

INSIGHT SOUTHEAST ASIA

Looking Eastwards From New Delhi



MANOHAR PARRIKAR INSTITUTE FOR
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Overview

In March 2026, the Indo-Pacific and Southeast Asia region experienced a sharp convergence of energy insecurity and strategic realignment following the escalation of the US–Israel–Iran War, which disrupted global oil supplies and prompted the Philippines to declare a national energy emergency. Facing acute dependence on imported fuel, Manila has cautiously reopened discussions with China on potential joint oil and gas exploration in the South China Sea, a notable shift despite ongoing territorial disputes. Moreover, Singapore and Australia agreed to work together to ensure flow of diesel and natural gas. At the same time, regional security cooperation is intensifying: France and the Philippines have strengthened defence ties, Australia and New Zealand are deepening military coordination, and Indonesia and Australia are working to expand a broader security framework that may include Japan and Papua New Guinea. Together, these developments highlight how energy shocks are accelerating both diplomatic pragmatism and the formation of defence networks across the Indo-Pacific region.

The Philippines' President declared an energy emergency amidst the US-Israel war on Iran

In reaction to the US-Israel war on Iran and what he saw as the "imminent danger" to the nation's energy supply,

Philippine President Ferdinand Marcos Jr. proclaimed a national energy emergency. The emergency declaration coincided with a walkout by consumer organisations, commuters, and transportation workers in the Philippines in protest of rising fuel costs and the Marcos administration's alleged inaction.

After local diesel and gasoline prices more than doubled since the conflict started on February 28, the Philippines, which imports 98% of its oil from the Gulf, became the first nation to declare an energy emergency.

The effective blockade of the Strait of Hormuz, a vital shipping route, and the US-Israel confrontation with Iran have sent shockwaves through the world's energy markets, resulting in shortages and price increases. The government would have the legal right to enact policies to guarantee energy stability and safeguard the economy as a whole through its emergency declaration.

The Philippines is considering Joint Oil Exploration with China in the South China Sea

Philippine President Ferdinand Marcos Jr. stated in an interview with Bloomberg on March 24 that his nation was thinking about working with China on joint gas development, especially in the western portion of the country's exclusive economic zone (EEZ). The current oil crisis may work as a

"motivator" for Beijing and Manila to come to a consensus and settle their long-running territorial conflict.

The cooperative energy exploration between the two countries has been suggested before as well. China and the Philippines were about to embark on a cooperative oil and gas exploration project in the West Philippine Sea during the former Rodrigo Duterte government. However, since it was determined that the proposal violated the Philippine constitution, it was ultimately abandoned in 2022.

The discussions aim to tap into potentially rich energy reserves and help meet the Philippines' growing energy needs, while China promotes joint development as a way to cooperate despite ongoing territorial disputes. However, the issue is highly sensitive due to sovereignty concerns. Legal restrictions within the Philippines, domestic opposition, and continued maritime tensions in the region make any deal complex and uncertain.

Singapore and Australia agreed to work together to ensure flow of natural gas and diesel

Singapore and Australia will intensify their efforts to improve the resilience of their supply chains and guarantee the consistent flow of essential commodities, such as diesel and LNG.

Along with Qatar, the US, and Russia, Australia is one of the top producers of

LNG worldwide. LNG is traded internationally, and as buyers vie for few cargoes, supply disruptions can swiftly spread throughout other regions.

This is important because 95% of Singapore's electricity is produced using imported natural gas, which includes pipeline gas and LNG from nearby nations. In addition to exploring options for a future legally enforceable commitment encompassing bilateral procedures like consultation and early notification in case of potential disruptions, Australia and Singapore will expedite negotiations on an arrangement on trade in vital supplies. This aligns with the Comprehensive Strategic Partnership 2.0 joint declaration made by Australia and Singapore in October 2025.

France, Philippines strengthen defence cooperation with a new agreement

France and the Philippines signed a Visiting Forces Agreement (VFA) that permits their armed forces to engage in joint drills on each other's territory.

This agreement is Manila's first with a European nation. In an effort to confront China's assertiveness in the South China Sea, the archipelago nation has signed similar accords with Canada, Japan, and New Zealand in the last two years. The agreement will serve as the primary document to facilitate a wider range of defence cooperative activities between

the French and Philippine armed forces on either country's territory

In the South China Sea, where Beijing has broad claims that include regions the Philippines claims are within its exclusive economic zone, Manila has been fortifying its stance. For its part, France has been eager to provide the Philippines with defence equipment, such as coast guard ships and submarines. This agreement is part of the Philippines' broader strategy to expand security partnerships beyond traditional allies amid rising tensions in the South China Sea, while France is increasing its strategic presence in the Indo-Pacific region.

Australia and New Zealand deepen their defence cooperation

Australia and New Zealand held their third Defence Ministerial consultations in Canberra. Strengthening Australia and New Zealand's long-standing partnership in the face of a complicated global security environment, especially recent events in the Middle East, was the main topic of discussion.

The joint statement released by Deputy Prime Minister Marles and Minister Collins titled "ANZAC 2035: Operationalising the Alliance" was a high point of the consultations. By 2035, the Australian and New Zealand Defence Forces will function as an increasingly integrated, combat-capable

ANZAC force while fully respecting each country's sovereignty, according to the statement, which lays out a clear ten-year roadmap for deeper defence partnerships

It builds on their longstanding alliance under the ANZUS Treaty and focuses on joint training, shared capabilities, coordinated responses to regional threats, and stronger engagement in the Indo-Pacific. The move reflects growing concerns about regional security and highlights both countries' commitment to maintaining stability and a rules-based order in the Pacific.

Indonesia and Australia plan to expand their security cooperation to include Japan and Papua New Guinea

Indonesia and Australia are working to expand their security cooperation by bringing in partners like Japan and Papua New Guinea, signalling a shift toward broader regional collaboration in the Indo-Pacific. The idea is to move beyond bilateral ties and build a more flexible, multilateral security network focused on areas such as maritime security, disaster response, and regional stability. This reflects growing concerns over strategic competition and security challenges in the region, and aligns with efforts by like-minded countries to strengthen coordination while maintaining an open and rules-based order.