



OPINION

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Southeast Asian coal market dynamics: Momentum amid energy transition



Demand consistency amid transition pressures

While many countries around the world are accelerating their shift toward clean energy, Southeast Asia continues to chart a different path. The region still relies heavily on coal as its primary energy source.

According to the IEA Coal 2024 report and other compiled data, total coal consumption in Southeast Asia was estimated at around 490 million tons in 2024, and is projected to reach 500-510 million tons in 2025. Four countries — Indonesia, Vietnam, the Philippines, and Malaysia — are the main drivers of this growth. Thailand and Cambodia maintain relatively

stable consumption levels, while Myanmar and Laos are beginning to increase imports to support new power generation capacity.

Vietnam has emerged as the epicenter of growth, with consumption expected to surpass 100 million tons by 2024. Industrial expansion, drought-related hydro constraints, and surging urban electricity demand have made Vietnam one of the region's fastest-growing coal markets — a trend likely to continue into 2025 as imports from Indonesia and Australia rise.

Indonesia remains the largest consumer, with around 235 million tons in 2024, driven by PLN's power demand, nickel smelters, and other industries. The Philippines consumes roughly 45-50 million tons, while

Malaysia remains stable at around 37–50 million tons but is set to increase imports in 2025 due to growing industrial and data center demand.

Coal remains a dominant component of Southeast Asia's energy mix, contributing 50–60 percent of power generation in some countries. With the region's economies expanding at more than 5 percent annually, coal continues to provide affordable energy crucial to industrial and economic development.

Regional coal-fired power capacity is expected to expand by 8–10 gigawatts through 2030, mainly from projects in Vietnam and the Philippines. This will sustain coal demand in the medium term, even as energy transition policies gradually take effect.

Indonesia's coal export trends in the ASEAN market

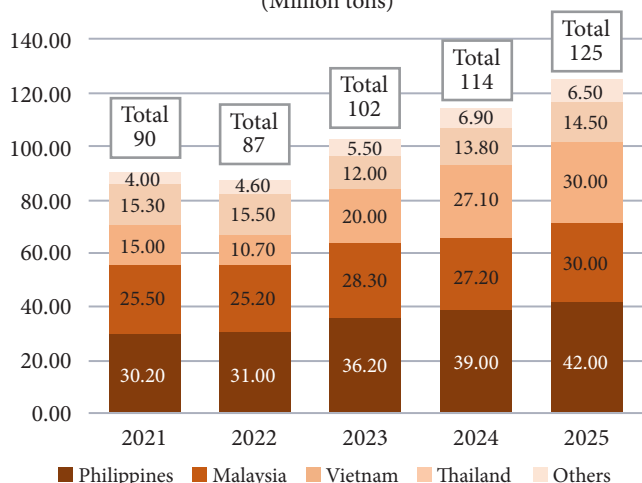
Despite global pressure to reduce fossil fuel reliance, Indonesia has strengthened its position as the leading coal supplier to Southeast Asia. National production in 2024 was estimated at around 835 million tons, with exports at about 558 million tons — around 20 percent of which were absorbed by ASEAN markets, underscoring the region's strategic importance for Indonesian producers.

Over the past five years, Indonesia's exports to Southeast Asia have risen steadily — from about 90 million tons in 2021 to a forecast of over 125 million tons in 2025. The Philippines and Vietnam have been the key growth markets. Exports to the Philippines increased from 30 million tons in 2021 to an estimated 42 million tons in 2025, while Vietnam's imports rose from 15 million to 30 million tons over the same period, largely driven by coal-fired power generation and domestic supply constraints.

Malaysia's imports remain steady at 25–30 million tons per year, while Thailand buys about 12–15 million tons. Emerging buyers such as Cambodia, Laos, Brunei, Singapore, and Myanmar collectively increased imports from 4 million tons in 2021 to an estimated 8.5 million tons in 2025.

Efficient shipping routes from Kalimantan — and now increasingly from Sumatra ports — have enhanced access to ASEAN markets through ocean-going barges. Lower freight costs and shorter transit times

INDONESIA'S COAL EXPORTS
TO ASEAN COUNTRIES,
2021–2025 (F)
(Million tons)



have made Indonesian coal more competitive against Australian and Russian supplies.

Geographic proximity, stable demand, and logistical advantages position Southeast Asia as the most reliable export anchor for Indonesia's coal industry amid a volatile global market.

Challenges and prospects for 2026

While short-term momentum remains strong, the regional market is showing signs of a natural slowdown. Several ASEAN countries have begun to realign their national energy strategies, though implementation remains gradual and tied to domestic economic conditions.

For Indonesia, ASEAN remains the most stable export destination as demand from China and India fluctuates. Entering 2026, consumption in Indonesia, Vietnam, and the Philippines is projected to grow moderately by 3–5 percent, supported by industrial expansion and new power capacity.

However, long-term growth potential will narrow, making cost efficiency, logistics optimization, and supply discipline key to maintaining competitiveness in the regional market.

Closing reflection

Southeast Asia remains both highly dependent on coal and the most stable market for Indonesian exports. This momentum should not only be used to expand trade but also to restructure Indonesia's coal industry toward greater resilience and sustainability.

With vast production capacity, geographic proximity, and increasingly efficient logistics — including the growing use of Sumatra-to-ASEAN ocean-going routes — Indonesia is strategically positioned to remain the region's anchor supplier for the next decade.

However, global energy policy is clearly shifting toward low-carbon pathways. Indonesia's success in the coming years will depend on its ability to balance two priorities: maintaining a strong role in the Southeast Asian coal market while preparing concrete steps toward a cleaner energy economy.

As long as electricity demand continues to grow and renewable technologies have yet to fully replace coal's role, the sector will remain a core foundation of Southeast Asia's energy system — a foundation still black today, but gradually turning toward a greener future.

