



**THE POLITICS OF HYDROPOWER PRODUCTION IN
THE MEKONG RIVER**

BY

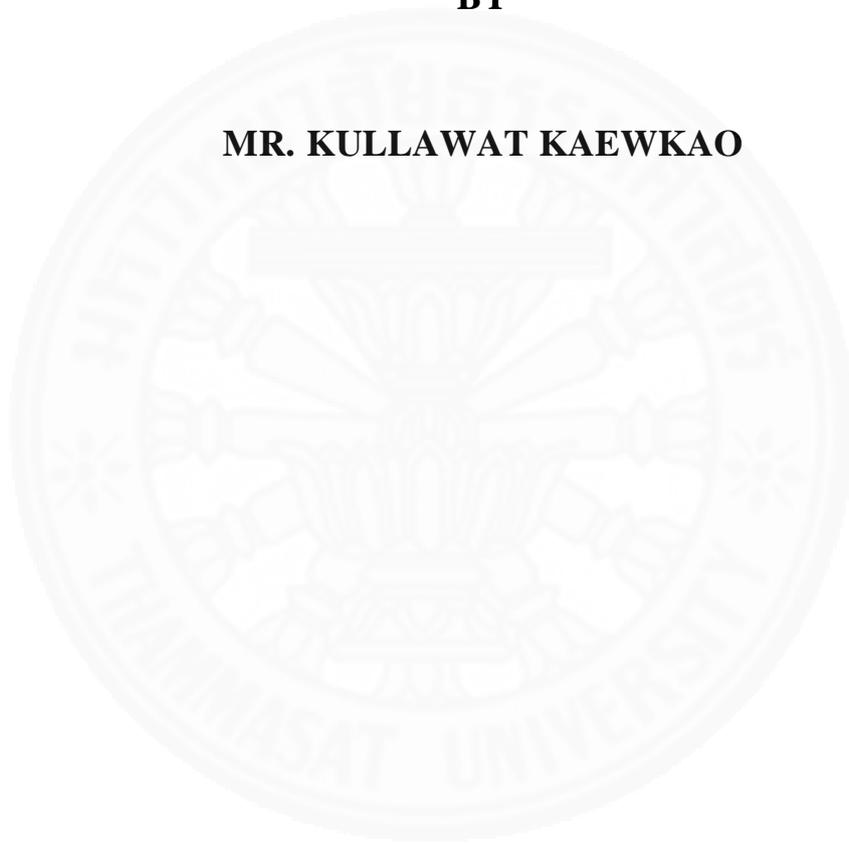
MR. KULLAWAT KAEWKAO

**A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTER OF
POLITICAL SCIENCE IN INTERNATIONAL RELATIONS
FACULTY OF POLITICAL SCIENCE
THAMMASAT UNIVERSITY
ACADEMIC YEAR 2017
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ENTITLED

THE POLITICS OF HYDROPOWER PRODUCTION IN THE MEKONG RIVER

was approved as partial fulfillment of the requirements for
the degree of Master of Political Science in International Relations

August 11, 2018

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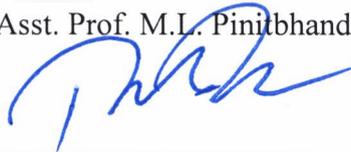
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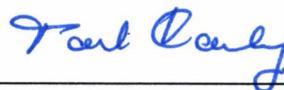
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Degree	Master of Political Science
Major Field/Faculty/University	International Relations Faculty of Political Science Thammasat University
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Academic Years	2017

ABSTRACT

After Xi Jinping came to power in late 2012, China changed its strategic position from ‘keeping a low profile’ to becoming a ‘global leader’ in international affairs. Hegemonic ambition drives China’s revisionist policies and continues to shape the peaceful international environment in order to support economic expansion in pursuit of the “Chinese Dream”. China is also playing a bigger and constructive role seizing the opportunity to initiate a new mechanism with its Chinese style and characteristic to rule the world.

Among the tensions and criticisms is over water grabbing in China’s Lancang cascades. The Lancang-Mekong Cooperation (LMC) is a peaceful strategic mechanism to deepen and sustain friendly favorable sub-regional environmental relations between China and Mekong states; ensuring long-term economic growth and state rejuvenation.

By using this constructive role, rather than pushing for the enforcement of rules, China has reshaped the Mekong hydro-political landscape. The embedding of the China-led regime, namely the *LMC Regime*, has created a multi-layered regime for riparian states to comply with. The LMC regime is an interest-based regime. It is a public good that provides opportunities for all Mekong states to meet their mutual interest of development in general and on water utilization in particular. China aims to overshadow its governance style in the most vulnerable political issue in the Mekong sub-region. It is challenging other existing regimes, namely; the *MRC Regime* and

UNWC Regime, which are rule-based regimes based on the principles and rules written in the Mekong Agreement and the UN Watercourse Convention. It contains substantive rules and regulations on water utilization. Its effectiveness in international river governance and environment protection is debatable.

China's constructive role in the LMC Regime has molded the shape of the regional environment in the Mekong hydropolitical landscape, which is more peaceful and trustworthy and has created mutual understanding between China and Mekong states based of good neighborliness. The LMC Regime offers an *alternative platform*, with China as the leader of the group, for negotiating and discussing common interests and water resources management planning between Mekong states and China. The LMC Regime has remolded the Mekong states' perception of China from hostile to cordial and has unleashed China's soft power, which has deepened economic relations and boosted trade and investment with Mekong states, especially CLMV countries. Simultaneously, China is able to adjust rules and norms in water utilization, allowing China to get involved in hydropower development schemes in the Mekong River region in the future more easily. The LMC is an engine of China's Grand Strategy and it shapes the environment to be the peaceful and friendly between China and the Mekong states.

Keywords: Lancang-Mekong Cooperation, Mekong River, China's Grand Strategy, Regime, Hydropolitics

ACKNOWLEDGEMENTS

I would like to express my very great appreciation to my kind and patient advisor, Assistant Professor Dr. M.L. Pinitbhand Paribatra, for his valuable and constructive guidance during the writing process of this thesis. I would also like extend my thanks to the other distinguished members of the thesis committee for their in-depth knowledgeable advice and fruitful perspectives, which polished my framework. I deeply appreciate the support and encouragement my parents gave me during the completion of this work. Furthermore, my special thanks are extended to my MIR16 friends for cheerfully supporting me since the early day of writing this thesis.

Mr. Kullawat Kaewkao

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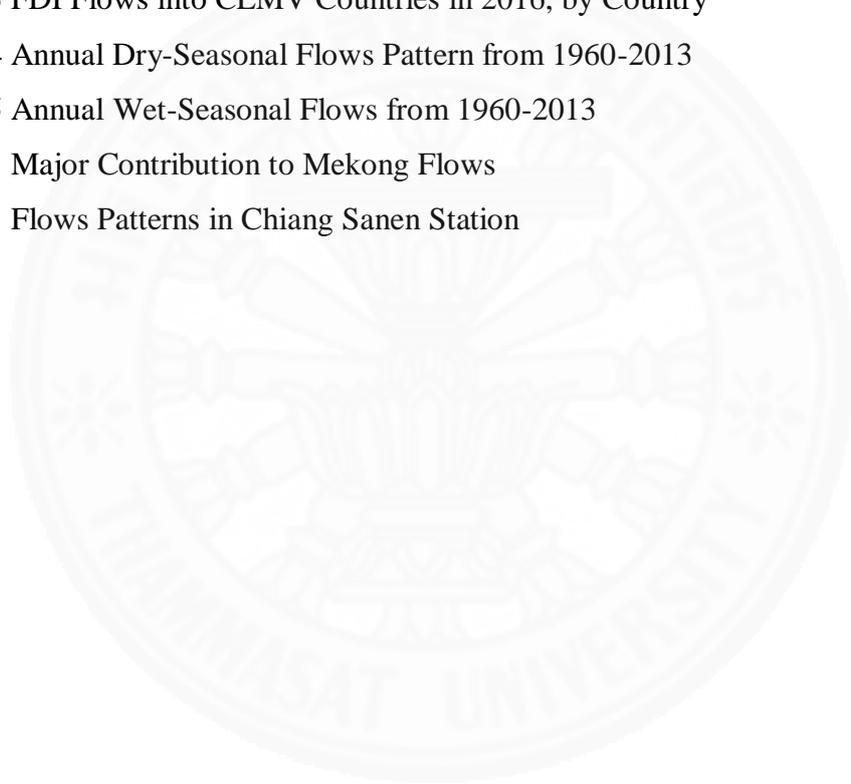
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CHAPTER 1

INTRODUCTION

1.1 Background and Significance

Trans-boundary river management is one of the most difficult issues in cooperation between riparian states. Geographical characteristics and river flow, upstream and downstream, affect regional governance between riparian states who share water resource management responsibilities. Sometimes problems or dilemmas arise due to upstream and downstream dynamics. Actually, there are 276 trans-boundary river basins around the world. Not many of them have cooperative frameworks for water resource management.

The trend of hydropower development has been a worldwide challenge for transboundary river governance and has shaken international politics. Trans-boundary river management creates upstream and downstream asymmetric power structures. Any upstream activity might harm lower waterways. Since energy is necessary for the economic and urbanization development of sovereign states, hydropower can fulfil the advancement of states. Hydropower is a trending topic that has been at the center of many debates. The construction of hydropower dams can cause significant harmful effects on international rivers, e.g., the environment, water quality and quantity, fisheries, sedimentation for agriculture fertilizer, as well as socio-economically in reservoirs and downstream areas.

The Mekong River is not excluded from this trend. The Mekong River is 4,350 km. long and originates in the upper reaches of the Tibetan Plateau, flowing through six riparian states; namely China, Myanmar, Thailand, the Lao PDR, Cambodia and Vietnam. Each riparian state contributes water to the mainstream flows, at around 16, 2, 35, 18, 18, and 11 percent respectively. It is made by two partial waterways, the *Lancang River* in China and downstream, the *Mekong River*. It forms the 12th longest river in the world with abundant water resources and great potential in hydropower development. A series of hydropower dams are spreading rapidly to produce electricity to feed state development.

Surely, international civil societies keep their eyes on the upstream portion of the Mekong, or *Lancang River* in Chinese territory, which has a high potential for hydropower development. China has unilaterally constructed a series of hydropower dams on the Lancang River and uses flow of the river for generating hydroelectricity without any concern or consultation from other riparian states downstream. The ‘cascades’ has been criticized worldwide, particularly from lower riparian states due to its significant negative downstream impact on the environment, fisheries, sediment, and flow patterns, as well as the livelihoods along the waterways. The cascade of hydropower dams has been completely finished and is ready for generating power. The Mekong River Commission (MRC) reports that there are 37 operating and planned hydroelectric dams on the Lancang River; 10 in Qinghai Province, 13 in Tibet and 14 in Yunnan Province.¹ The gigantic Lancang hydropower dams in Yunnan Province consist of Gongguoqiao, Xiaowan, Manwan, Dachaoshan, Nuozhadu, Jinghong and Galanba. They were gradually installed and commissioned from 1996 to 2012. International observers have kept concerned eyes on the operations of these Lancang cascade dams, which have a high capacity to generate electricity and may have a considerable negative impact downstream, particularly regarding changes of flow patterns. Other dams, located in the upper Lancang area close to the Mekong’s source in Qinghai Province and the Tibet Autonomous Region, are planned and in the preparation process, but are rather insignificant at this point. They have low power generation capacity and are at proposal stage. Myanmar has no potential development in Mekong mainstream hydropower dams.

In the Lower Mekong, lots of hydropower dams have been constructed and planned, especially in the Lao PDR. The first mainstream dam in the Lower Mekong was the Xayaburi Dam, which started planning and construction in 2010, followed by Don Sahong Dam in 2013. Both are in the process of construction. The Laotian government announced a national plan to develop a series of mainstream dam construction projects in its sovereign territory, so has Cambodia. Sadly, Thailand does not have geographical potential for hydropower development in the Mekong

¹ Mekong River Commission, “The ISH 0306 Study Development of Guidelines for Hydropower Environmental Impact Mitigation and Risk Management in the Lower Mekong Mainstream and Tributaries,” 1st Interim Report – Final, 2015, 16, <http://www.mrcmekong.org/assets/Uploads/ISH0306-Volume-1-Final-Guidelines2.pdf>

mainstream because it does not flow through Thailand's territory, but it forms a natural border between Thailand and the Lao PDR. Vietnam also does not have the potential for Mekong mainstream hydropower dam development due to its unique geography. The Mekong forms the Mekong Delta floodplain in Vietnam, which is full of nutrient rich soils and sediments for cultivation.

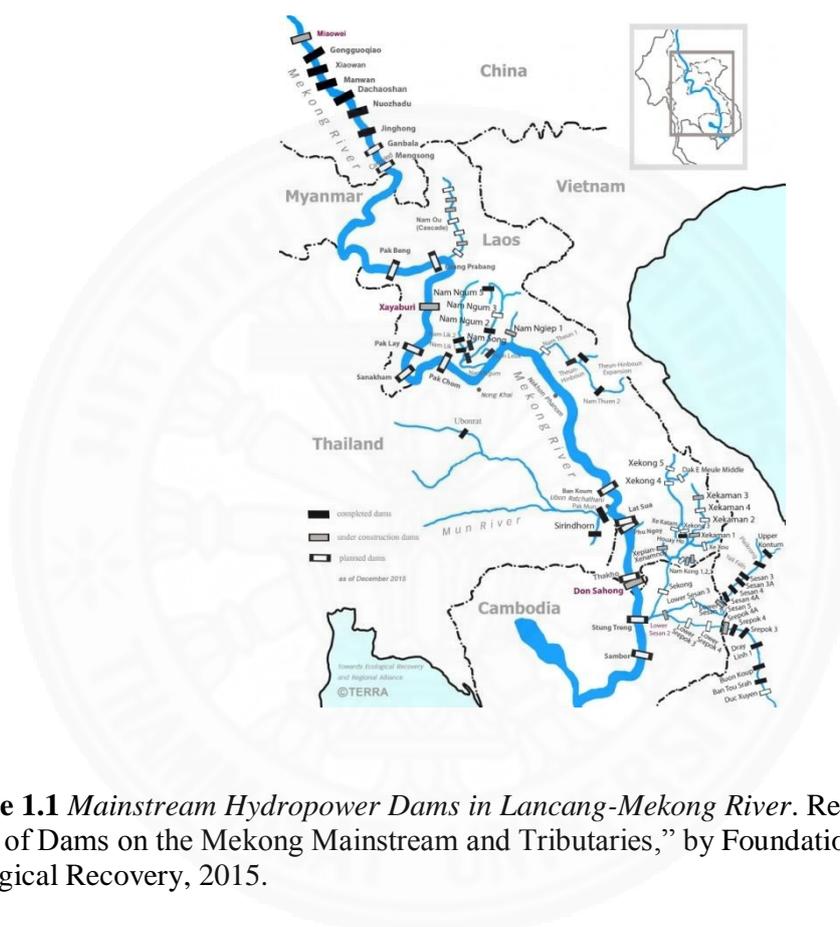


Figure 1.1 Mainstream Hydropower Dams in Lancang-Mekong River. Reprinted from “Map of Dams on the Mekong Mainstream and Tributaries,” by Foundation for Ecological Recovery, 2015.

Four downstream riparian states established the institutional mechanism called the Mekong River Commission (MRC) in 1995, which aims to spur cooperation among the member states for “mutual benefits in areas of sustainable development, utilization, conservation and management of the Mekong River Basin water and related resources”. They signed ‘the Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin’ as a legal basis for cooperation. The MRC is a sub-regional platform for water diplomacy and negotiation on sharing common benefits on water resources and water-related resources use/utilization

through various fields of cooperation. Its purpose reflects the riparian states' commitment on the establishment of this Mekong Regime. China and Myanmar have not fully joined the MRC, but maintain their upstream riparian status as 'Dialogue Partner'.

Lower Mekong riparian states face challenges from China's rapid hydropower development scheme. The Lancang cascades have been constructed one by one for hydropower production purposes, which might cause negative impacts downstream. Without joining the MRC, there is no other diplomatic platform or mechanism to negotiate with China. Presently, they are also facing the same challenges in their own territories. The spreading of mainstream hydropower schemes in the Mekong, especially the construction projects of Xayaburi (2012) and Don Sahong dams (2014) in Laotian sovereign territory, have caused significant harmful effects downstream. That is testing the effectiveness of the MRC, while getting more pressure from the new common challenge of hydropower development and water grabbing by China.

In 2014, China and the other five Mekong riparian states reached an agreement to establish a new comprehensive strategic partnership of cooperation, namely the Lancang-Mekong Cooperation or LMC for short². The framework is considered as a new regional mechanism with sub-fields of cooperation to promote regional integration between China and the five lower Mekong riparian states, reflecting China's geopolitical strategy to engage and make closer ties with its Mekong neighboring countries, under the slogan, 'shared water, shared future'. The LMC has been given the Chinese nickname, 'blueberry, since the mechanism sounds like the nutritious fruit 'blueberry' in Chinese.³ The hope is that the delicious fruit will grow and bear fruitful results for all six member states.⁴ The scope of cooperation is called '5+3 cooperation', which is derived from the five priority areas and the three

² In contrast, Lower Mekong states call this framework "Mekong-Lancang Cooperation or MLC"

³ Wang Hui, "Water Flow Will Help 'Blueberry' System Bear Healthy Fruits," *China Daily Asia*, May 5, 2016, http://www.chinadaily.com.cn/opinion/2016-05/05/content_25071390.htm.

⁴ Ministry of Foreign Affairs of the People's Republic of China, "Five Features of Lancang-Mekong River Cooperation," March 17, 2016, http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1349239.shtml.

pillars of cooperation. It is hoped that the LMC will promote consistent synthesis on regional integration and connectivity with other preexisting frameworks, such as the Mekong River Commission or the Greater Mekong Subregion (GMS) Economic Cooperation Program.⁵

The LMC, like other frameworks, seems to be one of China's regional expansion strategies to create its dominant sphere that promotes regional integration and economic growth. However, there is only one reason to believe that the LMC differs from other regional framework. China places water resource cooperation as one of its priority areas and plays a leading role in driving it. In the past, China ignored full involvement in transboundary river governance. The LMC leaves suspicion on China's political purposes and water resource cooperation. There is criticism concerning China's water grabbing for hydroelectricity production in Lancang hydropower dams. This paper raises questions of China's ambition and role in water resource cooperation under the LMC and hypothesizes that this emerging mechanism could reshape the hydro-political landscape in the Mekong River forever.

1.2 Research Question

How does the emerging of the Lancang-Mekong Cooperation (LMC) mechanism shed light on the changes of the Mekong hydro-political landscape?

1.3 Hypothesis

China uses the LMC to enforce new rules that reshape the Mekong hydro-political landscape in order to suit its self-interests.

⁵ Ministry of Foreign Affairs of Thailand, "Joint Press Communiqué of the First Lancang-Mekong Cooperation Foreign Ministers' Meeting," Jinghong, Yunnan, China, November 12, 2015, <http://www.mfa.go.th/main/contents/files/media-center-20151117-123745-981913.pdf>

1.4 Scope of the Study

This thesis highlights implications of the LMC which was initiated by China in late 2014. So, the main period of study is from 2014-2018. It will be focused on China's ambition and efforts to promote the LMC, examine the characteristics of the new rules, and on its enforcement, which assumedly has the capacity to reshape the Mekong hydro-political landscape. However, this 4-year old mechanism is too fresh to explore in-depth, have long-term impacts on the Mekong hydro-political system examined, or Mekong states' reactions to it. These will be limitations of this research.

1.5 Methodology

The research applies theoretical descriptive analysis as a qualitative methodology for analyzing the case. Documentary analysis is used for decoding China's intentions, interests, and strategic policies regarding the issue. Documentary sources, possibly including primary and secondary sources, will be used. Primary sources may include official statements, speeches, meeting minutes and records from the Thai National Mekong Committee (TNMC), China's Ministry of Water Resources, China's Ministry of Foreign Affairs, and the Ministry of Foreign Affairs of Thailand. Secondary sources are from publications, online journals, and news sites, such as the news released by the Ministry of Foreign Affairs of China.

The paper will develop a combination of two conceptual frameworks, China's Grand Strategy and Regime Theory, to possibly provide a full-flavored framework to analyze the case.

CHAPTER 2

THEORETICAL FRAMEWORK AND LITERATURE REVIEW

This chapter conceptualizes the research framework, which is a combination of China's Grand Strategy and Regime Theory. It also identifies the 'Mekong Watercourse Regime' and China's participation in the existing regime. Furthermore, a series of reviewed literature focused on China's hegemonic ambition and interests in the Mekong-sub region will be covered to set up the research background on China's ambition and interests concerning the Mekong hydro-political landscape.

2.1 Conceptual Framework

2.1.1 China's Grand Strategy

There are many perspectives and definitions about National Grand Strategy. According to Simon Norton, Grand Strategy is "*an integrated and coherent set of ideas about a state's ultimate objectives in the international system, and how it should go about achieving them*".

¹ Further, Nadège Rolland elaborates that "*a grand strategy reflects the vision that a state has for itself and for its desired position in the international system, and it is meant to shape the international environment in a way that benefits the state's long-term strategic objectives*".² China's core Grand Strategy is not just simple strategic plans; rather, it is a long-term guidance and direction of state policy to reach all interests from the economy, domestic politics, and international affairs. Sometimes, it is hard to pose a clear definition because official documents are not labeled as 'state's grand strategy', but it exists in leaders' minds and actions, which are available sources for scholars and researchers to decrypt.

¹ Simon Norton, "China's Grand Strategy," China Studies Centre, the University of Sydney, Sydney, Australia, 2015, 4.

² Nadège Rolland, "The Belt and Road Initiative: China's Grand Strategy?," *China Analysis*, October 2017, 5.

