

**Recommendation #1 [Approved 2/28/2019] on  
The Indo-Pacific Energy Initiative: AsiaEDGE (Enhancing Development and  
Growth through Energy)**

We recommend that the Secretary consider the following specific suggestions to improve the efficacy of the Asia EDGE Initiative for beneficiaries throughout the Indo-Pacific region and for U.S.-based suppliers of relevant goods and services. These include:

- Prioritize initiative activities in those countries with the largest and most dynamic energy markets, where policy and reform initiatives are ongoing and, where many procurement opportunities for U.S. companies will be concentrated. Examples of these countries include Australia, Japan and South Korea among the most developed countries within the region; and India, Indonesia, Philippines, Thailand, and Vietnam as developing country partners, though others may be added to this list.
- Where appropriate, design individual technical, regulatory, and transaction advisory assistance programs emphasizing capacity building activities to strengthen host-country beneficiaries' practical ability to implement power market reforms, manage new and often more complex and distributed energy systems, and financeable procurement requirements.
- Seek opportunities for widespread procurement reform throughout the sector, including initiatives to create evidence-based, best-value procurements that align the interests of beneficiaries and U.S. companies. And further, prioritize the communication of such reforms effectively with Asia EDGE partners, through a whole-of-government approach, with mandates and tools/instruments to encourage and support U.S. commercial participation.
- Where goals are aligned, integrate developed countries within the region, with emphasis on Australia, Japan and South Korea, and multilateral development banks such as World Bank and Asian Development Bank, as valued partners for initiative activities in developing countries.

Sub-Committee:  
Market Access

**Background Information:**

While Asia EDGE activities can be impactful in nearly every country within the region, a small number of countries are proactive, if still cautious, in their approach to energy sector reform and present some of the largest opportunities for meaningful sector reform. These countries (listed above), and others that may also be considered, include both (1) developed markets that are attractive for U.S. business and (2) middle-income countries that can more readily undertake transitions to best-value procurements that are in their national interest and align with increased U.S. commercial interest in the sector in the region.

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Renewable Energy and Energy Efficiency Advisory Committee  
Charter 5, 2018-2020 | Recommendation Fact Sheet

For all countries of the region, substantial capacity building is necessary to improve local institutions' and decision-makers' understanding of the complex changes and rapidly evolving technologies, such as non-wired alternatives, throughout the energy sector. Such capacity building initiatives would include: (1) demonstrating clear linkages to broader strategic concerns such as national security, poverty reduction, economic growth and job creation, and (2) improving local understanding for the new business models and approaches essential to integrate these new technologies and solutions effectively into their energy systems. Capacity building would likely include (1) the use of embedded advisors in key institutions, (2) regional knowledge exchange activities to share information and examples throughout the region, and (3) periodic exchanges with U.S. businesses. Asia EDGE should leverage existing formats for such exchanges and potentially develop more innovative approaches to encourage familiarity and confidence among local officials, sector professionals, and representatives of relevant U.S. companies.

The current state of public procurement in the energy sector in Asia is characterized by at least three common deficiencies: (1) input-driven specifications that do not allow for alternative, often innovative, approaches for the delivery of appropriate solutions; (2) least-cost based procurements that often times fail to consider life-cycle costs and other performance differences; and (3) tenders and other procedures that are non-transparent or discourage widespread competition. A transition to more effective public procurement methodologies would result in improved results for the energy sector in such areas as cost and quality, and increased opportunities for U.S. firms. The effective communication of such reforms to U.S. companies through the Asia EDGE whole-of-government framework is another important element. Thereby, it will maximize the near-term and sustained impact of such reforms on energy systems throughout the region and on commercial business participation by U.S. companies.

The participation of developed country partners in the Asia EDGE Initiative and its goal to support sustainable and secure energy markets throughout the Indo-Pacific, will complement the participation of U.S. whole-of-government partners. These partner countries can bring additional technical and financial support resources and tools to enable this transformation and where appropriate can reinforce priority reform initiatives throughout the region.

**Expected Effect on U.S. Export Competitiveness:**

Each of these recommendations, which serve to substantially reinforce one another, will have the specific effect of increasing U.S. export competitiveness in the region.

- The focus on the largest and most sophisticated markets will concentrate technical assistance and support activities in those program countries that have the greatest potential as destination countries for U.S. exports, encouraging U.S. firms to similarly focus their marketing and sales activities in those same countries.
- Technical assistance programs with significant capacity building activities will directly result in the creation of more opportunities for new technologies and solutions to be deployed in these markets, which correlates to the specific portions of the energy sector for which U.S. firms can expect to be most competitive in exporting to the region.
- Improvements to procurement practices will result in a greater share of procurement opportunities being of legitimate interest to U.S. firms, further contributing to U.S. exports to the region.
- Finally, the participation of developed countries of the region will bring additional technical resources and political leverage and support for essential market reforms, contributing to U.S. exports throughout the region.