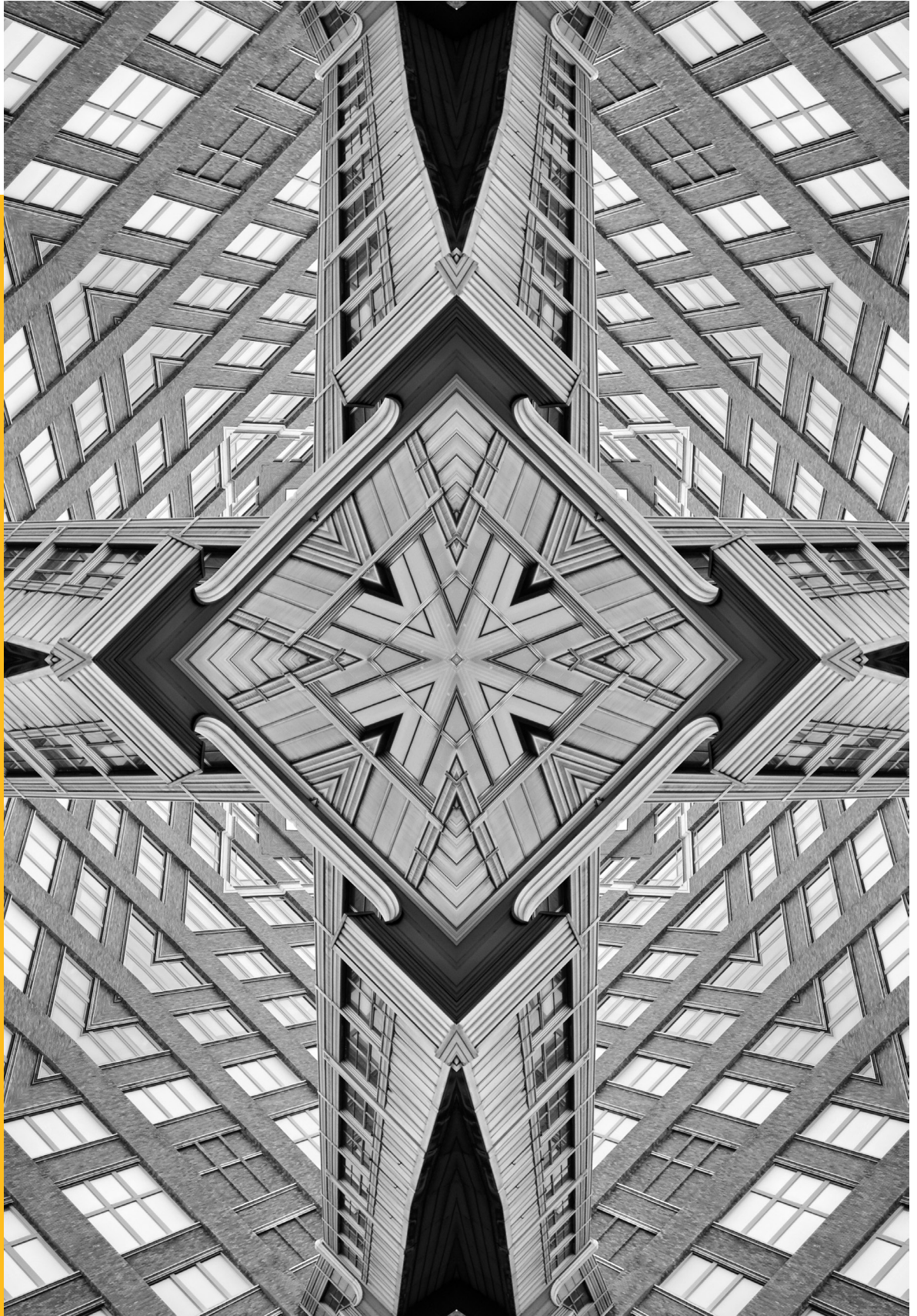


# Occasional Paper



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# ASEAN's Energy Vulnerability and the Impact of the Hormuz Crisis

Parul Bakshi

## Abstract

The closure of the Strait of Hormuz exposed Southeast Asia's structural energy vulnerabilities. This paper assesses the impact of the ongoing disruption across all 11 Association of Southeast Asian Nations (ASEAN) member states, examining oil supply exposure and refinery substitution capacity, gas and liquefied natural gas (LNG) dependence, and the state of renewable energy transition. It organises the member states into four clusters defined by production capacity, refining sophistication, and import structure, to map a wide spectrum of vulnerability. The fragility of the current ceasefire and the partial nature of the Strait's reopening mean that the structural vulnerabilities remain live rather than resolved. The paper concludes that while the crisis has generated institutional momentum towards collective energy security mechanisms, the distance between political commitment and structural change remains long. The broader question is whether ASEAN will use the window to build the necessary grid architecture, strategic reserve depth, and transition financing.



On 28 February 2026, the United States (US) and Israel launched a joint military offensive against Iran, triggering the rapid closure of the Strait of Hormuz, a critical chokepoint through which roughly 20 percent of global petroleum supply and up to 30 percent of global liquefied natural gas (LNG) normally flows.<sup>1</sup> The International Energy Agency (IEA) characterised the disruption as “the largest supply shock in the history of the global oil market.”<sup>2</sup>

As of early July 2026, commercial traffic through the Strait stands at approximately 27 transits per day against a pre-war baseline of 84. That figure represents roughly 32 percent of normal volume, following a fragile US–Iran Memorandum of Understanding (MoU) signed on 17 June that reopened the waterway in principle but did not restore it in practice. War-risk insurance premiums remain at eight times the pre-crisis levels, vessel strikes continued throughout late June, and Iran has declared that it will charge transit fees with differential pricing for friendly nations, internationalising the governance dispute.<sup>3</sup>

For Southeast Asia, the closure led not just to an external price shock but a stress test of the region’s structural energy dependency. Most of the Association of Southeast Asian Nations (ASEAN) economies operate with lower refining sophistication, smaller strategic reserves, and a higher dependence on imported finished petroleum products rather than crude oil alone. The region is also internally uneven, spanning net exporters, mid-sized crude importers with some refining capacity, and entirely import-dependent economies with no meaningful buffer.

In 2025, crude oil imports from the Middle East accounted for 56 percent of ASEAN’s total.<sup>4</sup> The region’s dependence on the Gulf’s supply of LNG, particularly from Qatar, adds a second layer of vulnerability beyond oil.<sup>5</sup> Higher energy prices feed directly into food inflation, which accounts for 25–35 percent of ASEAN Consumer Price Index baskets, compressing household purchasing power and creating a classic stagflationary bind for central banks, leading to weakening growth.<sup>6</sup>

This paper assesses vulnerability across oil supply exposure, gas dependence, and the state of the renewable energy transition; examines the national and ASEAN-wide measures taken in response to the crisis; and maps these across all 11 ASEAN member states.