China's Grand Strategy (CGS) is an incremental evolution of policy-integrating process bonding short-term and long-term coherent policies and strategies of each generation of Chinese leadership to pursue national ultimate goals and its position on the international stage. Wang Jisi points out that National grand strategy must respond to a state's core interests, external threats threatening them, and how to safeguard them.³ For China, Dai Bingguo clarifies China's three core interests, namely, "*China's political system and social stability; ensuring sustainable economic and social development; and state sovereignty, national security, territorial integrity and national reunification*".⁴ Consistently, Wang Jisi, a Chinese thinker, also defines China's three core interests as including, "*sovereignty, security and development*".⁵ So, China's core interests are clear, but safeguards and strategies are differently adopted in different contexts of threats in each period of time.

2.1.1.1 Keep a Low Profile and Peaceful Development

Scholars agree that the basis of CGS has clearly evolved since the end of 1970 when Deng Xiaoping called for reform and to open up the state. Deng simply wanted to reform China to be modern. He concentrated on economic development and domestic priority to construct the state's fundamental basis at home, while staying away from any moves in international politics because, at that time, China was not strong enough to balance Western predominance. China was keeping a low profile.⁶ Deng guided the state to *keep a low profile*, make an effort to build friendly and faithful cooperation, and good relationships with other states; rather than being a foe regardless of different political ideologies. A peaceful international environment and a non-confrontational posture would consolidate China's steady economic growth at home.⁷ Deng designed a *three-stage strategic idea* for transforming China into a socialist modernized state. The grand strategic goal of China's economic development for the next 50 years was embracing globalization,

³ Wang Jisi, "China's Search for a Grand Strategy: A Rising Great Power Finds Its Way," *Foreign Affairs* 90, no. 2 (2011): 72.

⁴ Dai Bingguo, "Adhere to the Path of Peaceful Development," USC US-China Institute, December 6, 2010, [http://china.usc.edu/dai-bingguo-\"adhere-path-peaceful-development\"-dec-6-2010](http://china.usc.edu/dai-bingguo-\).

⁵ Jisi, "China's Search," 68.

⁶ Angela Stanzel, "Grand Designs: Does China Have a Grand Strategy?," *China Analysis*, October 2017, 2.

⁷ Jisi, "China's Search," 70.

modernization and openness. The first step was to double the 1980 Gross National Product (GNP) by 1981-1990, and, second, re-double GNP again by the end of 20th century. And, third, by the mid of 21st Century, the GNP per capita should catch up with the level of medium-developed countries. These three stages of development indicate China's ambition to make great efforts and visions to reform its state by prioritizing economic development. After reaching the targets, great changes will take place. China's GNP will shift up the world rankings, overall national financial strength will be consolidated, and standard of living will be improved.⁸ The first goal was achieved by the end of the 1980s, and so was the second goal by 1995, which was a strong foundation for the next step of development.

Since its economic reform and opening up, Chinese leaders have always prioritized economic development at home while maintaining Deng's policy of keeping a low profile in international affairs as its grand strategy. In international affairs, China requires a stable and peaceful environment. Jiang Zemin (1993-2003) introduced China's new security diplomacy, labeled as cooperation, multilateralism and regionalism to maintain a peaceful external environment as a condition for sustaining its continued growth while simultaneously reducing the sense of distrust or opposition among global communities towards China itself.⁹ China has to safeguard its continued growth from external threats, such as the post-cold war world order. The presence of the US military in Asia, the US-Japan security alliance, western sanctions from the Tiananmen Square massacre, Tibet and Xinjiang violent riots, might jeopardize China's reputation globally and make the economic development scheme unsustainable. China uses diplomatic efforts to maintain peaceful relationships, their status among other states and increasing the levels of engagement in multilateral forums. China has improved its ties with the Association of Southeast Asian Nation (ASEAN) member countries, established the Shanghai Cooperation Organization (SCO) in 2001, and has played a bigger role in multiple negotiation platforms, such as the Six Party Talks concerning the North Korean

⁸ Osman Suliman, (ed.), *China's Transition to a Socialist Market Economy* (Westport, CT: Greenwood Publishing Group, 1998), 10.

⁹ Chien-peng Chung, "The Shanghai Co-operation Organization: China's Changing Influence in Central Asia," *China Quarterly* no.180 (2004): 989-1009.

nuclear weapon program.¹⁰ China seized the chance to integrate with the world economy by becoming a member of the World Trade Organization (WTO) in 2001. China's gradual integration and engagement in the world's economy would help consolidate its power at home.

The rapid growth of its economy, China's Rise, alarmed other states who feared China's empowerment of its military capabilities, which could protect its core interests. This might trigger neighboring states and preponderant powers to fear a balance of power and power shift that might shake the peaceful international environment. To counter this concern, Chinese President Hu Jintao (2003-2013) articulated 'China's Peaceful Rise' concept, stressing China's desire to develop itself in a peaceful manner and in a peaceful international environment, rather than gaining global hegemony. This concept turned into China's peaceful development instead of its rise. Chinese leaders always stress that sustainable economic growth could not be achieved without stability and a peaceful environment regionally and internationally. They shift from conventional power politics into independent peaceful cooperation. China adopted the strategy named, 'the development path to a peaceful rise', or in short, 'peaceful development' that suited its conditions and belief that a country's development needs a peaceful environment to run smoothly.¹¹ China had to have a stable and peaceful international arena as a foundation for supporting its 'going out' strategy, i.e. promoting outward and overseas investment, which would be a major part of expanding China's liberalization. To achieve this goal, China reiterated and convinced the international community that China's Rise would be peaceful and mutually beneficial for the world.

Xin Li and Verner Worm claims that "China gradually adopted a soft power strategy to facilitate a peaceful rise" and "there are six Chinese soft power elements, namely culture, political values, the development model, international institutions, international images and economic temptation and

¹⁰ Stanzel, "Grand Designs," 2.

¹¹ Zheng Bijian, "China's "Peaceful Rise" to Great-Power Status," *Foreign Affairs* 84, no. 5 (2005): 19.

manipulation through three diplomatic channels; formal, economic and public”.¹² Military confrontation is too costly for China. The strategic choice for the rising of soft power is powerful diplomatic tools to engage with the international arena in a peaceful environment, which could offer mutual advantageous benefits to China and its partners. To maintain the low profile strategy, peaceful development is supposed to be a core tenet of CGS.

Doubtlessly, Peaceful Development is a core part of CGS, which could describe China’s strategic direction and its position on the international stage. The Chinese government publicized the White Paper of China’s Peaceful Development in 2011, which is the blueprint for the CGS framework. It imposes that “China should develop itself through upholding world peace and contribute to world peace through its own development.....It should seek mutual benefits and common development with other countries in keeping with the trend of economic globalization, and it should work together with other countries to build a harmonious world of durable peace and common prosperity.”

It clearly states that Peaceful Development is the main tenet embedded in China’s foreign policies. China aims to promote the building of a harmonious world. China uses the labels ‘common development’, ‘equality’, ‘mutual trust and benefits’ and ‘win-win cooperation’. It poses that “states should establish a fair and equitable international trading system that benefits the economic growth of all sovereign states. China also respects the sovereignty of other nations and hopes that other nations will respect the ‘non-interference principle’. States seeks to jointly cope with traditional and non-traditional security as a new way of strategic thinking on security in the contemporary world. States seek for peace and cooperation while commonly avoiding arms races, the use of military, and the balance of power. China is actively a part of international system and is reformulating international principles. Finally, China aims to promote friendly regional cooperation and good-neighboring relations, especially with Asian peripheral neighbor nations. States should enhance liberal economic activities, such as trade, regional economic integration, the acceleration of regional cooperative mechanisms, and be open-minded for alternative

¹² Xin Li and Verner Worm, “Building China’s Soft Power for a Peaceful Rise,” *Journal of Chinese Political Science* 16, no. 1 (2011): 71-75, doi:10.1007/s11366-010-9130-2.

platforms. China reiterates that it has no intention of searching for regional hegemony or creating an influential sphere. China has been attempting to persuade its neighbors that its wealth and prosperity is an opportunity to seize, rather than a threat to be feared. Being good neighbors, friends, and strategic partners with Asian nations has been emphasized overtime.

2.1.1.2 Xi's Grand Strategy

Peaceful Development seems to have been adapted as a CGS framework after Xi Jinping (2012 – present) came to power. His strong personality postured up China's 'hegemonic ambition' and redefined CGS and regional security. He imposed a more proactive, ambiguous revision that led China to be a regional superpower. Early on, Xi envisioned the 'Chinese Dream' as a way to resurrect the great power of the Chinese ancient Kingdom. It is a dream to return China to the throne of the Middle Kingdom, where China was the greatest central capital surrounded by peripheral cities that paid tribute to China.

Xi envisaged 'Two Centenaries' as two stage development goals to reinforce China's ambition to achieve the Chinese Dream. At the first stage, China will have built on "the foundations of China's modern economy by 2035". At the second stage, China will become "a leading global power and strong socialist modern state by 2050".¹³ To attain this roadmap, Xi embarked on two significant coherent visions, namely *Peripheral Diplomacy* and *The Belt and Road Initiative (BRI)*. Both are China's geopolitical strategies, which have shifted the CGS from old vision of 'keeping a low profile' in the international affairs to the new era of China

¹³ Zhong Feiteng, "China's Grand Strategy in a New Era," East Asia Forum, March 5, 2018. <http://www.eastasiaforum.org/2018/03/05/chinas-grand-strategy-in-a-new-era/http://www.eastasiaforum.org/2018/03/05/chinas-grand-strategy-in-a-new-era/>; Robert Lawrence Kuhn also examine different strategic period of this two catenaries as "the material goal of China becoming a "moderately well-off society"; where all Chinese citizen enjoy high living standards, by doubling the 2010 GDP per capital by about 2020, the 100th anniversary of the Chinese Communist Party, and the modernization goal of China becoming a fully developed nation; completing modernization and urbanization, by about 2049, the 100th anniversary of the People's Republic," in "Xi Jinping's Chinese Dream," *The New York Times*, June 4, 2013, <https://www.nytimes.com/2013/06/05/opinion/global/xi-jinpings-chinese-dream.html>.

with the new goal and strategy of making “China as a key player in shaping the new global order with Chinese characteristics”.¹⁴

Firstly, Peripheral Diplomacy is simply China’s foreign policy and desire to forge regional and bilateral cooperation with its neighbors. Key evidence is from Xi’s speech at the symposium on diplomatic work in surrounding areas in 2013.¹⁵ Xi stressed that peripheral neighbors; who are full of high development potential, are extremely important and strategically significant to China. He places peripheral diplomacy as a mainstream strategy of importance for strategic opportunities and China’s development. China’s strategy, Peripheral Diplomacy, consolidates friendly relations with developing neighbors, deepens mutually beneficial cooperation based on the principle of win-win situations, to promote integration of interests, and to promote regional cooperation with more of an open mind and positive attitude. Good-neighborly friendships between China and its peripheries can maintain peace and stable environment facilitating China’s rejuvenation. Neighbors can benefit from China’s development, and vice versa. China still believes in the Peaceful Development principle and its strategic direction of all-round diplomatic work. Xi stated that;

“It is an important goal of neighboring diplomacy to focus on maintaining the overall situation of peace and stability in the surrounding areas and maintaining peace and stability in the surrounding areas. We must focus on deepening the mutually beneficial and win-win situations, actively participate in regional economic cooperation, accelerate the interconnection of infrastructure, build the Silk Road Economic Belt, and the 21st Century Maritime Silk

¹⁴ G. G. Dwivedia, “Renewed Mandate from Heaven: Xi Unfolds Grand Strategy for China’s Long March,” Institute for Defense Studies and Analyses, November 10, 2017. https://idsa.in/idsacomments/xi-unfolds-grand-strategy-for-china-long-march_ggdwivedi_101117.

¹⁵ “Important Speech of Xi Jinping at Peripheral Diplomacy Work Conference,” China Council for International Cooperation on Environment and Development, October 30, 2013, http://www.cciced.net/cciceden/NEWSCENTER/LatestEnvironmentaland Development News/201310/t20131030_82626.html

Road, and build a new pattern of regional economic integration".¹⁶

Evidently, China initiated the Belt and Road Initiative (BRI) as a strategic plan to fulfill Peripheral Diplomacy. BRI is defined as China's mega project promoting infrastructure building to connect China with its peripheral underdeveloped neighboring countries and the rest of the world through the two routes of Belt and Road. *Belt* refers to the 'Silk Road Economic Belt' that connects China to Eurasia by roads, railways and pipelines. It begins in Xi'an and connects with major cities, including Almaty, Samarkand, Tehran, Moscow and ending in Venice. *Road* refers to the '21st Century Maritime Silk Road' that connect China to coastal cities across the Pacific Ocean, Indian Ocean, and Baltic Sea by ports and maritime facilities starting from Fuzhou, Hanoi, Jakarta, Kuala Lumpur, Kolkata , Nairobi and finally joining the New Silk Road line in Venice.¹⁷ This grand project aims to expand the economic development from China to Asia, Europe, and Africa through infrastructure investment and the building of new trade routes to create interdependent relations between China and its trade partners along the Belt and Road. It also aims to refocus on Asia as a part of new neighborhood diplomacy.¹⁸ China has identified six core economic corridors to link *Belt* and *Road* across the continental landmass of Europe and Asia including "the new Eurasia Land Bridge Economic corridor, China-Mongolia-Russia Economic corridor, China-Central Asia-West Asia Economic corridor, China-Indochina Peninsula Economic corridor, China-Pakistan Economic corridor and Bangladesh-China-India-Myanmar Economic corridor".

¹⁶ “习近平在周边外交工作座谈会上发表重要讲话” [Xi Jinping's Important Speech at the Peripheral Diplomacy Work Conference], Xinhua News Agency, October 25, 2013, http://news.xinhuanet.com/politics/2013-10/25/c_117878897.htm.

¹⁷ Chi Lo, "China's Silk Road Strategy," *International Economy* 29, no. 4 (2015): 71, 55.

¹⁸ *Ibid.*



Figure 2.1 *Belt and Road Initiative* Reprinted from “China’s One Belt One Road Initiative-Invest Vietnam Chapter,” by Markus Patrick Chan, 2017.

At this point, the cohesion of those ambitions obviously presents Xi’s revisionist articulation of China’s evolving Grand Strategy. Xi’s Grand Strategy integrates Beijing’s desire to resolve long-term chain challenges of its domestic economy, and geopolitical security in pursuit of Beijing’s returning to become a “regional great power without provoking overt counterbalancing from its frontier-shared neighbors and the US”.¹⁹

First, it is a quest for China’s statecraft to peacefully build its frontiers lands, including Xinjiang, Tibet, Inner Mongolia and Yunnan. China is very concerned about the security of these autonomous regions due to their minority populations, autonomous history, being less developed, and geostrategic positioning.²⁰ It is believed that offering economic development and modernization could possibly integrate them with the state-building process. Infrastructure connectivity might distribute wealth and modernize these regions. Also, China will turn these regions into hubs to connect with the rest of the world. Evidently, Xinjiang will be a gateway for the China-Central Asia-West Asia Economic corridor connecting to Central and West Asia. Inner Mongolia is for the China-Mongolia-Russia Economic corridor to connect with Russia.

¹⁹ Michel Clarke, “The Belt and Road Initiative: China’s New Grand Strategy,” *Asia Policy* 24, no. 1 (2017), 1, <https://doi.org/10.1353/asp.2017.0023>

²⁰ *Ibid.*, 73.



Figure 2.2 *China's Autonomous Regions* Reprinted from “The Belt and Road Initiative: China’s New Grand Strategy,” by Michel Clarke, 2017

Second, from an economic perspective, this strategy offers opportunities to rebalance China’s economic health. BRI is the mechanism to sustain China’s ongoing economic growth and overcome economic challenges. It helps with the management of product overcapacity, especially in industrial sectors, the development of new markets for the export of goods, securing natural resource access and extraction, and finding ways for surplus capital uses.²¹ BRI promotes regional infrastructure investment connecting China with Asia, Europe, and Africa. It heavily promotes infrastructure development that might release industrial-constructing product overcapacity, such as steel out of China. Furthermore, it could promote the ‘going out’ strategy to find outlets for China’s outward investment and exports as well. Most of the peripheral neighbors are underdeveloped countries with large gaps of potential development. BRI could also help these less developed neighbors along its frontiers to build up their industrial base and upgrade themselves into developing countries. Simultaneously, their states’ industrial developments rely on China’s technology and investment. With higher buying capacity, those peripheral neighbors will be China’s new export markets for excess goods and service, and also for outward business destinations for sustaining Beijing’s long-term growth. China also monopolizes ownership and access to raw materials and energy from its peripheral

²¹ Clarke, “The Belt and Road,” 72.

states. Additionally, it focuses on the development of overland routes that allows China to be free from the ‘Malacca dilemma’.²²

China also promotes its financial influence through the establishment of financial bodies, namely the Asian Infrastructure and Investment Bank (AIIB) and the Silk Road Fund (SRF), indicating its desire to manage surplus capital and offer loans to states along the Belt and Road routes in order to accelerate infrastructure construction. China has injected \$40 billion for the Belt route, pledged \$25 billion for the Road sea route, and put \$50 billion and \$40 billion in the AIIB and the SRF respectively to promote infrastructure building.²³ Some have also pointed out that China has internationalized the Renminbi as the main currency to use in trade and transactions.²⁴ China continues to build closer economic relations and ties by using its wealth and prosperity to promote its economic empire and network, creating interdependent relations between China and its peripheral neighbors.²⁵

Besides wielding hard power, China has mobilized soft power to gain a good international image in order to ease withstanding consequences and reshape neighbors’ threat perception of its ‘Rise’. However, outward investment and infrastructure construction across states’ sovereign territory might violate states’ domestic laws, and the non-interference principle.²⁶

Xi’s revisionist campaign is China’s Grand Strategy. It clearly indicates the strategy, direction, and ultimate goals of the Chinese Dream. Peaceful Development is still the strategic core of shaping the international environment. Peripheral neighbors become significant strategic partnerships offering great opportunities for China to strengthen cooperation with surrounding neighbors securing its long-term objectives. BRI is a strategic engine to achieve the Chinese

²² Mike Callaghan and Paul Hubbard, “The Asian Infrastructure Investment Bank: Multilateralism on the Silk Road,” *China Economic Journal* 9, no. 2 (2016): 121.

²³ Richard Ghiasy and Jiayi Zhou, *The Silk Road Economic Belt: Considering Security Implications and EU-China Cooperation Prospects* (Stockholm: International Peace Research Institute, 2017), 51, <https://www.sipri.org/publications/2017/other-publications/silk-road-economic-belt>.

²⁴ Lo, “China’s Silk Road Strategy,” 54.

²⁵ *Ibid.*, 55.

²⁶ Li Ziguo, “一带一路”：新时代、新挑战、新任务” [Belt and Road: New Era, New Challenges, New Responsibilities], China Institute of International Studies, May 31, 2017, http://www.ciis.org.cn/chinese/2017-05/31/content_9502473.htm

Dream. It promotes regional integration by building an infrastructure network, and forges friendly relations with neighbors. It could preserve a peaceful environment and international stability supporting China's sustainable growth as its ultimate goal.

However, Xi's strategic vision reflects China's 'hegemonic ambition' when BRI is seen as Beijing's geopolitical goal in order to expand its power and build influential spheres of alliances. BRI is reflected in China's geopolitical and economic strategic plan to "achieve the Chinese Dream and help China build up its status of a global economic power".²⁷ BRI is also interpreted as China's geopolitical strategy to break out the US's containment strategy and constrain the Rise of India.²⁸ BRI is also seen as a strategic tool in response to the US's China-exclusive trade pact; Trans-Pacific Partnership (TPP). This ambition catalyzed China to shift from a traditional foreign policy of 'biding time and building capacity', and search for a new position in the international arena. China has become a more responsible power in the region to foster regional integration and development. Furthermore, Li Ziguang points out that China changed its position in international relations and global governance. China went from a rule taker, who accepts and learns international rules, to become a rule maker who participates in the development of rules, which "will break Western morals and focus on development rights instead of political ideology".²⁹ To become a responsible leading power, China shifted its status from being a participant in global regimes to becoming a regime builder instead.

With strong soft power, China has expanded its strategic influence and presented itself as an alternative leader and has globally challenged the hegemony of the US.³⁰ China demonstrates its development model as a better Choice

²⁷ Rolland, "The Belt and Road,"

²⁸ Ashley J. Tellis, "Protecting American Primacy in the Indo-Pacific," Congressional Testimony, Carnegie Endowment for International Peace, April 25, 2017; Jayant Prasad, "One Belt and Many Roads: China's Initiative and India's Response," Issue Brief, Delhi Policy Group, 2015.

²⁹ Ziguang, "Belt and Road."

³⁰ Francis Fukuyama, "One Belt, One Road: Exporting the Chinese Model to Eurasia," *The Australian*, January 3, 2016, <http://www.theaustralian.com.au/news/world/one-belt-one-road-exporting-the-chinese-model-to-eurasia/news-story/269016e0dd63ccca4da306b5869b9e1c>; David Shambaugh, "China's Soft-Power Push: The Search for Respect," *Foreign Affairs* 94, no. 4 (2015): 99-100.

than the US.³¹ The BRI promotes Chinese Solutions to improve global infrastructure and transportation, which might be a better solution to certain problems compared to the US model. AIIB and SRF also challenge existing global financial bodies, such as the International Monetary Fund (IMF), by offering loans without political conditions.

With China's revisionist policies and its new international agenda to be more responsible and ambitious in mind, this paper uses 'regime theory' as a secondary conceptual framework to supplement the main framework of CGS to elaborate on China's constructive role in shaping a China-led international order.

2.1.2 Regime Theory

For more than a decade, International Regime Theory has hung around international politics research. Although regime theory is not a mainstream theoretical framework like realism, liberalism or constructivism, but it provides outstanding conceptual framework to explain patterns of state behavior on cooperation in international politics. But, first, what is a regime? Its definition is conceptualized differently among different perspectives, but mostly in the same way. The most well-known definition of a regime is explained by Stephen D. Krasner. He defines regimes as a "*set of implicit or explicit principles, norms, rules, and decision-making procedures around which actors' expectations converge in a given area of international relations*". "*Principles are beliefs of fact, causation, and rectitude, Norms are standards of behavior defined in terms of rights and obligations, Rules are specific prescriptions or proscriptions for action and Decision-making procedures are prevailing practices for making and implementing collective choice*".³²

Other IR scholars also give definitions which are consistent with this explanation, such as a "*set of governing arrangements including networks of rules, norms and procedures that regularize behavior and control its effect*",³³ or

³¹ William A. Callahan, "Identity and Security in China: The Negative Soft Power of the China Dream," *Politics* 35, no. 3–4 (2015): 219, <https://doi.org/10.1111/1467-9256.12088>.

