



Bridging Energy Gaps: Cambodia-Laos's Energy Diplomacy

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Prime Minister Hun Manet's recent official visit to Laos PDR marks a significant milestone in the ongoing efforts to strengthen the bilateral relationship between Cambodia and Laos. Prime Minister Hun Manet visited Laos at the invitation of Sonexay Siphandone, Prime Minister of Lao People's Democratic Republic (PDR). It is significant as they endeavor to enhance their diplomatic ties and delve into fresh opportunities for cooperation across multiple domains such as energy, trade, investment, tourism, and regional security.¹ It is also noticeable to mention that Laos is the 4th Southeast Asian country that Prime Minister Hun Manet paid the visit, since his leadership.

Along with this official visit, HE Keo Rattanak, Cambodian Minister of Mines and Energy (MME), and Phongsobthavy Group Sole Co Ltd signed a Memorandum of Understanding (MoU) for the procurement of renewable energy from the 'Xekhaman II Hydro and Wind Power Hybrid' projects in Laos for Cambodia.²

This has led to new heights of the "Energy Diplomacy" between the two neighbors. "Energy Diplomacy" refers to the foreign efforts undertaken by governments to safeguard a country's

¹ Samban, Chandara. "Manet in Laos to strengthen comprehensive partnership". The Phnom Penh Post. March 25, 2024. <https://www.phnompenhpost.com/national/manet-in-laos-to-strengthen-comprehensive-partnership>

² Nhean, Chamrong. "Kingdom, Laos agree to widen energy cooperation.". *Khmer times*. March 26, 2024. <https://www.khmertimeskh.com/501462332/kingdom-laos-agree-to-widen-energy-cooperation/>

energy security and facilitate business possibilities in the energy sector.³ Prior to this, there have been technical exchanges between HE Keo Rattanak and Prime Minister Sonexay Siphandone and Cambodia entered into an agreement with Laos in 2019 to purchase 2,400 megawatts of power. The power purchase will take place in four phases, with the first phase starting in 2024, the second, third, and fourth phases starting in 2025, 2026, and 2027, respectively.⁴

The Electricity Authority of Cambodia (EAC) has reported that around 48% of the nation's energy output comes from hydropower, with coal-fired power plants contributing about 47%. The sources of electricity used in the Kingdom include hydroelectric dams, coal-fired units, diesel-consuming plants, solar energy parks, and biomass power units. Additionally, Cambodia has planned to transition using natural gas, LNG, or hydrogen as fuel for power generation. Nevertheless, the heavy dependence on hydropower poses notable difficulties, particularly during the dry season when river and reservoir levels decrease. Therefore, Cambodia also imports the energy and electricity supply from Thailand, Vietnam and Laos.

Laos has facilitated electricity transmission to Cambodia through a 115 Kilovolt (kV) transmission line connecting its Champassak province to Cambodia's Stung Treng province. Recently, there is another 500-kilovolt transmission line likely to streamline this electricity transfer process. In the case of electricity supply from Vietnam to Cambodia, the transmission occurs via high-voltage lines to Phnom Penh. Conversely, the electricity from Thailand is routed through lines spanning Banteay Meanchey, Battambang, and Siem Reap.⁵

Understanding the significance of energy access is crucial because it brings about a multitude of advantages. These include alleviating poverty, creating more job opportunities, and enhancing overall well-being, productivity, and living conditions.⁶ According to the 2019 Energy Progress Report by the World Bank, Cambodia has made notable milestones in extending electricity access,

³ Griffiths, Steven. "Energy Diplomacy in a Time of Energy Transition." *Energy Strategy Reviews* 26 (2019): 100386. <https://doi.org/10.1016/j.esr.2019.100386>.

⁴ Chea, Vanyuth. "Cambodia, Laos pledge to boost energy sector". *Khmer Times*. December 1, 2021. <https://www.khmertimeskh.com/50980061/cambodia-laos-pledge-to-boost-energy-sector/> d

⁵ Ibid. See 2.

⁶ Pueyo, Ana, and Mar Maestre. "Linking Energy Access, Gender and Poverty: A Review of the Literature on Productive Uses of Energy." *Energy Research & Social Science* 53 (2019): 170–81. <https://doi.org/10.1016/j.erss.2019.02.019>.

ranking among the four countries that have achieved an electrification rate of approximately eight percent annually since 2010.⁷

In Cambodia, the electricity supply has shown an average yearly increase of 1,770 Gigawatt hours (GWh) from December 2004 to December 2022. The per capita electricity consumption in Cambodia stands at 353 kilowatt-hours (kWh).⁸ In accordance with the SDG 7, the Cambodian government established objectives aimed at achieving universal electrification of villages by 2020 and ensuring that at least 70 percent of all households have access to electricity of grid-quality standards by 2030.⁹ By the end of 2022, there are still 245 villages, accounting for around 1.7 percent of the total, that have not yet been provided with electricity. This is mostly because of topographical difficulties. In addition, almost 88.4 percent of homes had achieved access to power that met the standard of grid-quality by the same time.¹⁰

This recent collaboration with Laos offers Cambodia a strategic opportunity to diversify its energy sources, enhance energy security, promote regional integration, stimulate economic development, and advance sustainable energy goals. In return, it is also helping Laos achieve her dream of becoming the "Battery of Asia". Moreover, there is the possibility of technology transfer and knowledge sharing in the fields of hydropower development and renewable energy. Cambodia can benefit from Laos' experience in hydropower projects, leading to improved project planning, implementation, and management. Joint energy projects with Laos necessitate the development of infrastructure, such as transmission lines and power plants. This infrastructure investment not only enhances energy connectivity between the two countries but also stimulates economic development and creates job opportunities.

In conclusion, Prime Minister Hun Manet's visit to Laos marks a significant step forward in strengthening bilateral ties and fostering cooperation between Cambodia and Laos. The

7 International Energy Agency, World Bank and IRENA. "SDG7 Tracking Energy Progress Report:2020". <https://www.irena.org/publications/2020/May/Tracking-SDG7-The-Energy-Progress-Report-2020>

⁸ Ibid. See 2.

⁹ Ministry of Mines and Energy. "Rural Electrification Fund". December 04, 2004. <https://policy.asiapacificenergy.org/node/2809>

¹⁰ Asian Development Bank. "Cambodia: Energy Assessment Sector, Strategy, and Road Map". December 04 2018: <http://dx.doi.org/10.22617/TCS189801>

discussions and agreements reached during the visit have underscored mutual commitment of both nations to deepen economic, political, and cultural relations. As neighbors with shared historical and cultural bonds, Cambodia and Laos have leveraged this visit to advance collaborative efforts in various fields, including trade, investment, infrastructure development, and regional integration. The visit reaffirms the importance of diplomatic engagements in promoting peace, stability, and prosperity in the Southeast Asian region. Moving forward, it is anticipated that the outcomes of Prime Minister Hun Manet's visit will contribute to the continued enhancement of the strategic partnership between Cambodia and Laos, fostering sustainable development and mutual prosperity for both nations.

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