

ASEAN FOR BUSINESS BULLETIN

Fourth Edition, 2026



IN FOCUS

Natural Gas in the New ASEAN Petroleum Security Framework: Strengthening Resilience Amid Global Energy Disruptions



ASEAN Petroleum Security in a Changing Energy Landscape

At a time when global energy supply chains are increasingly exposed to geopolitical disruptions, the importance of regional energy security frameworks has become more immediate and pronounced. Recent tensions affecting the Strait of Hormuz, a critical artery for global oil and LNG trade, have underscored the vulnerability of global supply routes and the need for stronger regional preparedness.

In this context, the ASEAN Framework Agreement on Petroleum Security (APSA) provides a key regional platform to strengthen collective preparedness and response. Since its adoption in 1986, the APSA has served as ASEAN's primary framework for regional cooperation in addressing energy supply disruptions. Initially developed in response to oil supply shocks that posed systemic risks to economic stability, APSA was designed to facilitate information-sharing, coordination, and mutual assistance among ASEAN Member States (AMS) during periods of petroleum shortage. Over time, the Agreement has evolved in tandem with changes in regional energy demand, market structures, and infrastructure development, while continuing to underpin ASEAN's collective approach to energy security.

About the Bulletin

ASEAN for Business is a bulletin published by the Enterprise and Stakeholders Engagement Division of the ASEAN Secretariat.

This monthly bulletin provides quick updates on specific topics related to the ASEAN Economic Community (AEC) for businesses operating in the region.

Those interested in receiving the bulletin and collaborating with the ASEAN Secretariat may contact:

Lukman Oesman

Senior Officer,
Enterprise and
Stakeholder
Engagement
Division

lukman.oesman@asean.org

Nisfi Mubarakah

Officer, Enterprise
and Stakeholder
Engagement
Division

nisfi.mubarakah@asean.org

Since APSA was first introduced, ASEAN's energy landscape has changed significantly. Rapid economic growth, expanding industrial activity, infrastructure investment, and rising standards of living have driven sustained increases in regional energy demand. At the same time, ASEAN has been pursuing a gradual energy transition, seeking to balance growth, security, and sustainability. These developments have reshaped both the composition of the region's energy mix and the nature of supply risks that ASEAN faces.

Natural gas has emerged as a central element of this transition. Today, fossil fuels continue to dominate ASEAN's energy supply, with natural gas accounting for nearly 23% of total primary energy supply in 2022.¹ Across Southeast Asia, gas supports power generation, manufacturing, and other industrial activities, while also providing operational flexibility that complements the growing deployment of variable renewable energy. For many economies in the region, gas remains integral to maintaining system reliability as energy systems become more diversified.

At the same time, global gas markets have become increasingly interconnected. The expansion of liquefied natural gas (LNG) trade, longer supply chains, and greater cross-border exposure mean that gas markets are more sensitive to external disruptions, price volatility, and geopolitical developments. These dynamics have elevated the importance of natural gas security at both national and regional levels, prompting ASEAN to reassess how its existing regional mechanisms can respond to a more complex risk environment.

ASEAN's Growing Role of Natural Gas and Emerging Security Considerations

Demand for natural gas in ASEAN continues to rise, particularly in the power and industrial sectors. Under the Baseline Scenario of the 8th ASEAN Energy Outlook (AEO8), total energy demand in the region is projected to increase 2.6 times between 2022 and 2050, with natural gas remaining one of the key fuels meeting this growth. This reflects not only economic expansion, but also the role of gas as a relatively lower-emissions option compared to coal and oil, and as a key enabler of energy system flexibility. However, while demand has grown steadily, regional gas supply conditions have become more constrained



Since 2016, ASEAN's natural gas production has exhibited a declining trend, driven by maturing fields, declining reserves, and limited new upstream developments.² As domestic supply tightens, many AMS have increasingly prioritised gas for domestic use, resulting in a sharp reduction in export volumes and accelerating ASEAN's transition toward net gas import dependence.

Projections indicate that ASEAN is likely to become a net natural gas importer by 2027 under the AEO8 Baseline Scenario. As a result, the region is becoming more exposed to global LNG markets, international shipping routes, and external supply conditions. For businesses operating along the gas value chain, this shift underscores the growing importance of regional coordination and contingency planning in managing supply risks.

Recognising these challenges, the Special ASEAN Ministers on Energy Meeting (AMEM) on the Latest Situation in the Middle East underscored the importance of tapping into ASEAN's untapped energy potentials across all ASEAN Member States as part of broader efforts to strengthen regional energy security and resilience. In this regard, the Ministers highlighted the importance of supply diversification, strengthening intra-ASEAN energy trade, accelerating renewable energy deployment, and advancing regional connectivity initiatives such as the ASEAN Power Grid (APG) and the Trans-ASEAN Gas Pipeline (TAGP).

Natural gas infrastructure has also expanded rapidly in recent years, increasing both capacity and complexity. LNG terminals, pipelines, and offshore facilities are now critical components of regional energy systems. While this infrastructure has supported economic development and energy diversification, it also introduces new operational and security considerations, particularly as more AMS rely on LNG imports and interconnected supply networks.

