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World Energy Outlook Special Report

Southeast Asia Energy Outlook 2015

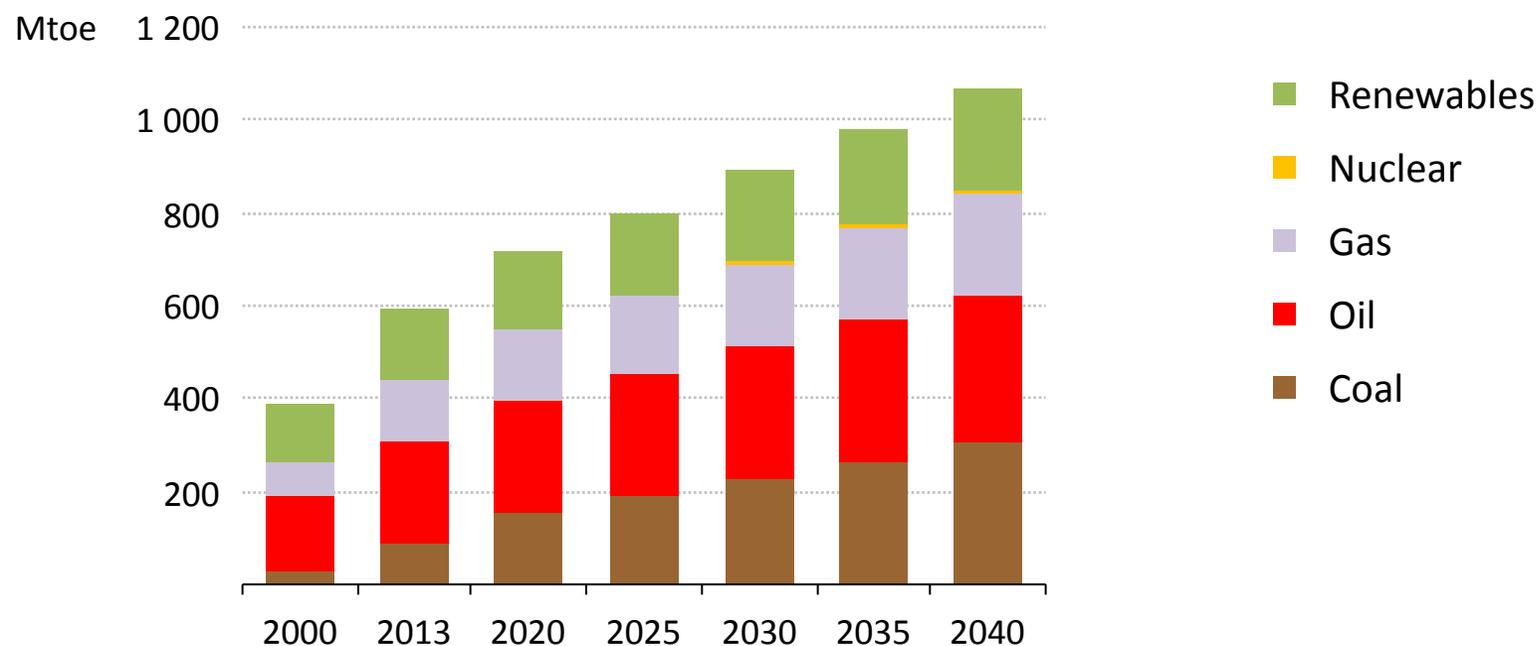
Dr. Fatih Birol
Executive Director
International Energy Agency
Singapore International Energy Week
27 October

Southeast Asia in the global energy landscape

- **Southeast Asia is a key pillar of demand growth, both in Asia & globally**
- **A mix of countries with disparate energy and economic backgrounds but sharing a set of common challenges**
- **Rising imports sharpen focus on economic & security aspects of energy use**
 - *Domestic oil, gas & coal production facing a more challenging environment*
- **Future prospects hinge on the strategic direction of energy policies**

