

# PM: Use carrot instead of stick

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## Incentives key to cutting carbon emissions

**KUALA LUMPUR:** Greater emphasis on incentives, rather than penalties, should be encouraged to spur investments and compliance with carbon emission limitations to mitigate the risks of climate change, Datuk Seri Abdullah Ahmad Badawi said.

The Prime Minister said a global framework should also be formed to promote energy efficiency.

"We need to deepen our understanding of the causes of climate change, and act on the levers that we already know would have an impact on climate change," he said in his keynote address at the opening of the 12th Annual Asia Oil & Gas Conference at the Kuala Lumpur Convention Centre yesterday.

Abdullah said climate change was an issue that loomed large in the public consciousness.

"It crosses all boundaries, impacting industry and governments, as well as consumers in every part of the world," he added.

Abdullah said the energy industry had a responsibility to contribute to policy discussions and take concrete actions to actively reduce emissions.

"I believe that when industry participants display the necessary corporate social responsibility in tackling the issue of climate change, only then can any realistic progress be made," he said.

Abdullah also said technology and innovation need not necessarily only come from the major nations.

Asian national oil companies and other oil and gas participants in Asia should promote and invest in strengthening internal R&D pro-

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DATUK SERI ABDULLAH AHMAD BADAWI

grammes, as well as collaborate between themselves if they were to remain relevant in the highly-competitive industry, he added.

Abdullah said financial capital, economic policies, physical infrastructure and natural resources would continue to be the key drivers for the oil and gas industry.

"However, we must acknowledge that it is human capital that will truly drive the future of the industry.

"This will bring out new challenges in developing the right knowledge, capability and expertise among Asian industry participants," he said.

In his speech, Petronas president and chief executive officer Tan Sri Mohd Hassan Marican said a recent report estimated that the overall cost of climate change was equivalent to losing 5% of the global Gross Domestic Product each year.

He said that governments could promote energy efficiency and emission reduction, not only through fiscal incentives but also by investing in research and development.