The picture that emerges is a spectrum. Brunei and Malaysia have experienced the shock primarily in terms of revenue; Indonesia, despite being the region's largest oil producer, faces mounting fiscal strain as fuel subsidies overshoot budget assumptions; Singapore has managed through reserve depth and trading sophistication unavailable to its neighbours; Thailand and Vietnam face acute supply and fiscal pressure; and the Philippines, the only ASEAN member to declare a national energy emergency, sits at the sharpest end of the energy exposure spectrum. Cambodia, Laos, Myanmar, and Timor-Leste—countries with no refining capacity and the thinnest fiscal buffers in the region—are absorbing the crisis, with direct humanitarian consequences.

The crisis arrived in a global energy market already characterised by volatility on multiple fronts. Conflict in Ukraine, instability across the Middle East, and the potential for renewed disruptions in Venezuela had collectively raised operational and insurance costs, disrupted logistics and trade routes, and heightened investment risks, even in a market where supply was projected to exceed demand by up to four million barrels per day (bpd) in 2026.<sup>7</sup>

For ASEAN, this matters because the global market is not short of oil or gas in aggregate terms, but it is lacking in the right grades, delivered via the right routes, at a pace that matches the region's immediate needs. The supply crisis has accelerated political attention to diversification and energy resilience. In April 2026, ASEAN energy ministers reaffirmed the bloc's commitment to reduce energy intensity by 40 percent and achieve a 30 percent renewable share in total primary energy supply and 45 percent in installed power capacity by 2030.<sup>8</sup> Whether these ambitions and diversification strategies translate into structural change is the defining question.



# ASEAN's Energy Import Dependency

ASEAN's energy profile is defined by a deepening structural reliance on imported hydrocarbons. Oil remains the largest energy source, accounting for around 42 percent of total final energy consumption. This demand is driven primarily by the transport sector where oil meets roughly 90 percent of consumption needs, and then the electricity sector, where it accounts for around 31 percent of generation fuel.<sup>9</sup> Oil import dependency reached 66 percent in 2024, with over 90 percent of crude sourced from outside the region, and ASEAN is projected to shift to a net natural gas importer by 2027.<sup>10</sup>

**Table 1: ASEAN Energy Overview**

|                                                                                                     | Domestic Hydrocarbon Production                                                                                                                                                                                          | Energy Transition Targets                                                                                                                                                                                 | Progress and Current Status                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <br><b>ASEAN</b> | <ul style="list-style-type: none"> <li>Regional refining capacity is estimated at ~5.2 million barrels per day across 33 refineries, mainly located in Singapore, Indonesia, Thailand, Malaysia, and Vietnam.</li> </ul> | <ul style="list-style-type: none"> <li>30 percent renewable energy (RE) share in total primary energy supply (TPES) by 2030.</li> <li>45 percent RE share in installed power capacity by 2030.</li> </ul> | <ul style="list-style-type: none"> <li>✓ Completed 9/18 priority interconnection projects with an estimated total of 10,200 MW under the ASEAN Power Grid.</li> <li>✓ Achieved 25.5 percent of RE in TPES in 2022 and 33.5 percent of RE in power-installed capacity in 2023.</li> <li>✓ Launched the ASEAN Nuclear Energy Portal and initiated the Nuclear Power Plant Development Framework.</li> <li>✓ Cross-border power trading: Lao PDR–Thailand–Malaysia–Singapore Power Integration Project facilitated cross-border electricity trading of up to 200 MW using existing interconnections.</li> </ul> |

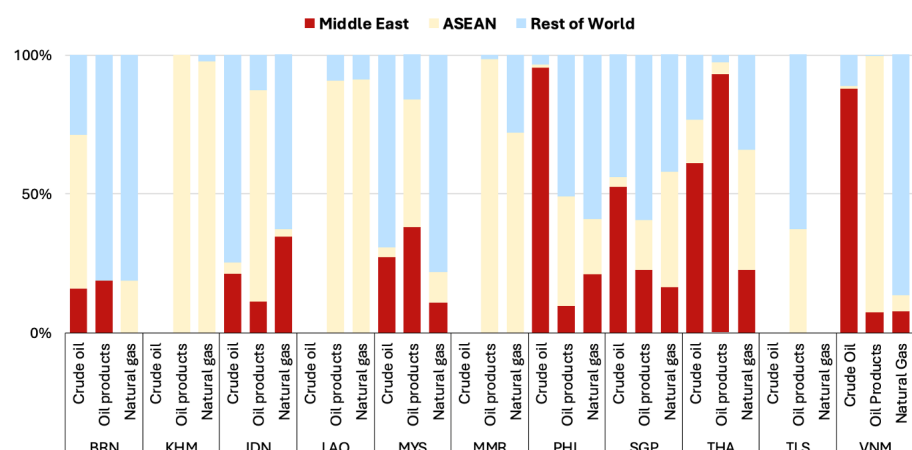
Source: Author's compilation using multiple sources.<sup>11</sup>

# ASEAN's Energy Import Dependency

The ASEAN region requires approximately five million bpd but produces only around two million domestically, from Indonesia (840,000 bpd), Malaysia (570,000 bpd), Thailand (418,000 bpd), Vietnam (197,000 bpd), and Brunei (103,000 bpd), leaving a structural import gap of roughly three million barrels every day.<sup>12</sup> With the Strait of Hormuz closure, up to 28 percent of ASEAN's final energy consumption was directly disrupted, and importing oil and gas at current crisis prices increased the region's import costs by US\$3.36 billion per month above 2026 expectations.<sup>13</sup>

Countries particularly vulnerable due to high oil import dependence include Vietnam (85 percent), Singapore (77 percent), Thailand (69 percent) and the Philippines (52 percent).<sup>14</sup> Strategic reserves across the region range between 20 and 65 days for most members, with Singapore as the outlier at over 200 days.<sup>15</sup> Malaysia, which relies on imports for only 25 percent of its oil consumption, has, for the first time, considered establishing a formal strategic petroleum reserve, revealing the scale and impact of the disruption.<sup>16</sup>

**Figure 1: Share of Crude Oil and Natural Gas Imports from Different Parts of the World**



Source: ASEAN Centre for Energy<sup>17</sup>



# ASEAN's Energy Import Dependency

Regional refining capacity across ASEAN is estimated at around 5.2 million bpd across 33 refineries, concentrated in Singapore, Indonesia, Thailand, Malaysia, and Vietnam, but many of these are configured for Middle Eastern crude, making feedstock substitution technically challenging and costly.<sup>18</sup> This structural constraint runs across all members to varying degrees.

