

ASEAN Leaders for Just Energy Transition Shared Aspirations Statement



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The Association of Southeast Asian Nations (ASEAN) region is collectively the fourth-largest energy consumer in the world with an annual growth rate of 3% over the past two decades and the trend is expected to continue until 2030.¹ As a result, the region's carbon emissions have been growing at 3%² per year on average, surpassing the global average of 1%³ in 2022. Despite strong ambitions to decarbonize – nine out of 10 ASEAN member states have committed to achieve net-zero emissions targets by 2050 – current stated policies and Nationally Determined Contribution (NDC) targets indicate an impending increase in emissions in the next decades for ASEAN.

Energy plays a vital role in powering the region's future growth. This juncture presents an opportunity for ASEAN leaders to accelerate the region's energy transition to deliver an equitable, secure and sustainable energy future while bolstering socioeconomic development.

The [ASEAN Leaders for Just Energy Transition \(ASEAN JET\)](#) is a CEO-led community of companies from across the region and different sectors facilitated by the World Economic Forum. The community has developed this Shared Aspirations document to foster a cohesive view on enabling a just energy transition in their region. The document outlines the community's shared aspiration to facilitate transition by addressing the challenges in ASEAN. It also serves as a call for collaboration and proactive action around several priority areas.

Defining a just energy transition

The World Economic Forum leverages the energy triangle framework to define the just energy transition.⁴ The framework emphasizes the need for a balanced approach considering the three key dimensions of equity, security and sustainability.

- The equitable dimension aims to ensure affordable access to clean forms of energy for all while ensuring continuity of economic activity through competitive energy pricing and a transition that is inclusive for all.
- The security dimension focuses on ensuring a reliable and consistent energy supply through diversification and enhancement of resilience in energy supply and infrastructure.

- The sustainability dimension emphasizes the need to preserve the nature and environment and encourage responsible consumption through improved energy intensity of economic growth and lower emissions footprint per capita and unit of GDP.

In addition, the International Labour Organization (ILO) has underscored the necessity of a just transition that safeguards workers' rights, fosters decent work opportunities, and upholds principles of social justice and a human-centred approach throughout the energy transition.⁵

At its core, the just energy transition entails an equitable and fair transformation of the energy system towards a sustainable and low-carbon future. It strongly emphasizes preserving social equity and economic fairness during the transition process.

Specific aspects of ASEAN countries, such as rapidly rising energy demand, heightened vulnerability to climate change, the reliance on high-emitting sources of energy such as coal and its impacts on air pollution, concerns with energy security and affordability, uncertainty in policy direction, and imbalance of wealth across the region are key factors to consider while facilitating a timely and just transition in the region.

About ASEAN JET

This World Economic Forum community consists of a group of ASEAN leaders from industries and businesses who have come together to strengthen intra-regional and international cooperation to accelerate the just energy transition in the region. It represents companies from ASEAN countries, encompassing various energy production and consumption industries, including oil and gas, electricity and power, mining and metals, agribusiness, chemicals, finance and the digital ecosystem.

The vision is to accelerate a just energy transition for ASEAN countries that leaves no one behind by ensuring equitable and reliable access to clean energy for all.

Recognizing the imperative for a sustainable and equitable energy future, the goal is to collaboratively champion a just energy transition in ASEAN by driving clean energy investments, fostering public-private dialogue to enable supportive policies, and fostering knowledge exchange within ASEAN and with stakeholders from other countries.

Success stories

Over the last decade, ASEAN countries have made remarkable strides in advancing the just energy transition, exemplified by some noteworthy success stories. At the core of these accomplishments lies the substantial advancement in constructing resilient policy frameworks, demonstrated by such initiatives as Indonesia's National Energy Policy and Malaysia's National Energy Transition Roadmap. These policies illustrate the unwavering commitment of these nations towards meeting their emission reduction targets. Viet Nam's progressive policies, resulting in a 25-fold increase in solar capacity within a year, serve as another example. Singapore's success story lies in its proactive support of a green economy, evident in the allocation of funds for a diverse range of programmes encompassing green tech, finance and management.

ASEAN countries are also engaging in international partnerships to finance this transition. Indonesia and Viet Nam's collaboration with developed nations in the Just Energy Transition Partnership (JETP) is a positive step towards global cooperation aimed at accelerating the retirement of coal-fired power plants and facilitating the transition to cleaner energy sources. Notably, the Asian Development Bank's Energy Transition Mechanism (ETM) initiative to retire coal plants in South-East Asian countries, including Indonesia and the Philippines, is an exemplary demonstration of financial innovation and partnerships that are propelling the transition forward.

