energy (RE), Table SIIC4.1, 2 and 3 indicate that emission reductions attributed to increases in non-emitting electricity were determined by a displacement or reduction of consumed electricity. In addition, Section 4.9.1.2 Table SIIC4.4 states that emission reductions from energy efficiency programs were determined also by a displacement or reduction of consumed electricity. How does Malaysia prevent or minimize the risk of double-counting of emission reductions attributed to these programs when both share the same indicator (displacement or reduction of consumed electricity)?

Answer:

To address the concern regarding the potential risk of double counting, Malaysia differentiates and separates interventions between the supply and demand. Tables SIIC4.1, 4.2, and 4.3 focus exclusively on electricity generation, where emission reductions are achieved by integrating renewable energy into the grid to reduce fossil fuel based power production. On the other hand, Table SIIC4.4 focuses on reducing overall electricity demand through energy efficiency programmes that lower the total volume of electricity consumed by end users. This establishes distinct calculation boundaries ensuring that all emission reductions are accurately accounted for without any overlap.

(Note: The responses for the written questions in Excel format have been emailed to the UNFCCC Secretariat on 25 May 2026)

Title: Indicator choice

Question From Party: Canada

Question raised on: 08.04.2026 CEST

Question Category: Mitigation actions, policies and measures supporting NDC implementation

Question: In Section 4.9.1.4 Table SIIC4.6 states that the progress indicator is total electricity savings. Can you please confirm/clarify how this indicators quantifies moves to more fuel efficient vehicles? If this is the intended indicator, how does it account for increasing uptake of electric vehicles?

Answer:

Total electricity savings for each of the programmes (GWh) does not accurately reflect the transition to fuel-efficient vehicles or the uptake of electric vehicles. The relatively correct or appropriate progress indicator is the total number of Energy Efficient Vehicles (EEV) registered. The goal is to reduce the number of conventional fossil fuel vehicles on the road. The amended table reflecting this correct indicator is published on the Ministry's official website and can be accessed here:

[https://www.nres.gov.my/ms-my/pustakamedia/Penerbitan/MALAYSIA%20FIRST%20BIENNIAL%20TRANSPARENCY%20REPORT%20\(BTR1\).pdf](https://www.nres.gov.my/ms-my/pustakamedia/Penerbitan/MALAYSIA%20FIRST%20BIENNIAL%20TRANSPARENCY%20REPORT%20(BTR1).pdf)

(Note: The responses for the written questions in Excel format have been emailed to the UNFCCC Secretariat on 25 May 2026)

Title: Waste recycling Methodology

Question From Party: Canada

Question raised on: 08.04.2026 CEST

Question Category: Mitigation actions, policies and measures supporting NDC implementation

Question: 4.9.1.7 Table SIIC4.9 shows a very large increase in emission reductions between 2020 and 2021 attributed to paper recycling. Can you please provide more detail on how you determined your estimates? Are these avoided methane landfill emissions?

Answer:

The emission reduction estimates for paper recycling in Table SIIC4.9 are calculated directly based on the total weight of paper collected. The significant increase in emission reductions observed between 2020 and 2021 reflects a corresponding increase in the total weight of paper collected during that timeframe. Furthermore, these estimates represent avoided methane emissions resulting from the estimated amount of paper waste diverted or brought into recycling streams instead of being sent to the landfills.

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Title: Emission reductions from organic farming

Question From Party: Canada

Question raised on: 08.04.2026 CEST

Question Category: Mitigation actions, policies and measures supporting NDC implementation

Question: Section 4.9.1.11 TableSIIC4.1 indicates that emission reductions are calculated based on displaced fertilizer and urea use. How does/will Malaysia's methodology also account for emissions associated with transporting or processing biogenic alternatives?

Answer:

The emission reductions calculated from displaced urea and chemical fertilizers are based on the MyOrganic certification programme administered by the Ministry of Agriculture and Food Security of Malaysia. Currently the methodology does not account for the emissions associated with the transport or processing of these biogenic alternatives. Omitting these factors may limit the scope of the complete life cycle assessment and the methodology is being reviewed for future improvement. Our goal in future iterations is to expand the calculation boundaries to include these variables ensuring relatively more accurate calculation of net emission reductions.

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