Not all ASEAN economies are exposed to the Hormuz shock in the same way. Countries such as Singapore, Thailand, and Vietnam import crude oil and process it domestically, leading to their vulnerability being partly mediated by refining capacity and feedstock substitution options. In contrast, the Philippines, Cambodia, Myanmar, and Laos import refined petroleum products rather than crude, so the crisis hits them as a direct price and availability shock, with no refinery buffer. This distinction—crude importer versus product importer—combined with the presence or absence of domestic production, is why the impact of the same external disruption varies so dramatically across the 11 member states.

The gas dimension of this dependency is equally striking. Around 17 percent of ASEAN's natural gas supply comes from the Middle East, translating to a 3 percent disruption in total consumption under current conditions.<sup>19</sup> For some economies, such as Singapore, this is more acute than the oil shock: over 95 percent of Singapore's electricity is generated from LNG—of which nearly 60 percent is imported from Qatar.

Vietnam sources 49 percent, Indonesia 37 percent, Thailand 28 percent, and Singapore 17 percent of its respective LNG or liquid petroleum gas (LPG) from Gulf countries.<sup>20</sup> LNG as an energy security solution was already gaining momentum before the crisis, with US\$20.4 billion in planned investment across proposed and under-construction import projects that would give the region a total import capacity of 121.3 million tons per annum (mtpa). However, whether expanding LNG infrastructure deepens dependency on Gulf countries or diversifies from it depends on sourcing decisions.<sup>21</sup>

# ASEAN's Energy Import Dependency

Together, these structural conditions, including import dependence, restricted reserves, Gulf-calibrated refineries, and a gas transition tied to the same chokepoint, mean that the Strait of Hormuz's closure not only disrupted ASEAN's energy supply but also exposed the architecture of its vulnerability. The following section maps ASEAN's spectrum of energy vulnerability across four clusters.



# Country Clusters: A Spectrum of Vulnerability

**T**he exposure of ASEAN's member states to the crisis is shaped by an interplay of four factors that determine both the severity of the immediate shock and the structural options available to manage it. These are: whether a country is a domestic hydrocarbon producer, if it has the refining capacity to process crude or depends on imported finished products, how deeply its crude and gas supply chains are tied to the Gulf, and how far its renewable energy transition has progressed.

This section organises the 11 member states into four clusters for more clarity. Rather than a rigid taxonomy, this grouping is an analytical device to highlight the primary structural differences across the region.

- **Cluster 1** (Brunei, Malaysia, and Indonesia) covers the net producers that have domestic output buffers, even if they are not fully insulated.
- **Cluster 2** (Singapore and Thailand) covers the regional hub and crude importers that have refining infrastructure providing some degree of feedstock flexibility.
- **Cluster 3** (The Philippines and Vietnam) covers the most acutely exposed major importers where high Gulf dependence is combined with limited substitution capacity.
- **Cluster 4** (Cambodia, Laos, Myanmar, and Timor-Leste) covers the least-developed and most price-exposed economies, which have no domestic refining capacity and absorb the crisis as a direct product supply and price shock.

# Country Clusters: A Spectrum of Vulnerability

**Table 2: Clusters and Their Key Characteristics**

| Clusters                                                                                                   | Countries                                     | Key Characteristics                                                                                                                                                                                                          |
|------------------------------------------------------------------------------------------------------------|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Net Producers—<br>Insulated but<br>Under Pressure                                                          | Brunei<br>Malaysia<br>Indonesia               | Net or significant hydrocarbon producers; crisis is primarily a fiscal and revenue story; Indonesia complicated by net import position and subsidy overrun risk.                                                             |
| Regional Hub and<br>Crude Importers—<br>Significant<br>Exposure, Partial<br>Buffers                        | Singapore<br>Thailand                         | Singapore: 200-day strategic reserve, high refinery complexity, trading flexibility; acute LNG exposure via Ras Laffan. Thailand: 95-day buffer but Gulf-calibrated refineries, fiscal strain mounting, coal reactivated.    |
| Most Acutely<br>Exposed Major<br>Importers—High<br>Gulf Dependence,<br>Limited<br>Substitution<br>Capacity | The<br>Philippines<br>Vietnam                 | The Philippines: 98 percent Gulf dependence, no functional refinery, national emergency declared. Vietnam: 80 percent + Kuwait crude dependency, Nghi Son feedstock vulnerability, smallest strategic reserve in the region. |
| Cascading<br>Exposure—<br>Limited Fiscal<br>Capacity and<br>Buffer                                         | Cambodia<br>Lao PDR<br>Myanmar<br>Timor-Leste | No refining capacity; fully dependent on regional re-export of products; poorest fiscal buffers; direct price and availability pass-through with humanitarian consequences.                                                  |

*Source: Author's own.*

# Country Clusters: A Spectrum of Vulnerability

## Cluster 1: Net Producers—Insulated but Under Pressure

Brunei, Malaysia, and Indonesia are the only ASEAN members with meaningful domestic hydrocarbon production, which distinguishes their degree of exposure from the rest of the region. For them, the Hormuz crisis is primarily a fiscal and downstream story rather than a supply security emergency, though the degree of insulation varies a lot across the three.

**Table 3: The Net Producers**

| Country                                                                                                  | Domestic Hydrocarbon Production                                                                                                                                                                                               | Energy Transition Targets                                                                                                                                               | Progress and Current Status                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <br>Brunei Darussalam | <ul style="list-style-type: none"> <li>• Net exporter; about 60 percent of GDP comes from gas and crude oil exports.</li> <li>• Daily oil production of around 103,000 bpd.</li> </ul>                                        | <ul style="list-style-type: none"> <li>• 30 percent RE share in electricity generation by 2035.</li> </ul>                                                              | <ul style="list-style-type: none"> <li>✓ Achieved 30 MW of solar capacity installed as of 2026.</li> <li>✓ 12 MW peak (MWp) ground-mounted solar photovoltaic farm under development.</li> </ul>                                                                                                                                                                     |
| <br>Malaysia          | <ul style="list-style-type: none"> <li>• Second-highest producer of petroleum and other liquids in Southeast Asia; fifth-largest exporter of LNG globally in 2023.</li> <li>• Daily oil production of 570,000 bpd.</li> </ul> | <ul style="list-style-type: none"> <li>• 35 percent RE share in power generation by 2050.</li> <li>• Development of 18 Waste-to-Energy (WtE) plants by 2050.</li> </ul> | <ul style="list-style-type: none"> <li>✓ 9,000 MW in total installed clean energy capacity as of 2024 (up from 7,500 MW in 2018).</li> <li>✓ Hydropower: 6,200 MW—largest segment at 69.9 percent of the clean energy mix.</li> <li>✓ Solar: 1,900 MW—third-largest in ASEAN after Vietnam and Thailand.</li> <li>✓ Bioenergy: 900 MW installed capacity.</li> </ul> |



