

Executive Summary

This report explores key challenges and strategic opportunities for strengthening power sector outlooks in South and Southeast Asia. In doing so, it aims to identify potential needs, requirements, and roles for greater US, Japanese, and East Asia Summit engagement.

Main Argument

Growth in electricity demand in South and Southeast Asia is amongst the fastest in the world. Yet questions remain about how countries across this region might be able to individually or collectively meet their demand requirements, while also navigating complex economic, environmental, and energy security considerations. Success will largely depend on the ability of countries to address unmet infrastructure, human capacity, and investment needs across the region and leverage existing or new opportunities for collaboration at the national, regional, and international levels.

Policy Implications

- To strengthen human capacity and resources, three challenges will need to be addressed at the individual level: reluctance to change (whether due to the influence of trade unions or other incentives to maintain the status quo), inability to grasp new knowledge, and poor retention of trained employees.
- To mitigate localised risks and spur inbound investment in energy infrastructure and production, countries can take numerous steps to improve their market fundamentals. These include adopting a more open trade and investment policy in energy distribution, accelerating low-carbon investments via targeted activities in Covid-19 stimulus packages, and rethinking tax structures around investment in cross-border energy infrastructure.
- The ‘free and open Indo–Pacific’ concept, initiated by Japan, has positively contributed to efforts to advance digital connectivity, infrastructure, and energy security in emerging Asia through several means (including via cooperation with the United States and Australia) and should continue to inform efforts to enhance regional prosperity.
- In terms of how the East Asia Summit and initiatives such as the Indo–Pacific strategy can better respond to regional interests, a number of regional countries (including Indonesia and Thailand) have detailed their own priorities for strengthening bilateral and multilateral coordination. These include expanding soft-loan multilateral funding, promoting debt-swapping initiatives, and enhancing a blended financing scheme (e.g., philanthropic and private funds).