



**EUROPEAN UNION
DELEGATION TO MALAYSI**

Launching ceremony of the EU-Asia Biomass Best Practices and Business Partnering Conference 2012

SWITCH ASIA PROJECT: "SUSTAINABLE PRODUCTION OF THE BIOMASS INDUSTRIES IN MALAYSIA: OPTIMISING ECONOMIC POTENTIAL AND MOVING TOWARDS HIGHER VALUE CHAIN"

AMBASSADOR VINCENT PIKET

HEAD OF THE EUROPEAN UNION DELEGATION TO MALAYSIA

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Tan Sri Datuk Dr. Ahmad Zaharudin Idrus, Chairman of Biomass-SP, Dato' Leong Kin Mun, Technical Advisor of Biomass-SP, Dear participants, Distinguished guests, ladies and gentlemen, good morning to all of you.

Welcome to the official launching ceremony of the **EU-Asia Biomass Best Practices and Business Partnering Conference 2012**.

This Conference (scheduled 7 to 10 May 2012 at the same venue we are now) is one of the major activities of the European Union funded Project "Sustainable Production of the Biomass Industries in Malaysia: Optimising Economic Potential and Moving Towards Higher Value Chain" (Biomass-SP).

This is an exciting project for promoting the private sector's role in sustainable production. Sustainable production is key for Malaysia's long-term economic growth. It is key for employment and for boosting the SME sector. And it is key for mitigating climate change and reducing man's carbon footprint.

Combatting climate change has been a top priority for the EU for the past decade or two. We have taken an active stance on climate change mitigation and adaptation needs. You will know that the EU unilaterally committed itself to a 20% reduction of CO2 emissions by 2020,

compared to 1990. The 2011 figures show that we are on track to meeting our target. **2011 progress report** has been published and contains the latest data on GHG emission trends in the EU.

In November this year the **EU finance ministers pledged to add €2.34 billion in short term funds** to help developing countries deal with the effects of climate change. The amount will be added to the €2.34bn already mobilised in 2010 towards meeting the EU's €7.2bn commitment to a \$30bn (€21.6bn) fund, made at the 2009 climate change summit in Copenhagen.

Today is the final day of the United Nations climate change conference hosted in Durban, South Africa. The negotiators must agree on a roadmap and deadline for finalising an ambitious, comprehensive and legally binding global framework for climate action by all major economies. It is one of the reassurances the EU requires for entering into a second commitment period of the Kyoto Protocol. The EU supports the Kyoto Protocol, but a second Kyoto period with *only* the EU, representing 11 % of global emissions, is clearly not enough.

While trying to meet the set targets and enhance the monitoring and reporting of greenhouse gas emissions, we are also busy creating an entirely new green dimension in our economy involving hundreds of thousands of green jobs.

The EU is now starting to look beyond 2020, to 2050. Earlier this year, the European Commission came up with an EU Roadmap for moving to a competitive low carbon economy by 2050, characterised by 90% fewer CO₂ emissions compared to 1990. The Roadmap provides for shifting energy consumption towards low-carbon electricity and to renewable energy, including biomass.

We are also embarking on a new strategy for “resource efficiency”: minimising the use of especially the natural resources while maximising output. One way of achieving this is through an extensive programme for “eco-innovation” in industry.

Eco-innovation also involves the use of biomass. The EU vigorously promotes biomass as an alternative fuel, and as a resource for eco-products. The global demand for biomass is going

up fast. Demand for solid biomass fuel in Europe is expected to double by 2020. Currently, around 5% of final energy consumption in the EU is from bio-energy.

Recent Developments on Biomass in Malaysia

Malaysia makes good progress with regard to low carbon growth, including developments in the biomass sector.

Just couple of weeks ago the **National Biomass Strategy was launched** by the Prime Minister of Malaysia at the BioMalaysia 2011. One of the Strategy outcomes is setting up an international **Oil Palm Biomass Center (OPBC)** aiming to enhance biomass economic value and to reduce Green House Gas emissions. Moreover, the newly created **biomass feedstock aggregation centre** will serve as a focal point for the supply of biomass and intermediate opportunities between suppliers, technology providers and downstream users.

