

IN recent years, Malaysia has taken significant strides towards becoming a key player in the global carbon credit trading market.

Carbon credit trading is a market-based mechanism aimed at reducing greenhouse gas emissions. Companies or entities that reduce their carbon emissions below a certain threshold earn carbon credits, which can then be sold to other companies that exceed their emission limits.

The Malaysian government has been proactive in establishing a robust framework to facilitate carbon credit trading. The launch of the National Carbon Policy in 2021 set the stage for a comprehensive approach to carbon management, including the establishment of a carbon trading platform.

Huge potential in carbon credit trading

This platform aims to connect Malaysian businesses with international carbon markets, fostering greater participation and investment in carbon reduction initiatives.

For Malaysian companies, carbon credit trading represents a significant business opportunity. Sectors such as agriculture, forestry, energy and manufacturing stand to benefit the most as they have substantial potential for emission reductions.

For instance, palm oil plantations that adopt sustainable practices and reduce deforestation can earn substantial carbon credits. Similarly, energy companies that transition to renewable sources can generate and trade

credits, offsetting the cost of their green investments.

Beyond profitability, carbon credit trading is a crucial element in Malaysia's broader sustainability agenda. By incentivising emission reduction, the system supports the country's commitment to international climate agreements such as the Paris Agreement.

Carbon credit trading also encourages technological innovation and efficiency improvements. Companies striving to earn more credits are likely to invest in cutting-edge technologies, driving the overall progress in green technology development within the country.

With a strong regulatory

framework in place, active participation from businesses, and a commitment to sustainability, Malaysia's carbon credit trading business holds promise for significant economic and environmental benefits.

The path ahead will require collaborative efforts from the government, private sector and civil society. By working together, Malaysia can harness the power of carbon credit trading to achieve its climate goals, drive economic growth and contribute to a sustainable future for generations to come.

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