³² Stephen D. Krasner, "Structural Causes and Regime Consequences: Regime as Intervening Variables," *International Organization* 36, no. 2 (1983): 186.

³³ Robert O. Keohane and Joseph S. Nye, *Power and Interdependence* (Boston: Little Brown, 1987), 19.

“that encompasses a mutually coherent set of procedures, rules, and norms”,³⁴ and “the importance of rules and institutions in international society where rules refer to general imperative principles which require or authorize prescribed classes of persons or groups to behave in prescribed ways”.³⁵

International regimes have rapidly emerged in the contemporary world since the age of globalization. Global players have been connected internationally and regionally, seeking cooperation in responding for their national interests in any area issues. It is in every field of international politics. It molds to respond to states’ expectations for their needs in specific fields. Regimes are shaped by states’ expectations and could be possibly remove egoism from states behavior and make cooperation possible.³⁶ Regimes are constructed by sharing mutual expectations that help actors cooperate with each other to gain mutual benefits on specific issue-areas.

According to its given definition, formulations of **regimes are comprised of four major components; principles, norms, rules and decision making procedures**. Principles and norms fundamentally form regime characteristics, which might be comprised of a coherent set of rules and procedures.³⁷ It sounds familiar to international institutions, in which members have to comply with regulations, but international institutions are actually a kind of regime. Regimes can mold states’ cooperative behaviors, are capable of facilitating cooperation, and also aid the institutionalization by regularizing expectation, but some international institutions are not bound to explicit rights and rules.³⁸ The regime on the prevention of nuclear proliferation is built around the Nuclear Non-proliferation Treaty which is completely comprised of all components of regime despite having no institutional bodies.

³⁴ Ernst B. Haas, “Technological Self-Reliance for Latin America: The OAS Contribution,” *International Organization* 34, no. 4 (1980): 553.

³⁵ Hedley Bull, *The Anarchical Society: A Study of Order in World Politics* (New York: Columbia University Press, 1977), 54.

³⁶ Andreas Hasenclever, Peter Mayer and Volker Rittberger, “Integrating Theories of International Regime,” *Review of International Studies* 26, no. 1 (2000), 26.

³⁷ Krasner, “Structural Causes,” 187.

³⁸ Stephan Haggard and Beth A. Simmons, “Theories of International Regime,” *International Organization* 41, no. 3 (1987): 495-496, <https://doi.org/10.1017/S0020818300027569>

Regime analysts usually study regime consequences, namely *regime effectiveness* and *regime robustness* (or *resilience*). Commonly, the evaluation of regime effectiveness might include the compliance of its members to abide by norms and rules. Studies on regime effectiveness usually focus on compliance issues – what degree that states comply with the written regulations or laws, mostly appear in literal forms such as agreements or conventions, which have include obligations to follow the rules, and, second, the level of which states comply and achieve with regime objectives. Later, regime robustness (or resilience) refers to regime strength (robust or resilient) or its ability to retain itself while facing external and internal challenges. It also constrains collective decisions and state behavior after that period. Possibly, this might culminate in regime change which will be discussed later. Regime analysis is prevalent in IR literature, and is common in environmental regime studies, mainly by Arild Underdal and Oran R. Young.³⁹ It has clear objectives and statistical or numerous inputs for measurement, which is quite easy for evaluating its effectiveness. The leftover is scattered around any issue-areas that have interesting questions to attract researchers to be analyzed. For example, Jeff D. Colgan, Robert O. Keohane and Thijs Van de Graaf study energy regimes,⁴⁰ others, Kal Raustiala and David G. Victor examine plant genetic resource regimes,⁴¹ and Erik Søndena analyzes the nuclear non-proliferation regime.⁴²

The concept of regimes links states' behavior to seeking cooperation or commitment that complies with the rules of the group. Practically, regimes could be illustrated through IR theoretical approaches, which tend to explain the states' behaviors and conditions on the possibility of cooperation in the anarchic world. The IR mainstream theories interpret regimes in distinct ways based on their core

³⁹ See Arild Underdal and Oran R. Young, *Regime Consequence, Methodological Challenges and Research Strategies* (Dordrecht: Springer, 2004).

⁴⁰ Jeff D. Colgan, Robert O. Keohane and Thijs Van de Graaf, "Punctuated Equilibrium in the Energy Regime Complex," *Review of International Organization* 7, no. 2 (2012): 117-143.

⁴¹ Kal Raustiala and David G. Victor, "The Regime Complex for Plant Genetic Resources," *International Organization* 58, no. 2 (2004): 277-309, <https://doi.org/10.1017/S0020818304582036>.

⁴² Erik Søndena, "The Nuclear Non-Proliferation Treaty and Regime Theories" (master's thesis, University of Tromsø, 2008).

assumptions and beliefs. This research will see regimes through a Realist school lens. Similarly to international institutions, regimes are a superpower's political tool or public good forcibly enforcing and controlling its influential sphere and the system.

In a nut shell, the paper will apply the combination of two conceptual frameworks, namely China's Grand Strategy (CGS) and Regime Theory to conduct narrative analysis on the case. Through CGS's perspective, it is primarily hypothesized that Lancang-Mekong Cooperation (LMC) is an engine of CGS which aims to shape a peaceful, friendly and cooperative environment between China and the Mekong sub-region, which might benefit China in return. Indeed, the CGS framework hypothesizes that China plays a bigger and constructive role in shaping the peaceful and friendly regional environment in the Mekong valley. This Chinese shift could change its position in the Mekong peripheral region, which might also change the Mekong hydro-political landscape. Like BRI, it hypothesizes that China has built the LMC as a new China-led institution to enforce rules in order to dominate its influential sphere. By applying Regime Theory as a secondary framework, it can be hypothesized that China does not only enforce rules, but embeds China-led regimes, i.e., broader perspective than just a rule and a system as a public good for providing mutual benefits toward small states. When Mekong states enjoy benefits from the public good, it creates a peaceful and cooperative relationship between hegemonic China and its Mekong satellites. As a main variable of this research, it will answer the research question of how the Mekong hydro-political landscape has changed through China's constructive role.

2.2 Defining Mekong Watercourse Regime

2.2.1 Institutional Framework: Mekong River Commission

The Mekong River Commission or MRC is a regional institution in the Mekong sub-region with political commitments to cooperate in specific issue-areas focusing on transboundary river governance for non-navigational purposes. MRC came into operation in 1995 when four lower riparian states – Cambodia, the Lao PDR, Thailand and Vietnam, signed the Agreement on the Cooperation for the

Sustainable Development of the Mekong River Basin, or the 1995 Mekong Agreement, which literally aimed to build a joint functional body to provide cooperation on water resource management in the Lower Mekong Basin (LMB). China and Myanmar became dialogue partners of the MRC with no intention of becoming full members. The MRC is a carryover from previous cooperative frameworks, which were loosely agreed upon and concerned cooperating in shared water and water-related resource management. As stated, the regional cooperation started in 1957 when four MRC permanent members agreed to set up the Mekong Committee. Later, in 1978, it was replaced by the Interim Mekong Committee, which did not include Cambodia. The framework's evolution came to an end with the formal founding of the MRC in 1995. Its organizational structure is comprised of four layers. Strategic directions and policies are reached through mutual discussion and conclusions in the *Council*. All of those approved policies, decisions and projects are endorsed by the *Joint Committee* to become actively implemented. The *Secretariat* serves as the functional body, performing administrative tasks supporting all MRC functions and technical missions on project implementations. Finally, *the National Mekong Committees (NMCs)* serve as riparian coordinators providing technical knowledge and launching national and cooperative projects depending on its scope, which works closely with national networks of state agencies across the country.

2.2.2 Dimension of Mekong Watercourse Regime

Again, in the pursuant of the MRC achievement, in 1995, member states officially signed the *Mekong Agreement*, which is considered as a legal foundation of cooperation among riparian states under the MRC umbrella. This consensus-based agreement defines scopes and areas of cooperation in “all fields of sustainable development, utilization, management of water and related resources of the Mekong River Basin”, reflecting 12 aforementioned programs and setting up cooperative frameworks for gaining the maximization of mutual benefits of all riparian states in achieving sustainable development, water utilization, environmental and natural resources conservation amongst the transboundary river states. The dimensions of regime are explicitly laid out in 42 articles in the Mekong Agreement.

Signing the Mekong Agreement is not a specific deal on hydropower development, but it focuses on the achievement of sustainable development and ecological conservation. Hydropower is an intervening challenge impeding the achievement due to its significant impacts to sustainability, livelihoods and the environment along the river. General *principles* are implicitly written down in the Mekong Agreement. The basic political principles of the regime namely non-intervention, or the ‘Mekong’s Way’, literally occurs in Article 4 of the Mekong Agreement, stating that signatories have to respect and treat other states based on the principle of sovereign equality and territorial integrity. In any water use and utilization in the Mekong system (including hydropower development), Article 5 mentions that signatories shall do those activities in reasonable and equitable manner in their respective territories after determining all factors and outcomes. The principle of reasonable and equitable utilization is ambiguous. Member states shall protect the Mekong Basin’s environment, natural resources, and ecological balance from harmful effects resulting from water utilization. States shall try to avoid or minimize harmful effects which might affect water volume and quality, ecosystems and ecological balances from the use or discharge of waste. And if that effect occurs, states shall take joint responsibility to address resolving it peacefully. If disputes occur, the MRC, as mediator, will take responsibility to find appropriate dispute settlements. If it is unable, the governments of the disputants have to negotiate through diplomatic channels to find peaceful resolutions. These basic practices are based on the Principle of Protection of the Environment and Ecological Balance (Article 3), the Principle of Prevention and Cessation of Harmful Effects (Article 7), the Principle of State Responsibility for Damages (Article 8) and the Principle of Resolution by MRC (Article 34) and the Principle of Resolution by Government (Article 35). Moreover, member states shall comply with the Principle of Maintenance of Flows on the Mainstream (Article 6), stating that states shall maintain mainstream flows in acceptable ways; not less than the minimum natural dry-seasonal flows while is not greater than highest point of natural flood-seasonal flows.

The principles shed light on the *rules*. In Article 25 it notes that the Joint Committee shall determine its own Rules of Procedures for state cooperation. Article 26 determines the Rules of Water Utilization and Inter-Basin Diversions

supplementing the Principles of Reasonable and Equitable Utilization and the Principles of Maintenance of Flows on the Mainstream by specifying timeframes and volumes of maintained flows of dry and wet seasons, setting up hydrological stations for monitoring and improving mechanisms for monitoring water usage and diversion.

To supplement the effective enforcement of the Mekong Agreement and achievement of all principles and rules, member states have endorsed five *procedures* as an ancillary framework of actions facilitating cooperation. The first procedure is the Procedures for Data and Information Exchange and Sharing (PDIES) which aims to operationalize reliable data and information exchange among member states to promote mutual benefits. Second, Procedures for Water Use Monitoring (PWUM) is implemented for establishing a framework for monitoring water use and diversion. Third, Procedures for the Maintenance of Flows on the Mainstream (PMFM) promotes technical guidelines and institutional arrangement for manage mainstream flows. Forth, Procedures for Water Quality (PWQ) establishes a technical framework for maintaining acceptable water quality.

Finally, Procedures for Notification, Prior Consultation and Agreement (PNPCA) is set up for promoting understanding and cooperation in sustainable development supplementing the rules of water utilization and inter-basin utilization. PNPCA is the only principle that gets involved in the hydropower production regime. The hydropower-related regulations directly relate to PNPCA supporting the implementation of 1995 Mekong Agreement in general and in Article 5's Reasonable and Equitable Utilization in particular. Three procedures: *Notification, Prior Consultation and Specific Agreement* are the basic binding regulations under PNPCA when signatories propose water use or utilization that might cause significant impacts on flows. In a nut shell, a state has to notify other states when performing non-significant water utilization, has to consult with other states when intending significant water impact activities and has to reach specific agreement when proposing water across-basin projects in the dry season. The actions under the procedures of PNPCA and water use objectives are summarized in the table 2.1;

Table 2.1
Summary of PNPCA Procedures in Specific Water Uses

Type of River	Season	Scope of Water Use	Procedure
Mainstream	Dry	Inter-basin	Specific Agreement
		Intra-basin	Prior Consultation
	Wet	Inter-basin	Prior Consultation
		Intra-basin	Notification
Tributaries	Dry/wet	Both	Notification

Since its implementation in 2003 up until 2017, there have been 50 notifications, three prior consultations and no specific agreements. The three prior consultations were for Xayaburi, Don Sahong and Pak Beng at early stages of mainstream hydropower schemes proposed by the Laotian government.

However, norms on hydropower development scheme are not explicitly written in the Mekong Agreement and its five procedural rules. Reviewing the historic implementation of PNPCA unfolds the implicit pattern of standard behavior or *norms* of riparian states in relation to the hydropower development scheme. For tributary hydropower dams, for example, the spreading of hydropower dams in tributaries in the respective Laotian territory or Thailand's saturated expansion of dams in Mekong tributaries, a state *'just notifies'* other riparian states in a timely manner to acknowledge such activity prior to its beginning, whether it causes a great impact to the Mekong system or not, by filling out notification forms and attaching all relevant documents, such as feasibility study, action plan, schedule and all available data, and sending those documents to other NMCs through the MRC Joint Committee channel.

Actually, in cases of mainstream dams it is quite newsworthy and a challenge for MRC achievement. There are only three prior consultations in the case of mainstream dam projects, which are classified dry season intra-basin water use. In the case of hydropower dam proposal, notifying states shall timely submit a notification form and relevant documents and additional technical data, especially the Environment Impact Assessment (EIA) on its proposed use of water for assessing

possible impacts on other riparian States through the same channel of notification. The process gives an opportunity for notified states to express their concerns and suggestions after evaluating the proposed use via reply forms. The notified may request additional data, visiting sites or consultations to evaluate the possible impacts, and if necessary, the MRC Joint Committee “may appoint a working group or technical team to assist in the evaluation possible impacts from the proposed use”.⁴³ The notifying state will start its operations after this ‘timely’ consultation period, which is defined as six months. In the three ongoing cases, there will be a consultation process. Each NMCs conducted national consultations gathering all shareholders, such as specified-issue agencies, environmentalists, fishermen and NGOs to brainstorm and evaluate its affect and suggestions to reduce such impact.

However, in the case of hydropower development, PNPCA was criticized worldwide for lacking effectiveness, mostly regarding the lack of public participation, which is rooted in its functions and blueprint of the Mekong Agreement and from the PNPCA itself. This criticism can be placed into three categories. First, the Mekong Agreement and the PNPCA’s own written principles, when compared to the Convention on the Law of the Non-navigational Uses of International Watercourses or UNWC, contains wording that does not fully cover the real practices or interpretation that it needs to clarify and effectively implement PNPCA.⁴⁴ There are unclear or ambiguous words, e.g., ‘timely notification’, ‘consultation’ or ‘implementation’. It raises questions about the scope of the negotiations and consultations.⁴⁵

Second, due to its classification of ‘soft law’, the Mekong Agreement lacks a binding dispute resolution mechanism. Countries do not have the

⁴³ Mekong River Commission, *1995 Mekong Agreement and Procedures* (n.p.: MRC, 2011), 40.

⁴⁴ Alejandro Iza, “Technical Presentation,” presented in the Workshop on Hydro-diplomacy: International Water Law and Regional Cooperation, Siem Reap, Cambodia, April 27-28, 2015.

⁴⁵ Gary Lee and Natalia Scurrah, “Power and Responsibility: The Mekong River Commission and Lower Mekong Mainstream Dams,” a joint report of the Australian Mekong Resource Centre, University of Sydney and Oxfam Australia, 2009.

power to veto, or even request delay beyond an initial six month period.⁴⁶ Moreover, its authorities, mandates and functions are not clear. The agreement is loose and weak because the formation period faces political issues that limit descriptions and functions.⁴⁷ Actually, domestic intervention for any riparian government is impossible due to the principle of sovereign equality and territorial integrity. Calling for the suspension of hydropower projects in another riparian state's own sovereign territory is likely, but stopping it is nearly impossible. In addition, PNPCA provides a consultation process for riparian states to consider impacts and expectations and share their recommendations. The suggestions will be transmitted to decision makers for re-consideration or adjustment of some technical concerns to reduce foreseeable impacts. But, in fact, the notifying state completely conducts the EIA or related assessment; nothing is needed further. The PNPCA fails to address public participation reflecting communities' voices in decision-making processes or public consultation.⁴⁸

Third is its scope. The procedures address efforts to prevent environmental and ecosystem impacts on the mainstream only, not on its tributaries. 'Just notifying' riparian states what is proposed on any tributary, despite possible damage and impacts on the fluctuation of water contributed to the Mekong system could be improve the framework. Even if the PNPCA framework opens the door for prior consultations before mainstream projects start, the consultation can express only concerns and expectations.

2.2.3 China and Mekong Watercourse Regime

For more than two decades the PRC's energy consumption has significantly increased to fuel its steady pace of economic growth. Its ambition has

⁴⁶ International Union for Conservation of Nature (IUCN), "Why the Region Needs the UN Watercourses Convention," June 24, 2015, https://www.iucn.org/news_homepage/news_by_date/?21567/Why-the-region-needs-the-UN-Watercourses-Convention

⁴⁷ Lee and Scurrah, "Power and responsibility," 20.

⁴⁸ Letter from Japanese NGOs to Mr. Kishida Fumio, Minister of Foreign Affairs, large dams constructed along the Mekong River and their negative impacts on 60 million people: The Japanese Government should play a proactive role in MRC meetings on January 16 and 17, 2013, http://www.mekongwatch.org/PDF/CSO_MekongDamLetter_to_GoJ.pdf,

made the PRC the largest energy-producing and consuming state in the world⁴⁹ since 2010 and it is expected to maintain its position in the foreseeable future.⁵⁰ In 2017, China accounted for 23.2 percent of global energy consumption and 33.6 percent of energy consumption growth.⁵¹ Balancing limitless energy demand and shortages of supply calls for domestic energy structural reforms on energy network production and also shakes international energy markets and international politics. In the next decade, China's renewable energy growth will be driven by hydropower.

In 2011, the People's National Congress approved the 12th Five-year Plan for Economic and Social Development of the People's Republic of China (2011-2015) or the 12th FYP, for social and economic development from 2011 to 2015. This strategic blueprint is always enacted by the Chinese central government and communist party every five years to determine the direction of social and economic development. The 12th FYP clearly indicates harmonization between the national development plan and international environment. To increase its competitiveness and economic growth consistently with the global trend of sustainable development, the Chinese government plans to hasten energy production capacity and promote new structural eco-friendly energy reform. It aims to reduce fossil fuel dependency and to promote non-fossil fuel consumption – including hydropower. In Chapter 11 of the 12th FYP, it indicates the acceleration of reform of energy production and utilization is clearly determined as the strategic direction during 2011-2015. It calls for energy structure reform, diversified and clean energy promotion, domestic resources utilization optimization while conserving ecology and the environment. Energy mix includes coals, oil and gas, nuclear power and renewable energy sources (including hydro, wind and solar). The plan prioritizes renewable energy, including hydropower. To achieve this plan, the goal is clearly to increase low-carbon energy to 11.4 percent, instead of the 8.3 percent of the 11th FYP and to target a “16 percent reduction in

⁴⁹ Kang Wu and Jane Nakano, “The Changing Political Economy of Energy in China: Market Dynamics and Policy Development,” a report of the CSIS Energy and National Security Program, Center for Strategic & International Studies, 2016, 1.

⁵⁰ Andrew Stocking and Terry Dinan, “China's Growing Energy Demand: Implications for the United States,” Working Paper Series 2015-05, Congressional Budget Office, Washington DC, 2015, 2.

⁵¹ BP, “BP Statistical Review 2018, China's Energy Market in 2017,” 2018, <https://www.bp.com/en/global/corporate/energy-economics/statistical-review-of-world-energy/country-and-regional-insights/china.html>

energy intensity and 17 percent in carbon emissions per unit GDP”.⁵² It is distinctly defined that the state should actively develop hydro energy actively as a basis of ecological conservation, focusing on “the construction of small-to-large hydropower dams in southwestern China”.⁵³

The State Energy Board conducted the *National Hydropower Twelfth Five Year Plan (2011-2015)*⁵⁴ to supplement the implementation of the 12th FYP. The plan underlines the importance of hydropower development, ecological protection and resettlement. According to the rationale of the plan, the PRC follows western development trends to prioritize hydropower development as a common choice for early stages of state development.⁵⁵ Reaching the highest exploitable potential in water resource utilization can be done by constructing hydropower dams to create multi-objective usage for disaster control, irrigation, water supply, transportation and other comprehensive utilization of functions to enable comprehensive systemic development.⁵⁶ Following the trend, cascade development, with the full basin-wide planning, is necessary for unlocking the maximum utilization potential of water resources.

The 11th FYP implemented during 2006-2010 is considered the fastest growing period of hydropower in China. Large-scale dams (and also medium and small scale) have been planned and constructed for maximum exploitation from feasibility studies during this period. China heavily promotes the consumption of clean and renewable energy, such as hydropower, wind and solar energy.⁵⁷ The 11th FYP pursues the hydropower ‘going out’ strategy, continually and actively participating in international hydropower schemes, as technical consultants or counterpart concessionaires, and strengthening on cooperation with neighboring

⁵² Mo Hong’e, “China Announce 16 pct Cut in Energy Consumption per Unit of GDP by 2015,” Xinhua, March 5, 2011, http://www.gov.cn/english/2011-03/05/content_1816947.htm, 2011.

