

REFLECTIONS FROM ASIA CENTRE

Beyond Energy: Asia, the Middle Powers, and the Coming Contest of Governance Systems

The recent discussions convened by the Global Foundation identify something important: the energy transition is not slowing down under geopolitical pressure. It is becoming more complex. From our perspective at Asia Centre, the current moment is perhaps best understood not as a difficult phase of the energy transition, but as the emergence of a broader *strategic transition*, one whose centre of gravity now sits in Asia.

For years, energy was discussed within a stable framework: security, affordability and sustainability. Those objectives remain essential, but they no longer fully explain the decisions being taken across governments and industries. Increasingly, decisions presented as energy decisions are in reality decisions about industrial capacity, technological leadership, infrastructure resilience and geopolitical exposure. Electric vehicles are becoming industrial platforms; grids are becoming strategic infrastructure; critical minerals are becoming instruments of influence. Energy is becoming one dimension of a larger question: how societies preserve agency in an era of systemic interdependence. The main obstacle is no longer defining objectives. It is **governing complexity**. The roundtable reached the same conclusion when it noted that implementation capacity now matters more than ambition alone.

ASIA IS WHERE THE TRANSITION WILL BE DECIDED

Asia is not one transition but many: a diverse set of national trajectories shaped by very different economic structures, resource endowments and development priorities, from coal-dependent emerging economies to advanced, resource-poor manufacturing states. Yet the region's sheer weight in global demand, investment and industrial capability means that whatever balance Asia strikes will set the terms for everyone else. The current energy shock is felt more acutely here than almost anywhere, because so many Asian economies are simultaneously importers of energy, exporters of manufactured goods, and the workshop in which the global transition is physically built.

This is why *decoupling*, debated largely in Western capitals, looks different from Asia. Across energy, capital, technology and supply chains, the regional reality is one of deep and deepening interdependence; the realistic task is not to dismantle it but to govern it better. The ASEAN Power Grid illustrates this exactly, now advancing not through a single regional authority but through pragmatic bilateral and minilateral building blocks. The Lao–Thailand–Malaysia–Singapore project moves hydropower across four borders; Singapore has granted conditional approvals to import more than 8 GW of low-carbon electricity from Indonesia, Vietnam, Cambodia, Sarawak and Australia, much of it via planned subsea cables. Electricity now crosses borders, but ASEAN still has no single operator, regulator or enforcement mechanism. The binding constraint is not ambition; it is the governance of interconnection itself.

THE ANXIETY BENEATH THE STRATEGY

These choices do not unfold in a vacuum. Across the region, allied capitals are absorbing a sharper form of strategic uncertainty. Pressure over burden-sharing, ambiguity over Taiwan, and reviews of forward-deployed forces have revived an old anxiety in Tokyo and Seoul: the twin fears of *abandonment* and *entrapment* that haunt every asymmetric alliance. Japan under the Takaichi government has responded by raising defence spending and deepening economic-security cooperation; in South Korea, the same anxiety has fuelled public debate over independent nuclear options. The lesson Asian states are drawing is not that alliances are worthless, but that no single guarantor can be relied upon absolutely, and that resilience must therefore be built through diversified partnerships rather than dependence on one patron. Energy, minerals and technology are where that hedging is now most visible.

THE MIDDLE POWERS: FROM DEPENDENCY TO ORGANISED INTERDEPENDENCE

The post-Cold War assumption that economic integration would steadily reduce strategic competition now looks inverted. Interdependence has not disappeared. It has been *politicised*. China's calibrated handling of rare-earth controls illustrates the new grammar of power: the October 2025 measures, suspended at the Busan summit but available for reinstatement, exert influence not through blunt embargo but through the licensing and compliance architecture that decides whether material can legally move at all. With the IEA noting that a single country refines, on average, around 70% of supply for 19 of 20 strategic minerals, efficiency optimised around one chokepoint is itself a vulnerability.

The alternative to dependency, however, is rarely autonomy. More often it is **organised interdependence**, and here the middle and advanced economies have a decisive role. This was the heart of President Macron's 2025 Shangri-La keynote, the first ever delivered by a European head of state at Asia's premier security forum. His appeal was for Europe and Asia to build "coalitions of independents," to avoid becoming "collateral victims of the choices made by the superpowers," and, in a phrase that captures the whole logic, to "*cooperate, but not depend*." That is the strategic posture toward which much of the region is already moving.

The instinct is visible in practice. In May 2026, Japan and Australia elevated critical minerals to "a core pillar" of their economic-security relationship, with financing attached and explicit consultation against coercion. South Korea, which has chaired the new Forum on Resource Geostrategic Engagement through mid-2026, has adopted a deliberately dual posture, tightening coordination with allied partners while keeping channels open to Beijing, in the recognition that much disruption stems from administrative friction rather than absolute scarcity. As Canada's Prime Minister told the Australian Parliament in March 2026, in a world of great-power rivalry middle powers face a choice: "*compete for favour or combine for strength*." These are more than declarations. They form the connective tissue of trusted partnerships, diversified ecosystems and transparent standards that the coming decade will require. France, with its own Indo-Pacific presence, is well placed to help weave it.

LEGITIMACY: THE CONSTRAINT THAT BINDS DELIVERY

None of this can be sustained by technological feasibility alone. Across advanced and emerging economies alike, public acceptance, territorial impact and perceptions of fairness increasingly determine whether infrastructure is actually built. Infrastructure delayed by social opposition remains unavailable infrastructure. The point is sharpening as AI-driven electricity demand collides with grids designed for an era of flat consumption. For this reason, the **social licence** highlighted in the Foundation paper deserves attention: a *just transition* that does not leave workers and communities behind is not a moral supplement to strategy but a condition of its delivery.

THE DECISIVE CONTEST

The current transformations carry one central lesson: the decisive competition of the coming decade may not be between energy systems. It may be between **governance systems**: the ability to align infrastructure, finance, technology, institutions and public confidence into coherent action. The future of the transition may depend less on identifying a single winning model than on keeping enough openness and coordination for different models to coexist, a task for which the connecting powers of Asia and its partners are unusually well suited. In the end, the transition will belong to those able to turn complexity into coordination. Much of Asia Centre's current work sits at these junctions. President Macron's state visit to Seoul in April 2026, in the 140th year of Franco-Korean relations, raised the relationship to a global strategic partnership and produced a memorandum on critical minerals supply chains, a nuclear fuel agreement between KHNP and Orano, and joint commitments on artificial intelligence and semiconductors. In Mongolia, where the 2023-2028 bilateral action plan and the Badrakh Energy uranium

project anchor the French presence, a resource-rich democracy is testing what organised interdependence means between two overwhelming neighbours. These threads, together with the critical minerals agreements now linking France, Australia, Japan and Korea, point in one direction: middle powers choosing to combine for strength rather than compete for favour.

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