

## **Inaugural Address at the 7th IEF-IGU Ministerial Gas Forum**

By : YAB TAN SRI DATO' HAJI MUHYIDDIN BIN HAJI MOHD  
YASSIN

Date : 03/12/2020

---

### **INAUGURAL ADDRESS BY H.E. TAN SRI MUHYIDDIN YASSIN PRIME MINISTER OF MALAYSIA 7TH IEF-IGU MINISTERIAL GAS FORUM**

His Excellency Dato' Sri Mustapa bin Mohamed; Minister in the Prime Minister's Department (Economy), Malaysia.

Professor Joe Kang; President, International Gas Union.

Mr. Joseph McMonigle; Secretary General, International Energy Forum.

Tengku Muhammad Taufik; President and Group CEO, Petronas.

Hazli Sham Kassim; President, Malaysian Gas Association.

Honourable Ministers.

Esteemed Leaders of International Organisations and Energy Companies.

Distinguished Guests, Ladies and Gentlemen.

Assalamualaikum warahmatullahi wabarakatuh, and a very good day to everyone.

Today marks the first time that International Energy Forum (IEF) – International Gas Union (IGU) Ministerial Gas Forum is hosted by Malaysia and it gives me a great pleasure to wish everyone a very warm welcome to the 7th edition of the IEF-IGU Ministerial Gas Forum.

Amidst the ongoing COVID-19 challenges, the demands upon the energy industry are also greater than ever. Not only is the industry a key part of the engine to drive economic recovery and employment but more urgently, crucial to ensure a secure, sustainable and affordable supply of energy is available to keep businesses going. However, COVID-19 has exposed vulnerabilities in the energy system as a whole. Country-wide lockdowns and the suspension of industrial activity means 2020 gas demand could fall by 4 to 7 percent – by far the largest demand shock in more than 50 years.

Resilience – not just in markets and infrastructure, but also in long-term policy and cooperation mechanisms – is critical for a sustainable recovery in a gas led energy transition. Hence, this biennial event has more than ever, become an important platform for global policymakers and international industry players to engage in a strategic discourse.

## REIMAGINING GAS IN MALAYSIA

Ladies and gentlemen,

According to McKinsey & Co's September 2020 report entitled The Future of Liquefied Natural Gas, Asia is the world's largest energy-consuming region and is also still the most dependent on coal. Coal meets 47 percent of Asia's energy consumption; as a comparison, the next highest coal-consuming region is Africa, with coal meeting 23 percent of its energy consumption.

Meanwhile, gas provides just 12 percent of primary energy consumption in Asia but more than 20 percent consumption in every other global region. Increasing Asia's share of gas energy consumption to 20 percent would add the equivalent of more than 400 million tonnes of liquified natural gas (LNG) to annual gas demand, near doubling the size of the LNG market. However, gas' growth is far from assured with many Asian countries still lacking infrastructure.

Against this backdrop, earlier in 2012, Malaysia had launched the world's then first jetty-based regasification unit with two floating storage units at the regasification terminal (RGT) in Melaka. Together with the RGT in Pengerang, Johor that was completed in 2017, the LNG receiving terminals have paved the way towards the implementation of Third Party Access (TPA), an important component of Malaysia's natural gas market liberalisation effort. Increasing liquidity in trading markets should create more room to cater to individual buyer needs for contract duration, size, and flexibility in Malaysia.

Malaysia is meanwhile blessed with 42 trillion cubic feet of proven natural gas reserves that has enabled Malaysia to fuel its economic growth since the 1980s. Indigenous natural gas also enables Malaysia to be the fifth largest exporter of LNG, delivering over 11,000 cargoes since 1983.

As a continuation of the market liberalisation and to further future proof the gas industry, Malaysia is currently drafting a Natural Gas Roadmap (NGR) that will form a key part of the overall National Energy Policy (NEP) to be announced in the First Quarter of 2021. Thus, these upcoming documents will serve as an important policy framework in energy sector under the 12th Malaysia Plan, 2021-2025. The NGR among others strives to optimise the value of indigenous gas resources, enhance security of supply and access to cost competitive gas, amongst others.