⁵³ “12th Five-year Plan for Economic and Social Development of the People’s Republic of China (2011-2015) (English Version),” China’s National People’s Congress, 2011, chapter 11: Accelerate the reform of energy production and utilization mode.

⁵⁴ Confidential, available in Chinese only

⁵⁵ Xinjiang Production and Construction Corps Development and Reform Commission (Energy Bureau), “National Hydropower Twelfth Five Year Plan (2011-2015),” 2012, 4.

⁵⁶ Ibid.

⁵⁷ Ibid.

countries for mutual benefits. More than 80 countries have established hydropower planning, construction, investment and cooperative relations and have ushered in China's international competitiveness in the hydropower industry.⁵⁸ Cross-border river development cooperation might promote joint activities, such as independent innovation, increase investment in science and technology, strengthen scientific and technological research, and constantly improve hydropower planning, construction, operation and management technology levels.⁵⁹ Furthermore, institutional and mechanism reforms, enhanced energy markets, water demand and supply management, and improved investment system will be done.⁶⁰ China has to take care of environmental conditions and geopolitical tensions that might be triggered from its development on transboundary water resources.⁶¹

The wave of cascade development plans came during the 12th FYP, building on the previous holistic development work. The plan accelerates the next phase of the feasible study and planning on cascade development in western Sichuan, Qinghai, Yunnan, and other large rivers upstream and large and medium-sized rivers in Tibet, focusing on hydropower planning, which increases previous work, especially upstream of the Jinsha River, Lancang River, Yellow River, and midstream of the Brahmaputra River and Tongtian River.⁶² The Plan also hurried the construction of major projects (including mid-downstream of Lancang River). Electric power generated from the Lancang cascade will supplement southern transmission channels under the implementation of the "West-to-East Power Transmission" strategy fueling Guangdong and Guangxi regions.⁶³

According to a Xinhua report, the 12th FYP has driven the PRC to start more than 60 hydropower projects in five strategic years in the Jinsha River, the

⁵⁸ Xinjiang Production and Construction Corps Development and Reform Commission (Energy Bureau), "National Hydropower," 7.

⁵⁹ Ibid, 9.

⁶⁰ Ibid.

⁶¹ Daming He, Ruidong Wu, Yan Feng, Yungang Li, Chengzhi Ding, Wenling Wang, and Douglas W. Yu, "Review: China's Transboundary Waters: New Paradigms for Water and Ecological Security through Applied Ecology," *Journal of Applied Ecology* 51, no. 5 (2014):1159-1168, <https://doi.org/10.1111/1365-2664.12298>

⁶² Ibid, 1162.

⁶³ Other News Sources, "Power Transmission from China's West to East," China Daily, May 10, 2006, <https://journal.probeinternational.org/2006/05/10/power-transmission-chinas-west-east/>

Yalong River, the Dadu River, the Lancang River, the Nujiang River, the upstream of the Yellow River, the Zangbo River in Tibet and one other river with a hydropower generation capacity estimation reaching 284 million kilowatts, or approximately 71% of the total exploitable hydropower capacity.⁶⁴

Regarding the hydropower development in the Lancang River, the latest information shows that there are 37 existing, under construction and planned hydropower dams with a total installed capacity of 31,467.5 MW.⁶⁵

Table 2.2
Hydropower Dams in Lancang River, China

Location	Number of Projects
Qinghai Province	10
Tibetan Autonomous Region	13
Yunnan Province	14
Table 2 : hydropower dams in Lancang River, China Source: Mekong River Commission	

Note: Adapted from “The ISH 0306 Study, Development of Guidelines for Hydropower Environmental Impact Mitigation and Risk Management in the Lower Mekong Mainstream and Tributaries,” by Mekong River Commission, 2018.

Technically, Hydropower schemes in the Lancang River can provide around 5.2 percent of the total 600 GW of national feasible potential of national hydropower development. Current operational HPPs, mostly in the Yunnan Province, have an installed capacity of 15,757.5 MW of hydroelectricity, which is around half of the total Lancang hydropower development potential. However, in the combination of nine operational schemes, six under construction schemes and four site preparation schemes, in the near future, the Lancang River will be able to generate an installed capacity of 27,592.5 MV or reaching almost 90 percent of maximum development capacity in the Lancang River.

⁶⁴ Wang Wen, trans., “China’s 12th Five-year Plan: Construction on Over 60 Hydropower,” China Green News, April 13, 2018, <http://eng.greensos.cn/ShowArticle.aspx?articleId=1036>

⁶⁵ Mekong River Commission, “The ISH 0306 Study Development of Guidelines for Hydropower Environmental Impact Mitigation and Risk Management in the Lower Mekong Mainstream and Tributaries,” 1st Interim Report – Final, 2015, 19, <http://www.mrcmekong.org/assets/Uploads/ISH0306-Volume-1-Final-Guidelines2.pdf>.

Whether the Mekong Agreement is effective or not, the Mekong Agreement and its five procedural rules shed light on the regime's implicit and explicit components. However, the enforcement of those agreements comes to nothing for China because of its non-membership status. Ellen Bruzelius Backer argues that the effectiveness of a regime is influenced by its membership and the geographical position. The effectiveness of the MRC as a regime is low because the exclusion of China from the regime.⁶⁶ In fact, Backer defines the Mekong regime through an institutional lens, and her evaluation of its effectiveness is how successful the MRC, as an international organization, is. China has deepened cooperation with the MRC, as a dialogue partner, after 1996. There is some evidence that China is a member in the regime, despite it not being labeled as a member of the MRC.

It was official announced that China would become a dialogue partner of the MRC in 1996. The MRC and China agreed to establish a good relationship based on the principle of mutual understanding and interests between the two parties and strengthen cooperation in six primary fields; including hydrology, navigation, tourism, energy, human resources development and water resources development (including related resources). Both parties have conducted annual dialogue meetings to update and exchange information. Highlighting the dimensions of the regime related to the hydropower development since the second dialogue meeting in 1997. China has always emphasized equal rights concerning the development of upper and lower countries and stressed downstream benefits deriving from upper hydropower cascades, especially in disaster prevention. Since 2004, Chinese delegates have officially exchanged the status of upper hydropower cascades to MRC in dialogue meetings. In the 9th dialogue meeting in 2004, Chinese delegates presented the current implementation status of completion of the Dachaosan dams in 2003, the start of construction of the Xiaowan dam in 2002, and the preparation phase of the Jinghong dam. It also reported on the progress of the Jing Hong and Nuozhadu

⁶⁶ Ellen Bruzelius Backer, "The Mekong River Commission: Does It Work, and How Does the Mekong Basin's Geography Influence Its Effectiveness?," *Südostasien aktuell: Journal of Current Southeast Asian Affairs*, 26, no. 4 (2007): 49.

projects at the 10th Dialogue Meeting in 2005.⁶⁷ China has built trust and established mutual understanding in the upper cascades issues. Chinese delegates always highlight minimum downstream impacts caused from the upper cascades by sending specialists to provide technical information. It dealt with the concerns of over international standards of environmental impacts from the construction of upper dams during in the 13th, 15th and 16th Dialogue Meetings.⁶⁸ All proposed dams are evaluated by the Strategic Environmental Assessment (SEA) and by international consultancy companies. China follows those conducted universal standards. Moreover, both sides agree to promote technical exchanges and official visits, especially to hydropower construction sites, to build trust and mutual understanding on hydropower issues.

The most tangible and literal evidence MRC and China have reached joint decisions to strengthen their cooperation was signing “the Memorandum of Understanding on the Provision of Daily River Flow and Rainfall Data”. China will provide water volume and precipitation rates data from two hydrological stations in Yunnan Province, Yunjinghong and Man’an, twice a day during flood season from mid-June to mid-October annually for the purpose of flood mitigation in the downstream countries. It will also establish a Data Center in Kunming Province serving as the main contact point for technical issues and provides access to archives of historic hydrological data from 1998-2000. Later both sides agreed to renew this 5-year MOU in 2008 due to its positive outcomes and changed its name to the Agreement for Provision of Hydrological Information of the Lancang/Mekong River in Flood Season. Again, the Agreement was extended to the current version in 2013 signifying its satisfactory accomplishments. Both sides praise the upstream hydrological data, which could productively serve as input for running flood forecasting services, technical modeling and other management of the Lower Mekong Basin. Presently, China maintains its dialogue partner status with the MRC, but due to the MRC internal decentralization process, and with the upcoming LMC, the MRC’s

⁶⁷ Mekong River Commission, Report of the 9th and 10th Dialogue Meetings between the Mekong River Commission and the People’s Republic of China and the Union of Myanmar, (2004-2005)

⁶⁸ Mekong River Commission, Report of the 13th, 15th and 16th Dialogue Meetings between the Mekong River Commission and the People’s Republic of China and the Union of Myanmar, (2008, 2010-11)

importance seems to have been diminished and not attracting much attention from scholars.

Despite there being no written archives about the dimensions of the regime, the standard practices or norms are tacitly recognized. Regular cooperation on hydrological data exchange and sharing with downstream countries for mitigating floods, has been continuously uninterrupted and extended, implying customary practices, which are fundamental for norms of cooperation. This is despite China not officially joining the MRC. The Implementation Plan of the extended agreement, states, "... agreeing that on the basis of friendly cooperation, equality and mutual benefit, and in compliance with respective law, regulation, and agreements ..."⁶⁹, which implies the principles of sovereign equality and territorial integrity. This paper neither elaborates on the effectiveness nor robustness of the regime, but, instead, it aims to analyze the embedded regime and the consequences from China's active engagement in recent years.

Looking through China's cooperation on international waterways, it shares 110 international rivers and lakes with 18 downstream states with approximate total transboundary water resources of 800 billion m³ accounting for around 31.72 percent of the total runoff, which indicates that the PRC has great potential in the development of hydropower.⁷⁰ According to the official publications of the Ministry of Water Resources of China, there are 12 transboundary river management collaborations ongoing between China and neighboring countries, including Kazakhstan, Russia, India, Mongolia, North Korea, Bangladesh, the MRC countries and Vietnam.⁷¹

⁶⁹ Implementation Plan between the Bureau of Hydrology and Water Resources, Yunnan Province of the People's Republic of China and the Secretariat of Mekong River Commission upon the Provision of Hydrological Information of the Lancang/Mekong River in Flood Season by China to MRC.

⁷⁰ He et al., "Review: China's Transboundary."

⁷¹ Ministry of Water Resources, People's Republic of China, "International Cooperation on Trans-boundary Rivers between China and its Neighboring Countries." April 2015, 2. [http://www.mwr.gov.cn/english/mainsubjects/201604/P020160406513798903048 .pdf](http://www.mwr.gov.cn/english/mainsubjects/201604/P020160406513798903048.pdf)

2.3 Literature on China's Hegemonic Role and Its Interests in the Mekong Region

Evelyn Goh studied China and regional security in the Mekong region, and founded that, due to the economies of Mekong riparian states, China tended to confine the cooperation with them to infrastructure development as the foundation for boosting economies rather than co-manage the environmental impacts caused from hydropower development. Choices for Mekong basin-wide governance and the securitization of the impact of Chinese's hydropower development might not be an answer for environmental security individually, but it was needed to be re-conceptualized by merging the concept of comprehensive, human and economic security together.⁷² Comprehensive and non-traditional attitudes of security changed the policies to be more cooperative and liberal and seek coordination and cooperation with neighbors, as well as engaging with the Mekong development regional development framework. An economy and ecology nexus should be considered as a 'mutually beneficial development'.

Jörn Dosch and Oliver Hensengerth analyzed the security dimension of the GMS on both traditional and non-traditional issues and delineated that the development of economic regionalism will bring peaceful political stabilization. The article even touched a bit on hydro-energy security and provides a comprehensive perspective on regionalism and China's key interests in the Mekong Valley. Dosch and Hensengerth claimed that the GMS achieved the pursuit of political security and stability among Mekong sub-regional states by promoting economic integration and cooperation, bonding them all by trade and cross-border infrastructure development.⁷³ This could turn the conflict-ridden area into a pacified corridor of commerce. Historically, the idea that multilateral economic cooperation can bring political rapprochement and reduction of tension belongs to the US, whose strategies during the Cold War were implemented in the mid-1950s by promoting such cooperation to

⁷² Evelyn Goh, "China in the Mekong River Basin: The Regional Security Implications of Resources Development on the Lancang Jiang," Working Paper no. 69, Institute of Defence and Strategic Studies Singapore, 2004, 15-16.

⁷³Jörn Dosch and Oliver Hensengerth, "Sub-regional Cooperation in Southeast Asia: The Mekong Basin," *European Journal of East Asian Studies* 4, no. 2 (2005): 285.

construct an alliance bloc in order to contain communism's expansion, while maintaining its interests and dominance in the region. The cooperation was interrupted by war. In the aftermath, the GMS played a role as a catalyzing force that brought the idea back. Support by the ADB and western actors, such as the World Bank, IMF, Japan, Australia and among others, pacified this war-ridden region into the corridor of commerce, and it was impressively effective. After that, the sub-regional cooperation schemes were given precedence driven by the foreign investment flow, mainly focusing on joint development of natural resources utilization and infrastructure development. One of China's important achievements from its policies, implying domestic and foreign policy, is GMS.⁷⁴ Domestically, the socio-development strategies pursued by China was turning to Southwestern landlocked provinces, such as Yunnan and Kunming, into trade areas adjoining states and second, narrowing the gap between Han and minorities in the area. Internationally, the foreign policies were driven by China's willingness and interests in strengthening its relations with ASEAN in political, social, economic and security cooperation.⁷⁵ Finally, this GMS's exploration indicated that the opening border trades can ignite political rapprochement and regional securitization.⁷⁶

Jörn Dosch wrote about China's role of hegemonic stabilizer and remarked about the emergence of 'the rise of dragon'. He explained that when the ASEAN-China relationship was being forged in 2000, China played the role of 'hegemonic stabilizer'. In the regional security framework China guaranteed and constructed a peaceful regional bloc by enforcing and creating a set of rules and networks for both traditional and non-traditional regional security to ensure its own national security, while sharing mutual benefits with all peripheries in its influence sphere, the so called 'Pax Sinica'.⁷⁷ The Chinese perceived threats were both traditional and non-traditional security, e.g. economic, human, environmental and energy security. The South China Sea another case study of traditional security and the GMS was non-traditional. For the GMS, there was effort to turn the battlefield

⁷⁴ Dosch and Hensengerth, "Sub-regional Cooperation," 274.

⁷⁵ Ibid, 275.

⁷⁶ Ibid, 285.

⁷⁷ Jörn Dosch, "Managing Security in ASEAN-China Relations: Liberal Peace of Hegemonic Stability," *Asian Perspective* 31, no. 1 (2007): 213.

into the liberal peaceful corridor of commerce through this framework.⁷⁸ Dosch, again, reiterated Chinese national interests in the region stemmed from two strategic policies: domestic and foreign. China's domestic policy ambition is to develop the landlocked southwestern provinces by linking them with neighbors through infrastructure and economic development. And, it also aims to narrow the gap between ethnic Han and minorities as well as to reduce internal migration from western to coastal cities.⁷⁹ China wholeheartedly joined GMS because it was safe from external dominance and because of the ADB's respect of the 'ASEAN way'; noninterference principle. China rejected to fully join the MRC, as it was overshadowed by external actors.⁸⁰ The hegemonic action was evident in other literature as well. China offered financial support for riparian states, infrastructure development and energy security, mostly in bilateral cooperation due to its limitations. China was being perceived and accepted as the 'hegemon' by the recipients. Energy security plays a key 'public goods' role. China supplied electricity to Vietnam during energy shortages in September 2006, which involved the electricity generation facilities in the Lao PDR, Burma and Vietnam and offered \$600 million tax-free loans to the Burmese government. Moreover, China has gradually integrated ASEAN into its own regional order and rules by engaging in or initiating various trade agreements and frameworks, especially the negotiation on FTA with ASEAN, which provides mutual benefits for the dominant and the lesser actors independently.

Timo Menniken⁸¹ analyzed China's performance on hydro politics in the regional Mekong Regime and found that its behavior was more strategic choice than a normative commitment. From the game-theory approach, cooperation on water resources in the Mekong River is a 'Rambo Situation'. China as a superpower, in terms of economy, politics and military, has overshadowed the system and acted like 'a free rider', maximizing its full potential in water sources exploitation and utilization driven by its own national interests, while not willingly fully engage in any cooperative framework. The balancing between demands and supplies on water

⁷⁸ Dosch, "Managing Security," 216.

⁷⁹ Ibid, 229.

⁸⁰ Ibid. 230.

⁸¹ Timo Menniken, "China's Performance in International Resource Politics: Lessons from the Mekong," *Contemporary Southeast Asia* 29, no. 1 (2007): 97-120.

sources to fulfill domestic and international strategic ambition is needed. The hydropower construction projects, non-membership of MRC and strongly voting against the Convention on the Law of the Non-Navigational Use of International Watercourses shall be good evidence for its ‘Rambo behavior’. The basic principles of realistic international relations: *autonomy and security* are reflected in China’s strategic policy. However, the GMS could attract upstream Rambo behavior due to its objective – integrating the Mekong region through a well-endowed infrastructure. The GMS matched China’s willingness to develop the Yunnan Province and turn it into the gateway to SEA.⁸² Menniken also analyzed the problem structures of political cooperation of Mekong regimes, combining the geophysical and socio-economic factors to the analysis. Upstream-downstream constellation or a ‘common-pool-situation’, derived from geophysical basis unavoidably occurs in any trans-boundary river. Second, the cooperation tends to be more difficult if there are heterogeneous socio-economic factors among the riparian states.⁸³ In addition, the riparian states should counterbalance Rambo rather than just criticizing or ignoring its ambition.⁸⁴ Three levels of counterbalancing are suggested. First, common foreign policies among four MRC members are necessary to create homogenous behaviors of alliance sharing and basic courses of action. The second step of counterbalancing is linking the relationship to the water-issue. China engaged within the GMS and that could prove that cooperation is possible. Third, connecting the water-issue to political components, such as ASEAN+3, will increase the bargaining power of riparian states.⁸⁵

Truong Minh Vu⁸⁶ observed China’s performance in the GMS as a ‘system maker and privilege taker’, who enjoys beneficial gains while creating the Chinese sphere of influence in the region, qualified by its dominant favorable position. China’s leadership role in the GMS is twofold. First, China leads in infrastructure development. It promotes regional connectivity through infrastructure,

⁸² Menniken, “China’s Performance,” 111.

⁸³ Ibid, 104-105.

⁸⁴ Ibid, 115.

⁸⁵ Ibid, 113-115.

⁸⁶ Truong-Minh Vu, “Between System Maker and Privileges Taker: The Role of China in the Greater Mekong Sub-region,” Special Issue, *Revista Brasileira de Política Internacional* 57 (2014):159.

transportation, and communication through the funding of projects through GMS channels. The aim is to construct stable foundations of economic growth for the southwestern provinces of China, especially Yunnan, by connecting it with the ASEAN mainland, which is considered as ‘a backyard’ of the dragon. The North-South Corridor Project is significantly important to this connection. Although China is a dominant power with a favorable upstream position who enjoys water exploitation and hydroelectric dam construction, which causes negative impacts downstream, China impressively leads the hydropower development scheme by offering financial funds and knowledge-based techniques on hydroelectric dam construction for operations in Myanmar, the Laos PDR and Cambodia. Meanwhile, China promotes electricity exchanges with Vietnam and Thailand. China has taken the leadership role in hydropower development. The promotion of hydropower development does not only ensure energy security for Yunnan Province, but the exports of electricity and hydropower have been building infrastructure in the Mekong riparian states. These ‘public goods’ for recipients can be seen as soft power or part of China’s charm offensive.

Nathaniel Matthews and Stew Motta⁸⁷ have compiled useful materials and observed that China’s influence on hydropower development is for the sake of energy security. It fulfills its domestic demand with clean energy sources, thus reducing the fossil fuel dependence. It is not limited to the Lancang River in its own sovereign territory, but China plays an influential role as financier and developer dominating the LMB. Matthews and Motta claims that China’s state-owned enterprises (SOES), such as Sinohydro, the China International Water and Electric Corporation, and Hydro Lancang, have actively become concessionaires to construct hydroelectric tributary dams in the LMB boosting profits as well as exporting expertise to downstream neighbors. The Chinese government was able to inject large financial funds into national economies through SOES and provide infrastructure linkages and electricity. The LMB countries take advantage of state development framing it as a ‘win win

⁸⁷ Nathaniel Matthews and Stew Motta, “China’s Influence on Hydropower Development in the Lancang River and Lower Mekong River Basin,” *State of Knowledge Series 4*, July 2013, 1.

situation'⁸⁸ China has increased political influence by developing trade routes and economic linkages that have consolidated its regional power, both in terms of national security and economically. The notable changes of Chinese's policies reflect its foreign policies' direction, i.e., being more cooperative, opening markets, counterbalancing Western influence and turning itself into a regional or global leader.

2.4 Literature on China as Hydro-hegemony on Mekong River

As theory-oriented research, the theoretical review on the concept of 'hydro hegemony' is necessary. Hydro hegemony is a conceptual framework, articulated by Mark Zeitoun and Jaroen Warner, which modifies Hegemonic Stability Theory (HST). Both share the common theoretical assumptions of the power-based realism approach. It is 'a niche version' of HST and explains the conflict and cooperation in the specific field of Trans-boundary Rivers. Due to power asymmetry, there might be hydro hegemony that controls water resources at the river basin level by power-related tactics and strategies, not wars, and compliance through coercive methods, utilitarian approaches, normative agreements and ideational hegemony. The hydro hegemonic status is indicated by a power ratio based on 1) riparian position 2) economic/political/ military power and 3) exploitation potential. The upstream position cannot be determined as hydro hegemony, but another two dimensions in power ratio- material power and exploitation potential, will determine who is the most powerful state at the river basin level. Hydro hegemonic states may enforce different power-related tactics depending on carrot or stick compliance-based strategies. For example, coercive compliance may be a forceful military tactic, utilitarian compliance may be an incentive based tactic, normative compliance may enforce treaties, and ideational hegemonic compliance may enforce securitization, knowledge construction, international support or financial mobilization. Most contributions related to hydro hegemony analyze the Nile, Tigris, Euphrates and Jordan Rivers. Available research papers put hydro hegemony as a main conceptual framework suitable to analyze the case of the Mekong River. China is a hydro hegemonic state with perfect riparian position upstream, with the highest economic, political, and

⁸⁸ Matthews and Motta, "China's Influence on Hydropower."

military capabilities and power to exploit the river system. Especially in comparison with the other five riparian states who control water resources in the Mekong River.

