Journal of International Studies on Energy Affairs
Jisea.universitaspertamina.ac.id | jisea@universitaspertamina.ac.id
ISSN Online 2774-4213
ISSN Print 2774-6380

The Impact of the Ukraine-Russia Conflict on the Stability of Energy Geopolitics in Southeast Asia

Tri Bagus Prabowo & Rezya Agnesica Helena Sihaloho

Tri Bagus Prabowo
Affiliation : ECOEN Institute
City : Jakarta
Country : Indonesia
Email : tribagusofficial@gmail.com

Rezya Agnesica Helena Sihaloho
Affiliation : Universitas Indonesia
City : Jakarta
Country : Indonesia
Email : tulisanhelena@gmail.com

History

Submission : 18 March 2024
Review Completed : 15 July 2024
Accepted : 20 July 2024
Available Online : 30 July 2024

DOI :
10.51413/jisea.Vol5.Iss1.2024.35-56

Abstract
The conflict between Ukraine and Russia holds significant implications for global energy stability, particularly impacting the Southeast Asia region. This conflict has led to a rise in global oil prices, which indirectly affects Southeast Asia. This paper aims to elucidate and analyze how the Ukraine-Russia conflict influences energy stability in Southeast Asian countries. Utilizing a qualitative methodology, this research adopts a descriptive-analytic approach, thereby allowing for a detailed exploration of the conflict's impact on the region's energy stability. Findings reveal that the European Union's longstanding dependence on Russian gas deeply entwines with ASEAN's efforts to leverage energy trade to sustain economic stability, subsequently influencing various derivative sectors. The conflict has undeniably affected the energy supply and demand dynamics, necessitating a shift towards more transparent policies on alternative energy sources. Despite not experiencing direct disruptions in the supply chain or immediate spikes in energy costs, the ripple effects of the conflict have led to an inevitable rise in fuel prices within ASEAN, thus affecting the economic and political landscapes of Southeast Asia.

Key Words: Geopolitics, Russia, Ukraine, ASEAN, Conflict

Cite this article :
Prabowo, T. B., & Sihaloho, R. A. H. (2024). The Impact of the Ukraine-Russia Conflict on the Stability of Energy Geopolitics in Southeast Asia. *Journal of International Studies on Energy Affairs*, 35–56.
https://doi.org/10.51413/jisea.Vol5.Iss1.2024.35-56

INTRODUCTION

The conflict between Ukraine and Russia that is currently happening has given a significant impact on the international system, especially on the economy, international market, and politics, and created a global crisis. This can lead to a protracted side effect on economies around the world. The invasion carried out by Russia in Ukraine has become an international event that has significant implications for all countries in parts of the world, starting from February 24, 2022, marking the return of the last conflict between countries in Europe in 1945. This conflict between Ukraine and Russia has very serious implications for the global energy market that had the potential to produce a cascading impact on the economy in all layers of countries, be it developed countries or third-world countries that need fossil fuels as their national main sources. The simultaneous invasion has disrupted prolonged energy stability coupled with the consequences of the COVID-19 pandemic which is still not recovering. Meanwhile, several sectors of the country's economy that have bounced back after COVID-19 are still feeling inflationary pressures and significant supply chain disruptions. This is related to the contribution of increasing energy prices, causing a crisis because many governments immediately adapt behavior to reduce the support or interfere with the conflict. The crisis that occurred, had an impact on the economic field and of course, the conflict caused a restructuring of international trade. On the other hand, countries that connect with the conflicted country will have a great influence on the national interest.

Based on the approach of Arnold Kristian Pakpahan, Russia can immediately impose an export ban to damage the surrounding countries and the interests of those who have been harmed. This leads to instability of sources in international trade supply chains. From the point of view of security, the damage can be felt directly. To prevent continuous aggression and respond to the prevention of threats from NATO countries and the European Union that bordered Russia, the prevention is necessary to be either conventional or nuclear. This was reinforced by Germany having pledged to spend €100 billion of the 2022 budget on national defense, then there were other calls. The global crisis triggered by the Russian-Ukrainian conflict is likely to cause serious economic problems for Southeast Asia. Increased energy, food, and commodity prices worsening supply chain disruptions, and stock market volatility could threaten the region's economic recovery from the COVID-19 pandemic. Based on the explanation above, the relationship of energy stability between countries around the world has the same influence on the conflict, including in the Southeast Asian region. This increased world oil prices which affected the stability of the world economy. It is known that there have been several increases in commodity prices such as petroleum, natural gas, and mining products which have affected the Southeast Asian region because it is a region that depends

on Russia in petroleum commodities in addition to its geographical location which is not too far away when compared to the United States. One of Russia's partnerships in the Southeast Asian region in the economy and military has had attachments with several countries in Southeast Asia such as Indonesia, Thailand, and Vietnam. In Högselius, P (Högselius, 2018) it is stated that the concept of "Geopolitics" is as complex as the concept of "energy". In a general definition, geopolitics is a scientific study included in Political Geography and International Relations, which studied the interactions of geographical, political, and international relations factors (Högselius, 2018).

There is an understanding that geopolitics is a continuation of political geography. The theory of geopolitics was influenced by Friedrich Ratzel, which was adapted from Charles Darwin's thought to explain the growth and development of a country by studying the overall relationship between politics and geography, demography, and economy, especially regarding the foreign policy of a nation. The emerging paradigm is a science that studies the potential of life, politics, strategy, and geography as well as other fields owned by a nation that is a state and can be interpreted as the ability to analyze the potential of one country's resources as outlined in national policies and strategies driven by national geographic aspirations. Which if implemented and successful, will have a direct or indirect impact on the political system of the country (Suradinata, 2001), With this, human actions can change the geopolitical condition itself. Some of the decision-making is based on a vision of various phenomena, especially when the failure of a conflict or the success of cooperation has been seen. In contemporary geopolitics, the approach explained that the world’s structure is not dominated only by territorial seizing, but also caused by transnational struggles such as environmental degradation to global warming, to a value of the country’s geopolitical position that influenced changes in trade routes or technology.