# Country Clusters: A Spectrum of Vulnerability

| Country                                                                                          | Domestic Hydrocarbon Production                                                                                                                                                          | Energy Transition Targets                                                                                                                                                                                                                                                                                                                                                                 | Progress and Current Status                                                                                                                                                                                                                                                                                |
|--------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <br>Indonesia | <ul style="list-style-type: none"> <li>There are eight refineries with a total capacity of around 1.2 million bpd in Indonesia.</li> <li>Daily oil production of 840,000 bpd.</li> </ul> | <ul style="list-style-type: none"> <li>61 percent RE share in installed capacity by 2034.</li> <li>10-year power supply plan: 35 percent RE share in total power by 2034, comprising 17,000 MW solar, 16,000 MW hydro, 5,000 MW geothermal, plus wind and bioenergy.</li> <li>10,000 MW nuclear energy capacity by 2040.</li> <li>35,000 MW nuclear energy generation by 2060.</li> </ul> | <ul style="list-style-type: none"> <li>✓ In 2024, 18 percent of electricity was generated from clean sources.</li> <li>✓ Largest source of clean electricity is hydro (7.4 percent). Share of wind and solar is 0.5 percent.</li> <li>✓ By 2024-end, total solar installed capacity was 717 MW.</li> </ul> |

Source: Author's compilation using multiple sources.<sup>22</sup>

**Brunei** is a net oil and LNG exporter that stands to benefit from elevated global prices. In April 2026, it exported 105,000 bpd of crude oil, highest in the past five years, of which 70 percent was shipped to Thailand.<sup>23</sup> It has not experienced the fuel price surges seen elsewhere in the region.<sup>24</sup>

# Country Clusters: A Spectrum of Vulnerability

Its government reinforced energy security partnerships and implemented measures to manage domestic fuel consumption. Notably, Brunei introduced regulations requiring foreign-registered vehicles to enter the country with at least a three-quarters-full tank of fuel, showing cautious reserve management even from a position of relative strength.<sup>25</sup> Despite being a net exporter, it still incurs crude import costs of approximately US\$505 million from the United Arab Emirates (UAE), showing that even producing states manage complex import–export balances across crude grades and refined products.<sup>26</sup>

**Malaysia** is a prominent crude oil and LNG producer and exporter through its state-owned Petronas. It has, however, been a net crude oil importer since 2022, as its domestic production has declined against rising consumption. In 2025, Malaysia remained a net crude oil importer, net LNG exporter, and small net petroleum products exporter.<sup>27</sup> It is largely insulated from supply disruption, and its oil import dependence sits at around 25 percent of consumption, the lowest among the major ASEAN importers.<sup>28</sup> However, fertiliser makers suspended new orders as Middle East supply chain disruptions drove up raw material prices. Malaysia's monthly fuel subsidy bill saw a fourfold increase to approximately US\$990 million in March 2026.<sup>29</sup> The government temporarily reduced the monthly subsidised fuel quota from 300 to 200 litres per consumer, and like several regional peers, is in discussions with Russia for crude supply. The Malaysian king's Moscow visit in May 2026 is being widely interpreted as smoothening the path for an energy deal.<sup>30</sup> Malaysia's transition is primarily through the managed redirection of its own LNG exports to meet domestic demand as coal capacity is reduced, with Petronas signing a non-binding agreement with Australia's Woodside Energy in June 2025 for 1 mtpa of LNG supply from 2028.<sup>31</sup>

**Indonesia** is a net exporter of LNG and Southeast Asia's largest oil producer, but remains a net oil importer because its domestic consumption outstrips production. Around 25 percent of its crude imports travel through Hormuz.<sup>32</sup> In May 2026, Indonesia's oil and gas imports surged by 70.78 percent year on year.<sup>33</sup> Its in-country strategic reserve covers only around 23 days of consumption.<sup>34</sup> The government maintains generous fuel subsidies absorbing 30–40 percent of petrol and diesel prices, with

# Country Clusters: A Spectrum of Vulnerability

381.3 trillion rupiah (US\$22.5 billion) allocated for fuel subsidies in the 2026 budget, based on oil at US\$70 per barrel.<sup>35</sup> That assumption has been eroded by current price levels, and Indonesia now risks breaching its 3 percent deficit ceiling.<sup>36</sup> In response, the government has agreed to import approximately 150 million barrels of Russian crude in 2026, accelerated its biodiesel blending programme (B50 blend), and ordered flexible work arrangements to reduce fuel consumption.<sup>37</sup> Petrochemical firm PT Chandra Asri Pacific declared *force majeure*<sup>a</sup> on contractual obligations.<sup>38</sup>

On the transition front, Indonesia holds the largest Just Energy Transition Partnership (JETP) commitment in ASEAN at US\$20 billion and has introduced programmes to foster renewable energy.<sup>39</sup> The government is also pushing ahead with a programme to switch power plants from diesel to LNG, though this could push Indonesia towards becoming a net LNG importer by the 2040s.<sup>40</sup>

## Cluster 2: Regional Hub and Crude Importers— Significant Exposure, Partial Buffers

Both Singapore and Thailand have refining infrastructure that provides a degree of feedstock-processing capacity absent in the more exposed clusters, and both occupy strategically important roles in the region's energy supply chain. The critical distinction within this cluster is that Singapore's exposure is mediated by extraordinary reserve depth and trading sophistication, while Thailand's is amplified by fiscal strain and a consumption economy directly feeling the price shock.

**Table 4: The Regional Hub and Crude Importers**

| Country                                                                                                 | Domestic Hydrocarbon Production                                                                                                                                           | Energy Transition Targets                                                                                  | Progress and Current Status                                                                                                                                    |
|---------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <br><b>Singapore</b> | <ul style="list-style-type: none"> <li>One of the world's top three oil-trading and refining hubs with a total crude oil-refining capacity of 1.5 million bpd.</li> </ul> | <ul style="list-style-type: none"> <li>Solar target of 3,000 MWp of installed capacity by 2030.</li> </ul> | <ul style="list-style-type: none"> <li>✓ Reached the milestone of 2,000 MWp of installed solar capacity in 2025, on track for the 3,000 MWp target.</li> </ul> |

a A contractual clause that relieves parties from liability or obligation when an extraordinary, unforeseeable, and unavoidable event beyond their control occurs.

