Teneo

How the U.S.-Iran War Will Catalyze Southeast Asian Corporates to Define Their Energy Future

Teneo Insights | March 2026



© 2026 Teneo. All rights reserved

How the private sector responds to the Iran war-related energy crisis will define economic competitiveness and shareholder value.

This is a CEO- and board-level issue across nearly all major corporations in Asia due to the cascading effects on energy and power prices across the supply chain and attendant macroeconomic effects. The Iran war is a system shock to Asian businesses, seemingly of greater magnitude after just one month than the impacts of Covid-19. The strategic architecture that Asian democracies built their industrial expansion on is being severely stress-tested. The implications go far beyond energy and petrochemicals, and extend to supply chains, electronics manufacturing, agribusiness, shipping costs, export markets, financing costs, equity markets and country-specific policy risks.

Asia's energy system is not monolithic, so resilience to supply interruption is best viewed by breaking the region into four subregions. First, China's fuel mix is increasingly diversified. It benefits from large-scale deployment of renewables and EVs, significant oil and LNG reserves and the ability to use overland pipelines and or expand coal to address disruptions such as the loss of Qatari LNG. Geopolitically, China is positioning as the "great stabilizer," helping to accelerate renewables to break long-standing dependence on Gulf imports and refined product supplier of last resort. Second, North Asia (Japan and Korea) has greater energy import diversity and stronger LNG and oil reserves than other subregions. Third, South Asia (India, Pakistan, Sri Lanka and Bangladesh) is constrained by extreme exposure to the Strait of Hormuz for LNG, LPG, chemicals and fertilizers, with supplier concentration ranging from 60–95% from Qatar and the Middle East for crude and product flows.

The lesson is clear: overdependence on a single supplier or a single transportation bottleneck undermines energy security and affordability. The focus of this note is Southeast Asia's sharp dependence on LNG imports. As the public sector struggles with the budgetary challenges of energy subsidies, the private sector can respond with a wider range of medium-term, regional strategic actions under management control that will shape shareholder value.

How Exposed Are Southeast Asian Corporations to Sustained Increases in Energy Prices and Inflation?

Energy security is now not only a fundamental national and economic security imperative, but also a board-level risk that must be addressed. Every locally produced gallon of fuel or kWh generated results in increased business model resilience and shareholder value, as well as national autonomy. Consider the difference between Korean semiconductor giants Samsung and SK Hynix and Taiwan's TSMC. Both Korea and Taiwan import the majority of their energy and depend on LNG for power. TSMC committed to sourcing 100% renewable energy for economic competitiveness and energy security. The Korean semiconductor giants that make up 40% of the KOSPI are exposed to national energy prices and lost 20% of their value over two trading days.

Asia's naptha crackers are gulf dependent and petrochemical manufacturing in Thailand, Korea, and Taiwan is grinding to a halt. In India, LPG is being diverted from industry to domestic consumption. Air travel is being restricted as fuel inventories run out. Refined products are being hoarded, creating

lines for gas and cooking fuel. Fertilizer prices are exorbitant, foreshadowing food inflation and insecurity. Since LNG contract prices are based on a three-month lagging index and coal prices are rising now, power prices are poised to rise significantly in the near future. The exceptions are the Philippines and Vietnam, which purchase more LNG on the spot market, with power price increases of 16%+ on top of 50% increases in refined products and cooking fuel that have been the focus of government subsidies, leaving little to support industry.

In 2022, energy price spikes weakened local Asian currencies and so far India, Korea and Indonesia have all experienced currency declines. Since oil and gas are dollar-denominated, depreciating currencies exacerbate the energy price impact for large energy users, squeeze margins and, if power tariff restrictions are imposed, force state-run utilities into debt. The resulting cycle of foreign currency reserve drawdowns, currency depreciation, inflation and potentially higher interest rates can undermine credit ratings, growth and equity valuations.

The uncomfortable reality is that the U.S. military may no longer be able to secure supply lines and existing damage to energy infrastructure cannot be fixed in the short term. This mandates senior management review of how energy supply security, price volatility and macroeconomic factors will affect margins, export competitiveness, future product demand and even core business models, along with what mitigating actions are available. While the energy trifecta of security, affordability and sustainability is the goal, determining the right balance depends on each corporation's business model and risk exposure.

Southeast Asia's LNG Conundrum

Southeast Asia's LNG challenge is to determine how to address the energy trifecta of security, affordability and sustainability now that the clear transition path may no longer be viable. Many countries in Asia relied on LNG for fuel diversification, energy security and low-cost decarbonization. How future Gulf-sourced LNG security is perceived and priced, LNG supplier dependence and alternative primary energy diversification options will weigh heavily on LNG demand destruction or growth.