Geopolitics has always been an interesting part of energy discussions because conventional energy sources such as oil, gas, and coal are physical-geographical variables that have strategic importance. This can explain that energy geopolitics is a “creative force” in national and international politics. International fuel flow statistical indicators tell part of the energy dependence relationship. This is because energy importers in reality do not depend on the energy itself, but on the system in which it is supplied (Högselius, 2018). This has interesting consequences for our analysis, some of which might seem like a paradox on energy geopolitics in ASEAN which is inseparable from the role of geoeconomics. Geoeconomics is the study of spatial, cultural, and resource strategy aspects to obtain a sustainable competitive advantage. Geoeconomics is a continuation of geopolitical thinking applied in the era of globalization (Solberg Søilen, 2013). On the other hand, the concept of geoeconomics examines economic activities with a focus on networks, connections,

and cross-border relationships. The study of economic strategy in the concept of Geoeconomics includes markets, customers, competitors, suppliers, and industry in general. The forms of threats faced are currency conflicts, economic diplomacy, competitive intelligence, economic conflicts, indirect strategies, state capitalism, and supporting forces of economic power. According to Krugman's approach, which combines international trade with economic geography, the two cannot be separated. International trade deals with trade transactions between countries, while economic geography focuses on the migration flows of individuals or countries across geographic boundaries. With this approach, the factors of production and economic activity are analyzed in an integrated manner. The analysis focuses on the impact of economies of scale on the trade sector and business location. Meanwhile, the role of technology and economic geography in the innovation process and efforts to maintain the country's competitive advantage in a sustainable manner (Wilkes, 1995).

Based on the data above, it is clear that ASEAN's interests conflict, although in this case, the bilateral relationship has decreased where there is a potential for the use of energy as an intermediary tool in future international relations. This research uses a qualitative method with descriptive-analytical research type so that researchers not only explain the influence o Ukraine and Russia conflict on the Southeast Asian economy but also analyze the relationship between energy stability among Southeast Asian countries. Thus, this study aims to explain and analyze the influence of the conflict between Ukraine and Russia on energy stability in the Southeast Asian region.

METHOD

This study employs a qualitative research approach with a descriptive-analytical design, aiming to thoroughly explore and elucidate the impact of the Ukraine-Russia conflict on energy stability in Southeast Asia. We did not use interviews as a data collection method. Our data collection was primarily conducted through extensive reviews of existing literature and reports from reliable sources, including government publications, international energy agencies, and previous academic research relevant to energy geopolitics and economic impacts stemming from international conflicts. This allowed us to gather in-depth, context-specific insights into the geopolitical dynamics at play and their implications for regional energy markets.

We also analyzed secondary data from various databases and statistical reports to underpin our analysis with empirical evidence regarding changes in energy prices, supply chain disturbances, and economic shifts in Southeast Asia linked to the conflict. Each source of data was critically evaluated for its relevance and reliability in the context of our research questions. This methodological approach ensured a

robust analysis of the complex interactions between geopolitical events and energy stability, without the direct engagement of stakeholders through interviews, thereby maintaining an objective and comprehensive examination of the available data.

RESULT AND DISCUSSION

In the European Region, the idea of managing natural gas producers has existed since OPEC was founded. Although it is possible that manufacturers need to focus on technology development especially in wind and solar power applications to reduce costs. Several issues must be solved if there is rapid growth in clean technology adoption, as identified by BP in its "Energy Outlook 2021". OPEC's experience has shown that it is difficult to maintain all oil price ranges and maintain a minimum market share without the cooperation of other oil-exporting countries. Since 1998, a group of producers has sought cooperation from other major oil producers such as Russia (which has 10% of the world market), Norway 8%, Mexico 5% and Oman 3% to help support the price stabilization. But cooperation with these non-OPEC countries is not as easy as Russia in 1993 when oil prices had plunged to very low levels with national interests being tested. After the prices increase, Russia uses a higher income to increase the production capacity, thus opening up the possibility of intensification and renewal of competition with OPEC. This cooperation raise its problems, especially in 2003 when the Russian parliament prepared a policy to restrict energy flows through taxes so that only a few instruments could restrain exports. Since then, Moscow has also developed global ambitions as the world's largest hydrocarbon supplier and has mitigated its enthusiasm for collaborating with OPEC. When opening new export routes outside Europe, as volumes increased, Russia began to define its international interests in its way. Unlike the OPEC members, Russia is not a country that depends on natural oil resources. With a growing industrial and agricultural base and also seek to balance its goals on oil and natural gas with those other sectors of the economy that are beneficial when oil prices are lower.

The domination of Russia’s pipeline (Figure 1) over Europe's is indeed noted by several countries as an energy instrument that makes a country dependent, one of the monopolies is the state-owned pipeline that is owned by Transneft is unable to respond to the excessive requests for export directions from Russian private consumers. Transneft's attention is absorbed aside from export needs by the complexity of Russia's existing domestic piping system which covers a large area and which requires continuous maintenance, Transneft's estimated export capacity of crude oil pipelines to non-CIS countries was around 3.5 mmbpd in that year.

In addition, about 200,000 barrels per day of crude oil can be exported by relying on trains. The train is way more expensive, making the economy appealing only as

long as the high oil prices persist. Under current conditions, some of Russia's private oil states can export more than 50 percent of the crude they produce (as crude oil and finished products), with the residue of their supply flowing to the domestic market at lower prices. Despite Russia's desire - as an oil state - to build new pipelines and increase the export outlets, it is clear that they are not ready to relinquish its control over current pipelines and ports.

Figure 1. The Pipeline Russia's Transneft to European Region
Source: (Gorst, 2004)

Russia is the most important external supplier of natural gas to the European Union since 2002 more than 50 percent of gas imports come from Russia. Therefore, the Union needs to maintain and enhance Russia's role as a gas supplier and strengthen Russia as a safe and reliable gas supplier through technology transfer and investment to improve Russia's energy infrastructure. However, both the EU and Russia have also recognized the importance of providing a new political impetus to this relationship by working together towards the EU-Russia Raleigh energy partnership, bearing in mind the importance of ensuring adequate energy supplies and appropriate prices for economic development across the European continent as well as the nature of term of investment in energy production and transportation. Recognizing this mutual dependence on the energy sector, the October 2000 EU-Russia Summit in Paris agreed to institute an energy dialogue to define and create the EU-Russia Energy Partnership. As noted in the Joint Declaration, this will provide an opportunity to raise all questions of common interest relating to this sector, including the introduction of cooperation in energy saving, nationalization of production and transport infrastructure, the possibility of European investment, and relations between producer and consumer countries. In its three years of existence, the Energy Dialogue has assisted in developing trust and a better understanding of policy objectives in the energy sector and has made significant progress on several issues, paving the way for long-term institutionalized

partnership terms, including: a) Identification of energy infrastructure projects of mutual interest; b) non-commercial risk guarantee fund; c) the central role of long-term gas supply contracts is in securing the conditions of the Internal Energy Market by facilitating investment in the legal framework in Russia.