# Country Clusters: A Spectrum of Vulnerability

| Country                                                                                              | Domestic Hydrocarbon Production                                                                                                                                                    | Energy Transition Targets                                                                          | Progress and Current Status                                                                                                                                                                                                                                            |
|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <br><b>Thailand</b> | <ul style="list-style-type: none"> <li>As of 2024, Thailand had 34 active petroleum and production projects in 47 fields.</li> <li>Daily oil production of 418,000 bpd.</li> </ul> | <ul style="list-style-type: none"> <li>51 percent RE share in the power sector by 2037.</li> </ul> | <ul style="list-style-type: none"> <li>✓ Over the past decade, share of RE in power mix jumped from 8 percent to 15 percent, with solar accounting for 5 percent in 2026.</li> <li>✓ In 2024, cumulative installed photovoltaic capacity reached 9,900 MWp.</li> </ul> |

*Source: Author's compilation using multiple sources.<sup>41</sup>*

**Singapore** is simultaneously the region's most energy-import-dependent economy and its most operationally resilient. It has no domestic hydrocarbon production and imports virtually all of its energy, with over two-thirds of crude coming from the UAE, Qatar, Saudi Arabia, and Kuwait.<sup>42</sup> Its dependence on LNG is acute and specific: over 95 percent of its electricity is generated from LNG, and nearly 60 percent of that LNG was sourced from Qatar. The Iranian attacks on Qatar's Ras Laffan complex, which forced a 17 percent production cut with repairs estimated to take several years, directly affected Singapore's electricity tariffs.<sup>43</sup>

Singapore's oil-refining facilities are among the most complex in the region. It can handle a wider range of crude grades than most ASEAN peers, giving it more substitution options, even as its Gulf feedstock concentration has grown.<sup>44</sup> However, its Gulf crude dependence rose to over 70 percent in 2025, up from around 50 percent in 2024, after ExxonMobil completed a refinery expansion specifically requiring additional heavy Gulf supply, a commercial investment decision made before the crisis that has since narrowed its feedstock options.<sup>45</sup> Recently, two of Singapore's three refineries cut output due to constrained crude availability.<sup>46</sup>



# Country Clusters: A Spectrum of Vulnerability

What distinguishes Singapore from the rest of ASEAN is the depth of its buffers and the sophistication of its response mechanisms. Its strategic oil reserve, maintained in underground caverns at Jurong Island and other commercial storage facilities, is capable of supporting domestic demand for more than 200 days, far exceeding any other ASEAN member.<sup>47</sup> Singaporean Energy and Technology Minister Tan See Leng confirmed that the nation holds months of LNG and diesel stockpiles, though the precise figure has not been disclosed.<sup>48</sup>

Singapore has also leveraged its financial reserves to absorb price shocks rather than relying heavily on subsidies, a contrast to the fiscal strain visible across most of its neighbours.<sup>49</sup> Its role as a refining and trading hub has given it access to spot market flexibility and pricing mechanisms unavailable to smaller ASEAN economies. This trading sophistication has also enabled Singapore to secure bilateral energy arrangements, such as with Australia, where both have agreed to maintain mutual flows of Australian LNG into Singapore and Singaporean refined fuel into Australia, formalised through a legally binding protocol to their existing free trade agreement (FTA).<sup>50</sup>

On renewables, Singapore's transition is constrained by geography, limited land area caps, and domestic solar deployment, but the city-state is pursuing regional grid interconnection through the ASEAN Power Grid initiative and has approved cross-border renewable energy imports from Cambodia and Indonesia as part of its longer-term decarbonisation strategy.<sup>51</sup>

**Thailand** is the region's biggest crude importer after Singapore in terms of Gulf exposure, with 59 percent of crude oil and 28 percent of LNG imports vulnerable to the Hormuz blockade.<sup>52</sup> It has domestic refining capacity, including Thai Oil's Sri Racha complex and Integrated Refinery and Petrochemical Complex, configured predominantly for medium-sour Gulf grades, which creates the same substitution challenge described in the broader Asian context.<sup>53</sup> After Singapore, it has the longest fuel buffer in the region at approximately 95 days, which has provided meaningful short-term insulation, but fiscal pressure is mounting rapidly.<sup>54</sup> Thailand's

# Country Clusters: A Spectrum of Vulnerability

Oil Fuel Fund, which caps diesel prices at 29.94 baht per litre, is seeking a loan due to a 1.5-billion-baht daily subsidy burden.<sup>55</sup> The government also banned exports of processed fuels except to Myanmar and Laos, reactivated the retired Mae Moh coal-fired power plant, and introduced work-from-home arrangements for civil servants to reduce consumption.<sup>56</sup> The government topped up state welfare cards with an additional 100 baht (approximately US\$3.07) for fuel purchases, and is considering targeted electricity tariff relief limited to households consuming 200–300 kilowatt-hour (kWh) per month.<sup>57</sup> Thailand's fisheries and tourism sectors, both strong GDP contributors, have also been hit hard.

Thailand is pivoting toward Russian crude and US supply as alternatives, following a pre-crisis agreement by the state-owned PTT Public Company Limited to import two million tonnes of LNG annually from the Alaska LNG project for 20 years.<sup>58</sup> As part of pre-crisis tariff negotiations with the US in April 2025, Thailand had already committed to importing an additional one million metric tonnes of US LNG in 2026 and another million over the following five years.<sup>59</sup> On renewables, Thailand had made meaningful progress in solar deployment before the crisis and has introduced programmes to accelerate renewable energy.

## **Cluster 3: Most Acutely Exposed Major Importers—High Gulf Dependence, Limited Substitution Capacity**

The Philippines and Vietnam combine high Gulf crude dependence with limited ability to rapidly substitute supplies, but for structurally different reasons. Vietnam has domestic refining capacity and was, until 2018, a crude exporter, giving it some operational levers. The Philippines has virtually none of these buffers and responded to the crisis with the most dramatic policy intervention out of all ASEAN members.