Seungho Lee⁸⁹ combines the hydro hegemony approach and benefit sharing approach to analyze the complex relationships between China, Mekong hydro-hegemon, and the five non-hegemonic riparian states on hydropower development. He claims that China, taking the hydro hegemonic advantages, has exercised resignation strategies; ignoring to attend the MRC multilateral negotiation platform on hydropower development issues and refusing to cooperate in basin-wide discussion on sustainable hydropower development with other riparian states while controlling water resources unilaterally. However, China's economic development and the increasing of geopolitical interests in energy security in the Mekong River has changed China's attitude to be more cooperative. Lee argues that the Mekong River can be analyzed as a tool for sharing mutual benefits between China and other riparian states in many ways: increasing beneficial exploitation from the river, such as water quality improvement, pollution control; hydropower development; the reduction of the cost to the river, such as flood and drought mitigation and management; and increasing overall benefits beyond the river links to China's economic regional integration policy. He also focuses on the significance of mutual benefits beyond the river – economic integration, and suggests that the cooperation on water/hydropower management is possible if it involves all riparian states. According to the hydro hegemony approach, although Lee does not mention the hydro hegemony's strategies and tactics, it explicitly implies that China enforces incentives and tactics indicating a utilitarian compliance strategy to control water resources in the Mekong River.

Philip Ballentine⁹⁰ notices some key issues of China's hydro hegemonic manner toward the 'Mekong/GMS regime', and observes that China's forums shop and engage in the GMS and refuses to fully join the MRC. This will maximize national interests rather than creating such burdensome tasks if it becomes a MRC member. Additionally, China, the Mekong's ultimate upstream actor, will construct

⁸⁹ Seungho Lee, "Hydropower Development in the Mekong River Basin – Analysis through the Hydrohegemonic Approach," *Southeast Asia Journal* 23, no. 1 (2013): 249, doi:10.21485/hufsea.2013.23.1.010.

⁹⁰ Phillip Ballentine, "Hydro-Hegemony in the Mekong River Basin" [PS-188-20: International Environmental Negotiations], 2014, 15-16.

hydroelectric dams where it can and will silent opposition by enforcing construction tactics to weaken the harmonious downstream anti-dam coalition and also convert Laos to engage in a ‘tragedy of the commons’ to exploit and damage the environment.

Marlen Rein ⁹¹ elaborates on the power relations and asymmetry of riparian states through an analysis of four types of powers, based on the hydro hegemony framework, namely: “geographical power, material power, bargaining power and ideological power”. Counter-hegemonic strategies of non-hegemonies are also covered. Rein assumes that the regional collaborative frameworks, such as MRC, GMS, LMI, etc. are ‘counter-hegemonic tactics’ that weaker states have used as negotiation platforms to resist China, which may not be much effective due to its scattering.

The literature review provides fruitful keys for discussions on the power asymmetry in the Mekong River and China’s stance on hydro hegemony. Although the concept of hydro-hegemony is useful, it has limitations. The framework likely explains water grabbing tactics, where water is scarce, and where a water war is likely to happen. Even Mark Zeitoun, the leading hydro hegemony theorist, usually applies this concept to analyze the Nile River, the Jordan River, and the Tigris-Euphrates River, where the water is limited and water wars tend to easily erupt, but hesitates to analyze the Mekong River where water resources are abundant.

Foundations of the research have been laid down by the reviewed literature. It is very useful to explain China’s ambition and strategic interests in the Mekong Valley and how it utilizes water sources as a political tool to achieve its goals. Doubtlessly, China, with tremendous sources of power, is a hydro-hegemon in the Mekong River. Most of literature was published in the post-LMC era, but there are still research gaps in the period of ‘changing’ China’s Grand Strategy. If the research hypothesis is true, China’s ‘hegemonic ambition’ could drive states to enforce the rules in a form of regime, under the LMC to achieve its Grand Strategy. It could possibly reshape the traditional Mekong hydro-political landscape which is embedded in the Mekong watercourse regime.

⁹¹ Marlen Rein, “Power Asymmetry in the Mekong River Basin: The Impact of Hydro-hegemony on Sharing Transboundary Water,” (master’s thesis, University of Vienna, 2014).

CHAPTER 3

LANCANG-MEKONG COOPERATION (LMC) AND CHINA'S MEKONG OUTWARD HYDROPOWER INVESTMENT

3.1 Lancang-Mekong Cooperation (LMC)

In November 2014, Li Keqiang, the Chinese Prime Minister, proposed the Lancang-Mekong Cooperation (LMC) during the 17th China-ASEAN Leaders' Meeting, which was hosted in Nay Pyi Taw, Myanmar. It gained positive responses from Mekong riparian states.¹ Although most of the news headlines highlighted China's role initiating this new mechanism, Thailand made competing claims over China's ownership of the initiative, which was first proposed at the Conference on Sustainable Development in the Lancang-Mekong subregion in 2014.² Evidently, Thailand's Ministry of Foreign Affairs claims that the LMC was initiated by Thailand and endorsed by China and other member countries.³ In Chinese Premier Li Keqiang's speech, during the First Lancang-Mekong Cooperation Leaders' Meeting, it was stated that the LMC was Thailand's proposal to enhance sub-regional cooperation since 2012, or during former Prime Minister Yingluck Shinawatra's government.⁴

Eventually, the concept paper of the LMC was completely discussed jointly and task forces and multi-stakeholders met and embedded political and economic willingness, which reflected the state national interests of riparian states.

¹ Ministry of Foreign Affairs, PRC, "Five Features of Lancang-Mekong River Cooperation," Mekong Eye, March 31, 2016, <https://www.mekongeye.com/2016/03/31/five-features-of-lancang-mekong-river-cooperation/>

² Poowin Bunyavejchewin, "The Lancang-Mekong Cooperation (LMC): Viewed in Light of the Potential Regional Leader Theory," *Journal of Mekong Societies* 12, no.3 (2016): 55.

³ "Minister of Foreign Affairs Attends the 1st Mekong-Lancang Cooperation Foreign Ministers' Meeting," Ministry of Foreign Affairs, Thailand, November 13, 2015, <http://www.mfa.go.th/main/en/media-center/28/62146-Minister-of-Foreign-Affairs-attends-the-1st-Mekong.html>.

⁴ "Address by H.E. Li Keqiang Premier of the State Council of the People's Republic of China at the First Lancang-Mekong Cooperation Leaders' Meeting," Embassy of the People's Republic of China, Singapore, March 23, 2016, <http://www.chinaembassy.org.sg/eng/jrzg/t1350422.htm>

The 1st Senior Official's Meeting (SOM) of the Lancang-Mekong Cooperation, was held in Beijing on 6 April 2015. A concept paper of the framework was discussed, along with a set of goals, strategic direction and areas of cooperation. The Chinese vice Foreign Minister, Liu Zhenmin, stated that the LMC mechanism might facilitate the creation of regional peace and stability by deepening themes of cooperation and also promote sub-regional prosperous development of common interests.⁵

The 2nd SOM was held in Chiang Rai, Thailand, on 21st August 2015. The concept paper was discussed further and the Early Harvest Projects were developed.⁶ The meeting discussed tangible fields of cooperation. Hydropower is included as one of the strategic cooperative areas. Again, Liu Zhenmin reiterated that the LMC mechanism might cause the maintenance of long-lasting peace and stability in the region.⁷

Finally, the 1st LMC Foreign Ministers' meeting was held in Jinghong City, Yunnan Province of China, on 12 November 2015 and the establishment of the LMC was officially announced.⁸ Six LMC Ministers from riparian states led by the Chinese Minister of Foreign Affairs Wang Yi attended the Meeting. During the meeting details of the framework were discussed in-depth and consensus was reaching on the LMC's goals, strategic direction and key areas of cooperation. China's side broadly proposed three thematic pillars of cooperation under the LMC umbrella, which mirrors ASEAN's three pillars, but are more precise and comprehensive, including;

- 1) Political security
- 2) Economic and sustainable development
- 3) Society and people-to-people and cultural engagement

⁵ "Vice Foreign Minister Liu Zhenmin Chairs First Senior Diplomatic Officials' Meeting of Lancang-Mekong River Dialogue and Cooperation," Ministry of Foreign Affairs, PRC, April 6, 2015, http://www.fmprc.gov.cn/mfa_eng/wjbxw/t1252945.shtml.

⁶ Bunyavejchewin, "The Lancang-Mekong Cooperation (LMC)," 56.

⁷ "Vice Foreign Minister Liu Zhenmin Attends the 2nd Mekong-Lancang Cooperation Senior Officials' Meeting," Ministry of Foreign Affairs, PRC, August 21, 2015, http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/yzs_663350/xwlb_663352/t1291078.shtml

⁸ Kun Li, "Lancang-Mekong Cooperation Enters Golden Era," CCTV, March 21, 2016, <http://english.cntv.cn/2016/03/21/ARTIdfRmozGx4JbXRdpaDUkW160321.shtml>.

Six countries expressed commitment to strengthen mutual trust and understanding in promoting cooperation and collaboration among riparian states in development and regional integration. Chinese Foreign Minister, Wang Yi, elaborated on five priority area directions, namely;

- 1) Connectivity
- 2) Production Capacity
- 3) Cross-border economic
- 4) Water resources
- 5) Agriculture and Poverty-reduction

Chinese Foreign Minister Wang Yi called these "3+5" mechanisms of cooperation.⁹ Moreover, he strongly emphasized the provision of the three great supports: policy, finance and intelligence, to pursue the LMC goals.¹⁰ Six LMC Foreign Ministers, as states' representatives, endorsed the LMC concept papers. The LMC was officially established.

Later, the 3rd SOM was held in Sanya City, China, during 23-25 February 2016. Six Mekong riparian representatives attended the meeting in order to discuss the preparation for the first LMC Leader's Meeting and to conduct the Sanya Declaration of the 1st LMC Leaders' Meeting and also Joint List of LMC Early Harvest Projects. Riparian representatives appreciated China's key role in creating the mechanism.¹¹

Coming to the most important event, on 23 March 2016, the 1st LMC Leader's Meeting was held in Sanya City, Hainan Province of China. Leaders of six member states, including Chinese Premier Li Keqiang, Thai PM Prayut Chan-o-cha, Cambodian PM Hun Sen, Laos' PM Thongsing Thammavong, Burmese Vice President Sai Mauk Kham, and Vietnamese Deputy Prime Minister Pham Binh Minh, endorsed the Sanya Declaration. China's leader explained that the connotation of 'Sanya' means the junction of three rivers in Chinese and the agreement and

⁹ "China, Mekong Countries Celebrate Launch of LMC China Secretariat," Xinhua, March 10, 2017, http://news.xinhuanet.com/english/2017-03/10/c_136119140.htm

¹⁰ "Wang Yi Elaborates on Five Priorities and Three Important Supports in Lancang-Mekong River Cooperation," Ministry of Foreign Affairs, PRC, November 17, 2015, http://www.fmprc.gov.cn/mfa_eng/wjb_663304/wjbz_663308/activities_663312/t1315488.shtml

¹¹ "Wang Yi Elaborates."

consensus in Indochinese languages (Thai and Lao) implying joint willingness to make joint efforts to construct a bright future for the region.¹² The MRC welcomes the LMC and hoped that this move will cement the future cooperation among six Mekong riparian states and MRC's goals will be pursued.¹³

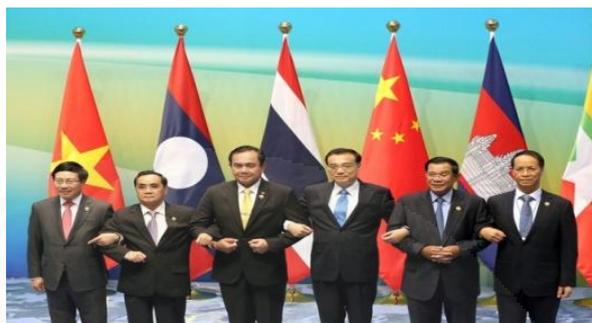


Figure 3.1 *The First Leaders' Meeting of Lancang-Mekong Cooperation* Reprinted from “Diplomats to Meet at Mekong Forum,” by Chea Vannak, 2017.

Then, the 4th SOM was held in Siem Reap, Cambodia on 22 December 2016 to discuss preparations of the second Foreign Ministers' Meeting. In the same year, the 2nd Foreign Ministers' Meeting was held on 23 December 2016 in Siem Reap, Cambodia under theme “Shared River, Shared Future” in order to monitor the implementation of 45 early-harvesting projects and function as joint working groups. China called for establishing the LMC cultural corridor, fully setting up joint working groups covering all priority areas within two quarters, establishing LMC secretariats, carrying out the first phase of 45 early-harvest projects and also promoting the second phase, formulating an LMC 5-year action plan and proposing Funds and Loans provided by China.¹⁴ All parties appreciated China's effort and hoped that China will continue to play a leading role in the process. The LMC secretariat was established in

¹² “Premier Li Quotes Southeast Asian Proverb for Lancang-Mekong Co-op,” China Daily, March 23, 2016. http://www.chinadaily.com.cn/world/2016-03/23/content_24042093.htm

¹³ “Lancang – Mekong Cooperation: MRC Welcomes the New Initiative for Regional Cooperation by Six Countries in the Mekong River Basin,” Mekong River Commission, March 31, 2016. <http://www.mrcmekong.org/news-and-events/news/lancang-mekong-cooperation-mrc-welcomes-the-new-initiative-for-regional-cooperation-by-six-countries-in-the-mekong-river-basin/>

¹⁴ “The 2nd Lancang-Mekong Cooperation Foreign Ministers' Meeting Convenes,” Ministry of Foreign Affairs, PRC, December 27, 2016. http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1427021.shtml

China on 10 March 2017, which has the functional bodies, including planning, coordination, implementation and publicity.¹⁵

In the Sanya declaration, 26 points of cooperation comprising of a comprehensive framework for cooperation among Mekong riparian states was identified. According to transboundary river governance and hydroelectricity issues, it highlights the enhancement of cooperation on water resources management and utilization among riparian states by establishing the Lancang-Mekong Water Resources Cooperation Center in China to serve as a regional platform to deepen comprehensive cooperation in technical and high-level visits and exchanges, training, water-related disaster management, information exchange and sharing and research. Food-water-energy security is needed to be addressed. It points out the establishment of 3R infrastructure connectivity; River, Rail and Road in the region. Moreover, it emphasizes the responsibility to the Earth and to encourage sustainable and green development and environmental protection. It also underlines the construction of regional energy markets and power grid networks. Lancang-Mekong River cooperation will enhance cross-border economic activities. China will take full infrastructure investment to help with the industrialization process of countries along the Mekong. During the first LMC Ministerial Meeting, Chinese Foreign Minister Wang Yi emphasized that the cooperation among six member states is rooted from shared water, which all parties should jointly preserve and utilize this renewable resource. He underlined that China has assisted downstream states to formulate plans and strategies, water-related disasters, including flood and drought resilience and protection strategies and strengthened capacity building programs.¹⁶ Riparian states shall take full advantage of all resources. At a glance, the LMC framework is similar to the GMS, which focuses on economic integration and infrastructure connectivity. The LMC is an upgraded version of the GMS derived from China's ambition to play a more comprehensive role in sub-regional cooperation and become a rule-making power. The key significance is China itself initiatively places water resource cooperation as one of its five priority areas.

¹⁵ "Foreign Ministry Spokesperson Geng Shuang's Regular Press Conference on March 10, 2017," Ministry of Foreign Affairs, PRC, March 10, 2017, http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2511_665403/t1444983.shtml

¹⁶ "Wang Yi Elaborates."

Forty-three early harvest projects under the LMC framework have finally been endorsed by multiple platforms of negotiation within merely a couple years. China plays a crucial role by offering itself as a lead country to implement less than half of these projects. Nineteen LMC core projects have been confirmed to be geared up by China. Cooperation in fields of water resources are addressed such as project proposals to establish water quality monitoring systems on the Mekong mainstream and also a hydrological data center, implementing integrated water resources management (IWRM) at the Mekong Delta for the sustainable development co-joint project between Cambodia and Vietnam. Unsurprisingly, China plays a leading role in hydro-politics and to propose the establishment of the Lancang-Mekong Water Resources Cooperation Center, as well as the Lancang-Mekong Law Enforcement Cooperation Center. It promotes the strengthening of flood and drought management. China also seeks to develop navigational safety infrastructure, upgrade ports along the two rivers and improve waterborne channels.

In other fields, early batches of projects aims to promote poverty reduction, public health and tropical diseases control, natural resources and environment conservation for sustainable development, climate change adaptation and capacity building through technical exchanges and training programs. Programs also promote human resources competency development in trade and economic fields such as Special Economic Zone, customs, e-commerce, Import-Export professional skills, ICT and digitals and English language. It is interesting that China promotes its soft power through multiple programs, such as Buddhist leader official visit program and university friendship games. China commits to contribute financial support for all nineteen Chinese-led projects, while others are still unable to find financial sources. As an upstream country, China claims that it is China's responsibility to better manage the Mekong River as a measure to support improvement of living conditions of the people living downstream.¹⁷

Furthermore, in the light of the LMC, the Sanya Declaration hopes the LMC complements the synergy between this fresh framework and existing sub-

¹⁷ Chheang Vannarith, "The Mekong Region: From a Divided to a Connected Region," Konrad-Adenauer-Shiftung, Cambodia, n.d., 4, http://www.kas.de/wf/doc/kas_48018-1522-1-30.pdf?170223114402

regional cooperation mechanisms, such as Mekong River Commission (MRC), Greater Mekong Sub-region (GMS), Regional Comprehensive Economic Partnership (RCEP) and, especially, China's Belt and Road initiative (BRI). The LMC is also able to support the ASEAN community. China will also continue discussions with ASEAN to build and deepen strategic friendly cooperation. This positively sends a signal to the international stage that China will help to develop and consolidate regional integration by peaceful means.¹⁸ It also expects to promote the development of cooperation in the region, particularly in Indochina. It is observed that all of those proposed mechanisms do not have external superpowers, such as Japan and the US, engaged in the frameworks.

Its remarkable achievements can be seen in the series of meetings between senior governmental officers from member states, and also, in implementing of 45 early harvesting projects (some sources say 43) and establishing joint working groups to gear up these projects.¹⁹ The tentative Joint List of LMC Early Harvest Projects table below shows that China has selected nineteen priority projects;

Table 3.1
List of China-selected Early Harvesting Projects

Code	Project Name
B01	Lancang-Mekong Law Enforcement Cooperation Center
B02	Lancang-Mekong Water Resources Cooperation Center
B03	Lancang-Mekong Environmental Cooperation Center
B04	Lancang-Mekong Sub-region ICT and Application Workshop/Training Program
B05	Development and Demonstration of Geospatial Framework for Digital Mekong River
B06	Navigational Safety Infrastructure Development and Management in the Lancang-Mekong River
B07	Phase II of the Maintenance and Improvement of the Lancang-Mekong Navigation Channel

¹⁸ “Full Text of Premier’s Speech at 18th China-ASEAN Summit,” the State Council, PRC, November 24, 2015, http://english.gov.cn/premier/speeches/2015/11/24/content_281475241254129.htm

¹⁹ “China, Mekong Countries Celebrate Launch of LMC China Secretariat,” Xinhua, March 10, 2017, http://news.xinhuanet.com/english/2017-03/10/c_136119140.htm

Table 3.1 (cont.)

Code	Project Name
B08	Lancang-Mekong River Space Information Cooperation Center (MeSIC)
B09	Demonstration on Integrated Planning and Management of Forest Ecosystem in Lancang-Mekong Watershed
B10	Cooperation on Risk Evaluation, Surveillance and Early Warning of Vector-Borne Tropical Diseases in the Lancang-Mekong Subregion
B11	Community-based Health Development Program in Mekong River Countries
B12	Pilot Poverty Reduction Projects in Mekong Countries
B13	Capacity Building for Poverty Reduction in Mekong Countries
B14	Friendship Program: Government Officials from Mekong Countries visiting China
B15	Training on Customs Reform and Modernization in Mekong Countries
B16	Visiting of Buddhist Leaders from Mekong Countries to China
B17	Joint Conservation of Fishery Resources and Ecological Environment in the Lancang-Mekong River
B18	University Friendship Games in the Lancang-Mekong Region
B19	Forum between Tourist Cities in the Lancang-Mekong Region

As aforementioned, the harvesting projects have been undertaken by China's authority itself. China has committed to provide full financial support for operating these Chinese-selected projects, with a total budget that remains secret. Except project B09, Demonstration on Integrated Planning and Management of Forest Ecosystem in Lancang-Mekong Watershed which will be funded by the Asia-Pacific Network for Sustainable Forest Management and Rehabilitation. These China-selected early harvesting projects reflect its national interest's priorities in the Lancang-Mekong Basin which are broadly classified into four categories.

The first category is about Digital ICT and Space cooperation, including projects B04, B05 and B08. The second category is about health and poverty reduction, including projects B10, B11, B12 and B13. The third category is about building trust cooperation, including project B14, B16, B18 and B19. Finally, the last category deals with sustainable water resources and environment management and utilization, including projects B02, B03, B06, B07 and B17. This final category is a key variable for decoding China's effort. China established the Lancang-Mekong

Water Resources Cooperation Center and the Lancang-Mekong Environmental Cooperation Center as focal points for coordinating between China and Mekong riparian states. China aims to improve navigational infrastructure and waterborne channels as trade commercial routes transferring goods and commodities from China to marketplaces downstream, and to promote joint conservation of fisheries and the environment.