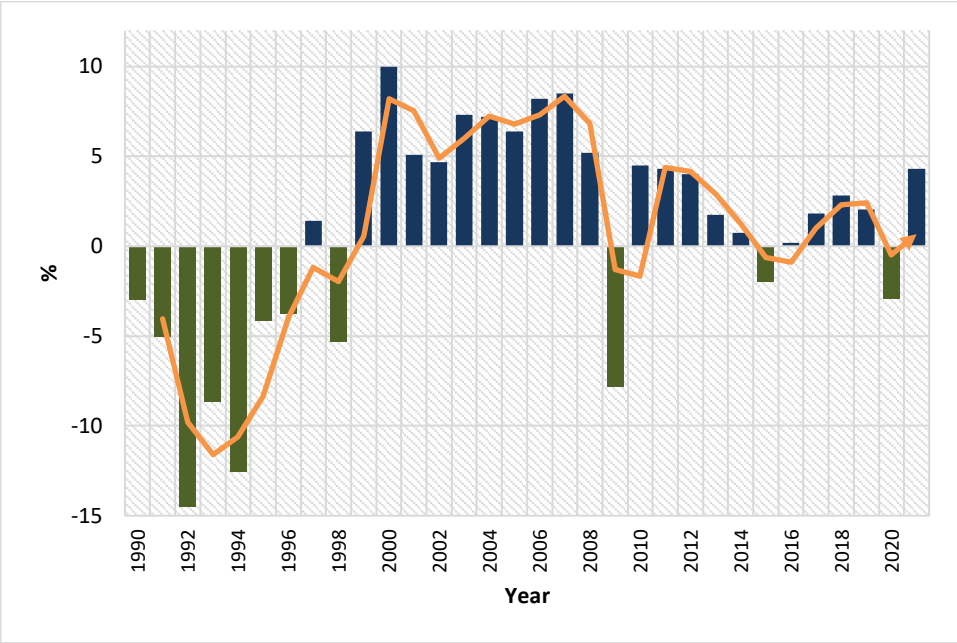

Figure 2. Russian Economic Growth 2000-2021, Source: (World Bank, 2022)

The West imposed sanctions on Russia after the country invaded Ukraine on February 24, 2022. These sanctions could hurt the Russian economy. As is known, Russia is one of the exporting countries for energy commodities and other commodities to the European Union and other countries. Thus, economic sanctions can disrupt the country's economy. On the first day of the war, the stock price on the Moscow exchange had fallen by more than 50%. Similarly, the Russian currency, the ruble had depreciated more than 10% against the US dollar. Based on data from the World Bank (World Bank), the Russian economy grew 4.3% in the third quarter of 2021 compared to the third quarter of 2020 (Year on Year / YoY). Meanwhile, throughout 2020, the country's economy led by President Vladimir Putin experienced a 2.95% contraction due to the Covid-19 pandemic. For information, the Russian economy in 2020 will reach US$ 1.48 trillion or equivalent to Rp. 20.92 quadrillion (at an exchange rate of Rp. 14,105 per US$). This value places Russia in 11th place as the country with the world's largest economy in 2020.

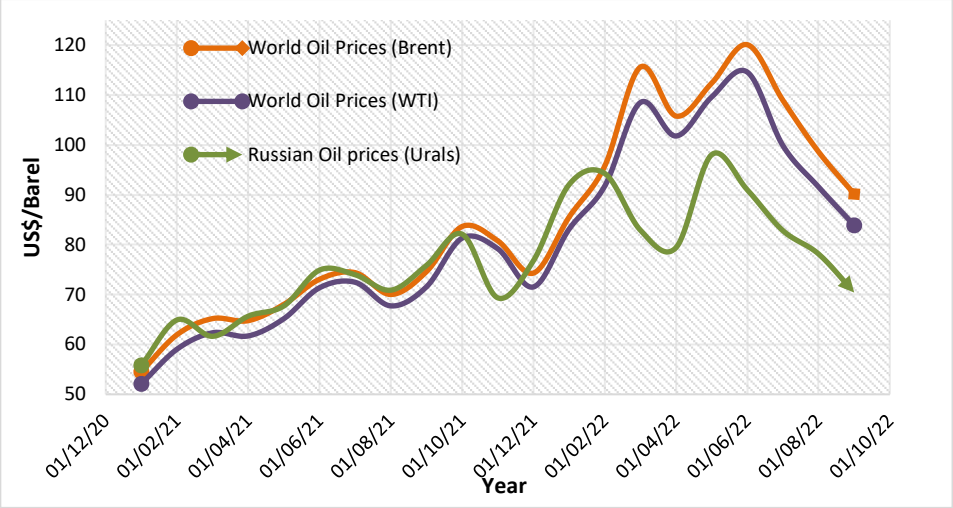

Figure 3. Global Oil Prices 2021-2022, Source: (World Bank, 2022)

Brent and West Texas Intermediate (WTI) crude oil prices, which are the world's oil trading benchmarks, continued to decline throughout the third quarter of 2022. According to World Bank data, the monthly average price of Brent crude oil has declined since July 2022 to US$90.16/barrel in September 2022. The price of WTI crude oil also decreased during the same period, to US$83.87/barrel in September 2022. Along with the decline in the world oil price benchmark, Russia continued to slam its oil prices down. Based on Trading Economics data, over the past year, the price of Urals crude oil from Russia was still not much different from Brent and WTI. However, after Russia invaded Ukraine, the Urals were immediately sold cheaply so their prices have been consistently below global standards since March 2022. Throughout the third quarter of this year, the price of Russian crude oil also continued to decline, until the monthly average was only US$70.4/barrel in September 2022. According to monitoring by the Center for Research on Energy and Clean Air (Centre for Research on Energy and Clean Air, 2022a). Since the beginning of the war until now, Russia's cheap oil has been bought the most by China, India, and several European countries such as the Netherlands, Germany, France, Poland, and Italy.

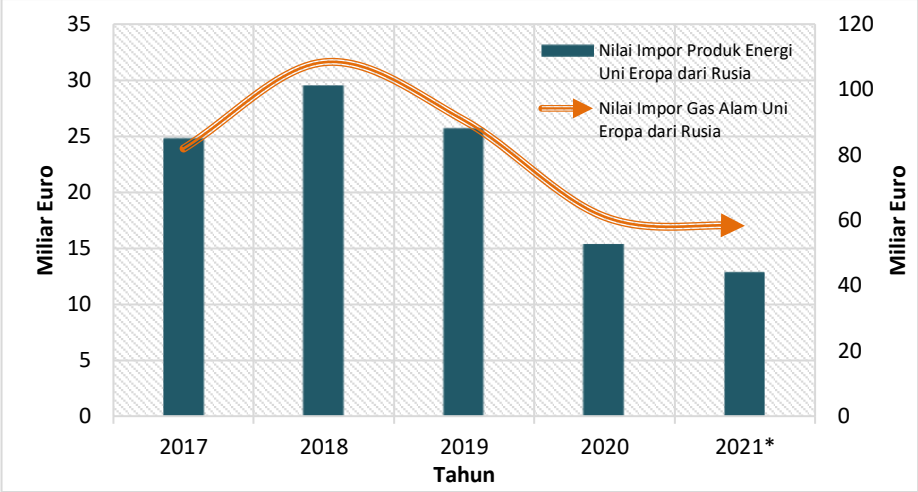

Figure 4. Graphic of EU Dependence on Russian Gas, Source (World Bank, 2022)