# Country Clusters: A Spectrum of Vulnerability

**Table 5: The Most Acutely Exposed Major Importers**

| Country                                                                                               | Domestic Hydrocarbon Production                                                                                                                                              | Energy Transition Targets                                                                                                                                                                                                                                                                                                                | Progress and Current Status                                                                                                                                                                                                                                                                                                                                                  |
|-------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <br>The Philippines | <ul style="list-style-type: none"> <li>The Philippines has negligible domestic production.</li> </ul>                                                                        | <ul style="list-style-type: none"> <li>RE share of 35 percent in the power generation mix by 2030, 50 percent by 2040, and more than 50 percent by 2050.</li> <li>2,400 MW of installed nuclear capacity by 2035 and 4,800 MW by 2050.</li> </ul>                                                                                        | <ul style="list-style-type: none"> <li>✓ In 2024 alone, 794.34 MW of additional RE capacity was added, exceeding the combined capacity (759.82 MW) added in 2021, 2022, and 2023 combined.</li> <li>✓ Renewables (including hydro) accounted for 23 percent of electricity supply in 2024.</li> <li>✓ 1,900 MW of operational geothermal capacity—third globally.</li> </ul> |
| <br>Vietnam        | <ul style="list-style-type: none"> <li>Vietnam has two oil refineries with a total capacity of roughly 350,000 bpd.</li> <li>Daily oil production of 197,000 bpd.</li> </ul> | <ul style="list-style-type: none"> <li>47 percent RE share in installed capacity by 2030.</li> <li>65–70 percent RE share in power generation by 2050.</li> <li>17,000 MW of offshore wind by 2035, scaling to 139,000 MW by 2050.</li> <li>4,000–6,400 MW of nuclear energy generation by 2035, scaling to 8,000 MW by 2050.</li> </ul> | <ul style="list-style-type: none"> <li>✓ By 2024-end, operational wind and solar projects accounted for nearly 26 percent of total national power system capacity.</li> <li>✓ 18,800 MW of ground-mounted and rooftop solar power projects operational.</li> <li>✓ 4,100 MW of wind power projects operational.</li> </ul>                                                   |

Source: Author's compilation using multiple sources.<sup>60</sup>

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**The Philippines** is the most acutely exposed major economy in ASEAN and the only country globally to declare a national energy emergency in response to the Hormuz closure. Philippine President Ferdinand Marcos Jr. signed an Executive Order on 25 March 2026, citing the “imminent danger posed upon the availability and stability of the country’s energy supply.”<sup>61</sup> The structural basis for this emergency is that the Philippines imports 98 percent of its oil from the Middle East and lacks a strategic petroleum reserve, relying entirely on commercial stocks.<sup>62</sup>

As of 20 March 2026, its Department of Energy reported average fuel stocks of 45 days, down from 55–57 days at the start of the conflict.<sup>63</sup> Diesel and petrol prices more than doubled, with diesel surging to nearly 150 pesos per litre.<sup>64</sup> LNG prices tripled and coal rose by up to 30 percent.<sup>65</sup> The government released a 20-billion-pesos emergency fund from the Malampaya gas fund, imposed a four-day government work week, and implemented 10–20 percent mandatory power and fuel cuts across all government agencies.<sup>66</sup> On 25 March, it also suspended fuel excise taxes, cutting diesel prices by over 20 pesos per litre and temporarily defusing planned transport strikes.<sup>67</sup> Nevertheless, according to the Philippine Institute for Development Studies, the energy crisis could push between 1.3 million and 3.1 million Filipinos into poverty.<sup>68</sup>

The Philippines has no operationally consequential domestic refinery. Petron’s Bataan facility functions primarily as a storage and blending terminal, not a full conversion refinery—it imports refined petroleum products rather than crude, and has no feedstock substitution option. In response to the Hormuz crisis, Manila received its first shipment of Russian crude in five years in March, approximately 750,000 barrels delivered to the Bataan facility. Petron Corporation confirmed purchasing around 2.48 million barrels of Russian crude to bolster supplies.<sup>69</sup> The government is also procuring two million barrels of oil as a state-owned buffer stock and is considering joint oil exploration with China.<sup>70</sup>

On renewables, the crisis has functioned as a direct accelerant: the Department of Energy fast-tracked 22 approved renewable projects to deliver an additional 1,471 megawatts (MW) by April 2026.<sup>71</sup> The Philippines had set a target of 35 percent renewable share in power



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generation by 2030 and 50 percent by 2040. In January 2026, it also discovered a new offshore gas field estimated to generate nearly 14 billion kWh of electricity annually. However, at approximately 4 percent of the Malampaya field's reserves, it offers longer-term promise rather than immediate relief.<sup>72</sup>

**Vietnam** shares the acute import exposure of the Philippines but has a meaningfully different structural profile. It imports over 80 percent of its crude from Kuwait. In April 2026, for the first time since the 1991 Gulf War, Kuwait exported zero barrels of crude oil, leaving Vietnam directly affected by the Hormuz disruption.<sup>73</sup>

Vietnam sources approximately 85 percent of its oil import needs from outside the country, giving it one of the highest oil import dependence ratios in the region.<sup>74</sup> Its strategic petroleum reserve covers only 30–45 days of domestic demand.<sup>75</sup> Unlike the Philippines, however, it has two domestic refineries, Dung Quat and Nghi Son, giving it some crude processing capacity. Nghi Son was specifically designed around Kuwaiti crude under a long-term supply agreement, which creates a direct and acute feedstock vulnerability. In response, the Vietnamese government cut fuel import tariffs, tapped its price stabilisation fund, secured four million barrels of crude from non-Gulf sources, suspended crude exports, and accelerated its E10 ethanol-blending programme.<sup>76</sup> Jet fuel shortages have become acute as China and Thailand, Vietnam's main jet fuel suppliers, have cut back on exports to serve their own markets, forcing Vietnam Airlines to cancel dozens of domestic flights.<sup>77</sup>

Vietnam began importing LNG only in 2023, and in January 2026, Petrovietnam Gas awarded its first-ever LNG term contract to Shell for approximately 400,000 tonnes per year from 2027 to 2031.<sup>78</sup> It has also expressed interest in Russian and Japanese crude imports as Gulf supply falters.<sup>79</sup>

On renewables, Vietnam stands out as an advanced transition story in ASEAN and has made rapid progress in solar and wind deployment—its JETP mechanism provides a structured financing pathway to accelerate the transition.<sup>80</sup> Vietnam's Vingroup recently announced that it would

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halt construction of the country’s largest LNG-fired power plant, opting for a renewable energy project instead.<sup>81</sup> However, grid instability and curtailment remain constraints on how fast installed renewable capacity translates into reliable power.

