

Chapter 7

Promoting Collective Energy Security: Strengthening Regional Collaboration

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While many of the efforts above could be championed by stakeholders operating within a single country, workshop participants noted that some of the more ambitious plans for strengthening power sector outlooks may only be viable or reach critical mass when executed in tandem with other partners. For example, workshop participants noted that although an ASEAN power grid could greatly contribute to the region's energy security, it would require several countries to work in tandem to harmonise technical standards and pass various market and policy reforms. Others noted the positive role that countries outside developing Asia – such as the United States, Japan, and the Republic of Korea – have (and could play) in leveraging additional financial and knowledge resources.

Over the past decade several new regional and minilateral initiatives in the Asia–Pacific have been established to address the above concerns. These include nationally championed initiatives that incorporate significant elements focused on energy and infrastructure, such as Japan's and the United States' Indo–Pacific strategies, the Republic of Korea's New Southern Policy, and China's Belt and Road Initiative; bilateral efforts, such as the Japan–India Energy Dialogue or JUSEP; and minilateral initiatives, such as the Japan–US–Australia Trilateral Infrastructure Partnership and ASEAN's Outlook on the Indo–Pacific.

To date, many of these efforts have sought to overcome specific obstacles or bottlenecks in power sector development by engaging public- and private-sector support to catalyse investment in new supplies, technologies, and infrastructure.⁹⁶ To that end, as of February 2021, Japan has committed \$20 billion in financing for LNG development as part of JUSEP. It also aims to mobilise \$200 billion for its Expanded Partnership for Quality Infrastructure and increase its relationship with the United States' Development Finance Corporation (DFC).⁹⁷ The creation of the DFC expanded funding authority for up to \$60 billion in Asia and replaced the Overseas Private Investment Corporation.⁹⁸ (See Appendix I for additional analysis of strategic initiatives put forth by the United States.)

⁹⁶ Herberg, 'High-Quality Infrastructure and the Free and Open Indo-Pacific Vision.'

⁹⁷ Japan Bank for International Cooperation, 'JBIC Signs MOU with US International Development Finance Corporation: Strengthening Cooperation for Promoting Collaborative Project between Japan and United States in a Wide Range of Regions and Sectors,' January 14, 2021, <https://www.jbic.go.jp/en/information/press/press-2020/0114-014177.html>.

⁹⁸ US International Development Finance Corporation, 'US International Development Finance Corporation Begins Operations,' January 2, 2020, <https://www.dfc.gov/media/press-releases/us-international-development-finance-corporation-begins-operations>.

Several initiatives have also hit on the idea of promoting and advancing standards that support the development of ‘high-quality infrastructure.’ Notable amongst these has been a trilateral initiative supported by the United States, Japan, and Australia known as the Blue Dot Network, which is a ‘multi-stakeholder initiative...to promote...trusted standards for global infrastructure development in an open and inclusive framework.’⁹⁹ The US State Department says that the Blue Dot Network ‘builds on the success of Japan’s G20 leadership in building consensus on the Principles for Quality Infrastructure Investment.’¹⁰⁰ Although minimal progress has been made thus far, the initiative is open to other countries that share similar views and priorities for HQI investment.

The Republic of Korea is one example of a country whose efforts to achieve carbon neutrality and a circular economy will both better utilise existing infrastructure and resources and identify ways to ensure that new projects meet certain criteria for green growth. These efforts began in earnest with the enactment of the Framework Act on Resource Circulation in 2018 and have garnered significant attention given the push to reduce global strain on natural resources and find more efficient ways to recycle and meet energy and electricity demand.¹⁰¹ The Republic of Korea, like several other nations in the Indo–Pacific, relies on imports to meet its energy needs. The circular economy presents an opportunity to improve sustainability across sectors, including industry and waste management, and also reduces dependence on disruptive technologies to accelerate decarbonisation efforts.¹⁰² Materials such as scrap metals, plastic, and concrete are being reprocessed and used as input materials in new construction or products. Maximising the benefits of a circular economy will partly require improved infrastructure and policies for waste collection and sorting; however, success will also depend on the participation of the public and private businesses. Potential tools the government could use to increase participation include mandates for a certain percentage of recycled content in input materials for new products and limitations on the colors of materials to make recycling simpler.