However, it is seems that China has tried to control or change laws and regulations in the Lancang-Mekong River, which is reflected in projects B01 and B15. China is trying to establish the Lancang-Mekong Law Enforcement Cooperation Center (B01) and is setting up the Training Program on Customs Reform and Modernization in Mekong Countries (B15).

Moreover, some of the 45 early harvesting projects related to water resource management undertaken by other riparian states include;

Table 3.2

List of Early Harvesting Projects Related to Water Resources Management

Code	Project Name	Leading Country
A01	Enhancing China-Mekong Research and Policy Dialogue Program	Cambodia (to be discussed with relevant Chinese line agency)
A04	Water quality monitoring system at Mekong mainstream and information center installation	Cambodia (to be discussed with relevant Chinese line agency)
A07	IWRM at the Mekong Delta for the sustainable development	Cambodia (co-developed with Vietnam)
C01	Enhancing Capacity Building for Diplomats of member countries	Lao PDR (to be discussed with relevant Chinese line agency)
C02	Upgrading of the Port facility on Lancang-Mekong River Project	Lao PDR (co-developed with China)
C03	Training Program for Rescue Workers in Waterway Sector	Lao PDR (co-developed with China)
C10	Training Program for Customs Officers among member countries	Lao PDR (co-developed with China)

Table 3.2 (cont.)

Code	Project Name	Leading Country
C11	Strengthening of IWRM Projects	Lao PDR
D09	Cooperative Programs on Climate Change Impacts and Resolution of Sustainable Forest Management	Thailand (co-developed with China)
F03	Strengthening Coordinated Flood and Drought Management in the Lancang-Mekong Basin	Vietnam (co-developed with China)

Cambodia chose the research and policy dialogue program, mainstream water monitoring system and information center and IWRM in Mekong Delta projects. The Lao PDR assorted capacity building for diplomat programs, upgrading commercial ports, training programs for customs officer and implementing IWRM projects. Thailand only chose the climate change impact and resolution. Finally Vietnam selected Strengthening Coordinated Flood and Drought Management in the Lancang-Mekong Basin. China has committed to co-develop all of these projects with member states. In comparison with the MRC's mandate, these contributions echo some implication about water resources cooperation. Water volume monitoring system will be responsible by China under the operation of the Lancang-Mekong Water Resources Cooperation Center, while water quality monitoring system will belong to Cambodia with China co-development. The Lao PDR will undertake navigational channels for improvement and waterborne facilities co-developed with China. Vietnam prioritizes flood and drought management, and again, co-developed with China. It is prominent that China fully engages in transboundary river governance by establishing the Lancang-Mekong Water Resources Cooperation Center, under Ministry of Water Resources, as regional focal points in regional cooperation in issue-area of water resources. It is clear that China avoids referring to 'hydropower' in doctrinal context of LMC. The Chinese Ministry of Foreign Affairs announced that "China will manage Lancang-Mekong resources in a scientific manner by establishing the Lancang-Mekong water resource cooperation center for exchange and share hydrological data and resource information, and jointly protect the

ecological resources along the River to improve living standards of the people living along the River”.²⁰

Keeping in progress, in 2017, The 3rd Foreign Ministerial Meeting was held in December in Dali, Yunnan. It reported on the success of the establishment of the National Secretariat or Coordination Units in six member states and the advancement of the ongoing 45 Early Harvesting Projects and 13 Initiatives proposed during the last foreign-ministerial level meeting. Also, the meeting released a list of the first batch of projects supported by the LMC Special Fund in 2017.²¹

Recently, at the 2nd LMC Leader’s Meeting (Summit), on 10 January 2018 in Phnom Penh, Cambodia deepened cooperation among the six LMC countries. The theme is “Our River of Peace and Sustainable Development” reemphasizing peaceful community building for long-term growth and prosperity together. It also reiterates on strengthening mutual trust and understanding how to address challenges and non-traditional security threats. The meeting praised progressive and tangible achievements of the establishment of the Water Resources Cooperation Center, the Lancang-Mekong Environmental Cooperation Center, National Secretariat Offices, and the operation of the LMC Special Fund which grants financial support for 132 projects under the LMC framework.²² The meeting adopted a summit document, namely the “*Phnom Penh Declaration*” which is the second summit document following the first “Sanya Declaration”. It calls for leaders’ commitment and LMC national spirit aimed at promoting socio-economic development, enhancing the well-being of their people, growing together and supporting ASEAN Community building.²³ It emphasizes win-win cooperation based on “the principles of consensus,

²⁰ “Five Features of Lancang-Mekong River Cooperation,” Ministry of Foreign Affairs, PRC, March 17, 2016. http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1349239.shtml.

²¹ Ministry of Foreign Affairs and International Cooperation of Cambodia, “On the Outcomes of the Third Lancang-Mekong Cooperation Foreign Ministers’ Meeting,” Press Release, Dali, December 15, 2017, http://pressocm.gov.kh/wp-content/uploads/2017/12/2017-12-17_MFAIC_KHMER.pdf

²² Ministry of Foreign Affairs, Thailand, “Report on the 2nd LMC Leader’s Meeting” (Official Documents No. กท 0704/122) March 23, 2018.

²³ Phnom Penh Declaration, Article 2.

equality, mutual consultation and coordination, voluntarism, common contributions and shared benefits, and also respect for the UN Charter and International Laws”.²⁴

Furthermore, the Five-Year Action Plan of Action on Lancang-Mekong Cooperation (2018-2022) was endorsed as a 5-year strategic plan and guidance for gearing up projects and cooperation under the LMC umbrella. Also, China suggested expanding the area of cooperation by including the “X” factor to the framework as “3+5+X”. The “X” factor is another possible cooperation field such as action plans to “reduce inequality, convert intra-regional migration into sustainable development, enhance gender equality, promote smart and sustainable urbanization, address the aging population in the region, and be the lead for an inclusive digital revolution”.²⁵

In the water resource field, the Joint Working Group (JWC) on Water Resources Management was created and senior officials and technical experts in the water resource field discussed possible future cooperation. The 1st Meeting of the Joint Working Group of LMC on Water Resources Management in Beijing on 26 February 2017, and The 2nd Meeting of the Joint Working Group of LMC on Water Resources Management was in early March 2018.

3.1.1 Institutionalization

In March 2017, China established the LMC China Secretariat and called other states to establish a LMC secretariat office to coordinate with China more closely. In the same year, the Lancang-Mekong Water Resources Cooperation Centre (herein after *the Center*) and of the Lancang-Mekong Environmental Cooperation Center were established in Beijing in March and November respectively in order to serve as a coordination unit in specific issue-areas of cooperation; water resources and the environment. China heavily highlighted its role in Lancang-Mekong Water Resources Cooperation Center; operated by China, as a platform to support all-around activities. It promotes inclusive technical cooperation including technical exchange, joint research, implementing pilot projects and capacity building. The Action Plan aims to develop water quality, data and information sharing systems. Importantly, the

²⁴ Phnom Penh Declaration, Article 11.

²⁵ Vannarith Chheang, “Interview: 2nd LMC Summit,” January 17, 2018. <https://vannarithchheang.com/2018/01/17/interview-2nd-lmc-summit/>

document highlights on deepening flood and drought disaster emergency management, water-related resilience methods and building communicating channels for sharing information for disaster prevention and mitigation.

3.1.2 Financial Body

This is China's Economic Diplomacy. China built the LMC Special Fund as a financial body for providing funds to support Lancang-Mekong bloc building, and by its capacity, China can spread out dollars to small states to spend in project implementation freely. Funding sources come from great Chinese financial institutions, such as the Bank of China, Asian Infrastructure Investment Bank (AIIB) and New Development Bank. China is a generous leader who has potential to provide funding to support LMC countries to freely operate any possible projects and development. During the first LMC summit, China promised to provide ¥1.54 billion Yuan in preferential loans and ¥10 billion in a credit line to support infrastructure and production capacity projects. Furthermore, Premier Li Keqiang announced that "China will provides ¥ 200 million from South to South Cooperation Assistance Fund to assist downstream countries to achieve their 2030 Sustainable Development Goal, and ¥300 million to support small and medium sized cooperation projects as well".²⁶ Evidently, the Cambodian government officially showed their appreciation to China for granting \$7.3 million dollars from the LMC Special Fund to Cambodia to launch 16 Cambodian first batch of projects²⁷, and also financed \$1.7 million from the same source to Thailand to boost cross border economic activities.²⁸ The operation of the LMC will fully utilize the LMC Special Fund set up by China as prior sources to support projects endorsed by Leaders' Meeting of Foreign Ministers' Meeting, and to encourage inputs from member countries, as well as seek financial situations, such as Asian Infrastructure Investment Bank (AIIB), the Silk Road Fund and Asian

²⁶ Zhang Yue and Li Xiaokun, "Plan Cements Mekong Cooperation," China Daily, March 23, 2016. http://www.chinadaily.com.cn/world/2016-03/24/content_24057985.htm

²⁷ "China Provides 7.3 mln USD from LMC Special Fund to Cambodia," Xinhua, December 21, 2017, http://www.xinhuanet.com/english/2017-12/21/c_136842852.htm; Ministry of Foreign Affairs and International Cooperation of Cambodia, "On the Outcomes."

²⁸ "China Provides 1.7 mln USD Fund to Thailand to Boost Cross-border Trade, e-commerce," April 18, 2018, http://www.xinhuanet.com/english/2018-04/18/c_137120623.htm

Development Bank.²⁹ The Chinese government injected \$300 million USD to support any projects in the first five-year.³⁰

3.2 Implication of LMC in China's Grand Strategy

The LMC was officially built in 2014, the second year of Xi Jinping's presidential term. It comes after the BRI, but is not as boisterous because it is a smaller sub-regional platform, while the BRI is at the global level. The LMC and BRI share similar functions and objectives. China's motive on the creation of the LMC is meeting one of its core strategies, Peripheral Diplomacy and Peaceful Development. From the CGS framework, the LMC was strategically built to deepen friendly relations of partnerships and engage with Mekong peripheral neighbors by peaceful means in order to build sustainability of peaceful and a favorable international environment surrounding China that could ensure long-term economic growth and state rejuvenation. It is one engine of Xi's Grand Strategy to achieve its ultimate goal; two centenaries and the Chinese Dream. Following the conceptual framework, the research found that there are four implications of LMC in China's Grand Strategy.

First, it is a China-led mechanism to promote friendly cooperation and a peaceful environment between China and the Mekong peripheral states. Actually, peaceful development has been China's strategy to build friendly ties with the rest of the world for decades. This is the basis of the CGS and peaceful development tenet. The LMC is like other mechanisms, such as the BRI which is used by China to promote a peaceful environment and fasten friendly relations with Mekong states. It is very clear that texts in the LMC documents follow the Peaceful Development principles labeled as "common development", "Equality", "win-win cooperation", "mutual trust and shared benefits", "friendly regional cooperation", "good-

²⁹ Five-Year Plan of Action on Lancang-Mekong Cooperation (2018-2022), article 92.

³⁰ Working Group on LMC Special Fund namely Mr. Han Bing, Director of Department of Finance, Mr. Liu Bing, Second Secretary of Department of Finance, Mr. Yang Honggao, Third Secretary of Department of Asian Affairs and Ms. Yue Jingfei, Attache of Department of Finance, during the meeting with MOFA of Thailand on 26 September 2017, Bangkok

neighboring relations”, “openness”, and “non-interference”. These key words are the blueprints of strategic direction of the LMC.

In the series of LMC meetings, the meetings’ documentary outcomes and Chinese high-level executives’ speeches and interviews, the Lancang-Mekong River is always used as propaganda; “a river of peace and sustainable development”, or “a community of shared future of peace and prosperity”. Chinese leaders always emphasize “shared mutually benefits, win-win cooperation, and being friendly and peaceful”. The LMC is also used to promote a discourse of a harmonious world addressing common tasks of improving people’s living in the entire region.

The concept of ‘3+5+X Cooperation’ indicates that China chooses to promote cooperation on ‘*common development*’ issue-areas with Mekong countries. Indeed, the broad scope in the three pillars can generate many areas of cooperation. All activities share the same patterns; most are capacity building, high-level and technical exchanges, and most of them are mostly funded by China. It emphasizes on mutually shared benefits, win-win situations, while highly vulnerable political or rivalry issues are not brought up as agenda in LMC meetings. The LMC primarily serves as a platform for China to build mutual trust and understanding supporting peaceful and friendship environment building with Mekong peripheries. The LMC is a mechanism to support this ambition. Indeed, it shares the same functions and concepts with the BRI in the promotion of all-around connectivity. The LMC promotes cooperation on non-traditional security which, sometimes, might jeopardize China’s benefits and interests. It pressures China to extend economic cooperation to address non-traditional security issues. China’s early harvesting projects reflect this dimension. Human security and environment security (includes water and aquatics) have been prioritized as major challenges that China has to cope with. Water resource management is classified as a non-traditional security as well. Finally, China tends to promote trust building and mutual understanding among member states. Trust and mutual understanding are essential for business and strategic partners.

Literally, the LMC is a platform for China to promote infrastructure connectivity, boost trade and investment, and liberalization. But, at this point, the paper argues that the LMC is not a main platform for China to promote infrastructure connectivity, the BRI does. Road-rail infrastructure projects are built under the China-

Indochina Peninsula Economic Corridor BRI global umbrella. For example, a flagship project; the China-Laos railway, operates under the framework of the BRI.³¹ The 414-kilometer China-Laos railway project will link the Yunnan Province with the Lao PDR and beyond. It will extend south to Thailand, which will turn a land-locked provincial area to a land-linked province. It is also a part of BRI Trans-Eurasian railway network.³² Previously, China engaged in the GMS program to gain benefits from, and also contribute financial funds to build Tran-Asian railways and highways.

For waterways, China has already dominated the Lancang-Mekong waterborne infrastructure upstream and downstream connectivity through the existing mechanism, namely, the Joint Committee on Coordination of Commercial Navigation on the Lancang-Mekong River (JCCCN), which aims to promote cooperation on commercial navigation management and facilitate economic integration between China and the Mekong region. With existing platforms, the BRI and JCCCN, the LMC is not necessary for addressing infrastructure connectivity. So, the LMC does not respond to infrastructure network construction, the question raised is what field does the LMC support? The answer is the economy.

Second, the LMC is a mechanism to deepen economic relations and activities with CLMV countries. Indeed, the Chinese Dream is the ultimate goal, which China aims to become an economic superpower, which will manifest the CGSt. Economic expansion is necessary to support the extension scale of Chinese capitalism, and peripheral states are geopolitically extremely important to China's initiatory enlargement. Theoretically, the CGS ultimately focuses on sustaining economic growth. Economic affairs are always a key driver in any diplomacy and foreign relations. The Mekong region is significant for China's economic expansion because of the attractions of Cambodia, the Lao PDR, Myanmar and Vietnam; the so called *CLMV Countries*. The Mekong mainland is China's southwest neighbors. It is located in a very strategic point, attracting not only China, but also other superpowers

³¹ "China, Laos Pledge to Strive for More Achievements in Lancang-Mekong Cooperation," Xinhua, April 1, 2018, http://www.xinhuanet.com/english/2018-04/01/c_137079619.htm.

³² Wu Chengliang, "China-Laos Railway Project Set to Be Complete by Late 2021," *People's Daily Online*, November 15, 2017. <http://en.people.cn/n3/2017/1115/c90000-9293209.html>

to exercise power in the region. And, it is important because of the sharing of border lines. Its neighboring states are extremely important strategic partnerships for China to build a great empire, economically and politically. Evidently, in a quest of statecraft, close linkages with the Mekong region will boost economic growth, urbanization and liberalization for landlocked Yunnan province and turn itself into an important gateway to connect with Mekong peripheries.

CLMV countries are extreme trade partners with China. Only Vietnam has developed and already participates in the global supply chain, while the others are still in early stages of trade development.³³ Since they became independent and opened their states, trade and economic growth was rapid, especially when they participated in ASEAN and took liberalization benefits from trade agreements and cooperation, such as China-ASEAN.

According to the framework, in terms of economic goals, China tries to mold its peripheral states to become ‘outlets’ for export destinations, or for China’s outward investment. Akira Suehiro observes the long-term trend of China’s outward economic activities. He defines ‘four-in-one’ development, including trade, investment, aid and economic cooperation.³⁴ These 4-in-1 economic activities are coherent to China’s actions toward CLMV countries, and they are interrelated. At the first stage, China shapes favorable domestic conditions. China has offered outward *aid* to CLMV countries since the 1950s, with a focus on the most common development for the third world; public health and social welfare, such as hospitals, schools, water supply, agricultural techniques and infrastructure that meets local demands. It aims to help them to develop themselves and turn into self-capacity states, to become a potential financial destination in the future, while hoping to secure raw material extractions from recipients in return.³⁵

³³ Matai Koshy, Gee Hee Hong, Sung Eun Jung, Jochen M. Schmittmann and Jiangyan Yu, *China’s Changing Trade and the Implications for the CLMV Economies* (Washington DC: International Monetary Fund, 2016), 40.

³⁴ Akira Suehiro, “China’s Offensive in Southeast Asia: Regional Architecture and the Process of Sinicization,” *Journal of Contemporary East Asia Studies* 6, no. 2 (2007): 107-131, <https://doi.org/10.1080/24761028.2017.1391619>.

³⁵ Hao Hongmei, “China’s Trade and Economic Relations with CLMV,” in *Development Strategy for CLMV in the Age of Economic Integration*, ed. Chap Sotharith (Chiba: IDE-JETRO, 2008), 186-187.

Presently, in terms of trade, they have gradually integrated into the global market. CLMV trade values with China increase sharply annually, and China has become their top trade partnership. CLMV take full advantage from liberalization and regional integration. Trade values between China and ASEAN nations have grown dramatically in recent years since the ASEAN-China Free Trade Area (ACFTA) came into force in 2010. More than 90% of tariffs are removed between China and six developing ASEAN nations. In addition, the ACFTA became effective for CLMV countries in 2015. Bilateral trade between China and individual ASEAN nations reached up to \$514.8 billion in 2017, increasing 13.8% year to year, which is the fastest growth rate compared to its major trading partners.³⁶ Since 2014, China has been the top five trading partner for individual ASEAN states, especially CLMV countries, which are heavily dependent on China,³⁷ and among ASEAN nations, Vietnam is the biggest export destination of Chinese goods.³⁸

At the early stage, CLMV is very attractive for foreign investment because they are poor, and are less developed states, which means they have a wide-gap of development potential and have highly competitive advantageous low wages. They take these benefits by focusing in labor-intensive sectors. Their competitive advantages attract FDI inflows into countries and play a crucial role in transforming the economy. FDI plays a crucial role in investment in export-led growth strategies of CLMV countries. Cambodia still focuses on labor-intensive export industries, the Lao PDR focuses on hydropower development and mining, Vietnam heavily depends on labor-intensive industries and has shifted from light manufacturing into electronics and machinery manufacturing, and still exports grains. With the competitive advantages in low-wages, globalization and liberalization, CLMV is so attractive for shifting a manufacturing base.

³⁶ Xinhua, "China-ASEAN Trade Volume Hits Record High in 2017," China Daily, January 1, 2018, <http://www.chinadaily.com.cn/a/201801/28/WS5a6de05ea3106e7dcc137381.html>.

³⁷ Francesco Abbate and Silvia Rosina, "ASEAN-China Trade Growth: Facts, Factors and Prospects," *New Mandala*, June 14, 2016, <http://www.newmandala.org/asean-china-trade-growth-facts-factors-and-prospects/>.