Globally, 2026 excess supply capacity of approximately 2 Mt per month is inadequate to offset the immediate loss of Gulf exports of 5.8 Mt per month, causing Asia LNG prices to rise from about 10 $/MMbtu to approximately 25 $/MMbtu and pulling EU LNG prices higher as both regions compete for flexible cargoes. Damage to two of Qatar's 14 LNG trains removes 12.8 mtpa from export capacity for two to five years and significantly delays previously

approved expansions projected to add 15.8 mtpa by 2027, rising to 47.3 mtpa by 2030. This leaves the U.S. in a dominant LNG supply position, with approved expansion expected to bring cumulative capacity to 51.8 mtpa by 2027 and 109.4 mtpa by 2030.

South Asia's recent experience with supplier concentration is instructive. Southeast Asian corporates must consider that geopolitical risk tied to LNG reliance on the U.S. has shifted due to tariffs, economic measures and changing global alignments. The rest of the world will add approximately 93 mtpa of new capacity by 2030, but only 44.4 mtpa by 2027. Of this, Indonesian and Malaysian LNG trains account for about 3 mtpa. The market has shifted from a potential LNG glut to a medium-term shortage.

The new imperative is security, meaning safe supply lines may be more important than absolute price. This makes Latin America, Africa, Australia and intra-Asia routes that avoid key waterways such as the Strait of Hormuz and Malacca more viable when adjusted for risk.

The impact of LNG pricing expectations can be seen from the Ukraine war, where Asia LNG prices remained between 25–30 $/MMbtu for much of the year due to Russian supply disruptions affecting EU demand. In the Philippines, Thailand, Singapore and Vietnam, power prices will be significantly affected for some time. The key question is what happens if LNG prices remain in this range through 2026 and settle at around 15 $/MMbtu through 2030 versus approximately 10 $/MMbtu pre-war.

The Visible Hand of Demand Destruction: Private Sector Response

Southeast Asia has abundant untapped resources, particularly renewables, biomass and coal, which become more attractive with higher gas prices and energy security concerns. However, the distribution of accessible energy supply is uneven across countries. Procurable local resources fall short of industrial demand in most countries except Malaysia and Indonesia. Competition for local energy resources such as renewables, coal, biomass and geothermal is already increasing.



A leading indicator is thermal coal prices, which have risen 23% to 145 $/ton since the war began, even as Indonesia increased production targets to 733 Mt from 600 Mt. China's large-scale investment in renewables and electrification, driven as much by security concerns as environmental policy, now appears prescient.

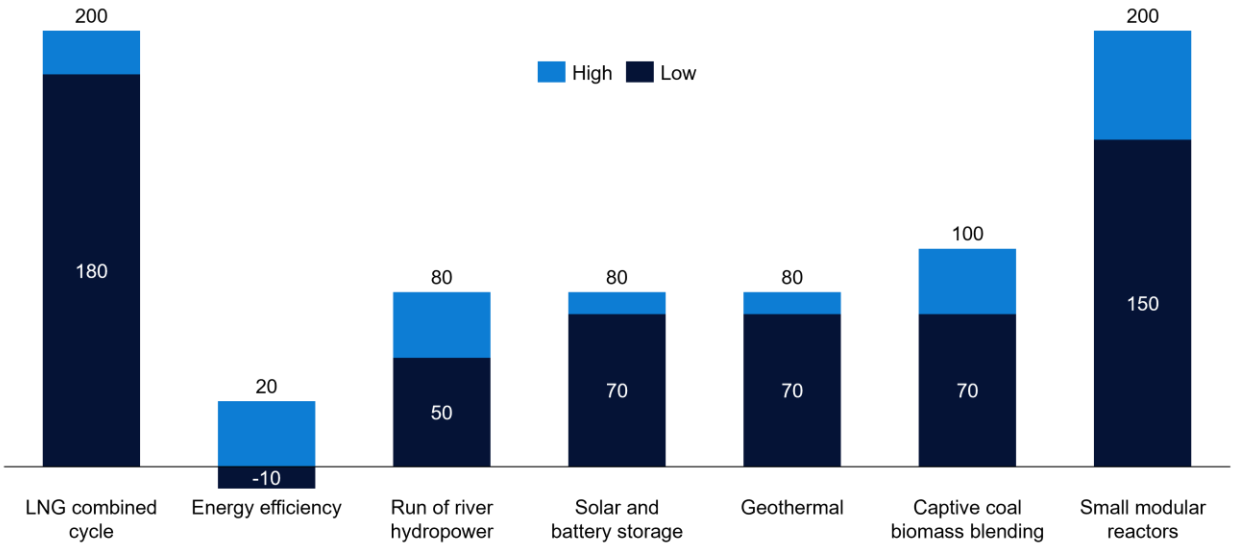
Given the importance of energy security and cost to competitiveness, corporations must rethink dependence on imported fuels and national power systems. This can be addressed through accelerated investment in energy efficiency, vertical integration and consortium-based development of biofuels, renewables and regional fossil fuels. Security risks from war, natural disasters or utility financial instability can be mitigated through behind-the-meter solutions such as captive power, distributed energy and small modular reactors.