Key challenges

The just energy transition in ASEAN encounters a multitude of challenges that impact a wide range of stakeholders within the region. The following are the key challenges identified by stakeholders:

Industry and investors

- **Clean energy financing:** An accelerated and just energy transition requires substantial financing. According to the sustainable development scenario of the International Energy Agency (IEA), ASEAN's clean energy financing must grow fivefold by 2030.⁶ Mobilizing such financing to close the huge investment gap will be challenging and requires unlocking more funding from within and outside ASEAN.
- **Infrastructure development:** The region requires substantial enhancements to its existing infrastructure regarding the power grid, gas/LNG, and electric vehicle (EV) charging infrastructure to effectively integrate supply from a variety of energy sources and meet the growing demand for clean energy in the future. More cross-border grid infrastructure will be needed to integrate markets and unlock the full potential for clean energy in the region.
- **Decarbonization of energy systems:** Gradual decarbonization of the energy system is needed to tackle climate change and meet net-zero targets set by ASEAN countries. Improving energy efficiency and expanding renewable energy capacities and related infrastructures are important means to achieve this. However, the pace of decarbonization must be balanced against the priorities of ensuring energy affordability, access and reliability. Meeting baseload energy demand with reliability is another crucial consideration given the intermittency of renewable energy.

- **Policy and governance hurdles:** Inadequate and unclear policies can stand in the way of new business models that could accelerate the energy transition (e.g. open access for power transmission and distribution). Significant subsidies for energy and fuel prices in ASEAN, the lack of effective carbon pricing and issues on compliance to ESG governance have all added hurdles to an effective energy transition.
- **Integration of just energy transition agenda into business strategy:** Such incorporation can be challenging to companies, as it often requires a fundamental shift in operations, culture and values of the organization.

Consumers

- **Equitable and secure access:** Ensuring equitable (i.e. affordable access for all) and secure access to energy and low-carbon energy solutions is essential. This is particularly relevant to ASEAN countries, where there are concerns with energy affordability and security among residents. As the energy transition progresses, the public and private sectors must work together to maintain affordable, reliable and accessible energy to all while ensuring a positive socioeconomic development and incentivizing clean energy investments and transition.

Workforce

- **Job security:** As the energy landscape shifts, the transition may impact jobs in the hard-to-abate sectors. Ensuring job security for the workforce by providing reskilling and re-employment in the renewables sector can be challenging.

Priorities

To effectively address the key challenges and facilitate the just energy transition in the ASEAN region, concerted efforts should be prioritized in the following areas:

- **Unlocking investment and mobilizing funding for energy transition:** Encouraging investments in clean energy and decarbonization projects through enabling policies, fostering public-private partnerships and international cooperation can accelerate the transition in the region. De-risking low-carbon energy projects from market and business perspectives is key. In addition, innovative financing mechanisms that facilitate international financing and partnerships, such as the Energy Transition Mechanism (ETM) are required to accelerate ASEAN's just energy transition. It is also crucial to improve the investment attractiveness of certain ASEAN countries to achieve a balanced distribution of investments throughout the region so the just energy transition can be progressed in all ASEAN countries.
- **National and regional collaboration:** Close cooperation within and among ASEAN countries is imperative to cultivate a shared commitment and facilitate collaborative initiatives in areas such as encouraging regional investments through trade partnerships, championing policy facilitation, enabling regional carbon management through carbon capture, utilization and storage (CCUS), and constructing a resilient and interconnected regional grid and gas/LNG network to enable more cross-border energy trades.

- **Net-zero enablement:** Aligning energy policies, regulations and incentives across ASEAN countries to create a consistent and supportive framework for clean energy development is needed to enable the transition. Establishing fiscal incentives to encourage the adoption of cleaner energy, liberalizing and fairly remunerating the transmission and distribution sector to incentivize grid investments, which unlock the full potential of renewables deployment, and improving energy efficiency are key to improving the energy intensity and carbon intensity of electricity in the region.
- **Workforce development:** Strong coordination between governments and industries is essential to develop and implement re-employment and reskilling programmes for the workforce in sectors affected by the transition to minimize socioeconomic consequences on vulnerable communities.
- Actively participate in initiatives to drive and enable energy transition such as [net-zero industrial clusters](#) facilitated by the World Economic Forum and other relevant initiatives.
- Seek dialogue with policy-makers to collectively find solutions that can accelerate a just energy transition in ASEAN.

By addressing these priorities and implementing strategic solutions, ASEAN can navigate a successful just energy transition that benefits all stakeholders and contributes to a sustainable and low-carbon future for the region.

Call for collaboration

The ASEAN JET community is committed to undertaking the following urgent and collaborative actions to expedite the energy transition in the region:

- Promote ASEAN as an attractive destination for international investments for energy transition by showcasing the region's potential, its commitment to decarbonize and scale up renewable energy, and its market opportunities.
- Welcome knowledge and technology exchange between companies, industries, policy-makers and other stakeholders to learn from global, regional and local best practices and experiences of energy transition.

To scale the impact of its efforts and initiatives, the ASEAN JET community aspires to collaborate with various stakeholders in the region and globally in the following areas:

- Call for partnerships with financiers to attract international investments for clean energy projects, with global communities to facilitate technology and knowledge transfer, and with international organizations such as the International Energy Agency (IEA), International Renewable Energy Agency (IRENA), International Gas Union (IGU), ASEAN Centre for Energy (ACE) and Asian Development Bank (ADB) to direct technical and financial support to ASEAN and to strengthen a collective voice on the global stage.
- Call for supportive policies, such as carbon pricing or emission trading systems from governments across the region and enabling cross-border infrastructure to drive decarbonization and renewable energy growth in an equitable manner.
- Call for participation of industries and businesses from the region, who are not members of the ASEAN JET, in initiatives driven by the community.

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Endnotes

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