## Cluster 4: Cascading Exposure—Limited Fiscal Capacity and Buffer

Cambodia, Laos, Myanmar, and Timor-Leste share a defining structural characteristic: none of them has meaningful domestic refining capacity, nor do they produce sufficient crude to buffer against external supply shocks. All import refined petroleum products rather than crude, meaning that the Hormuz disruption affects their markets in terms of product availability and price shock, with no intermediate filter. As the Economic Research Institute for ASEAN and East Asia (ERIA) notes, “[T]he small countries with small refining capacity are the countries that will suffer the most.”<sup>82</sup> Their fiscal capacity to absorb these shocks is also the weakest, and poverty rates remain at around 20 percent or more across the four countries, meaning that price pass-through has deeper socioeconomic repercussions.<sup>83</sup>

**Table 6: Countries Facing Cascading Exposure**

| Country                                                                                         | Domestic Hydrocarbon Production                                                                                                                                                    | Energy Transition Targets                                                                                                                                               | Progress and Current Status                                                                                                                                                                                                                                                                                                                             |
|-------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <br>Cambodia | <ul style="list-style-type: none"> <li>No oil refinery; has less than a month's supply of diesel, jet fuel, liquefied petroleum gas and petrol under normal conditions.</li> </ul> | <ul style="list-style-type: none"> <li>70 percent of national energy from renewable sources by 2030.</li> <li>Target of 100 percent electrification by 2030.</li> </ul> | <ul style="list-style-type: none"> <li>✓ As of 2024, 6 wind projects totalling 900 MW capacity were under development.</li> <li>✓ Around 46 percent of electricity comes from hydropower, 42 percent from coal and 12 percent from solar, oil, and biomass.</li> <li>✓ 63 percent of national renewable energy capacity achieved as of 2025.</li> </ul> |

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| Country                                                                                        | Domestic Hydrocarbon Production                                                                                                                                       | Energy Transition Targets                                                                                                                                                                                                                                                             | Progress and Current Status                                                                                                                                                                                                                                                                                                                                                                                           |
|------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <br>Lao PDR  | <ul style="list-style-type: none"> <li>No domestic production; lacks domestic oil reserves yet uses it extensively, thereby relying completely on imports.</li> </ul> | <ul style="list-style-type: none"> <li>National power generation mix for domestic use: 75 percent hydropower, 14 percent coal, 11 percent other renewables.</li> <li>Electricity distribution targets: 95 percent access by 2020, 98 percent by 2025, 100 percent by 2030.</li> </ul> | <ul style="list-style-type: none"> <li>✓ By end-2023, total installed power plant capacity: 11,692.14 MW, generating ~58,884 GWh of electricity.</li> <li>✓ Includes 81 hydropower plants, 1 coal-fired plant, 4 biomass plants, and 12 solar power plants.</li> <li>✓ Cross-border electricity trade: in 2023, Lao PDR exported 37,538 GWh —ranking it as the 17th largest electricity exporter globally.</li> </ul> |
| <br>Myanmar | <ul style="list-style-type: none"> <li>Very low, meeting only 3 percent of fuel demand.</li> </ul>                                                                    | <ul style="list-style-type: none"> <li>11 percent RE share (equivalent to 2,000 MW) in new renewable energy by 2030.</li> </ul>                                                                                                                                                       | <ul style="list-style-type: none"> <li>✓ As of 2025, total installed RE capacity is 6,371 MW, with 28 hydropower, 8 solar power, 27 thermal power plants.</li> <li>✓ Biomass project (1.8 MW, using rice husk fuel) currently under and plementation.</li> </ul>                                                                                                                                                      |

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| Country                                                                                          | Domestic Hydrocarbon Production                                                                                                                        | Energy Transition Targets                                                                                           | Progress and Current Status                                                                                                                                                                                                                                                                    |
|--------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <br>Timor-Leste | <ul style="list-style-type: none"> <li>No longer an oil producer; existing fields that once sustained public finances are largely depleted.</li> </ul> | <ul style="list-style-type: none"> <li>50 percent of national energy mix from renewable sources by 2030.</li> </ul> | <ul style="list-style-type: none"> <li>✓ As of 2026, mobilised a 76 MW solar power project with 36 MWh battery storage, and 4 MW of solar capacity from rooftop and ground-mounted installations nationwide.</li> <li>✓ Achieved 99.7 percent national electrification by end-2024.</li> </ul> |

Source: Author's compilation using multiple sources.<sup>84</sup>

**Cambodia** does not produce crude domestically and has no refining capacity, importing all petroleum products primarily through Thailand, Vietnam, and Singapore. Approximately 2,000 of its 6,300 fuel stations were forced to close in the early weeks of the crisis, with around 400 still shut in mid-March 2026. Its strategic reserves cover less than 30 days of consumption.<sup>85</sup> When Thailand banned fuel exports and China restricted outbound shipments, Cambodia lost its primary supply channels and was forced to pivot to Singapore and Malaysia for relief.<sup>86</sup> The government eliminated import duties and value-added tax (VAT) on fuel and strengthened surveillance against hoarding and smuggling.<sup>87</sup> The crisis has also created renewed urgency for Cambodia to resolve a festering maritime dispute with Thailand and unlock undersea energy resources estimated to hold around 11 trillion cubic feet of natural gas, alongside large quantities of oil worth US\$300 billion.<sup>88</sup>

Cambodia has announced plans for its own refinery and stockpile facility by 2029, a signal that the crisis has accelerated thinking about structural energy infrastructure, though the timeline and financing remain uncertain. Tourism, a critical economic pillar, is also under pressure from higher jet fuel costs and reduced regional flight connectivity. Data from the Cambodian government reveals that it imported mineral fuels, mineral

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oils, and related products worth over US\$2 billion in the first five months of 2026, marking an over 27 percent year-on-year increase.<sup>89</sup>

**Lao People's Democratic Republic (PDR)** has developed notable hydropower capacity and is a net electricity exporter to Thailand, Vietnam, and China through the regional Mekong grid, making it an energy exporter in one dimension while remaining wholly dependent on imported liquid fuels in another. But this provided no buffer against the liquid fuel shortage triggered by the Strait of Hormuz closure. In March 2026, Laos announced that fuel prices would be reviewed and could be adjusted every two to three days, instead of the previous seven-day schedule.<sup>90</sup> Hundreds of filling stations closed due to lack of fuel, and the school week was reduced from five days to three.<sup>91</sup> The country receives oil exports from Thailand under a bilateral energy cooperation arrangement and has procured additional supplies from Vietnam, while cutting fuel taxes and implementing consumption controls.<sup>92</sup> Laos illustrates a broader lesson the crisis highlighted across ASEAN: progress in one part of the energy system, even genuine, export-scale renewable capacity, does not confer resilience against disruption in another.