According to the data (Eurostat, 2021), Russia is the country of origin for the largest imports of energy products for the European Union. In the last five years, 33% of energy products in the European Union were imported from Russia. In 2017, the value of imports of EU energy products from Russia reached 85 billion euros. This value then increased to 101.1 billion euros in 2018, then fell to 88 billion euros in 2019. In 2020, the value of its imports fell to 52.8 billion euros due to declining energy needs during the pandemic. Until the first semester of 2021, the European Union has imported energy products worth 44.2 billion euros. By type, crude oil is the EU's main import from Russia with a value of 24.7 billion euros. Next, natural gas is worth 15 billion euros and coal is worth 2.1 billion euros. Russia has just ordered its troops to invade Ukrainian territory. This action could lead to sanctions from the European Union on Russia, including energy sanctions. So far, Russia is the main supplier of energy products to the European Union. For natural gas, the value of EU imports from Russia reached 46.8% of total imports in the first semester of 2021. In 2017, the value of EU natural gas imports from Russia was recorded at 23.9 billion euros. This value increased to 31.6 billion euros in 2018. The value of imports then decreased to 26.4 billion euros in 2019 and further decreased to 17.8 billion euros in 2020. For 2021, the import value was recorded at 17 billion euros until the First semester.

The ability of the state and society to handle the diversity of conditions when conflict erupts is urgently needed, and the prospects for global average growth in the fiscal balance of some countries have deteriorated. The prolonged effects of the pandemic, coupled with the conflict in Ukraine and the impact of climate change, are likely to further worsen global stability, especially geopolitics in the energy sector. Southeast Asia's energy stability is highly dependent on imports and only a few countries can become exporters of clean energy. This is evidence that Southeast

Asian countries need to differentiate energy and be able to survive in fluctuating energy prices due to conflicts that occur because energy sources from conflict countries have been blocked or avoided, which results in countries needing to use other supply substitution techniques. The conflict that occurred affected the increase in oil prices due to Russia's invasion of Ukraine, causing new challenges in global energy instability. It can be seen that Ukraine and Russia have a significant market share of the supply of oil, gas, and other commodities so the invasion has inflated the prices of these commodities. This can be felt directly in Southeast Asia, especially in the economy, especially through the increase in commodity prices because the region is a net importer of oil and gas commodities. Even before the invasion, economic inflation in Southeast Asia had increased against competitors in the global market so that dependence on oil and gas commodities was higher in Southeast Asia than elsewhere. The direct impact of rising commodity prices affects economic growth in the countries involved. This makes the economy in Southeast Asia will be affected by the conflict. In addition, the severity of Western sanctions against Russia and Russia's policy response is a blow to each of the Southeast Asian countries that depend on Russia's economic ties. Heavier Western sanctions on Russia have led to persistent increases in commodity prices and global inflation. This will adversely affect global growth causing high demand in Southeast Asia. Ongoing conflict can have drastic effects in Southeast Asia including:

ASEAN – Russia Relations

Russian politics has been impulsively active in Southeast Asia since the USSR. Southeast Asia has been on and off receiving aid from Uni Soviet and has been in Russia's foreign policy agenda since the cold and post cold war Era. This is because some of the countries in Southeast Asia hold the same ideology as the USSR (Boden, 2008). Russia has successfully engaged with ASEAN's collective agenda to promote cooperation in counter-terrorism. Such as providing access for Southeast Asian law enforcement personnel to study at Russian security institutions despite their relatively weak involvement in ASEAN-led regional security forums. On the other hand, at the 2013 East Asia Summit, representatives from Russia submitted a proposal for a comprehensive regional security architecture for the Asia-Pacific region, which emphasizes sovereignty, security, consensus-based decision-making, and multilateral security. Although ASEAN rejects the political idea of this alliance. This proposal was well received by China and Brunei, but not by the United States because it would undermine its regional alliance system.

The level of security engagement between Russia and ASEAN is limited to dialogue on regional political issues and efforts to counter non-traditional security challenges such as transnational crimes. Russia has also not succeeded in using ASEAN as a means to deepen its economic engagement with countries in Southeast

Asia. Over the years, Russia and ASEAN have signed several agreements intended to enhance economic cooperation. In 2005, Russia and ASEAN signed the Agreement on Economic Cooperation and Development and the Comprehensive Plan of Action to promote Cooperation for increased trade and investment. At the initial stage, ASEAN and Russia cooperation focused on foreign policy and security issues and then the establishment of a Working Group on Trade and Investment Cooperation in 2002. Followed by direct cooperation with each relevant agency in the fields of energy, agriculture, transportation, space, emergency, culture, and tourism. The Agreement on Economic Cooperation and Development between the ASEAN Member States and Russia which was signed on 10 December 2005 in Kuala Lumpur, Malaysia includes the ASEAN-Russia Trade and Investment Cooperation Roadmap (Kemendag, 2020). Later in 2012, the two signed the Russia ASEAN Trade and Investment Cooperation which identified five key areas for enhancing cooperation: enhanced high-level dialogue, ongoing consultations between senior economic officials, simplified procedures for cross-border trade and investment, and enhanced dialogue among their respective business communities to each country. The two sides have also agreed on several other cooperative measures at various times. Since Russia was imposed sanctions in 2014 by the Western, ASEAN has been limiting its interaction such as trade and other economic interactions between Russia. This was because ASEAN's investment cooperation was still limited and ASEAN was much more active in the trade than Russia, creating obstacles to both economic project implementations. As recently, ASEAN and Russia still have mutually beneficial economic cooperations including the fight against COVID-19 the cooperation in biotechnology fields, and the building of a wind farm in ASEAN country (Vietnam in this case) to create an alternative to fossil fuel, which is renewable energy (Koldunova, 2022)

The conflict's impact on ASEAN

The Southeast Asian region remains fascinating for Russia, as it has the potential to attract economic benefits from expanded trade and geopolitics. Russia's increasing influence in Southeast Asia could help Russia to align with China's role and to deter the United States from expanding its reach beyond its allied Region. At the regional level, Russia's relations with Southeast Asia have been dominated by ASEAN, which is still relatively weak. However, Russia's efforts were finally accepted at the 2011 East Asia Summit in strengthening economic and security ties. Although Russia is not a significant major factor in the economy. However, its trade with Southeast Asia in natural resources, energy technology, and transportation continues to increase. In 2017, Russia was ranked eighth among ASEAN's main trading partners, with total bilateral trade only 0.66% of ASEAN's total trade turnover. Russia has succeeded in improving its security relations with several countries in Southeast Asia. In addition, Russia has also become a major supplier of advanced military

equipment for the region, especially Vietnam, Malaysia, and Indonesia. However, in areas other than arms sales, Russia's security relations with countries in Southeast Asia are still quite limited. With the invasion conflict, there will likely be an economic fallout impact on ASEAN as well. ASEAN countries will likely experience supply shocks not only in energy prices but also in manufacturing and agriculture imports (Guild, 2022).

