KEYNOTE ADDRESS & CLOSING REMARKS

DATUK PATINGGI TAN SRI (DR) ABANG HAJI ABDUL RAHMAN ZOHARI TUN DATUK ABANG HAJI OPENG, THE PREMIER OF SARAWAK

FOR

"ACCELERATING THE SARAWAK-KOREA STRATEGIC ENERGY PARTNERSHIP"

AT

SARAWAK-KOREA ENERGY BUSINESS FORUM 2022

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The Waterfront Hotel, Kuching

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Salutation

His Excellency Mr. Lee Chi Beom, Ambassador of the Republic of Korea
Yang Berbahagia Datu-Datu
Distinguished guests
Ladies and Gentlemen
Good morning.

1. It is a great pleasure to stand before you this morning at the Sarawak-Korea Energy Business Forum, co-hosted by Economic Planning Unit Sarawak and Embassy of the Republic of Korea in Malaysia.

2. First and foremost, I would like to congratulate all speakers, panellists and participants for their valuable contribution that had helped to make this Energy Business Forum a success.

3. This conference themed, *Accelerating the Sarawak-Korea Strategic Energy Partnership* could not be more timely as the world focuses on ensuring universal access to affordable, reliable, sustainable and modern energy for all,

thus aligning to the 2015 United Nations' Sustainable Development Goal No. 7 (Affordable and clean energy).

Ladies and Gentlemen,

Introduction

4. We have experienced myriad of challenges that COVID-19 has put us through for the past two years. Most economies went into recession as many lockdowns and quarantine measures disrupted the market and global supply chain. Sarawak GDP contracted by 7.1 percent in 2020 before rebounding to an estimated growth of between 3.0 to 4.0 percent in 2021.

5. And, whilst we expect the global economy to strengthen further this year, geopolitical tension between Russia and Ukraine has intensified the disruptions of supply chain and caused greater uncertainty. Commodity prices, particularly energy and food, spring up quickly, dampening the pace of recovery of the global economy.

6. I believe, the volatility in energy prices that rose from US$70.89 per barrel in 2021 to now, more than US$110 per

barrel has put additional pressure onto the economy of the Republic of Korea, a country that relies heavily on imported energy. This is particularly in times when the fight against the pandemic is not fully over.

Ladies and Gentlemen,

7. We see how uncertainties surface in different structures, and how they, bring the cause of economic disorders.

8. That being said, I quote Albert Einstein, "In the midst of every crisis, lies great opportunity".

Ladies and Gentlemen,

Post COVID-19 Development Strategy 2030

9. Sarawak wants to seize these opportunities and emerge as a stronger region. Hence, we have embarked on a full-fledged transformation to capitalise on mega-trends around the world.

10. We are now implementing the Sarawak Post COVID-19 Development Strategy 2030 (PCDS 2030). Our focus is on restructuring and diversifying our economy into high value downstream industry while creating a thriving society that is driven by data and innovation. Most importantly we want to ensure our transformative journey take us towards economic prosperity, social inclusivity and sustainable environment.

11. I am happy to share with you that, one of the key drivers of growth under PCDS 2030 is renewable energy.

Ladies and Gentlemen,

Energy Development

12. Sarawak and Republic of Korea have long established a good relationship since 1970s. We are no longer strangers to one another.

13. Further to that, our trade relationship has become increasingly important, alongside with energy development in recent years.

14. In fact, Republic of Korea is our third biggest importer of liquefied natural gas (LNG) after Japan and China. In 2020, Sarawak exported 4.9 million tonnes of LNG, with value of RM5.9 billion to Republic of Korea.

15. We have awarded USD1.07-billion contract to Samsung Engineering Co. Ltd. to provide licensing, engineering, procurement, construction, and commissioning (LEPCC) services for the Sarawak methanol project at Tanjung Kidurong, Bintulu.

Ladies and Gentlemen,

16. We know, energy is at the heart of development, where it powers industries, modern agriculture, cutting edge medical technology, transportation, computers and many more. In addition, the energy sector plays key role in addressing climate change challenge.

17. The Inter-Governmental Panel on Climate Change (IPCC) report released in August 2021 highlighted the need for reductions in global emissions in the coming decades, to stop climate change. It is rather critical and alarming

because even under the best-case scenario for greenhouse gas emissions, Asia will continue to face the effects of climate change.

18. Amid growing concern and urgency in tackling climate change, the global energy landscape is witnessing a major transformation towards affordable, reliable, and clean energy. Hence, there is no choice between protecting the environment and growing the economy. Those of us who believe in a more sustainable future must ride on the opportunity now.

19. In this case, I am glad Sarawak and South Korea are on the same page, where your country push to reduce the reliance on coal and nuclear in power generation. Sarawak, as a resource rich region, is determined to capitalise on renewable sources to power the various activities in Sarawak.

20. Sarawak also positions herself to be South East Asia's powerhouse through affordable, reliable and renewable energy. Sarawak will maintain at least 60% of our power generation capacity mix from renewable sources by 2030.

21. I believe the provision of sustainable energy is prerequisite to sustainable economic and social development.

22. Leveraging on low carbon opportunities in nature-based solutions coupled with technology, Sarawak is developing a hydrogen economy.

Ladies and Gentlemen,

Hydrogen Economy

23. I believe the time for hydrogen has arrived. After several decades of waiting for the potential of hydrogen as an energy carrier, hydrogen is now ready to assume a leading role in the global energy and economic transition. Almost 90% of global GDP has put forward hydrogen support policies or initiatives.

