
ARE JAPAN AND SOUTH KOREA SERIOUS ABOUT ENDING COAL FINANCING IN SOUTHEAST ASIA?

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There are two main components that go into energy policy calculus. First, there is the internal calculation, with domestic actors looking at various factors within their local energy markets and deciding what type of energy mix is optimal. As I've written previously, when Vietnam and Thailand became net importers of fossil fuels is also when their political classes got serious about renewable energy. Indonesia and Malaysia, under no similar internal constraint, have been considerably less motivated.

The second component is the availability of external financing. Fast growing economies like Vietnam, Indonesia, and the Philippines have seen surging electricity demand in recent years. This breakneck growth requires billions of dollars of investment in order to build out new capacity, which is beyond what many countries can fund on their own. Development finance institutions in Japan, South Korea, China, and Europe, as well as multilateral institutions like the Asian Development Bank, thus play an important role in bankrolling big power projects.

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