The Feed-in Tariff (FiT) system for renewable energy (RE) introduced on 1 December this year will further boost market uptake of biomass. It introduced a RE quota in Malaysia with biomass singled out as a major RE source.

The biomass potential has not only captured the attention of stakeholders in the agriculture sector, it is also well-acknowledged by the players in the **biotechnology sector**. This sector allows conversion of the biomass to high-value products attracting both local and international players wanting to set up a base in Malaysia.

Developments under the Biomass-SP Project

Optimizing economic potential and moving towards higher value chain is the main objective of our Biomass-SP project. While creating economic value, we aim to reduce Greenhouse Gas emissions and contribute to sustainable production and consumption.

The biomass sector is facing an emerging competition for biomass raw materials, including for production of high-value products. It is therefore very important that companies working in biomass sector move to the higher value-added chain to tap the opportunity fully.

As to date, the Biomass-SP Project has selected 45 biomass SMEs under the EU- Malaysia Biomass Entrepreneurs Nurturing Programme who are active in the production of

biocomposite, biofertiliser, biopellets, biocharcoal, biobriquette, biomass fibre, eco-product, biochemical, animal feed and green building material.

These SMEs benefit from **business coaching services** (such as green procurement standards, access to capital, commercialization of technologies etc) and **technical assistance** (eco-labelling and carbon footprint measurement, ISO14001 certification, Clean Development Mechanism and Voluntary Carbon Standards).

Meeting sustainability standards have become the prerequisite for many international companies inclusive of the EU. Thus, these preparatory actions on greening the supply chain for the Malaysian biomass SMEs are highly valued.

Next year, our project is hosting the **EU-Asia Biomass Business Partnering and Best Practices Conference**. This will be an excellent opportunity for all biomass stakeholders. We expect participation of 50 European companies, who will come to Malaysia to explore business and environmental collaborations with Malaysian biomass stakeholders inclusive of SMEs and major biomass owners such as plantation companies and palm oil mills.

Many European companies have already expressed their keen interest in collaboration in specific fields. Just to give you an idea, here are some of the potential areas for such collaboration.

Buyers are interested in bio-composite products made of rice husk, palm biomass pellets and wood pellets as well as palm kernel shells and biomass briquettes. **Investors** are interested in wood pellets production plant, biomass power plant, methane capture biogas projects. Project also received numerous business proposals on production and technology transfer.

The **estimated biomass potential** in Malaysia based on the enquiries received by the Biomass-SP project from EU investors/buyers accounts for more than 300 million RM.

I hope that opportunity will not be missed and more and more biomass stakeholders locally and internationally will benefit through this EU-funded initiative.

To conclude, I would like to say that the Governments of the EU and of Malaysia are both making good efforts in moving towards low carbon green growth. For the past three years we have pursued an active dialogue with the Ministry of Energy, Green Technology and Water, on technical knowledge transfer and business cooperation in the fields of green technology and climate change. This covers not only biomass sector, but also energy efficiency, green building, renewable energy and waste management where a lot of potential is still to be explored.

Next to the policy, we are also promoting business to business cooperation. The European firms are world leaders in the eco industry and we feel that the green technology sector is showing great potential in Malaysia. For two consecutive years we participated at the Greentech & Eco Products Exhibition in Kuala Lumpur (IGEM 2010 & 2011), where the EU pavilion was the biggest of all.

Our commitment to green growth is also shown by the operational projects the EU finances world-wide, including in Asia. In the Asian countries we do this primarily through the SWITCH ASIA Programme of which you will hear about later today.

Therefore, rest assured there is much more potential in our collaboration and we hope that the **EU-Asia Biomass Business Partnering and Best Practices Conference** will become one of the successful examples of it.

We look forward meeting you at the Conference.

Thank you for your attention.