Countries in the Southeast Asian region mentioned that Russia plays a large security role, especially in the balance between China and the United States. Russia continues to exert its influence in the economic, political, and military power needed for the Southeast Asian region. Nonetheless, Russia remains an important political actor in Southeast Asia. Unlike China, Russia poses no security threat to any country in the region. Russia has no territorial claims in Southeast Asia and has so far avoided taking sides in the Asia-Pacific regional dispute. ASEAN tends to see Russia as a balance between China and the United States. Russia's view on regional security also includes its support for multipolarity and non-intervention and consensus-based decision-making, this is in line with the views of countries in Southeast Asia. While there are reasons behind ASEAN's relatively mild response to the invasion, the grouping should pay attention to the main implications of Russia's actions in Ukraine. That is, failure to dispel Russia for its violations of international law would set a bad precedent when similar incidents occur in Southeast Asia and the wider Indo-Pacific for any attempt at a rules-based international order would cut into the core of Southeast Asia's security and prosperity.

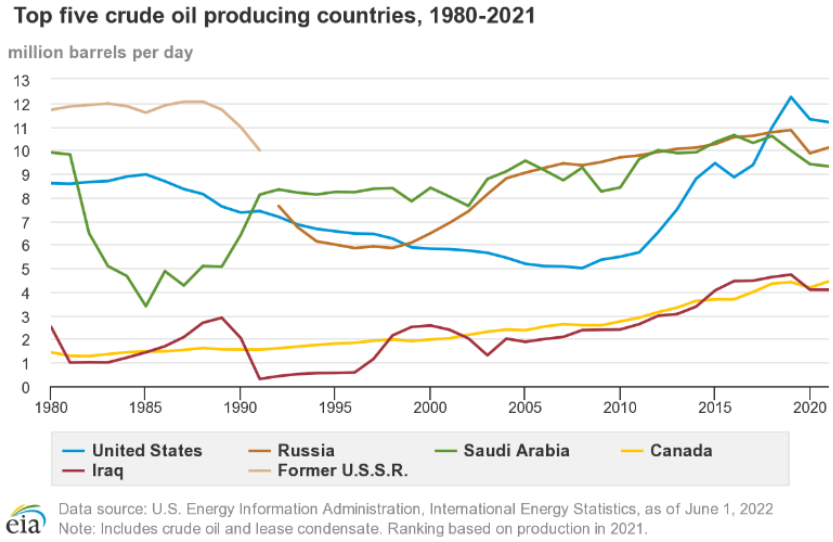

Figure 4. Countries with the most oil-producing (Source: EIA 2022)

Based on data from the US Energy Information Administration (EIA), Russia is the second largest crude oil producer in the world after the United States. Since 2020, Russia has been able to produce 9.87 million barrels of crude oil per day, so the percentage of Russia's influence in donating crude oil to the world's energy sector is 13% (IEA, 2021a). The increase in world crude oil prices will have an impact on ASEAN due to the high consumption of these commodities. the conflict between Russia and Ukraine has had a significant impact on the global energy market, which has experienced price volatility from 2020 to 2022. The conflict has also impacted the resilience of global energy commodities and world economic growth. (Wicaksana et al., 2022). One of the global energy commodities affected by the conflict between Russia and Ukraine is oil. Russia's invasion of Ukraine did not result in a loss of oil supplies to the market, but there has been a significant spike in prices (IEA, 2021b).

Based on data from the ADB report that there has been a sporadic price increase after the start of the invasion of Ukraine which resulted in a momentary market panic in which each country focused on its energy security (Bank, 2022). Where the world's second and fourth largest exporter of natural gas is natural gas, with market shares of 11% and 9% respectively, so energy prices spike due to actual and potential disruptions to Russian supplies. On March 25 Brent crude traded at $121, up 27% from February 16, and in Asia, liquefied natural gas (LNG) prices rose (Figure 4). This sharp increase added to pre-existing price pressure Oil prices rose by 50% in 2021, driven by the global economic recovery and the slow pace of production cuts agreed upon by members of the Organization of the Petroleum Exporting Countries (OPEC) Plus. The possible impact of the EU embargo on Russia's oil exports is tenfold as the EU absorbs 49% of Russia's oil sales, according to a calculation for 5% of the global oil trade. Available forecasts suggest that the sudden cessation of Russian oil exports would increase prices to $160-$200 per barrel (Reuters, 2022).

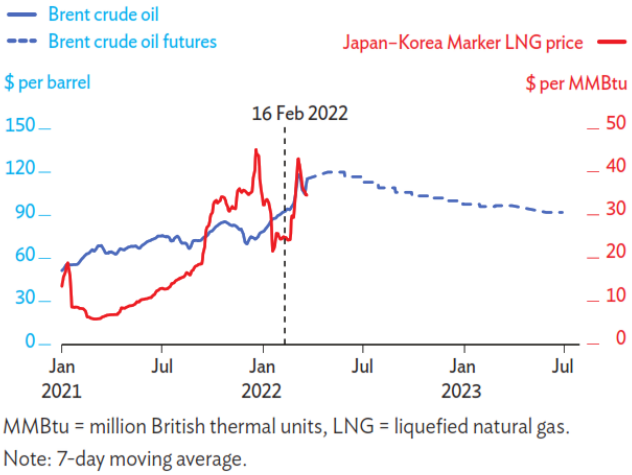

Figure 5. Increasing Energy Price after Russian Ivansion, Source: (IEA 2022)