Fossil fuels remain dominant in Southeast Asia energy mix

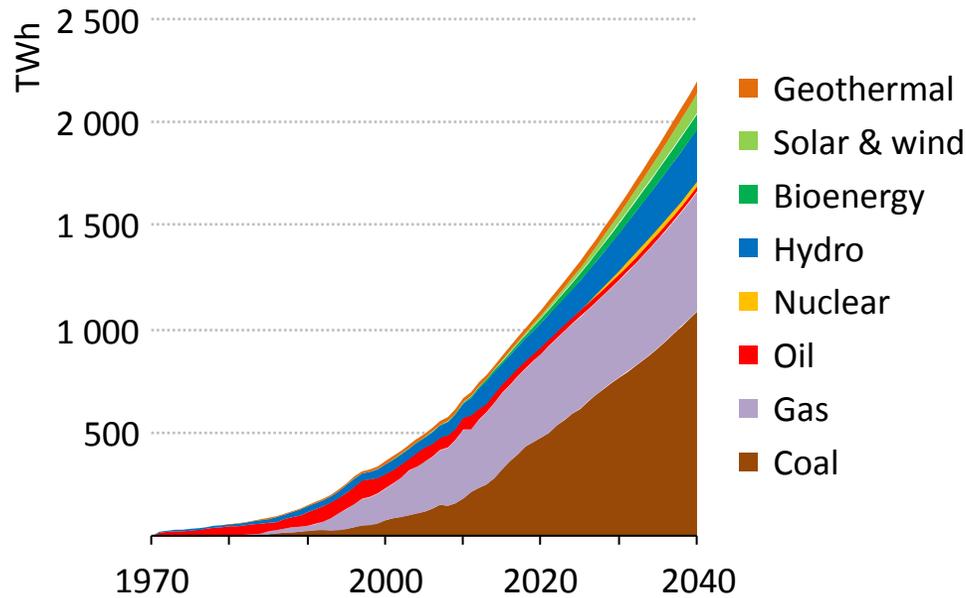
Growth in ASEAN primary energy demand



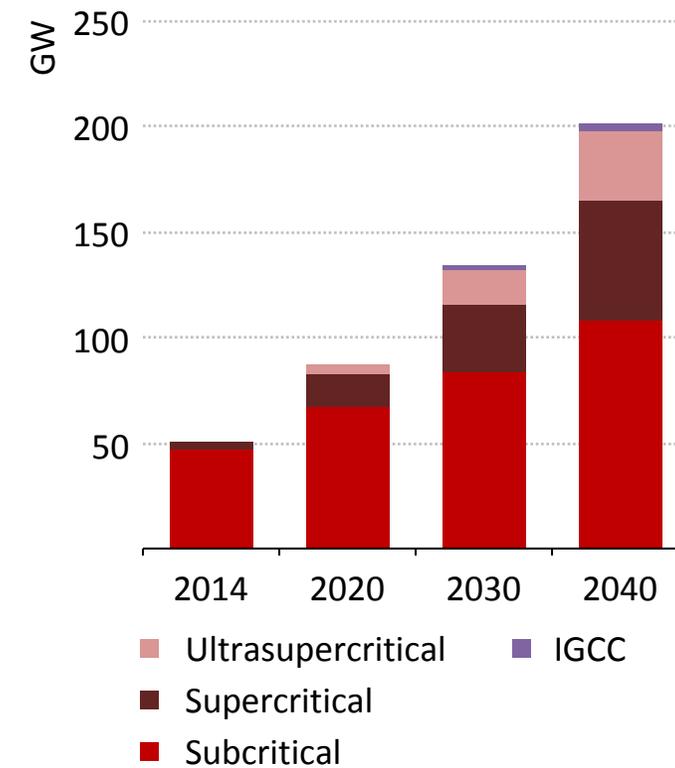
Southeast Asia's energy demand increases by 80% in the period to 2040, with coal becoming the single largest energy source