³⁸ Xinhua, "China-ASEAN Trade,"

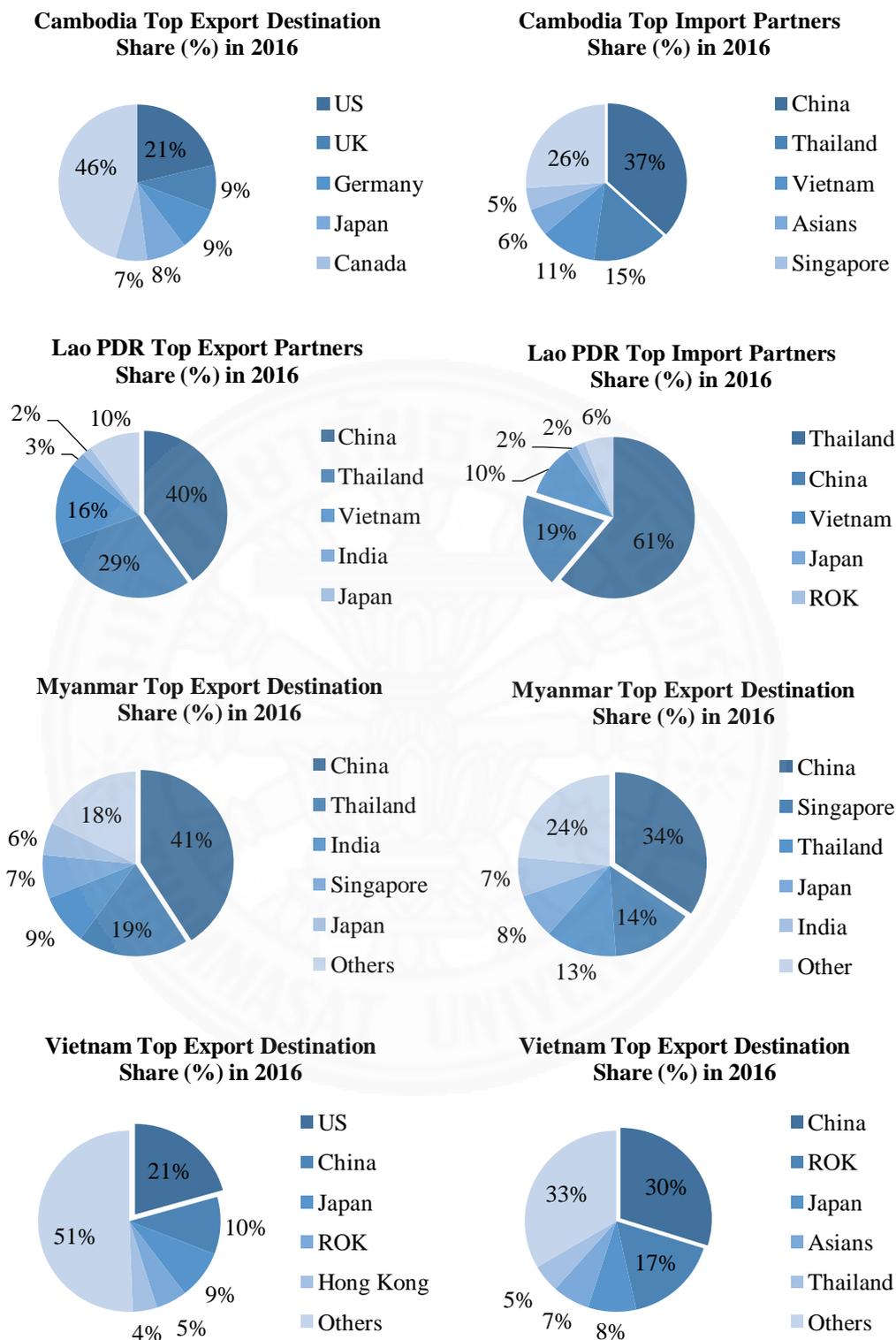


Figure 3.2 CLMV Top 5 Trade Partners in 2016 Country by Country Adapted from ASEAN Investment Report 2017: Foreign Direct Investment and Economic Zones in ASEAN by ASEAN and UNCTAD, 2017

The attractiveness is an opportunity for China to heavily grab and revitalize sustainable solid friendship with CLMV countries as a strategic partnership in win-win cooperation, to integrate and unite, and to boost trade and investment to keep sustaining and pursuing the ultimate goal. Recently, their bilateral trade with China grew rapidly. China also gained a trade surplus with them. CLMV imports raw materials from China which mostly are inputs to industrial sectors. Cambodia's economy is dependently linked to China. In 2013, one-third of its imports, around \$3.7 billion dollars came from China and in 2012 China was the largest source of FDI inflows to Cambodia, around \$1.4 billion dollars (19 percent of the total FDI). It was mostly invested in labor-intensive industries such as garments, agriculture, power plants, and mining.³⁹ China has the highest value of official loans; \$2.4 billion or around 43 percent of the total debt stock, mostly from infrastructure development.⁴⁰ The Lao PDR's economic relationship with China has increased sharply. China is Laos' top trade partner. China became the biggest foreign investor in the Lao PDR, around a third of total investment in agriculture, electricity, mining and services. Its plan to be the battery of Asia boosts influxes of foreign investment in energy sectors; especially in hydropower dams and power grids. This comes with official loans, which 70 percent are from China.⁴¹ Myanmar has just reformed and integrated with the global economy after a period of isolation. With the close borders, China has become the largest trade partner in exports and imports for Myanmar, mainly through border trade. Vietnam has already been integrated into the global supply chain, and it is the only country that has succeeded in turning into a developing country. China is the most important supplier of commodities to Vietnam. FDI plays a key role in this transformation, but it did not come from China. Most of the FDI is from Korea, Japan, Singapore and Taiwan.

³⁹ Mathai et al., *China's Changing Trade*, 72.

⁴⁰ Ibid.

⁴¹ Ibid., 74.

Table 3.3*FDI Flows in CLMV Countries, 2012-2016 (Millions \$)*

Host	2012	2013	2014	2016	2016
Cambodia	1557	1275	1727	1701	2280
Lao PDR	294	427	913	1079	1076
Myanmar	1354	2621	946	2824	2989
Vietnam	8368	8900	9200	11800	12600
TOTAL	11573	13223	12786	17404	18945

Source: ASEAN Investment Report 2017

Note: Adapted from *ASEAN Investment Report 2017: Foreign Direct Investment and Economic Zones in ASEAN* by ASEAN and UNCTAD, 2017

So, China sees economic opportunities in the Mekong region in general, and in CLMV countries in particular due to their attractive conditions for economic activities in the period of liberalization. There are lots of opportunities to offer; trading partnerships, the destination of outward investment and foreign aid, and most of all, is to deepen those activities by driving economic cooperation. A successful example is when they have engaged in the ACFTA since 2015. In this case, the LMC, like the BRI, is a mechanism for promoting economic cooperation which could possibly boost economic activities between China and CLMV countries.

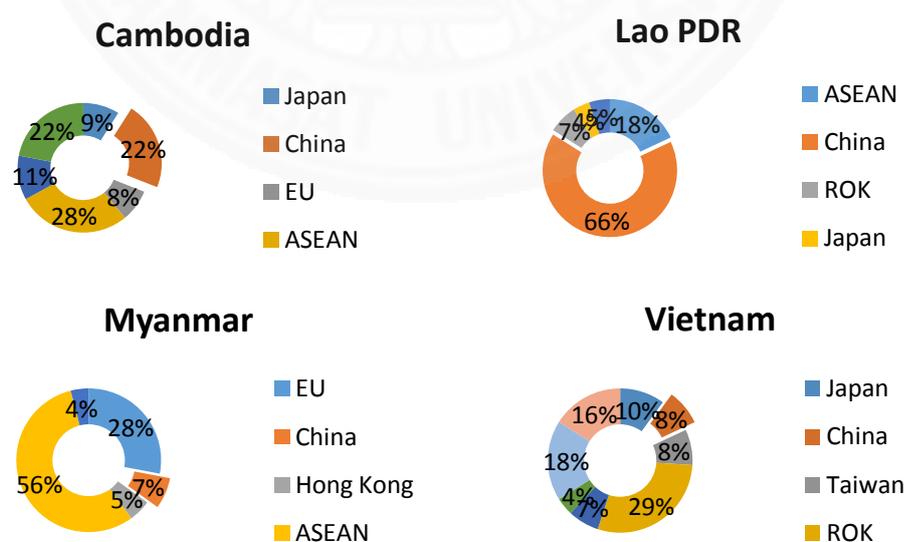


Figure 3.3 *FDI Flows into CLMV Countries in 2016, by Country* Adapted from *ASEAN Investment Report 2017: Foreign Direct Investment and Economic Zones in ASEAN* by ASEAN and UNCTAD, 2017 Source: ASEAN Investment Year Book 2017

It is assumed that the LMC was established as a gateway for foreign investment to flow into CLMV countries. Chinese FDI gradually flows from China to ASEAN nations, especially CLMV countries, to finance infrastructure, mining, real estate, financial sectors, manufacturing factors, and in forms of bank loans and export credit.⁴² Nowadays, Chinese companies actively get involved in development projects in Mekong nations through the LMC channel to invest in infrastructure, telecommunications, agriculture, biology and healthcare.⁴³ In waterworks, Chinese SOEs might take the LMC channel to sharply invest in overseas HPPs in the Mekong region. Undoubtedly, the LMC Special Fund shares its hidden agenda with the BRI's supporting financial bodies, namely The Asian Infrastructure Investment Bank (AIIB) and the Silk Road Fund (SRF). China uses this economic diplomacy to finance and gear up LMC projects. It is the way to extend China's financial influence, to spend surplus funds, and to promote China's investment.

Furthermore, China uses the LMC to deepen regional economic integration by promoting Regional Value Chains (RVC) which is defined as “the added value during the different production phases by independent or connected enterprises in different countries in the same region”.⁴⁴ However, to promote RVC and create China-dominated regional integration there needs adjustment to some traditional trade rules, or to create new platforms and rules. After the First LMC Leaders' Meeting in 2016, ‘*Joint Statement on Production Capacity Cooperation among Lancang-Mekong Countries*’ was released.⁴⁵ It expressed political commitment to the “significance of production capacity cooperation to improve regional trade, investment, competitive advantages and manufacturing capacity”, which helps to enhance states' survival in the global value chain and promote sustainable development. In this regard, it is theoretically assumed that China created the LMC for setting new rules that suited its interests and for promoting RVC.

⁴² Mathai et al., *China's Changing Trade*, 74.

⁴³ “Chinese Companies Playing Active Role in Lancang-Mekong Cooperation,” Xinhua, January 11 2018, <http://www.chinadaily.com.cn/a/201801/11/WS5a56bb77a3102e5b173741d9.html>.

⁴⁴ Abbate and Silvia, “ASEAN-China Trade.”

⁴⁵ “Chinese Companies.”

The LMC is a political platform to prioritize good-neighborliness promotion and partnership building with Mekong countries. Economic activities in the LMC are in forms of bilateral trades with the benefits of trade agreements. Trade channels already existed. It could be said that the LMC is not a platform for promoting economic integration directly, in contrast it indirectly deepens economic relations between China and Mekong countries. China shapes the peaceful and friendly atmosphere between China and Mekong states. Trust and sense of amity drives smooth negotiations and meetings, which causes positive effects on future supporting of China's ascension in the long-term. The LMC is a 'passport' for China to check-in abroad, influence, and exercise its 'four in one' economic activities.

Third, the LMC is China's soft power wielding to gain a good international image. Indeed, China realizes how powerful Soft Power is. The LMC is also China's soft power strategy to make China more attractive and gain heartfelt support from its Mekong peripheries. Xin Li and Verner Worm categorize six sources of China's soft power; namely "cultural attractiveness, political values, development models, international institutions, international images and economic temptation", sometimes they are very closely linked. They claim that playing a leading role in any institutional institution can be very important because the state can shape the political agenda and rules of the game. When a state can improve its poor performance in any issue-area of an international regime, a state will get a good image. Then the state will be more attractive and gain more support from others. "A state can win a stronger position for pushing for a gradual reform of the current international order".⁴⁶

In this case, the LMC is a soft power strategy to improve its hydro-hegemonic images. Indeed, China has been criticized worldwide on Hydropower dams in the Lancang Cascades and its egoist unilateral water grabbing. Indeed, 'damming Mekong' chronically annoys China for a long time. China is not satisfied with this 'bad image' because it might ignite distrust and suspicion from Mekong states possibly hampering long-term friendships and the peaceful environment. China always tries to convince that the Lancang Cascades provide advantageous impacts

⁴⁶ Xin Li and Verner Worm, "Building China's Soft Power for a Peaceful Rise", 81.

downstream by using scientific regulations of retaining and storing floodwater in the flood season and increasing discharges in the dry season.

To gain a good image, China has adopted '*hydro-diplomacy*', using flows as a political instrument, to build its image of a regional leader and create a dependent flows regime which traps small states into believing that their Mekong flows rely on China's flow. In March 2016, China officially announced the release of an emergency water supply from the Jinghong Hydropower Station to alleviate the drought situation downstream caused by the El Nino phenomenon in Cambodia, Laos, Myanmar, Thailand and Vietnam from March 15 to April 10 in 2016.⁴⁷ Vietnam urged the PRC to increase water discharge flow from the upper cascades to mitigate the ongoing severe drought, which might damage 160,000 hectares of paddy rice, causing losses of \$222.2 million U.S. dollars and also prevent salty seawater intrusion in the Mekong Delta.⁴⁸ Practically, China announced it would release emergency water from the Jinghong dams in 3 phases; First phase starting from 15 March to 10 April 2016, with an average daily discharge of 2,000 m³/s. For the first nine days (from 15 March to 23 March 2016), the discharged water was 2,200 m³/s. The second phase started from 11 April to 20 April 2016 with discharge of 1,200 m³/s. The third phase started from 21 April to 31 May 2016 with discharge of no less than 1,500 m³/s.⁴⁹

In 2017, China noticed lower riparian states decreasing volume of flows to 1,200 m³/s from 10 April 2017, which gradually increased to around 2000 m³/s since 17 April 2017. Then, China stated that the water discharge from the Jinghong dam will decrease from 28 April to around 850 to 1,500 m³/s. It will gradually increase to around 2000 m³/s after 2 May 2017. The objective of this decreasing discharge volume is for technically studying of energy security maintenance. Again, it is observed that China has noticed lower riparian states during the dry season. This

⁴⁷ "Chinese Releases Emergency Water Supply for Drought-Hit Mekong Countries," Xinhua, March 21, 2016, http://news.xinhuanet.com/english/photo/2016-03/21/c_135207077.htm

⁴⁸ "Spotlight: China Release Water to Drought-Stricken Mekong Countries Ahead to Lancang-Mekong Cooperation Meeting," Xinhua, New China, March 16, 2016, http://news.xinhuanet.com/english/2016-03/16/c_135195108.htm

⁴⁹ Mekong River Commission and Ministry of Water Resources of China, "Joint Observation and Evaluation of the Emergency Water Supplement from China to the Mekong River," Technical Report, 2016, 43.

information might help downstream states to prepare for dealing with changing and fluctuating flows that might be different from normal flows. China said it will give information promptly for any case of any other large variation of the outflow caused by any abnormal circumstance.

In 2018, recently, The MRC was notified of China's water discharge from the Jinghong Dam from 9-17 April 2018 which aimed to ensure energy security, and to support traditional activities of the Dai ethnic minority during the water Splashing Festival. Flows will be gradually decreased from 1,500 m³/s to 1,000m³/s-1,200m³/s from 9 April, and, then, it will increase to 2,000 m³/s started from 17 April.⁵⁰

It is observed that this was the first time China officially announced on water discharge to lower riparian states in the MRC, in parallel with bilateral notifications to each state in the dry season. Even though the announcement gave the reason for the water discharge was to help mitigate with the downstream drought event, but it was for securitizing safe operations of hydropower stations and the power grid, as well as safe navigation of river channels in downstream countries. China reiterated on protection and utilization of transboundary water resources and related information exchange. China hopes the MRCs, and also riparian governments, could extend China's good will and effort to the general public, and to publicize to the people the objective positive contributions of hydropower development from this action. It created a good environment for cooperation between China and the lower riparian states in the future.

After the first announcement, China and the MRC agreed on the Joint Observation and Evaluation of the Emergency Water Supplement from China to the Mekong River in order to monitor and assess the impact of the urgent water release from Jinghong Dams and send high level Chinese delegates to visit the hydrological stations in the Lao PDR and Mekong Delta in Vietnam on 4-11 May 2016 for a field survey. The study found that, the total volume of water discharged measured at the Jinghong Hydrological Station was 12.65 billion m³, while the monthly discharge in

⁵⁰ Mekong River Commission, "China Notified about Discharge of Jinghong Reservoir 5 Days in advance," April 4, 2018, <http://www.mrcmekong.org/news-and-events/news/press-release-mrc-escir-3/>

2016 was 1,280 m³/s and 985 m³/s respectively, larger than the historical average of 1960-2009 and the average of 2010-2015.⁵¹ The MRC reported that this increase of water levels in the Lower Mekong supplemented by the PRC's generosity effectively mitigated the drought in the Lower Mekong and it decreased salinity intrusion in the Mekong Delta. Salinity intrusion in the Mekong Delta is still a big problem for Vietnam. Furthermore, the MRC reported positive effects from Chinese dams on Mekong flows. The MRC claims that 12.65 billion m³ of water was discharged from the Jinghong Dam during the dry season in 2016 for the purpose of energy production, which could have increased downstream water flow in the dry season. Approximately 16 percent more on average and an increase in water levels in the Mekong mainstream from an average level around 0.18-1.53 m or 602-1,010 m³/s., helping downstream states mitigate potential impacts of drought and also alleviate sea water intrusion in Mekong Delta.⁵²

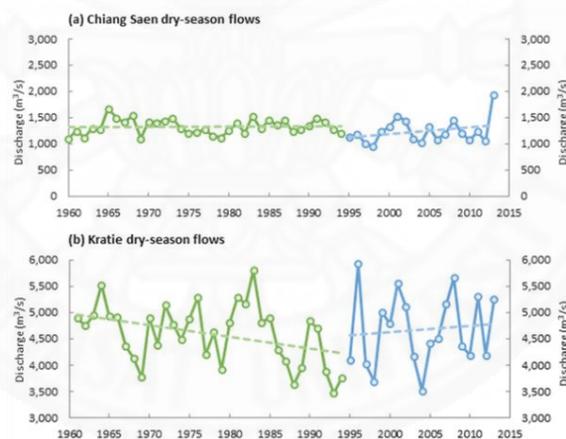


Figure 3.4 Annual Dry-Seasonal Flows Patterns from 1960-2013 Reprinted from “The Effect of Chinese Dams on Water Flows in the Lower Mekong Basin,” by Mekong River Commission, 2017.

Storing of water for hydropower production, the MRC announced that Chinese dams could reduce downstream water flows in the wet season and claimed

⁵¹ Mekong River Commission, “China Notified about Discharge.”

⁵² Mekong River Commission, “The Effects of Chinese Dams on Water Flows in the Lower Mekong Basin,” June 6, 2017, <http://www.mrcmekong.org/news-and-events/news/the-effects-of-chinese-dams-on-water-flows-in-the-lower-mekong-basin/>

that the Lancang cascade could help mitigate flood events and possibly increase productive extractions.⁵³

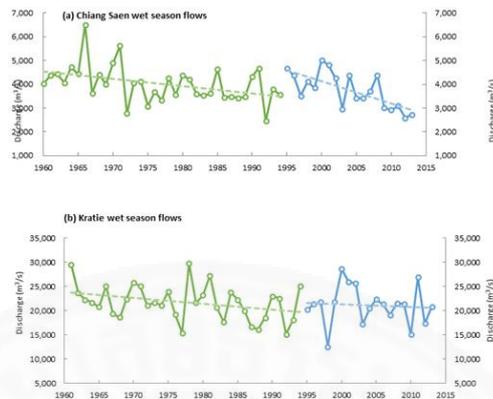


Figure 3.5 Annual Wet-Seasonal Flows from 1960-2013 Reprinted from from “The Effect of Chinese Dams on Water Flows in the Lower Mekong Basin,” by Mekong River Commission, 2017.

The MRC concurs with China in the sense that the Lancang cascades help downstream states to mitigate floods and droughts by scientific regulation of retaining and storing water in different scenarios. Subsequently, some evidence implies that Mekong riparian states explicitly comply with China’s hegemonic regime, and implicitly accept its legitimacy.

Finally, the LMC is China’s constructive role revisionist model. The LMC was built in course of China’s hegemonic ambition. Its new position of regional superpower drives China to ‘show-off’ its Chinese governance style of such alternative leader is better than the others. Akira Suehiro defines the *Sinicization* process as “China’s efforts to create China-led international institutions/organizations and, by extension, a China-friendly international environment through the wide array of formal and informal networks, and those actors create an environment conducive to China’s decent”.⁵⁴ China’s revisionist constructive role in issue-areas of cooperation to build a new China-led institution to dominantly dictate cooperative direction and states’ behavior instead of introverting itself at home. In the past, the status quo of ‘bide time and build capacity’ caused China to choose to just quietly participate in,

⁵³ Mekong River Commission, “The Effects of Chinese Dams.”

⁵⁴ Suehiro, “China’s Offensive,” 108.

rather than create its own platform. In hydro political issues, China's status quo as a dialogue partner with the MRC could exemplify China's low profile when it just participates, but not when it takes any progressive actions. By this time, the LMC is driven by Xi Jinping's Chinese Dream, this 'hegemonic ambition' forced China to find its position and play a leading and constructive role in global governance and development in order to shape a favorable international environment preparing to welcome its shift to be a superpower. Also, the LMC is significant because China places water resource cooperation as one of its priority areas and China itself plays a leading role in it. And in the water resource field, the 20-year MRC exists as an inter-governmental body serving as a mandate on international river governance in the Mekong River, but with non-membership of China. The emerging of the LMC might challenge the survival of the MRC, as both almost share the same functions and mandate on transboundary river management. China claims that the LMC is "*the most suitable cooperation model for the Sub-regional cooperation in line with the unique features and specificity of the six countries*".⁵⁵

China prominently plays a vital role to gear up the LMC. This lifts China up to become a main player not only in common development, but also in hydro politics in the Mekong River. The LMC drives China to preserve its main objective of its CGS; shaping a peaceful regional environment. Additionally, by playing a constructive and more responsible role, China has made new rules to dictate the group's direction, collective decision-making and states' behavior among members in the China-led mechanism. Rather than enforce rules, China, in contrast, embeds the regime as a public good which is able to kill two birds with one stone. Theoretically, the regime created by hegemony is a public good that offers common benefits to small states to enjoy that reduce or expel chances of disobedience from them. This enjoyment of win-win cooperation among states is the basic principle of peaceful development. Simultaneously, it is able to control the group by shaping beliefs, perception and expectation among small states toward hegemony itself in a positive way. In this regard, the 'Regime' is better than a mere 'rule' because it could possibly avoid the creation of forcible image as a type of coercive 'malign' leadership when

⁵⁵ Five-Year Action Plan of Action on Lancang-Mekong Cooperation (2018-2022), II. Fundamental Principles

hegemony provides common benefits to the group which opposes principles of peaceful development. So, in order to play a constructive role, China embeds the regime into any China-led institution to control collective decisions by the group by benevolent ways. However, details of this China-led regime will be discussed in Chapter 4 because there are many details and dimensions to be explained. Yes, it is not just a rule, it is a regime!

3.3 China's Outward Hydropower Investments in Mekong Basin

To support China's economic activities in the Mekong valley, this section researches key evidence of China's overseeing hydropower investment and participation in Southeast Asia's mainland. After succeeding in constructing the Three Georges Dam on the Yangze River, it was evident that China had the most advanced hydropower technology in the world. China continues to adopt the '*Going out Strategy*' which aims to promote oversea investment, exports and contracting any business projects which since the early 2000s. In the hydropower case, China spreads out its foreign aid and investment of hydropower dams to less-developed countries around the world, which are full of natural resources and lack the funds and ability to access or exploit them. This action pursues economic and political key objectives.

First, China searched for cheap electricity sources from neighbors or assess electricity supplies to ensure its home energy security. Second, the Chinese government aimed to boost up its global hydropower industrial competitiveness. Third, China enlarged its capitalist realm by seeking new markets to release its capital and goods that can rebalance trade deficits and domestic saturation. These free-of-charge financial aid and investments in such development projects might allow China's right to access natural resource extraction from recipient countries in terms of concessional loans in return.