Looking to larger structural challenges with HQI investment and the expansion of energy access more broadly, the United States and Japan issued a joint statement on the one-year anniversary of JUMPP in which they outlined their continued support of cross-border power trade and belief in the importance of optimising the use of energy resources in the region. This sentiment could prove critical to the success of renewables and LNG in the region.¹⁰³

Meanwhile, Japan and the United States also jointly held workshops in various parts of Southeast Asia over the course of the past three years, including a workshop on energy infrastructure in Ho Chi Minh City in December 2018 and on LNG in Jakarta in March

⁹⁹ Herberg, ‘High-Quality Infrastructure and the Free and Open Indo-Pacific Vision.’

¹⁰⁰ US Department of State, ‘Blue Dot Network,’ <https://www.state.gov/blue-dot-network>.

¹⁰¹ Government of the Republic of Korea, ‘2050 Carbon Neutral Strategy of the Republic of Korea,’ 88.

¹⁰² *Ibid.*, 50.

¹⁰³ ‘Japan-US Joint Ministerial Statement on Japan-US-Mekong Power Partnership (JUMPP),’ US Department of State, September 2020, <https://www.state.gov/japan-u-s-joint-ministerial-statement-on-japan-u-s-mekong-power-partnership-jump>.

2019.¹⁰⁴ The former focused on identifying financing tools and opportunities for private-sector engagement, while the workshop in Jakarta scoped out possibilities for cooperation on LNG procurement, distribution, electrification, and financing, as well as strategic plans for national energy mixes.¹⁰⁵

Additional activities in this series hosted by the US International Trade Administration and Japan's Ministry of Economy, Trade, and Industry include an August 2019 JUSEP meeting in Bangkok on regional connectivity and an October 2019 meeting in Singapore on public-private financing opportunities. Alongside these events, both countries have established people-to-people exchange programs, academic scholarships (such as those convened by the Japan International Cooperation Agency), and other mentoring opportunities (such as NBR's Asia EDGE fellowship program) to support South and Southeast Asia's next generation of energy security specialists.

During workshop discussions, participants affirmed the idea that the free and open Indo-Pacific concept as initiated by Japan has positively contributed to efforts to advance digital connectivity, infrastructure, and energy security in South and Southeast Asia through a number of means (including via cooperation with the United States and Australia) and should continue to inform efforts to enhance regional prosperity. Yet in terms of how these efforts can better respond to regional interests, workshop participants suggested that more could be done to intentionally amplify existing regionally led frameworks within these initiatives.

ASEAN, for example, is already coming up with a strategy to embrace new technologies and modernise energy systems in line with accelerating actions on climate change, which could be further amplified by the Biden and Suga administrations. Meanwhile, several countries (including Indonesia and Thailand) have detailed additional priorities for strengthening bilateral and multilateral coordination on power sector development within the region. These include enhancing multilateral funding for soft loans, improving bilateral investment schemes, promoting debt-swapping initiatives, and enhancing a blended financing scheme (e.g., philanthropic and private funds).

In terms of capacity building, the ASEAN Declaration on Human Resources Development provides one template for moving forward.¹⁰⁶ Adopted in June 2020 at the 36th ASEAN Summit, this declaration by the Southeast Asian member states emphasises the importance of adapting the human resources of these countries to the coming changes in the global economy, citing 'technological advances, the demographic transition and greening economies' as drivers of this change. To this end, the initiative highlights vocational and educational skills for technology development and adaptation, outlines

¹⁰⁴ Ministry of Foreign Affairs (Japan), 'Factsheet: Recent Efforts of Japan and the United States in Energy, Digital and Infrastructure Sectors toward Achieving a 'Free and Open Indo-Pacific,''
<https://www.mofa.go.jp/files/000482895.pdf>.

