

Why Asia's energy shock will hasten the clean transition

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In November 2002, the Philippine Energy Secretary Vince Pérez accompanied his President Gloria Macapagal Arroyo to a fateful meeting at the White House. It was at this gathering that President George W. Bush hinted to his unsuspecting guests that the US was about to go to war with Iraq.

Pérez remembers his stomach churning. He knew that, for a country that imported over 90% of its petroleum and relied heavily on Middle Eastern crude, the conflict could trigger energy shortages, runaway inflation and economic instability.

Pérez recalls: "My president whispered to me: 'Vince, you're the energy secretary. Make sure we have adequate petroleum supply.'"

He spent the following several months preparing for every eventuality. He travelled to neighbouring Indonesia and Brunei, to Gulf producers of Iran, the UAE and Qatar, and as far as Moscow to secure bilateral oil supply deals. At the same time, he built buffer stocks and pursued alternative energy sources like renewables and geothermal power.

Pérez's efforts paid off. The Philippines was spared the worst of the disruptions.

More than two decades on, the lesson remains clear: energy security demands preparation, diversification and a speedy response.

"This time, Asian countries were caught off guard in the crossfire with no advance notice. They were completely unprepared," warns Pérez, as the Iran war plunges the Philippines and the rest of Asia into their biggest energy crisis since 1973.

Today, Asia is the most exposed region to the conflict, consuming more than 80% of the 30 million barrels a day of oil that transit through the Strait of Hormuz.

Beyond the region's short-term scramble, Pérez, who is now the chairman of renewable power developer Alternergy, argues that a deeper, structural shift towards the energy transition is under way, rewarding countries, sectors and companies that can adapt with innovative solutions.

Dirty detour

Three months into the conflict, the immediate response has been far less clean.

As a knee-jerk reaction to bridge the gap and prevent black-outs, China, India and the Philippines bought Russian oil as soon as the embargo was lifted, and restarted retired coal plants.

"It's a survival-first energy policy leading to a short-term return to coal. I call it a dirty detour," Pérez says.

Others turned to nuclear – a low-carbon but politically contentious option. Japan switched idle nuclear reactors back online, China and India expanded capacity and Taiwan reversed its nuclear phase-out policy.

In the long term, however, he sees the war accelerating a drive for energy independence via renewables, with countries turning to offshore wind, utility-scale solar, battery energy storage and electric vehicles.

He believes China is likely to emerge as the biggest winner.

Not only has it managed to weather the energy shock with its ample oil reserves covering 100 days and access to Russian and Iranian oil, but its decade-long capital investment in renewable energy is now delivering results in a matter of months.

“China used to be criticised for having built 1,200GW of solar and wind – derided as overcapacity and unnecessary. But obviously it is now an insurance against shocks in the Strait of Hormuz. Its front-loaded capex of the last decade is a shock absorber,” Pérez says.

Also to China’s advantage, the country has a fast-growing and highly developed EV market, accounting for 65% of global sales.

“USD 100 oil is the best advertisement for EVs,” Pérez says. “Nothing accelerates the adoption of an alternative fuel more than a sustained oil price shock. This is the most effective marketing campaign the global EV industry has ever received, for free.”

In China, the EV penetration of new car sales rose to 62% this year from 52% in late 2025, with exports by BYD, Geely-Zeekr, Xpeng, Nio and Chery more than doubling year-on-year in April 2026.

Equally important, China leads in battery storage. It recently unveiled a three-year plan to build 180GWh of capacity by 2027, using lithium-ion systems to balance power supply, store energy and provide ancillary services.

Chinese battery companies, including CATL, BYD and Eve Energy, have 70% of global cell supply. But advances in batteries aren’t confined to China - they are emerging right across the region.

Japan, Korea and other countries are also building battery capacity, and their efforts mean that Asia Pacific now accounts for 70% of global battery energy storage system (BESS) market in 2026.

Looking further ahead, Pérez believes the oil crisis will serve to bring forward an ambitious project to interconnect the power grid networks of ASEAN countries by 2045, enabling cross-border power trading, incorporating more renewables and improving energy security in what is a rapidly growing region.

For example, he says, Singapore is fast-tracking its plan to draw renewable hydropower from Laos through cross-border high-voltage direct current (HVDC) interconnections, while also exploring access to offshore wind from Vietnam via a subsea cable.

“Asia Pacific is proving to be the ultimate proof of concept for the energy transition,” Pérez says.

“Energy security is now equivalent to national security. For Asia Pacific, the dependence on volatile Middle East should no longer be an option and everyone is moving towards renewables and battery storage. The war is defining energy independence of this region for the next decade.”

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