The peak of the conflict occurred on February 24, 2022, Russia began to increase world oil by 10%, which will certainly be felt by Southeast Asian countries that are dependent on oil and gas. The big impact of the conflict on Indonesia's growth and the economy is feared to have an impact on Indonesia's trade with the two countries. Not only Indonesia but most ASEAN countries are also affected, especially by the increase in oil prices for the transportation industry. It is known that the price of non-subsidized fuel in Singapore is IDR 28,500 / liter, Thailand IDR 19,300 / liter, Laos IDR 19,200 / liter, Philippines IDR 18,500 / liter, Vietnam IDR 16,800 / liter, Cambodia IDR 16,500 / liter, and Myanmar IDR 15,300/liter. The impact of the conflict has great potential in increasing commodity prices to a direct impact on the economies of countries in Southeast Asia, especially in oil because Russia is an exporting country of more than 10% of the world's total oil. The influence exerted by Russia on the conflict is large enough to affect the national geopolitical interests of other countries. The crisis that occurred because of the conflict also had an impact on rising global energy prices. This price increase will greatly affect Indonesia, especially. On the one hand, as the largest thermal coal exporter in the world, the increase in coal prices will significantly increase the value of Indonesia's exports. But on the other hand, rising oil prices will be a problem because Indonesia is currently a net importer of crude oil. Indonesia's trade balance often runs a deficit due to the high value of petroleum imports (Bisnis Indonesia, February 25, 2022). On March 21, 2022, the price of OPEC basket crude oil was at USD 113.84/barrel, Brent oil USD 115.62, compared to USD 112.2 3 for WTI oil (Figure 5), The increase in oil prices due to the imposition of sanctions by several countries, On the other hand, Russia is the third largest oil producer behind the United States and Saudi Arabia. In January 2022, Russia's oil production reached 11.3 mb/d with details of 10 mb/d of crude oil and 960 kb/d of condensate, and 340 kb/d of NGL. The amount of production is quite large, compared to US oil production of 17.6 mb/d and Saudi Arabia's 12 mb/d. Russia is also the second largest oil exporter in the global market after Saudi Arabia with total exports of 7.8 MB/day in December 2021 (IEA, 2021b).

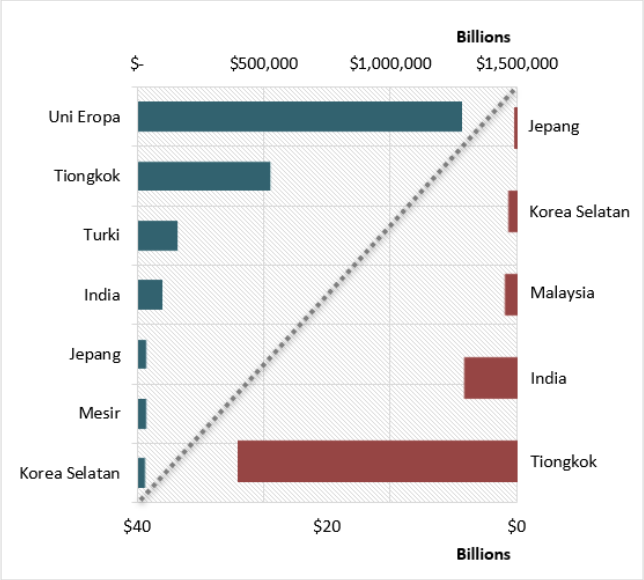

Figure 6. Countries with the Largest Fossil Energy Commodities buying from Russia compared to Asian Countries Buying Russian Oil (since the beginning of the conflict), Source: (Centre for Research on Energy and Clean Air, 2022b)

The price of fuel oil (BBM) in various countries has increased, in line with the increase in world oil prices. Amid this situation, Russia offers crude oil which is cheaper than the international market price. Based on data from Trading Economics, on August 26, 2022, the price of Russian crude oil (Urals) was at the level of US$80.77 per barrel. This offer is about 20% lower than the price of world crude oil (Brent) which reached US$ 102 per barrel on the same date. Meanwhile, according to data from the Center for Research on Energy and Clean Air (CREA), since the beginning of the Russia-Ukraine war erupted until August 2022, there have been several Asian countries that have bought cheap Russian oil, one of which is Malaysia. CREA noted that Malaysia had purchased Russian oil with a total transaction value of around €1.4 billion as of August 29, 2022. Malaysia was also the only Southeast Asian country included in this list.

During the 6 months of the war with Ukraine (Figure 6), Russia was able to earn €158 billion or around IDR2.3 quadrillion (exchange rate of IDR15,601 per euro) from exports of fossil energy commodities including oil, natural gas, and coal. This was revealed by the Finnish research institute, the Center for Research on Energy and Clean Air (CREA), in the Financing Putin's War report released in early October 2022. "With the surge in fossil fuel prices, Russia's current income far exceeds that of previous years, despite this year's reduction in export volumes," CREA said in its report. According to CREA, the export of fossil fuels is the main source of funds that Russia uses to build up its military power and launch its aggression against Ukraine. "Taxes and tariffs on oil and gas exports account for more than 40% of Russia's

federal budget annually. These revenues are historically correlated with Russian military spending," he said. CREA also found that during the 6 months of the Russo-Ukrainian war, from February 24 to August 24, 2022, Russia's fossil energy commodities were purchased the most by the European Union. "Of the European Union's banning sanctions on Russian oil, only a small part has been realized," CREA said. The next largest buying countries are China, Turkey, India, Japan, Egypt, and South Korea with the purchase value as shown in the graph. Responding to this situation, CREA also urges Russian energy-buying countries to immediately make the transition to clean energy. "The energy transition will have far more impact than simply regulating the flow of fossil fuel trade, and will have a greater impact on the economy, health, and national security," concluded CREA.

Energy market volatility has increased with the realization that a prolonged conflict will lead to higher energy prices in the medium and long term. Crude oil has now reached over $120 per barrel and overall energy prices are expected to increase by 50% in 2022 compared to 2021. European natural gas prices in particular have increased tenfold compared to 2020. Many large natural gas importers have committed to voluntarily reducing dependence on Russian natural gas through higher imports of Liquified Natural Gas from other countries, which may potentially lower the prices of some developing countries from the Liquified Natural Gas market they rely on for energy imports.

The energy crisis is starting to emerge where higher energy prices, especially diesel and natural gas, increase fertilizer and transportation costs. Both of these factors increase the cost of food production. This led to reduced agricultural output and even higher food prices the following season, contributing to what was already increasing interest rate pressures and tightening financial conditions. Tighter financial conditions erode the purchasing power of developing countries' currencies, one of which is ASEAN, where increasing the cost of food and energy imports can reduce fiscal costs and increase debt service costs. Europe is the region most vulnerable to rising energy and commodity prices, due to its dependence on Russia. As in other countries in the world, the impact in Asia-Pacific will be felt soon through higher import prices, especially prices in the energy sector (Baddeley & Kopelman, 2011). After the Russia-Ukraine conflict, the transition to new and renewable energy resulted in an urgent need to implement it given that the European Union imports 90% of its gas consumption, with Russia providing around 45% of these imports. Russia also accounts for around 25% of oil imports and 45% of coal imports, this also contributes to the suppression of supporting commodities from the construction of EBT facilities such as metal mineral ores to crude palm oil (CPO).

