

## ***Session 6: Non-Traditional Dimensions of Energy Security (II)***

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## **Socio-Economic Impact in Southeast Asia**

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Most Southeast Asian countries issue fuel subsidies which are generally skewed towards socially-sensitive fuels such as diesel, liquefied petroleum gas and kerosene. However, in the face of energy price hikes, regional governments had become hard-pressed to raise fuel prices in order to overcome fiscal difficulties in sustaining subsidies. Unfortunately, broad fuel subsidies such as tax relief, sometimes implemented for political expediency, are not only inefficient but prone to the abuse that entails increased costs. Subsidies would encourage uncurbed consumption and such funds could be better spent on short-term targeted income transfer or on long-term investments in socioeconomic development projects in education, health and infrastructure.

Increased oil prices raised the attractiveness of renewable energy sources but these would also be dependent on subsidies for implementation due to the costs involved in R&D. Also, renewable energies such as bio-fuels could encourage increased agricultural production and rural development, barring the potential social impact stemming from land-use conflicts with respect to bio-fuel investments. While intra-regional energy cooperation in Southeast Asia does exist, there remain prospects, with regard to energy conservation and diversification, for the role of subsidies for the promotion of renewable energy utilisation and energy interdependence among nations in Southeast Asia.

Several interesting areas of research warrant further analyses. The first concerns the primacy of developed states in spearheading the use of renewable energy as well as the problem of effective and efficient transfer of bottom-up energy transformation methods to less developed states which are less endowed. As such, an international as opposed to a regional energy network would be desirable to facilitate knowledge and technology transfers. The second aspect would revolve around socio-economic impacts, such as policy option alternatives to subsidies and how regional governments could respond to emergent social and environmental challenges. A third area of interest would be the assimilation of renewable energy within developing countries and also the role of technology.