

**Remarks
By
Lim Hong Hin
Deputy Secretary-General of ASEAN for
ASEAN Economic Community**

**Meeting of Minister-in-charge of Renewable Energy in India and ASEAN
New Delhi, 7 November 2012**

Excellencies
Energy Ministers from ASEAN and India
Distinguished Guests
Ladies and Gentlemen,

Good morning.

I would like to thank the Indian Ministry of Renewable Energy for inviting the ASEAN Secretariat to address in this event.

I would like to focus on energy security as this is one of the key challenges facing our economies today. As you know, all countries in the world, including India and ASEAN, are now facing economic uncertainties. Adding to these uncertainties, in my view, are the uncertainties in global energy markets. Since the global financial crisis in 2008 and the on-going Eurozone debt crisis, oil prices have also become more volatile. Weak global prospects have undermined global energy demand while geopolitical tensions in the Middle East have put energy supply at risk as well. Crucially, they all led to more heightened energy security concerns than before.

Energy security is a concern because it will affect the sustainability of economic recovery and long-run economic growth. As countries fail to secure energy supply at reasonable cost, the quality of growth suffers. This outlook is particularly troubling in Asia. Asian countries are among the top consumers of energy in the world. Out of the 33 percent growth in global energy demand projected by the International Energy Agency (IEA) over the next 25 years, China and India alone account for half of that growth. By 2025 India is projected to be the second largest coal consumer in the world, reflecting the enormous demand for electricity in India. IEA projects electricity demand in

India to more than triple by 2035. Of course meeting such increases in demand is daunting if no investment in energy provision is made and new supply capacity is built.

ASEAN countries face the same precarious situation. According to the 3rd ASEAN Energy Outlook published last year, energy requirement in the region is expected to triple between 2005 and 2030. To sustain GDP growth of 5.2 percent on average per annum until 2030, primary energy consumption has to grow by at least 4.8 percent per annum. During the same period, per capita consumption is also expected to double. Unfortunately the rapid growth in energy demand in ASEAN is not met with adequate supply and sufficient power provision. ASEAN has been a net oil importer since 1995, and is facing with declining oil and gas production of its own.

In addressing this energy security, it must be recognized that the solution goes beyond national concerns. In most cases, it requires enhanced cooperation where national interests must be relegated to achieve greater goals for many countries. In short, energy security is a shared concern.

ASEAN's approach to energy security has been encouraging. Since 1986, ASEAN has formulated the ASEAN Petroleum Security Agreement (APSA) to contain sudden shortfalls in oil supplies. An ASEAN Emergency Petroleum Sharing Scheme has been established for petroleum products in times of both shortage and oversupply. To enhance cross-border electricity trade and help countries meet their growing demands for electricity, an ASEAN Power Grid (APG) has been initiated since 1997. This was followed by the Trans-ASEAN Gas Pipeline (TAGP) project which aims to ensure greater availability and sustainability of energy resources in the region.

Against these initiatives, I think it is worth noting as well the potential of increased partnership or cooperation between ASEAN and India in the area of energy security. This is a viable option considering the critical importance of energy sustainability among ASEAN countries and India.

Besides, ASEAN and India have been working together on a number of integration and cooperation initiatives over the years. So a possible cooperation in energy security cannot be ruled out given the potential benefits of such cooperation among them.

ASEAN and India's Trade in Goods Agreement has been entered into force since January 1, 2010. I'm happy to share with you that both sides are now ready to sign the trade in services and investment agreement at the 21st ASEAN-India Summit next month in Phnom Penh.

With a combined market of over 1.8 billion people and a GDP of almost US\$2.75 trillion and geographical proximity, potential for ASEAN-India cooperation is immense and waiting to be further tapped.

India's economic engagement with ASEAN Member States is also visible at the sub-regional level including the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and the Mekong Ganga Cooperation (MGC) which help enhance the relations between India and ASEAN Member States.

Under BIMSTEC, the main priorities include transport connectivity, technological development, tourism, fisheries, energy, agriculture and human resource development while MGC focused its priorities on the development of transportation networks, which include the East-West Corridor project and the Trans-Asian Highway. The East-West Corridor visualizes linking the Bay of Bengal to the South China Sea while the Trans-Asian Highway is expected to connect Singapore to New Delhi via Kuala Lumpur, Ho Chi Minh City, Phnom Penh, Bangkok, Vientiane, Chiang Mai, Yangon, Mandalay, Kalemmyo, Tamu, Dhaka and Kolkata.

A possible partnership between India and ASEAN, particularly in energy security, can certainly support all the above initiatives, in one way or another.

I see three important areas for achieving convergent energy security interests.

First is in the development and deployment of renewable energy. Aside from the importance of renewables in enhancing energy efficiency, this is one area where ASEAN countries and India have the greatest potential. Philippines and Indonesia have excellent geothermal resources while India has potential in wind, solar, biomass and hydro. It is estimated that ASEAN's total potential for renewable electricity in 2030 will be about 1.8 times the total 2007 electricity consumption in the region. While the installed capacity is small, India has over 150,000 MW of exploitable renewables. Growth of renewables can certainly contribute to energy diversification and security in ASEAN and India.

Second, to enhance energy efficiency, there is a need to invest in energy infrastructure and flexible energy resources. Considering that India and ASEAN are geographically distant from the major world markets, one way to attract investors in the energy sector is to ensure that they can access the home markets through well-functioning infrastructure. The right infrastructure is needed to support energy technologies and assure electricity security, especially transmission and distribution infrastructure which is critical for a resilient power system.

Finally, in order to effectively promote energy security and efficiency, well thought energy policies and reforms are crucial. This includes the ability of each country to eliminate barriers to investment in the power sector, correct price distortions, and implement policies that support well-functioning and liquid energy markets. Such is crucial to achieve cross-border cooperation.

In closing, let me leave you with the following thoughts.

Energy security is the backbone of sustainable economic growth. In an interdependent world, where energy concerns cut across borders, increased international cooperation is crucial. Such is the case of possible cooperation on energy security between ASEAN and India.

However, in order for this cooperation to work, let us remember that the best security measure is one that achieves a sustainable energy future and energy access for all.

Thank you very much for your attention.