¹⁰⁵ US International Trade Administration, 'Fostering US Commercial Cooperation under the Japan-US Strategic Energy Partnership (JUSEP) to Advance a Free and Open Indo-Pacific,' January 27, 2020,
<https://blog.trade.gov/2020/01>.

¹⁰⁶ The full declaration may be found at https://asean.org/storage/ASEAN-Declaration-on-Human-Resources-Development-for-the-Changing-World-of-Work-and-its-Roadmap_Final_19Feb2021.pdf.

pathways for more inclusive education and employment opportunities, and matches existing and potential skill sets to growing areas of need through public–private partnerships.

The ASEAN Declaration on Human Resources Development represents a continuation of years of related commitments by ASEAN. The founding charter’s goals of cooperation in education and the current Vision 2025 ‘people-centered ASEAN community’ signal the importance of human capital. Some flexibility is built into the declaration, with member nations aiming to produce individual frameworks for developing human resources. Possible actions account for the differing levels of development within ASEAN and range from identifying the highest-impact training and vocational programs to establishing incubators for kick-starting small businesses and integrating these with institutions of higher education.

Additionally, the declaration pays special attention to disadvantaged groups who run the risk of being left behind in a swiftly evolving economy, such as women and girls, people with disabilities, and workers in rural or remote settings. Particularly relevant during the ongoing Covid-19 pandemic is the promotion of online learning opportunities, which have the added benefit of increasing access to and the efficacy of re-skilling efforts across the region. Building a responsive labor force is a key goal of the declaration that seeks to tie the direct government actions in education and human development to greater benefits in the private sector and overall economy. Countries are encouraged to foster a closer partnership with the private sector and guide decisions to address industry needs, such as through technical and on-the-job training.

Finally, the declaration calls on ASEAN members to cooperate with international organisations ‘to facilitate the sharing of models, good practices, and experiences’ to improve human resources. This includes exploring a central funding source with international partners and corporations to help keep research and best practices updated and flexible as the demands of the 21st century labor market continue to evolve.

Forums such as the East Asia Summit can also bring together stakeholders from countries across the region to review and share any emerging best practices in stimulating reforms and mitigating impacts on vulnerable communities. As noted by workshop participants, this could be a constructive role for the Energy Cooperation Task Force and ERIN, in particular, both of which have regularly operated in these roles. The 15th EAS held on November 14, 2020, underscored the role that the institution can play to overcome previous gaps in regional cooperation and connectivity.¹⁰⁷ The discussion unsurprisingly focused on the impacts of the Covid-19 pandemic and options for the region to build out plans for recovery and growth.

¹⁰⁷ Ministry of Foreign Affairs (Japan), ‘East Asia Summit Leaders’ Statement on Cooperation to Promote Steady Growth of Regional Economy,’ November 14, 2020, <https://www.mofa.go.jp/files/100115537.pdf>.

Commitments to enhance the sharing of information, promote investment, implement fiscal and monetary reform, and support ASEAN-led mechanisms for regional stability and development are important in combating infectious diseases. Yet they also can factor in significantly to preparing for and managing the aftermath of climate-related disasters, strengthening energy security, and creating environments for innovation and collaboration in clean technology development, amongst other areas. Indeed, Nguyen Xuan Phuc, prime minister of Viet Nam and 2020 ASEAN chairman, emphasised in his statement that opportunities exist for adopting an inclusive recovery plan that promotes clean and green technologies and improves cooperation.¹⁰⁸

¹⁰⁸ Nguyen Xuan Phuc, 'Chairman's Statement of the 15th East Asia Summit,' November 14, 2020, <https://asean.org/storage/45-Final-Chairmans-Statement-of-the-15th-East-Asia-Summit.pdf>.