Since Russia invaded Ukraine on February 24, 2022, fears of rising oil prices have increased globally. Russia accounts for 10% of the global oil supply. Western-led sanctions remove this supply from the market, putting pressure on the supply-demand balance of oil. The price of crude oil suddenly jumped from US$95.42 per barrel to US$127.98 on March 8 before dropping back to US$95.64 on March 16 and jumping back to US$111.70 on April 14. Oil prices are likely to remain high above US$100 per barrel throughout 2022. As a result, gas prices indexed to world oil prices also experience uncontrolled growth. It will be difficult if the oil and gas supply chain are not properly distributed to consumers throughout Europe which has an impact on other derivative sectors such as industry and food where some of ASEAN are still importing technology and wheat from the European bloc, indeed in the energy stability of ASEAN members who have alternative commodities. such as Crude Palm Oil (CPO) and the resilience of fossil sources will be stronger for the independence of each country including Indonesia, Malaysia, and Vietnam than members who are dominated by net importers of fossil energy.

According to Steve Cohen, author of The State of the Planet, breaking dependence on fossil fuels is the only way to secure energy independence because 'no sovereign nation owns the sun'. Even ASEAN is using this momentum to try to get the oil supply chain from Russia at a more relevant price because it has been embargoed on various world markets. This spurred ASEAN to maneuver in energy independence and agreed to develop affordable energy alternatives without any dependence on countries outside ASEAN. There is good reason to worry that countries may place climate change mitigation as a priority while they focus on energy security by securing fossil fuel supplies. If this is the case, the timeframe for the cessation of fossil fuel use under the Paris Agreement and the goal of limiting global warming to two degrees Celsius will be affected. Concerns the oil market could last longer if the conflict persists and there are no immediate alternatives to oil and natural gas. Any new investment in energy projects could take at least a year in the case of solar and wind, and potentially longer for bioenergy or nuclear.

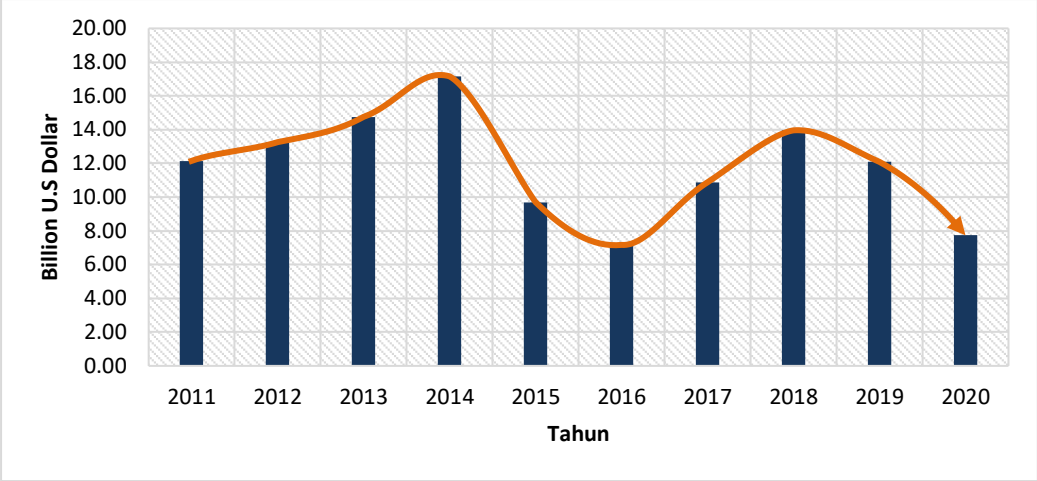

Figure 7. Import Value in ASEAN Region from Russia year 2011-2020, Source: (ASEAN, 2020)

Based on (Figure 7) it can be seen that the relationship between ASEAN and Russia is indeed not dependent like the European Union on energy needs, but price fluctuations have a direct impact on the ASEAN economy towards other supporting derivative sectors where the ASEAN energy index is disturbed in terms of energy balance composition to support the needs of other sectors. . But in line with the rapid development of ASEAN's economy, Southeast Asia's energy demand is expected to increase by 60% by 2040. (IEA) However, more than 40% of the region's energy is imported, reinforcing the need to shift to renewable energy systems. But according to the 2021 Energy Transition Index, Singapore leads Southeast Asia with the 14th global ranking. Malaysia sits at 36, with Thailand and Vietnam reaching 56 and 61 respectively. Other ASEAN countries such as Brunei, the Philippines, Indonesia, and Cambodia are in the top 100. Scores in the Index include factors such as policy, political and environmental commitment, investment climate and access to capital, and the development and use of new technologies. Progress across the region is not just on paper but ASEAN collectively is targeting a renewable energy share of 23% of total primary energy by 2025, and important progress is underway. The most significant achievement came from Vietnam, which approved 11.8 giga-watts (GW) of wind power. Other countries, such as the Philippines, are not far behind and are developing 3.5 GW of offshore wind power, with Thailand and Indonesia continuing to develop floating solar plants of 2.7 GW and 145 megawatts respectively (MW) (IEA, 2021b). On the other hand, ASEAN needs to strengthen the policy framework to support the implementation of clean energy and promote green technology. For example, Indonesia has ambitions to utilize renewable energy to meet more than 50% of its energy needs. Furthermore, Malaysia and Brunei, aim to optimize renewable energy to make up more than 30% of their demand by 2025 and 2035. Future Southeast Asian countries need to take several approaches. First, they should

continue their policy development by focusing on important aspects such as access to clean energy, aligning policies with climate commitments, reducing financing risks for renewable energy projects, expanding smart grids, and building awareness about the energy transition. Second, focus on limiting fossil fuels through measures such as shifting subsidies to renewable energy and pricing carbon emissions. Relatively clean fossil fuels will increase their attractiveness to consumers, replacing more polluting fuels. A safe and reliable gas supply is the second key component of such a policy. In the long term, a well-functioning internal gas market will only be sustainable if the market remains liquid and is based on the security of a strong and stable supply from sources in Russia and Eurasia, North Africa and the Middle East, and other regions. Conservation will play a third important role. Europe's energy security depends on the conservation and efficient use of fuels, which has been promoted by relatively higher taxes in mainland Europe than in the United States or elsewhere.