**Myanmar** has some legacy domestic oil and gas production, including the Yadana and Yetagun gas fields, but these have been disrupted by the political crisis following the 2021 military coup, with investment and maintenance severely curtailed. It has no noteworthy domestic refining capacity and relies on refined product imports from Singapore and Malaysia, whose refineries depend on Gulf supply.<sup>93</sup> The military junta introduced an odd-even fuel-rationing system in the early days of the crisis and imposed work-from-home requirements on Wednesdays.<sup>94</sup> Fuel shortages have raised concerns about the junta's ability to sustain military operations, adding a security dimension to the energy crisis that is absent in other ASEAN nations.<sup>95</sup> Myanmar's fiscal capacity to absorb price shocks is severely limited, and the combination of political instability, sanctions exposure, and energy vulnerability makes it difficult to assess, with low data reliability and opaque policy responses.



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**Timor-Leste** is technically a hydrocarbon producer, but the Bayu-Undan gas field shut down in June 2025, eliminating the country's primary production revenue. However, the Greater Sunrise gas field represents a potential resource. Timor-Leste imports all petroleum products and its strategic reserves sit at the lower end of the regional range.<sup>96</sup> The fuel situation was reportedly stable as of mid-March 2026, with the state-owned importer Esperança Timor Oan confirming sufficient reserves for approximately four months.<sup>97</sup> However, the International Monetary Fund (IMF) has warned that the petroleum fund, the country's primary fiscal buffer, could be exhausted by the late 2030s if drawdown rates continue at current levels.<sup>98</sup> The crisis has added pressure to an already fragile fiscal position, and Timor-Leste's longer-term energy security depends heavily on whether the Greater Sunrise gas field can be developed.

The humanitarian dimension of this cluster deserves explicit acknowledgement. Rising energy costs affect the price of almost all goods, directly or indirectly; therefore, fuel price inflation has immediate food security consequences. The World Food Programme had warned that if the conflict continues through mid-2026, an additional 45 million people globally could face acute hunger and Southeast Asia's least-developed economies will not be immune.<sup>99</sup>

# Vulnerability, Opportunity, and What Comes Next

The Hormuz closure did not create ASEAN's energy vulnerability but exposed it. The structural dependencies exposed by the 2026 crisis were decades in the making: an energy profile dominated by imported hydrocarbons, refining infrastructure calibrated for Gulf feedstock, strategic reserves too thin to absorb a prolonged disruption, and a renewable transition that has consistently fallen short of its own targets.

ASEAN countries were aiming for renewables to make up 23 percent of primary energy supply by 2025 but reached only 13.5 percent as of October 2025, a gap that required an annual investment of US\$ 27 billion against the US\$ 8 billion the region actually received between 2016 and 2021.<sup>100</sup> In the near term, limited alternatives to fossil fuels mean that industrial energy use remains heavily reliant on coal and gas, and several governments have responded to the immediate shock by reactivating coal capacity and expanding fossil fuel subsidies.

ASEAN has never had a single energy economy, and that divergence in endowments, consumption structures, and transition capacities has defined the region's crisis response as much as any external factor. Collaboration across ASEAN has remained limited, with countries largely focused on individual energy security needs and a notable absence of coordinated multilateral response in the weeks following the crisis. Where collective arrangements have been slow to materialise, individual governments have acted on national interest, such as turning to a sanctioned supplier like Russia while navigating complex geopolitical terrain with Washington.

The ASEAN Petroleum Security Agreement (APSA), signed in 2009 but not enforced, is now being pushed to enable coordinated emergency fuel sharing. Its structural weaknesses, including reliance on voluntary commercial assistance and lack of clear implementation guidelines, are apparent.<sup>101</sup> More concretely, there are signs that the crisis is generating institutional momentum beyond rhetorical commitment. On 11 May 2026, Indonesia proposed hosting a joint ASEAN strategic oil reserve hub in Sumatra, working with Malaysia, Brunei, and the Philippines to advance the initiative, while simultaneously preparing a separate national oil storage

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facility in a Sumatran Special Economic Zone to bolster its own reserves.<sup>102</sup> The proposal, if realised, would mark the biggest step towards collective ASEAN energy security infrastructure since the APSA was signed.

The ASEAN Power Grid, long running but now with renewed political urgency, has similarly been pushed towards operationalisation, endorsed by officials as one of the most consequential cooperative projects the bloc could deliver for its populations. Yet, the gap between ASEAN's grid ambitions and actual integration remains stark, as it is still working through basic requirements such as harmonising technical standards, setting rules for power transmission and payments, and establishing dispute resolution mechanisms.<sup>103</sup> The current crisis may be the forcing function that accelerates both the political will and the regulatory harmonisation that years of incremental progress have not delivered.

The longer-term signals are more constructive, though the distance between commitment and delivery remains large. Under coordinated policy action, ASEAN could reduce its total primary energy supply by 5.5 percent through displacing imported oil and coal with domestic renewables, thus enhancing energy self-sufficiency while maintaining security.<sup>104</sup> The ASEAN Renewable Electricity Coupling pathway projects utility-scale solar capacity rising to triple its current value, wind sevenfold, and battery storage fourfold by 2030, but achieving this requires an average annual investment of around US\$77 billion, grid reinforcement, enhanced flexibility and large-scale storage deployment.<sup>105</sup> The JETP commitments in Indonesia (US\$3.1 billion deployed) and Vietnam (24 projects worth over US\$7 billion identified) represent genuine institutional progress. So do the Lao–Thailand–Malaysia–Singapore and Brunei–Indonesia–Malaysia–Philippines Power Integration Projects that advance cross-border electricity trading and are essential for the region's long-term transition.<sup>106</sup> The gap between political commitment and operational reality, though, remains the defining challenge.

The long-term implications of the crisis extend well beyond the current supply disruption. For ASEAN specifically, the geopolitical and economic implications may last for decades. Even a partial or sustained intermittent closure would push several governments past the point where subsidy expansion and fiscal tools can absorb the shock, raising the prospects of fuel rationing, power outages, and social instability at a much higher scale than what the current crisis has so far projected. The food security implications for hundreds of millions of people across the region also make the economic case for de-escalation overwhelming.

The 2026 crisis is perceived as a litmus test for ASEAN's energy security and the adaptability of its foreign policy. Governments have responded with speed and pragmatism, but the structural conditions that made the shock severe remain intact. It is now up to the ASEAN countries to treat the shock as a mandate for structural change, and accelerate reserve-building, grid investment, and diversification. [ORF](#)

**Parul Bakshi** is Fellow, Energy and Climate, ORF Middle East.

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20, Rouse Avenue Institutional Area,  
New Delhi - 110 002, INDIA

Ph. : +91-11-35332000. Fax : +91-11-35332005

E-mail: [contactus@orfonline.org](mailto:contactus@orfonline.org)

Website: [www.orfonline.org](http://www.orfonline.org)