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Indonesia battles declining LNG production as it pursues energy self-sufficiency

Indonesia is south-east Asia's biggest economy and most populous country, home to 273.5 million people. Its energy needs and challenges share many similarities with regional neighbours such as Vietnam and the Philippines: its gas deserves are depleting and to satisfy its growing energy requirements – power demand is forecast to grow by around 6.4% annually until 2028 – Indonesia has turned to coal, of which it has plenty.

In the case of Vietnam and the Philippines, the need to replace domestically produced gas with LNG imports and reduce a heavy reliance on coal has led them to pursue LNG import solutions, with both countries being virgin territory to LNG. In contrast, Indonesia is already home to regas capacity, has more coming online, and relies almost entirely on domestic production to meet its LNG demand.

Another difference is that self-sufficiency is very much at the heart of Indonesia's energy policy, and its energy mix in coming years could be determined by what sources are available within its boundaries. However, although it plans to double its gas production by 2030, its ability to achieve this is far from certain. To fill the gap created in its energy mix by the declining share of gas, Indonesia may have to rely on LNG cargoes from abroad – a solution that is anathema to Jakarta – or increase its hefty coal consumption even more.

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