Power Sector Implications

Energy economics change dramatically at 15 $/MMbtu, as gas turbine operating costs exceed 100 $/MWh. Combined with supply constraints that have pushed turbine costs above 2,000 $/kW and lead times to six years, the levelized cost of new combined-cycle gas plants exceeds 150 $/MWh. In the near term, several options can be deployed within two years. Energy efficiency measures can lower demand 20–30+% within one to two years at less than 10–20 $/MWh, sometimes even at negative cost given the power savings. Extending the lifetime of coal plants and incorporating biomass blending becomes more viable as to firm solar and battery storage solutions at 70–80 $/MWh.

Geothermal and run-of-river hydropower offer additional options in countries such as the Philippines and Indonesia. If small modular reactors achieve projected costs of around 150 $/MWh, they could provide long-term energy stability for data centers, chemicals and primary metals within industrial parks.

Figure 1: Levelized Cost of Energy of LNG Combined Cycle and Firm Power Alternatives [$/MWh]



Southeast Asia also has extensive biomass and agricultural resources that function as “above-ground reserves.” Studies indicate sufficient biomass to meet aviation fuel demand. Thailand and Indonesia’s success with increased biodiesel blending demonstrates the value of this approach. Advances in sustainable advanced fuel production could benefit from coordinated regional demand to improve scale and reduce costs.

How Vulnerable Are Asian Supply Chains to Disruption and Can They Adapt?

Supply chain risk is complex due to its cascading nature, affecting not only Tier 1 suppliers but also downstream industries and export competitiveness. Asian corporations are particularly exposed to disruptions in petrochemical feedstocks, fertilizers, industrial materials and textiles. Shipping costs, insurance and container availability are also affected.

Initial impacts are already visible and far-reaching. Singapore Aster Chemicals, Indonesia PT Chanda Astri Pacific and Thailand Rayong Chemicals have declared force majeure. Rising chemical and resin prices are affecting SMEs in automotive, packaging and textiles. Long-standing assumptions of low-cost Middle Eastern inputs upon which entire supply chains were built are now being challenged.

Adaptation is further complicated by competing trade pressures such as U.S. tariffs and European carbon mechanisms. This raises questions about the repricing of Middle Eastern raw materials and whether regional alternatives will carry a premium due to improved supply security. Managing raw material volatility will become a core capability that many Asian corporations must now develop.

Decisive Action on Energy Competition and Regional Cooperation Defines the Winners

Asia has reached the tipping point of structural adjustment. Government responses to cushion the current crisis are focused on near-term price increases, both budgets and fuel reserves may soon be exhausted if the war continues, leaving structural competitiveness challenges unresolved. One clear lesson is that companies securing access to scarce local resources gain a lasting competitive advantage and stronger shareholder value.

Shaping the future of choice is a balance between competition for secure, scarce energy resources and regional cooperation to create abundance. Competition for secure energy supplies and transportation routes has already begun for fossil fuels, fertilizers and petrochemicals. Competition is just starting for low cost, firm renewable energy resources. Cooperation will be needed to scale and de-risk new value chains for advanced fuels, LPG, chemicals, biomass, transmission and nuclear plants. Successful adaptation to structural adjustment and shifting regional cost competitiveness is the difference between evolution and extinction. The time to act is now.

Authors



Dan Gabaldon
Vice Chair, Management Consulting and Head of Energy



Emily Stromquist
Managing Director



Kyle Datta
Executive Director

Teneo
The Global CEO Advisory Firm

Teneo is the global CEO advisory firm.

We partner with our clients globally to do great things for a better future.

Drawing upon our global team and expansive network of senior advisors, we provide advisory services across our five business segments on a stand-alone or fully integrated basis to help our clients solve complex business challenges. Our clients include a significant number of the Fortune 100 and FTSE 100, as well as other corporations, financial institutions and organizations.

Our full range of advisory services includes strategic communications, investor relations, financial transactions and restructuring, management consulting, physical and cyber risk, organizational design, board and executive search, geopolitics and government affairs, corporate governance and ESG.

The firm has more than 1,800 employees located in 50+ offices around the world.

teneo.com

© 2026 Teneo. All rights reserved. This material was produced by Teneo for use solely by the recipient. This communication is intended as general background research and is not intended to constitute advice on any commercial investment or trade matter or issue and should not be relied upon for such purposes. The views expressed here represent opinions as of this date and are subject to change without notice. The information has been obtained from sources believed to be reliable but no guarantees can be given as to its accuracy, completeness or reliability. AI-enabled tools may have been used in the preparation of this report to assist with data analysis, content structuring, and editorial refinement. Where used these tools did not operate autonomously and did not replace expert judgment. All outputs were reviewed, validated, and finalized by the report authors, who retain full accountability for the accuracy and integrity of the work. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic or otherwise, without the prior consent of Teneo.