24. Global hydrogen market is picking up speed, with clean hydrogen production capacity more than doubled since January 2021.

25. By 2050, the world's economies and energy systems will look greener. The projected reduction in renewable energy

and electrolyser costs, as well as the need for deeper decarbonisation of all economic sectors, will drive the emergence of a global market for green hydrogen and its derivatives.

26. This is mainly because hydrogen is an essential component of a net zero energy system for deep decarbonisation that is required to meet the current climate targets and limit the temperature increase below 2°C.

27. Riding on this new rising potential, Sarawak is developing our public transport system. The Automated Rapid Transit (ART) will be integrated with digital solutions to create seamless experience using hydrogen fuel cell.

28. I believe such initiative creates further opportunity to explore carbon offsets projects. We expect this eco-friendly integrated public transportation system will be able to reduce carbon footprint in Kuching City by 15% by 2030.

29. I am sure Republic of Korea also sees the great potential hydrogen has as green solution provider in industries for the future.

Ladies and Gentlemen,

30. Sarawak shall create an ideal ecosystem for hydrogen economy to be pioneer in Asia Pacific to explore, innovate and produce green hydrogen.

31. That being the case, I am glad to see South Korean companies like Samsung Engineering, POSCO and Lotte Chemical from South Korea have jumped on the bandwagon and partner with Sarawak Economic Development Corporation (SEDC) to develop an environmentally friendly hydrogen and green ammonia plant in Bintulu.

32. Once completed, the plant will produce 630,000 metric tonnes of green ammonia, 600,000 metric tonnes of blue ammonia, 220,000 metric tonnes of green hydrogen, of which 7,000 metric tonnes will be for domestic use and the rest will be exported to South Korea.

33. Typically, green refers to zero-carbon products produced using renewable energy and electrolysis and blue to a production method that uses natural gas paired with carbon

capture technologies to produce low-carbon products.Ladies and Gentlemen,

Carbon Capture Utilisation and Storage

34. Sarawak has been identified as one of the potential regions in the world for Carbon Capture, Utilisation and Storage (CCUS).

35. CCUS can fast track the growth of Southeast Asia economies on the path to net-zero emissions. CCUS goes beyond fossil fuel applications and contribute to emissions reductions of the power and industrial assets, while underpinning new economic opportunities associated with the production of low-carbon hydrogen and ammonia.

36. In Sarawak, we have recently passed the Land Code (Amendment) Bill, 2022, which give us better position to develop CCUS as a powerful mitigation technology towards low-carbon economy.

37. Therefore, I welcome Korean companies to work with Sarawak to explore the potentials in CCUS. The opportunity lies in the initial stage of capturing and separating CO2 from

processing and production of the green ammonia, methanol or from the combustion flue gases. The CO2 that is captured is then compressed into a liquid or supercritical fluid, ready for transportation.

38. I believe the cooperation between Korea and Sarawak will enable faster and more efficient deployment of CCUS for development CO2 transport and storage infrastructure.

Ladies and Gentlemen,

Sustainable Aviation Fuel (SAF)

39. Sarawak is turning the attention towards development of a robust production of alternative aviation fuels such as Sustainable Aviation Fuel (SAF). SAF could be the key to sustainable air travel in the transition for low carbon fuel and to decarbonize aviation industry.

40. Using sustainable aviation fuels results in the reduction of carbon emissions compared to traditional jet fuels and as they are replaced over the whole life cycle of the fuel.

41. The term sustainable is very important here. We want to be sure that we're developing this fuel to not only take into account greenhouse gas reductions, but the amount of water usage and appropriate land use that goes into making these fuels.

42. I am aware that Korean Air will use SAF on its route between Paris and Seoul Incheon. The airline would reduce greenhouse gas emissions by up to 80% and taking bold steps towards "greener" aviation.

43. As a step forward, Sarawak through SEDC is collaborating with Airbus and Rolls Royce through Aerospace Malaysia Innovation Centre (AMIC), undertaking research and development on green hydrogen and fuel cell as future aviation fuel in Demak, Kuching.

44. This SAF collaboration is a venture into developing biofuels for aviation, in which the aviation industry has net-zero carbon emissions goals. Biodiesel and e-methanol could be another avenue contributing to the aviation and marine industry as low carbon fuels.

45. Expanding domestic SAF production can help sustain the benefits of our biofuel industry and forge new economic benefits, creating and securing employment opportunities across the country.

46. I believe there is tremendous opportunity between Sarawak and Korea towards a future fuelled with SAF that could unlock additional social, environmental, economic benefits — from creating jobs to restoring soil and watersheds to improving aircraft performance.

47. There is a need to address the gap between jet fuel price and the cost of sustainable fuels to be more competitive. We need to reduce financial risks to pave the way for greater investment in production infrastructure. The key to greater acceptance and deployment of SAF is reduction in costs.

48. We look forward to partner with Republic of Korea, especially in research, development and commercialization of improved production technologies and innovative sustainable feedstocks.

Ladies and Gentlemen,

Conclusion

49. As Sarawak transforms and push towards sustainable energy powerhouse, regional and international partnerships are instrumental in ensuring energy security and reliability.

50. Sarawak welcomes partnerships across the value chain. Together, I believe there are plenty of exciting opportunities we can capture and realise. And together, we can press on in our charge towards addressing climate change and creating a sustainable energy future for us all.

51. We assure you that we have put in place robust policies and procedures to ensure integrity, transparency and good governance that will certainly improve the ease of doing business in Sarawak.

52. I believe this platform marks the beginning to a robust collaboration between Sarawak and Korea in energy development. The future is bright!

Thank you.