CONCLUSIONS

Geopolitical tensions between Ukraine and Russia have an impact on the decline in world economic recovery, which is potentially lower than before but continues. Along with the decline in the number of cases affected by COVID-19, ASEAN's economic growth is still stable because it is influenced by improving household consumption, non-construction investment, and positive growth in government consumption. The estimated ASEAN export performance remains good but not as high as the previous quarter (BI, 2022). Since 2003 and 2004 European energy policy has played a key role in ensuring the integration that can be beneficial for economic prosperity where people depend on safe and economical energy supplies as a fundamental prerequisite for economic development. the creation of a single, integrated European market for natural gas is a key component of this effort as opening the European market to competition will lead to more economical prices for natural gas consumers, thereby increasing the competitiveness of the European industry. This conflict already has profound global consequences that will affect every part of the world. Southeast Asia cannot escape, although the severity of the impact will depend on the duration of the conflict and its outcome. The impact on ASEAN is: a) Economy impact. this conflict also affects the macroeconomic conditions of ASEAN, the ongoing conflict will have an impact on rising commodity prices, including oil and wheat. These commodities are the ones that have the most impact on ASEAN due to their high level of consumption (Karnadi, 2022). Since economic relations between Russia and Southeast Asia are still very modest, the region will lose little benefit if the Russian economy weakens under the weight of international sanctions. Such was the case in 2020 when Russia was ASEAN's 11th largest trading partner with two-way trade of only US$13.6 billion. On the other

hand, the impact on the global economy from the conflict is likely to be significant in the countries of the conflict area which has led to a spike in oil and gas prices that could rise uncontrollably if Russia decides to cut energy exports or if major industrial economies cut Russian imports. It should be borne in mind that Ukraine and Russia are the main agricultural producers of wheat and corn in the event of supply disruption will lead to an increase in food prices. Linearly, if energy and food prices rise sporadically, one day it will trigger inflation so that the prices of Russian-produced commodities which are very important for the electronics industry such as nickel, titanium, copper, and platinum will rise following the market. The conflict has disrupted air, rail, and sea transport links, exacerbating global supply chain problems caused by the pandemic. In short, the conflict could derail the global recovery from the COVID-19 pandemic, including Southeast Asian economies; b) Politic Impact, the Russia-Ukraine conflict is unlikely to seriously impact Moscow's dialogue partnership with ASEAN. As noted above, ASEAN's response to the invasion was mild. However, the conflict could hinder Vietnam's proposal for a free trade agreement between ASEAN and the Russian-led Eurasian Economic Union. Also, if the ASEAN-led summit takes place in person in Phnom Penh in November, and the conflict persists, President Putin's presence at the ASEAN-Russia and EAS summits, as well as the APEC summit in Bangkok, will be highly unlikely; c) policy pmplications, according to ADB 2022, the impact of the invasion may accelerate the green transition in developing Asia. Prices as high fossil fuels increase the attractiveness of switching to more attractive renewable energy, Initiatives to reduce dependence on Russia will also encourage governments to accelerate the green transition, but in the long run, in short, energy security concerns could increase fossil fuel extraction where disruptions to oil and gas supplies in Europe could also increase coal purchases in Australia and Indonesia, the world's largest coal suppliers. To improve ASEAN's energy security, one of the efforts that can be made to significantly increase renewable energy investment in all technologies such as solar, wind, and hydrogen is the ease and openness of investment policies. Despite the current global supply chain issues affecting the availability and cost of materials for renewable energy systems. To pursue ASEAN's ambitious agenda on energy stability, policymakers must take into account the conditions and distributional situation of this crisis. On the other hand, the intermittent nature of clean technology power sources causes problems for network users and distribution systems. As well as the development of solar power technology has been the subject of particular concern over the substances used in the manufacture of solar panels and their impact on the land use of the installations. Renewable energies such as solar and wind are likely to grow much faster than other forms of energy, but they will only account for 3 to 4 percent of total world energy consumption in the next decade. If the global energy market is under severe pressure and needs a solution to push on the market to unprecedented disruption in global supply chains then ASEAN needs to maneuver in energy independence. On the other hand, for ASEAN

energy security, there are still no signs of backing down from climate change commitments, but policymakers need to be careful in designing policies that can deter renewable investment. Countries should redesign energy policies to move away from dependence on fossil fuels in the long term, starting as soon as possible with large-scale investments in solar, wind, and other clean energy sources. For many developing countries, the road may be slow, but it requires commitment with actionable strategies to achieve decarbonization and ultimately energy geopolitical stability.

REFERENCES

ASEAN, S. (2020). ASEAN Statistical Yearbook 2020. In *ASEAN Statistics* (Vol. 18).

Baddeley, A. D., & Kopelman, M. D. (2011). The Handbook of. In *Cognition* (Vol. 25, Issue 5).

Bank, A. D. (2022). *RUSSIA ' S INVASION OF UKRAINE : IMPLICATIONS FOR DEVELOPING ASIA Special Topic of the Asian Development Outlook 2022 Russia ' s invasion of Ukraine Implications for developing Asia*. *April*.

BI. (2022). *Tinjauan Kebijakan Moneter*.

Centre for Research on Energy and Clean Air. (2022a). *Financing Putin's war: Fossil fuel imports from Russia in the first 100 days of the invasion*. *June*.

Centre for Research on Energy and Clean Air. (2022b). *Financing Putin's war: Fossil fuel imports from Russia in the first 100 days of the invasion*.

Eurostat. (2021). *Key figures on Europe 2021 edition*.

Gorst, I. (2004). The Energy Dimension in Russian Global Strategy - Russian Pipeline Strategies: Business versus Politics. *Baker Institute*, *October*, 26.

Högselius, P. (2018). Energy and Geopolitics. In *Energy and Geopolitics*. https://doi.org/10.4324/9781315177403

IEA. (2021a). World Energy Outlook 2021 : Part of the World Energy Outlook. *International Energy Agency*, 386.

IEA. (2021b). World Energy Outlook 2021 : Part of the World Energy Outlook. *International Energy Agency*, 386.

Kemendag. (2020). *ASEAN-Russia Trade and Investment Cooperation Roadmap* (Issue May 2016).

Reuters, T. (2022). *The fog of sanctions*.

Solberg Søilen, K. (2013). *Management for Professionals Exhibit Marketing and Trade Show Intelligence*.

Suradinata, E. (2001). Geopolitik dan Geostrategi dalam Mewujudkan Integritas Negara Kesatuan Republik Indonesia. In *Jurnal Ketahanan Nasional* (Vol. 6, Issue 2, pp. 79–97).

Wicaksana, K. S., Ramadhan, R. F., Sujaka, M. 'Azza, & Prasojo, A. S. A. ayubi. (2022). The Effect of the Russia-Ukraine Crisis on Price Fluctuations and Trade in Energy Sector in Indonesia. *Jurnal Nasional Pengelolaan Energi MigasZoom*, *4*(1), 6–18. https://doi.org/10.37525/mz/2022-1/345

Wilkes, A. (1995). Competitive advantage. In *Water Bulletin* (Vol. 662, pp. 8–10). https://doi.org/10.1108/08858629410073199

World Bank. (2022). Helping Countries Adapt. *World Bank*.