Infrastructure and Geopolitical Risks in a More Connected Gas Market

As supply chains become more internationalised, risks to natural gas security increasingly extend beyond national borders. Floating LNG infrastructure, such as floating storage and regasification units (FSRUs), has gained popularity in Southeast Asia due to lower upfront costs and faster deployment. However, such facilities are more exposed to weather-related disruptions, including storms and high wave conditions, risks that are intensifying with climate change.³

Beyond climate-related challenges, gas infrastructure also faces broader security and operational risks. Recent incidents involving pipeline disruptions and heightened security alerts at strategic LNG facilities illustrate the growing importance of infrastructure resilience in safeguarding supply continuity.⁴ As ASEAN's gas systems become more interconnected, disruptions at a single facility may have wider regional implications.



Geopolitical factors further shape the risk of landscape. Key maritime corridors linking major LNG suppliers and consumers pass through strategically sensitive waters, including the South China Sea, which carries over one-third of global LNG trade.⁵ Disruptions along these routes, whether from heightened tensions, operational incidents, or grey-zone dynamics could delay shipments, increase costs, and amplify market volatility across Asia.⁶

At the global level, developments in major energy-producing regions continue to influence LNG markets. Recent tensions affecting the Strait of Hormuz, for example, have already affected Asian LNG prices and highlighted the sensitivity of supply chains to geopolitical shocks.⁷ These dynamics reinforce the importance of preparedness and coordination to manage shared exposure to external risks.

APSA's Evolution and the Recognition of Natural Gas

Earlier iterations of APSA largely reflected an oil-centric understanding of energy security. While natural gas was included within the definition of petroleum, the Agreement's operational focus remained primarily on liquid fuels. This approach did not fully account for the distinct characteristics of gas supply chains, market dynamics, and emergency response requirements.

The endorsement of the 2025 APSA marks a significant evolution in ASEAN's approach. By distinguishing natural gas from petroleum and calling for the development of a dedicated Coordinated Emergency Response Mechanism (CERM) for gas, ASEAN has acknowledged that gas security requires tailored institutional arrangements.⁸ This shift reflects ASEAN's recognition of gas as an increasingly strategic component of regional energy systems.

At the same time, the current Agreement provides a foundation rather than a fully developed operational framework. Key elements such as methodologies for assessing domestic gas requirements, indicators for identifying emerging shortages, and procedures for activating regional coordination will need to be further elaborated to ensure effectiveness in practice.

What the New Framework Means for the Private Sector

For the private sector, the evolution of APSA carries important implications. Companies investing in gas-fired power generation, LNG infrastructure, upstream development, shipping, and energy-intensive industries operate in an environment shaped by both regional policies and global market dynamics. As supply chains become more exposed to external disruptions, greater regional coordination can help provide clarity, predictability, and confidence.

A more operationalised APSA can support businesses by reinforcing regional transparency, preparedness, and information-sharing, particularly in light of current developments affecting key energy transit routes, where heightened tensions have amplified volatility in global LNG markets. For ASEAN economies that are becoming increasingly reliant on imported gas, such disruptions, whether actual or anticipated, can have immediate implications for supply availability, pricing, and contractual stability. Coordinated regional frameworks can therefore play an important role in mitigating risks and supporting continuity of operations.

Looking ahead, the effective operationalisation of APSA, including the development of the Coordinated Emergency Response Mechanism (CERM), will be critical to delivering these benefits. This will require sustained coordination among ASEAN Member States, strengthened engagement with the private sector, and enhanced support from Dialogue Partners and international financial institutions. Recent outcomes from the Special ASEAN Ministers on Energy Meeting (AMEM) on 27 April 2026 further underscore the urgency of accelerating national ratification processes, enhancing regional information sharing and preparedness, and advancing practical cooperation. By advancing these efforts, ASEAN can reinforce its collective resilience, ensure more secure and stable energy supplies, and provide a more predictable operating environment for businesses amid an increasingly uncertain global landscape.

The private sector also plays a critical role in strengthening energy security. Market intelligence, operational expertise, infrastructure investment, and innovation are essential to building resilient gas systems. As ASEAN works to translate APSA into effective practice, constructive engagement with industry stakeholders will be important in ensuring that regional mechanisms are informed by operational realities and aligned with market dynamics.

Note: Excerpted from the ASEAN Centre for Energy Policy Brief No. 3/February 2026

References:

1. [8th ASEAN Energy Outlook - ASEAN Centre for Energy \(ACE\)](#).
2. [Oil & Gas Updates 2025 - ASEAN Centre for Energy \(ACE\)](#).
3. [Asia floating LNG terminals face weather risks | The Asset & Floating LNG import terminals pose cost and climate challenges for Asian markets | IEEFA](#)
4. [Malaysia's Petronas secures extra gas supply after hit from Putra Heights pipeline fire | Gas Processing & LNG &
https://defencesecurityasia.com/en/bintulu-lng-security-threats-nsc-petronas/](#)
5. [Regional Analysis Brief: South China Sea](#)
6. [The \\$5.3 Trillion Question: How South China Sea Tensions Are Rewriting Global Trade Rules | Atlas Institute for International Affairs](#)
7. [Asian LNG markets assess supply risks amid escalating Israel-Iran conflict | S&P Global & Asia braces for LNG price surge amid rising Middle East instability](#)
8. [Joint Media Statement of the Forty-Third ASEAN Ministers on Energy Meeting \(43rd AMEM\) - ASEAN Main Portal](#)

