

## Disclaimer

This report was prepared by a working group under the Economic Research Institute for ASEAN and East Asia Energy Project. The members of the working group agreed to use certain data and methodologies to assess the potential benefits of introducing alternative vehicles in Indonesia. As these data and methodologies may differ from those normally used in Indonesia, the calculated results presented here should not be viewed as an official national analysis.

## Foreword

An increasing demand for oil is one of Indonesia's top policy priorities as it is linked to many of the country's concerns, such as the deteriorating security of its oil supply, growing fiscal imbalances, and worsening air quality.

Indonesia has announced that it aims to ban sales of internal combustion engine vehicles by 2040. The country also intends for alternative vehicles to account for 20 percent of all vehicles produced by 2025. The impacts of these targets are expected to transform the energy industry, with significant repercussions for electricity generation, transmission, and distribution; as well as refineries, oil product retailers, and gas stations.

This study aims to support policy makers in East Asia Summit countries\* by analysing the shift towards electric vehicles as a way to improve the efficiency of the transport sector and mitigate oil demand concerns. A quantitative analysis was carried out to present the magnitude of the impact of this shift on energy demand, carbon dioxide emissions, and investment requirements. In addition, a qualitative analysis comparing international vehicle incentives was carried out to support policy makers in formulating similar incentives in Indonesia.

I hope that this study will offer new insights to those involved in this issue.

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\* These are the 10 countries in the Association of Southeast Asian Nations (Brunei, Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Viet Nam); as well as Australia, China, India, Japan, New Zealand, the Republic of Korea, the United States, and Russia.

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