Electricity demand triples, with shift towards coal set to continue

Electricity generation by fuel



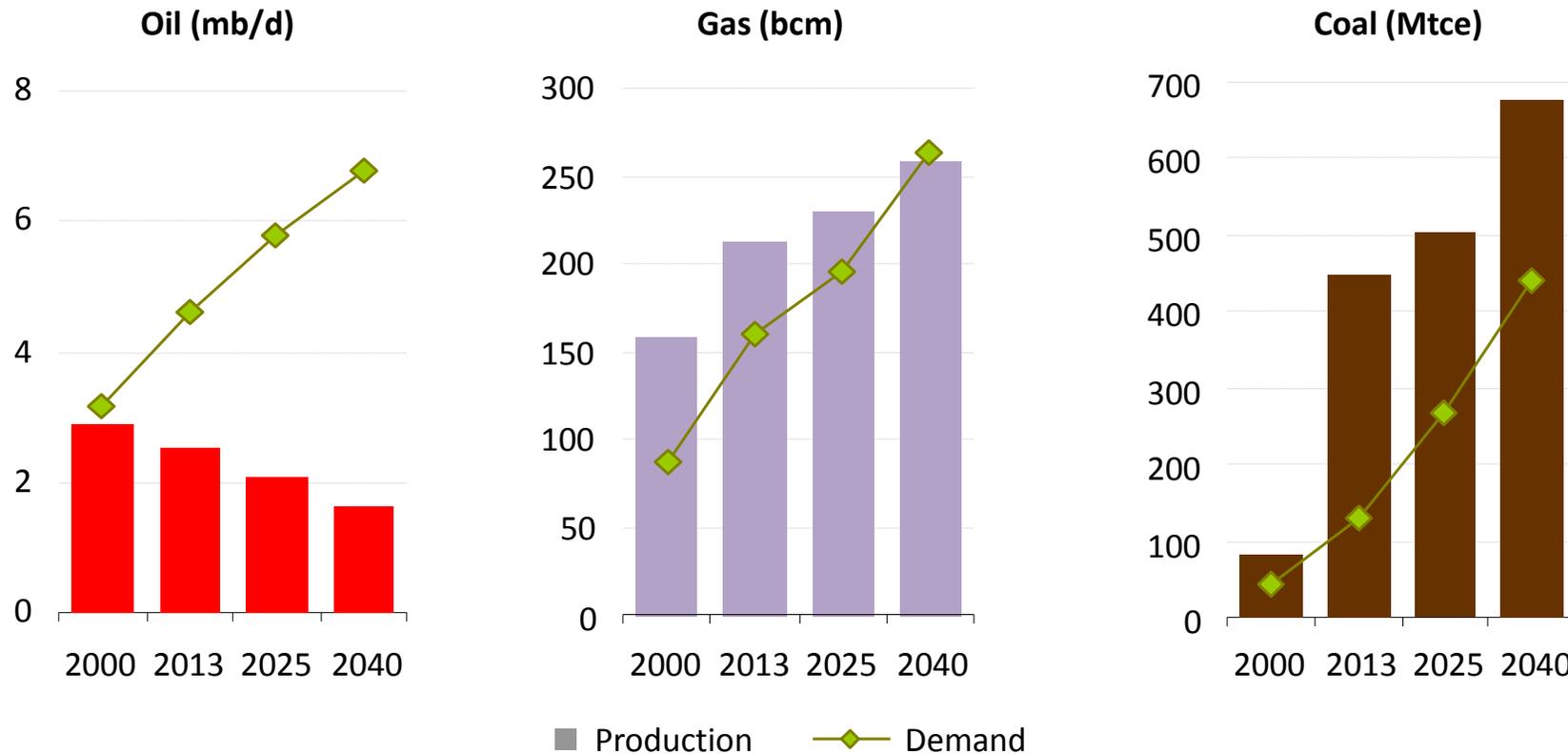
Installed coal-fired capacity & efficiency



Power capacity expands by 400 GW, equal to current capacity of Japan & Korea, with subcritical technologies still comprising over 50% of coal-fired capacity in 2040

A more challenging environment for oil, gas & coal production

ASEAN fossil fuel production and trade



While oil output continues to decline, rising coal & natural gas production are increasingly earmarked for domestic markets

Four key issues to shape the Southeast Asian energy landscape

- **Expanding power grid interconnections**
- **Attracting investment to develop energy infrastructure**
- **Improving access to modern energy services**
 - *120 million people do not have access to electricity, though the number declined by two-thirds since 2000*
- **Continue to phase out fossil fuel subsidies**
 - *Their value is on track to drop to \$10 billion in 2015 as a result of lower oil prices & reforms in Indonesia, Malaysia, Thailand and Myanmar*

Looking forward

- **Southeast Asia consolidates its status as a dominant player in global energy markets**
- **The energy landscape in Southeast Asia continues to shift, but dominance of fossil fuels remains unquestioned**
- **Increasing reliance on oil imports will come at a high cost & push energy security higher up the energy agenda**
 - *The attention paid to energy security appears indexed to oil prices; this can be very costly in the longer-term*
- ***A stable policy landscape & greater regional co-operation is critical for balancing energy, economic and environmental policy objectives***
- **Countries in Southeast Asia are confronted by challenges similar to those faced by IEA members – it is time to strengthen our engagement**