

Vientiane energy transition

Vientiane, 15 May 2023

On 15 May, Australia's Minister for Foreign Affairs Penny Wong, joined Laos's Minister of Energy and Mines, H.E. Mr Phosay Sayasone to sign the Memorandum of Subsidiary Arrangement for LASEP. The signing was witnessed by Laos's Deputy Prime Minister and Minister for Foreign Affairs, H.E. Saleumxay Kommasith.

The energy sector is pivotal to Laos's prosperity and the Government's aim to pursue a green economy that will advance Laos from Least Developed Country status and help achieve its climate commitments.

H.E. Mr Phosay Sayasone, said that "LASEP responds to the development needs regarding sustainable renewable energy in the Lao PDR by assisting in the form of technical capacity building to strengthen and improve understanding of policy planning in the energy sector."

H.E. Paul Kelly said that "Both countries are taking action on the energy transition to drive economic growth and build resilience to climate change. In Australia we are transforming our electricity sector, with 82% of electricity to come from renewable energy by 2030. We have a lot of experience to share in energy planning and low-emissions technology to support Laos's energy ambitions."

Australia's Partnerships for Infrastructure initiative will implement LASEP with Laos's Ministry of Energy and Mines (MEM). The expected budget for LASEP's initial phase is A\$3 million.

Reflecting our shared commitment to climate change and the energy transition, Australia has delivered preparatory activities which build on longstanding cooperation and establish strong foundations for LASEP. A recent visit to Australia and an ongoing research study are exploring Laos's potential to develop a hydrogen industry. In 2022, Australia organised an energy roundtable between MEM and the Australian Energy Regulator and a visit to Thailand on sustainable energy development. We also supported The Australian National University to deliver a five week course for Lao officials on the grid integration of renewable energy.

Ahead of Laos's 2024 ASEAN Chair Year, LASEP will also advance our shared commitment to work together to support ASEAN's clean energy and climate agenda.

Fossil fuels have been central to Southeast Asia's post-colonial nation-building and a key driver of global geopolitics in the last two centuries. The objective of contemporary energy diplomacy in the region is to secure fossil fuel supplies to meet national security goals. A new form of energy diplomacy is needed to drive

the development of the Asean Power Grid (APG), utilise the region's critical mineral resources, and address the compounding geopolitics of energy transition. Renewable energy diplomacy is thus the key catalyst for meeting national-level net-zero targets and limiting global warming to 1.5 degrees Celsius.

One study defines renewable energy diplomacy as "the use of foreign policy to facilitate the development and utilisation of cleaner energy sources and to enhance energy efficiency". Under this conceptualisation, energy diplomacy has two aims: to facilitate multilateral and bilateral cooperation on clean energy and to counter the geopolitics of energy transition.

There is growing evidence of the manifestation of renewable energy diplomacy as it relates to bilateral and multilateral engagement in accelerating transition. For example, Singapore is engaging with at least five regional countries to import six gigawatts of low-carbon electricity by 2035. Vietnam plans to cooperate with multiple companies in Europe and other regions to increase the contribution of wind and solar to over 61 per cent of installed capacity by 2050, while multiple regional countries have cultivated a close partnership with China to develop their renewable energy resources.

These examples show that Southeast Asian countries are beginning to align energy transition with the practice of diplomacy more closely. However, the region has yet to develop a collective response to the other priority of renewable energy diplomacy, which is to address the geopolitics of energy transition. This is manifested in two ways: first, the lack of trust and resource nationalism within the region; second, the growing competition between the US and China over critical minerals and green technology.

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