

Chapter 8

Conclusion

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Success in strengthening power sector outlooks in South and Southeast Asia will ultimately depend on realising three key conditions. The first is strengthening the intraregional capacity to leverage and mobilise large amounts of capital. The second is improving national- and regional-level energy policymaking and sector management tools.¹⁰⁹ The third is more broadly reducing barriers to greater regional trade and integration, so that individual countries are able to better take advantage of existing supply diversification and achieve a balanced power mix that does not rely solely on fossil fuels.

Each of these efforts could be significantly reinforced and enhanced via greater engagement by the EAS. For the first and third tasks, in particular, success will likely depend on the pace of energy market reform. This presents a challenge for policymakers, as many reforms will require vast social and political capital. Consequently, a key role that the EAS can play in addressing these challenges is helping amplify, support, and champion ongoing reform efforts both by directly engaging with individual countries and by supporting multilateral coordination on sequenced reforms. This includes support for specific tasks, such as reducing or eliminating fuel subsidies, as well as large undertakings, such as ending state-backed monopolies, tackling industry and government corruption, and improving overall market transparency.¹¹⁰ Ongoing EAS initiatives to liberalise markets, discourage the politicisation of energy, and strengthen regional energy architecture to reduce any one country's exposure to price or supply shocks should also be reinforced and strengthened.

A key challenge will be coordinating such efforts with on-the-ground realities and specific needs and priorities as directed by decision-makers in South and Southeast Asia. Regarding US approaches, Nikos Tsafos notes that in the past effective policies have included 'a standardised checklist – a 'gold standard' – that projects must meet in order to secure private investment or US economic support.'¹¹¹ Early statements and executive orders by the Biden administration seem to suggest a different and potentially more challenging approach to achieving the goals of promoting green growth and climate mitigation as they relate to investment in fossil fuels.

¹⁰⁹ Herberg, 'High-Quality Infrastructure and the Free and Open Indo-Pacific Vision,' 24.

¹¹⁰ Gillispie, 'US-Australia Energy Cooperation in the Indo-Pacific'.

¹¹¹ Tsafos, 'The Outlook for Power Generation in Southeast Asia and the Geopolitics of the Indo-Pacific,' 11.

Although such standards are important, in practice they often exclude countries from participating in initiatives or receiving support. As Tsafos argues, technical assistance can help a country meet that gold standard, but there is also something to be gained from a more flexible approach with greater risk that could free up more capital and come closer to meeting the on-the-ground needs. In the United States, the recommitment to global efforts to combat climate change and achieve sustainable energy access is encouraging for new public and private opportunities for collaboration on investment in and development of clean energy supplies. Moving forward, better integrating national concerns into larger regional and international strategies and efforts will ensure that these standards align with what is both desirable and feasible.