Numerous initiatives and infrastructure have been established to further grow the usage of gas within the country and beyond its shores. Malaysia's global innovation in gas with the completion of the world's first operational

floating LNG (FLNG) facility in 2016 with the capacity to produce 1.2 million tonnes of LNG per year has allowed it to optimise previously stranded gas fields. This is followed by the second FLNG expected to go into commercial operations next year.

Together with oil, natural gas remains a key contributor to the Malaysian economy accounting for 20% of the country's GDP, with gas itself contributing over RM135 billion annually to the wider economy. As Malaysia navigates its way in energy transition to low-carbon pathway, the government will continue to adopt a market driven approach.

## EMBRACING FUTURE ENERGY TRANSITION

Ladies and gentlemen,

Malaysia's aforementioned initiatives on natural gas, is part of a larger national strategic framework to balance the three concerns of the energy trilemma; between energy security, affordability and sustainability.

We look forward towards natural gas to play a pivotal bridging role for this energy transition – providing secure, affordable and sustainable baseload energy source in synergy with the growing but often, intermittent

renewable energy sources. This synergy gives rise to significant investment opportunities, not only in upstream but across the value chain.

The long-term outlook for gas, however, is brighter than that of other fossil fuels because of its comparatively lower cost and lower emissions from production. To find a true competitive advantage amid a volatile market, gas players need to re-focus their efforts in five areas: capital efficiency, supply-chain optimization, downstream market development, de-carbonization and digital & advanced analytics. If done successfully, I believe gas could ride out an unpredictable market and find opportunities for faster growth not only in Malaysia, but the global market as a whole.

However, in order to realise this positive future, technology will play a critical role. For example, gas producers can apply digital and advanced analytic techniques to realize significant hidden value potential. Only through these tech-investments, we will be able to sustain the role of natural gas in de-carbonizing the energy sector vis a vis other energy mix and thrive by offering a compelling value proposition to discerning consumers.

Governments, in the design and implementation of policies, play a crucial role in shaping such opportunities. Much will also depend on the capacity of investors to provide new solutions and navigate risks over the future direction of gas markets and technologies. To this end, Governments may

provide incentives to key stakeholders to accelerate development, commercialisation and production of new technologies for energy transition.

Regulatory incentives thus, may play a more effective role in encouraging energy innovation. For instance, policies such as “regulatory sandboxes” can create safe spaces for stakeholders in energy innovation to test their solutions in a live (but controlled) environment without being subject to normal regulatory requirements.

Any further financial assistance need to be used wisely. As some of the earlier experience with renewable subsidies in advanced markets showed, it can lead to a high taxpayer burden, over-capacity and eventual unsustainable costs for consumers when phased out, if not executed carefully.

## **CLOSING**

Ladies and gentlemen,

It goes without saying that the energy mix for Malaysia is underpinned by natural gas for decades now, and for the foreseeable future. With its substantial role, gas will continue to help bridge the inevitable energy transition and tackle the issue of climate change the world faces. We still have a long way to go in our journey towards a sustainable future. However,

I have utmost faith and confidence in our collective minds and abilities to realise the energy transition, ensuring that today's needs are met whilst addressing tomorrow's challenges.

Before I end my speech, I would like to congratulate and thank the Malaysian Gas Association for their role in bringing this Forum to Malaysia, and coordinating the overall event.

I would like to record my appreciation to the President of IGU, Professor Joe Kang, and the Secretary General of IEF, Mr. Joseph McMonigle, for their trust and confidence in Malaysia to host this forum this year. In spite of the less-than-ideal global circumstances, I hope that today's discussions will bear practical and innovative solutions in advancing the natural gas industry for our collective benefit.

On that note, I wish you fruitful discussions and meaningful engagements over the course of this forum. Thank you.

Wabillahi taufik walhidayah, assalamualaikum warahmatullahi wabarakatuh.



**Copyright of the Prime Minister's Office Official Website**

Source: <https://www.pmo.gov.my/2020/12/inaugural-address-at-the-7th-ief-igu-ministerial-gas-forum/>