Presently, China is the most influential country getting involved in several HPPs in different countries around the world, particularly in less-developed countries in Africa and Southeast Asia. Chinese hydropower firms and financial institutions

have engaged in at least 308 hydropower dam projects around the world, as the role of financiers, developers and constructors.⁵⁶

Table 3.4
China-involved HPPs around the World

Regions	Number of HPPs
Southeast Asia	131
Africa	85
South Asia	36
Latin America	23
Europe	12
East and Central Asia	11
Middle East	5
Pacific Islands	3
Total	308

Note: Adapted from “China Oversee Dams List,” by International Rivers, 2014.

Well-known overseas Chinese hydropower enterprises are Sinohydro Corporation, China Gezhouba Group Company Limited (CGGC), China Guodian Corporation, China Datang Corporation, China Huaneng Group Corporation (CHGC or Huaneng Group), China Three Gorges Corporation (CTG), and China Southern Power Grid Company Limited (CSG), and most of the Chinese hydropower companies are state-owned enterprises (SOEs).

Overseas investment aims to secure its energy security by indirectly investing in hydropower dams and other basic infrastructure to claim the rights to access natural resources in terms of concessional loans, and directly expanding Chinese hydropower industry businesses abroad for gaining global competitiveness. As traditional allies, China chose the Lao PDR, Cambodia and Vietnam as destinations for official development assistance (ODA) and foreign direct investment (FDI) from China which hydropower aid and investments are parts of those investments. The ODA and FDI are embraced by three strategic allies because this injection can help states pursue infrastructure and economic development as common interests of the states, and also solve national energy shortfalls.

⁵⁶ International Rivers, *The New Great Walls: A Guide to China’s Overseas Dam Industry*, 2nd ed. (Berkeley, CA: International Rivers, 2012), 3-4, <https://www.internationalrivers.org/campaigns/china-s-global-role-in-dam-building>

Chinese hydropower SOEs and banks play active roles in influencing a series of HPPs in LMB mainstream and tributaries, especially in hydropower development schemes of the Lao PDR and Cambodia, which are less-developed countries and still have high development potential gap left. China's involvement in HPPs in GMS in the role of financier, developer and contractor are as follows: 30 projects in Myanmar, 13 in the Lao PDR, 7 in Cambodia, 3 in Vietnam, and less than 50 MW of total capacity invested in dams in Thailand.⁵⁷ China has become the largest source of FDI in Cambodia, Laos and Myanmar which have invested over a billion in the above states in the single hydropower sector.⁵⁸ For Vietnam, China's role in hydropower is not significant, China imports equipment, workforce and bids for contracts and concessions headed by Vietnam.⁵⁹

Generally, CLMV countries have accelerated their hydropower development plan to solve energy shortages which have been fed to speedy economic development. According to the Mekong River Commission, the hydropower plants in the Mekong Basin have been gradually mushrooming. As estimation, there will be around 130 HPPs with total installed capacity of around 20,308 MW (including both mainstream and tributaries) that will be fully developed after the year 2020. Reliable sources reveal that China hydropower enterprises and financial institutions have gotten involved in the hydropower plants shown in the table below. For example, Sinohydro Corporation has gotten involved in the projects of Nam Lik Hydropower Plant, Nam Phan Hydropower Project and Hinheup-Luangphrabang Transmission Line in the Lao PDR, and Song Bung 4 Hydropower Project in Vietnam.⁶⁰ Sinohydro and the China Development Bank have taken over at least 7 HPPs in Nam Ou River

⁵⁷ Frauke Urban, Johan Nordensvärd, Deepika Khatri and Yu Wang, "An Analysis of China's Investment in the Hydropower Sector in the Greater Mekong Sub-Region," *Environment, Development and Sustainability* 15, no. 2 (2013): 301–324.

⁵⁸ EIA (Energy Information Administration), "Chinese Investments Play Large Role in Southeast Asia Hydroelectric Growth," August 16, 2013, <https://www.eia.gov/todayinenergy/detail.php?id=12571>

⁵⁹ Vanessa Lamb and Nga Dao, "Perceptions and Practices of Investment: China's Hydropower Investments in Mainland Southeast Asia," BICAS Working Papers no. 11, May, 2015, 6.

⁶⁰ "SNCL Brochure 2015," in SlideShare, May 7, 2016, 24, <https://www.slideshare.net/tuantank/sncl-brochure-2015>

with approximately 1,146 MW of installed capacity with 2 billion dollars funded from the China Development Bank.⁶¹

However, China's engagement of HPPs is not limited to the Mekong Basin, but it spreads out and is involved in the Greater Mekong Subregion. The research brings up some examples that can be seen in secondary sources. China provides hydropower aid and investment to the Lao PDR, a landlocked country with 23,000 MW of exploitable hydropower potential. For example, China North Industries Group Corporation granted a 200 Million Credit loan for construction of Nam Mang 3 hydropower station operated by Sinohydro. China EXIM bank has offered a \$308.5 million loan for the construction of Nam Khan 2 and 3 Hydropower stations. China Development Bank granted a \$345 million loan to construct Nam Ngiiep Hydropower station which was invested in by China International Water and Electric Corporation.⁶²

Cambodia's total hydropower potential is around 10,000 MW, of which 50% is in the mainstream Mekong, 40% in Mekong tributaries and 10% outside the Mekong basin.⁶³ The Mekong mainstream mega projects; Sambor (2600 MW) and Stung Treng (900 MW) have been proposed by the Cambodian government, and developers belong to the China Southern Power Grid Corporation. The Kamchay Dam is the first large-scale project in Cambodia, with a total installed capacity around 194 MW, and has been already commissioned since 2011. It was developed by Sinohydro, and financed by the Export-Import Bank of China (EXIM Bank). Kamchay Dam is the most expensive infrastructure project involving China.⁶⁴ From available sources, HPPs developed by Chinese companies include; *Kirirom III* (18MW) commissioned in Koh Kong Province, constructed by State Grid Xin Yuan, developed by Hydrochina Zhongnan Engineering, and funded by the China EXIM Bank, *Lower Russei Chhrum* (338 MW) in Koh Kong Province, administered by China Huadian

⁶¹ International Rivers, "Nam Ou River," accessed November 14, 2017, <https://www.internationalrivers.org/campaigns/nam-ou-river>

⁶² Shanghai Institute for International Studies, "Assessment and Prospect of China-Laos Development Cooperation," SIIS, September, 2016, 73-82.

⁶³ Cambodia National Mekong Committee (prepared by MIME), "National Sector Review 2003: Hydropower," June 2003, 5-7.

⁶⁴ Mark Grimsditch, "China's Investments in Hydropower in the Mekong Region: The Kamchay Hydropower Dam, Kampot, Cambodia," World Resources Institute, Washington DC, 2012, 9.

Corporation with subcontracts of Sinhydro and Gezhouba, financed by China EXIM Bank, *Stung Tatay* (246 MW), developed by China National Heavy Machinery (CNHM) and financed by financing from the China EXIM Bank, *Stung Atay* (120 MW), jointly developed with Datang Corporation, *Kirirom I* (12 MW), commissioned by China Electric Power Technology Import & Export Corporation (CETIC), then, taken over by State Grid Xin Yuan International Investment Co. Ltd, *the Lower Srepok 3* (300 MW), *Lower Srepok 4* (220 MW), the *Stung Pursat I* (75 MW) and *Stung Pursat II* (17 MW).⁶⁵

Even though Myanmar is not a main country for analysis in hydropower because of its non-significance in hydropower development, with its two-percent of Mekong's catchment, but, evidently, China gets involved in mega HPPs in the Salween River. Hydropower construction projects in Myanmar in the Salween River include: 1) *Hat Gyi Dam* (1,360 MW) co-invested by Thai EGAT International Co., Ministry of Electric Power of Myanmar, Sinhydro Co. and International Group of Entrepreneurs Co. of Myanmar (IGE), 2) *Ywathit Dam* (4,500 MW) co-invested by China Datang Corporation, United Hydropower Developing Co. and Shwe Taung Hydropower Co. Ltd., 3) *Mong Ton Dam* (Mai Tong), or *Tasang Dam* formerly (7,110 MW) is also co-vested by China Three Gorges, Sinhydro Co., China Southern Power Grid, International Group of Entrepreneurs and EGAT International Co., and finally, 4) *Nongpha Dam* (1,200 MW) co-invested by Hydrochina Co., IGE and Ministry of Electric Power of Myanmar.⁶⁶

Power grid systems also have been developed across the Mekong region creating small scale energy dependent structures among Mekong riparian states. The Lao PDR has an agreement to supply electricity, which two third being generated from hydropower plants, to its neighboring countries. In 1993, the Lao PDR signed a MOU to supply 1,500 MW of power to Thailand, which is foreseeably estimated that

⁶⁵ Grimsditch, "China's Investments," 12-14.

⁶⁶ Salween Watch Coalition, "Current Status of Dam Projects on the Salween River," March 13, 2013, 2-3. <https://www.internationalrivers.org/sites/default/files/attached-files/english-salween.pdf>.

this transaction will increase into 7,000 MW by 2020. The Lao PDR also signed a bilateral agreement for supplying 5000 MW to Vietnam and 200 MW to Cambodia.⁶⁷

Accumulated data of China's outward hydropower investments in the Mekong Basin project by projects are in Appendix A.



⁶⁷ International Hydropower Association, *Hydropower Status Report 2016* (London: IHA, 2016), 72, https://www.hydropower.org/sites/default/files/publications-docs/2016%20Hydropower%20Status%20Report_1.pdf.

CHAPTER 4

LMC WATERCOURSE REGIME AND CHANGING OF MEKONG HYDRO-POLITICAL LANDSCAPE

After analyzing China's motivation behind the building of the Lancang-Mekong Cooperation (LMC), this part further examines China's enforcement of new rules in the Mekong River under the LMC new mechanism. Regime Theory portrays a fruitful explanation, and argues that China does not just enforce such bare rules, but it is a form of '*regime*'. The chapter explores features of the LMC new regime (hereinafter *LMC Watercourse Regime*) reflecting China's historical response to the international watercourse regime. Then, it explores China's regime enforcement and its impact on the Mekong hydro-political landscape.

4.1 Characteristics of the LMC Watercourse Regime

4.1.1 China's Vision toward Universal Watercourse Regime

China implicitly enforces new rules on water utilization in order to shape a friendly environment between China and the Mekong states. However, the enforced one is not just a rule, it is a regime which contains four features that provide more comprehensive perspectives to understand China's dynamic on Mekong hydro-politics. It is primacy to identify characteristic of the LMC watercourse regime by looking on China's reaction toward the international watercourse regime.

It has actually existed for almost 2 decades, even though no scholars identified it with the word 'international watercourse regime'. The emerging Convention on the Law of the Non-navigational Uses of International Watercourses (UNWC) attracts many scholars and international lawyers to discuss about the effectiveness of the newest treaty of non-navigational uses in Transboundary Rivers.

Actually, the international watercourse regime in the contemporary world is not the UNWC, but derived from the Helsinki Rules on the Uses of the Water of International Rivers. The Helsinki Rules, adopted by the International Law Association in August 1967, serves as guidelines for regulating international

watercourses conventions, and then it was replaced by the UNWC. Both frameworks are accepted by international lawyers as blueprints for the latest framework known as the UNWC, whose main elements and details are well polished from those blueprints.

The Convention was endorsed by the General Assembly of the United Nations (UNGA) on the 21st of May 1997. It was developed by the International Law Commission (ILC), one who also inspired the Helsinki Rules. It took more than a decade for negotiations with counterparts to accept the convention, and finally, it entered into force on the 17th of August 2014 when the government of Vietnam officially announced its intention to ratify the UNWC, and become the 35th signatory and drive the Convention entry into force.¹ As of now, there are only 36 ratified states, most are downstream or non-riparian states, the state of Palestine joined the list of UNWC parties on the 2nd of January 2015.² China's standpoint is clear-cut, it denies ratifying the convention. However, four MRC member countries voted in favor of the General Assembly Resolution 51/229 on the 21st of May 1997, but, later, Cambodia, Laos and Thailand did not ratify it. Vietnam is the only Mekong riparian state that ratified the convention and is a key state to push the convention's entry into force. It is clear that Vietnam sees the UNWC as a suitable apparatus for dispute settlement.³ However, Vietnam cannot use this convention as a diplomatic tool to negotiate with China in any cases because it is clearly stated that the Convention does not affect the rights of a watercourse state in the case of absence of an agreement.⁴

The comparative analysis between the UNWC and the existing regional frameworks, especially the Mekong Agreement, shows the UNWC expanded more a couple of years after its entry into force. The contribution aims to analyze their differences and prove that the new convention is more comprehensive, and sheds light

¹ "Viet Nam Ratified 1997 UN Watercourses Convention," International Union for Conservation of Nature (IUCN), June 30, 2014, <https://www.iucn.org/content/viet-nam-ratified-1997-un-watercourses-convention>

² "Convention on the Law of the Non-Navigational Uses of International Watercourses, New York, 21 May 1997," United Nations Treaty Collection, https://treaties.un.org/Pages/ViewDetails.aspx?src=TREATY&mtdsg_no=XXVII-12&chapter=27&lang=en

³ Ibid.

⁴ Article 3, Paragraph 1 in the Convention on the Law of the Non-navigational Uses of International Watercourses (UNWC)

on the UNWC, which is the perfect freshwater cooperation framework, and will hope that all Mekong riparian states will ratify the Convention and replace the Mekong Agreement.

In fact, the drafting process of both agreements was at the same time, and both documents were supplementing each other during its early period. All documents were influenced by ILC's works. The ILC codified the principles and rules in the Helsinki Rules, which were inspired by earlier regional, and basin treaties, and state practices.⁵ Then the later agreements were, in fact, influenced from these customary laws. Principles and Rules in the Mekong Agreement rely on some universal principles codified by the ILC, such as the obligation of compliance, the reasonable and equitable principles for water utilization, and the prevention of harmful effects that are the same substantive rules in the UNWC, which was also codified by the LMC.⁶ But the unique characteristics of each international river may shape the special norms or principles in water utilization. For example, the procedure of PNPCA of the Mekong Agreement takes into account general or universal norms which, later, are adopted at the universal level. Those standard behaviors express that watercourse states shall conduct prior consultations before launching any activities that cause significant impacts to river flows. Universal norms helpfully shape characteristics of any agreements or conventions adopted at the regional or basin levels, in the meantime; regional agreements also contribute to the creation of universal norms.⁷ Signing the Mekong Agreement is easier due to its smaller regional scale, while the UNWC is at the global scale, which took a long 15 year process to get ratified. Procedural and substantive rules are not different, but the UNWC provides a more comprehensive framework than just an agreement.

However, referring to the UNWC, the principles, substantive rules and mechanisms of the international watercourse regime might include;

- 1) Equitable and reasonable utilization,
- 2) No significant harm

⁵ Laurence Boisson de Chazournes, "Freshwater and International Law: The Interplay between Universal, Regional and Basin Perspective," WWAP Side Publication Series: Insights, UNESCO, Paris, France, 2009, 4.

⁶ Ibid. 5.

⁷ Ibid.

3) Protection of ecosystems

Unsurprisingly, these core elements or ‘must have’ conditions of international watercourse regimes exists in every regional agreement. The Table below exemplifies a comparison of substantive rules between the UNWC,⁸ the Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin (*Mekong Agreement, 1995*),⁹ the UNECE Convention on the Protection and Use of Transboundary Watercourses and International Lakes (*Water Convention, 1996*)¹⁰ and Agreement on the Nile River Basin Cooperative Framework (*Nile Agreement or NCF, 2010*);¹¹

Table 4.1
Comparison on International Watercourse Substantive Rules

Substantive Rules	The UNWC	Mekong Agreement	Helsinki Rule	Nile Agreement
Equitable and reasonable utilization	Article 5 Equitable and reasonable utilization and participation	Article 5. Reasonable and Equitable Utilization	Article 2. General Provisions, (2) To ensure that transboundary river are used in reasonable and equitable way	Article 4 Equitable and reasonable utilization
No significant harm	Article 7 Obligation not to cause significant harm	Article 7. Prevention and Cessation of Harmful Effects	Article 3. Prevention, Control and Reduction	Article 5 Obligation not to cause significant harm
Protection of ecosystems	Article 20 Protection and preservation of ecosystems	Article 3. Protection of the Environment and Ecological Balance	Article 2. General Provisions, 2 (d) to ensure conservation and restoration of ecosystems.	Article 6 Protection and conservation of the Nile River Basin and its ecosystems

⁸ See *Convention on the Law of the Non-navigational Uses of International Watercourses, 1997, A/51/49*, United Nations, legal.un.org/ilc/texts/instruments/english/conventions/8_3_1997.pdf.

⁹ See Mekong River Commission, *Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin, 5 April 1995*, www.mrcmekong.org/assets/Publications/policies/agreement-Apr95.pdf.

¹⁰ See “Convention on the Protection and Use of Transboundary Watercourses and International Lakes,” United Nations Economic Commission for Europe (UNECE), Helsinki, March 17, 1992, <https://www.unece.org/fileadmin/DAM/env/water/pdf/watercon.pdf>

¹¹ See “Agreement on the Nile River Basin Cooperative Framework,” International Water Law Project, accessed October 25, 2017, http://www.internationalwaterlaw.org/documents/regionaldocs/Nile_River_Basin_Cooperative_Framework_2010.pdf

Evidently, these are a basic set of regimes embedded in international and regional watercourse frameworks, which should be considered as an ‘international watercourse regime’. All agreements call for the respect of sovereign equality and territorial integrity principles or the use of the word ‘respective territory’. These dimensions have domestic conflict. The vague words of ‘equitable’ and ‘reasonable’ utilization cannot determine precise scopes of which degree of water utilization is appropriated or qualified in an equitable or reasonable manner. The UNWC adds relevant factors to these rules, such as in Article 6 which clarifies geographic and hydrological conditions, socioeconomic needs, people’s reliance and potential utilization.¹² The geographical cross-border conditions place the rule of ‘no significant harm’ as impossible, as upstream activities might cause negative impacts downstream. There is a trade-off between development and protection of ecosystems that comes into account when a state tries to exploit natural resources in their respective territory. Balancing economic development and sustainable development is needed.

It is clear that China has strongly disagreed with this international law. China is one of three states (including China, Turkey and Burundi) that voted strongly against ratifying the UNWC, which is the newest global framework on freshwater and transboundary river cooperation and should be considered as the blueprint of an international watercourse regime. At the 99th Plenary Meeting in the 51st Session of UNGA (1997) or the voting session, Mr. Gao Feng, instead of H.E. Wang Xuexian, the Acting Permanent Representative of China, left reasons why China voted against the UNWC. He stated that “the draft Convention does not affirm the principle of territorial sovereignty, and the structural imbalance between upstream and downstream makes the Convention difficult to implement in term of rights and obligations”.¹³ He also pointed out that “we (China) cannot agree to any mandatory means or procedures for the settlement of a dispute without the consent of the countries parties to the dispute”.¹⁴ He reiterated that “we (China) will be obliged to vote against and the Chinese Government reserves the right to address the

¹² article 6 Factors relevant to equitable and reasonable utilization in the UNWC

¹³ “General Assembly Official Records of UNGA 51st Session, 99th Plenary Meeting,” United Nations, May 21, 1997, 6, repository.un.org/handle/11176/21563.

¹⁴ Ibid, 7.

question of the non-navigational uses of international watercourses with its neighbors in a fair and reasonable manner and in accordance with relevant international practice and with bilateral watercourse agreements”.¹⁵

Indeed, the ratification of the convention might impact domestic laws in water utilization and exploitation or might limit state activities that opposed to its obligation to the UNWC, even the lower Mekong riparian states still hesitated to ratify the convention. Compulsory obligation in the principle of not causing harmful effects limits a state’s activities in both domestic and overseas businesses. However, it is obvious that China will not be bonded by the obligations of UNWC, but, the signed treaties on transboundary river cooperation between China and its neighbors exist, and some of those signed treaties contain some universal watercourse principles and norms. Most of the signed treaties are bilateral documents even though there are more than three parties sharing the river. China shares more than 40 transboundary rivers from 263 rivers around the world with its neighboring countries.¹⁶ China has signed various cross-border treaties related to transboundary rivers and lakes cooperation with neighbors. Chen Huiping gathered information concerning China’s signed treaties with neighbors, which is around 40 treaties about Transboundary Rivers, lakes or watercourse to analyze China’s practice on the issue, and he observes that;

- 1) Most of the signed treaties are bilateral treaties even when more than two parties are sharing that river,
- 2) Most of the signed treaties are in northeastern and northwestern of China, very few in the southwestern part,
- 3) Most of the signed treaties are for navigational uses,
- 4) There are only three treaties that specify watercourse cooperation and non-navigational uses,

¹⁵ “General Assembly Official Records.”

¹⁶ Luwei Ying and Xianlong Hou, “The Accomplishment and Strategy in Developing Transboundary Waters in China,” presentation, CE 397: Transboundary Waters, Cockrell School of Engineering, University of Texas at Austin, 2012, [http://www.cae.utexas.edu/prof/mckinney/ce397/Topics/China/China2\(2012\).pdf](http://www.cae.utexas.edu/prof/mckinney/ce397/Topics/China/China2(2012).pdf)

5) Some substantive rules and principles are scattered over some parts of the treaties.¹⁷

Focusing on the reasonable and equitable utilization principle, the Chinese standpoint agrees with this principle. Ms. Gao Yingping, a Chinese delegate, expresses that this principle (article 5) is the cornerstone, it sets general and not-to-specific rules, establishes a proper balance between rights and responsibilities, and promotes the use of exploitation of international watercourses.¹⁸ The acceptance of this principle implies two significant manners in transboundary watercourse cooperation, first, China highlights the word ‘utilization’ which is a way of exploitation of water resources in its own territory. Second, China interprets ‘reasonable and equitable’ as a reason to rightfully utilize water resources by equal means of both upstream and downstream. In fact, the problem of this principle is how to interpret or measure the extent of reasonable and equitable, which upstream and downstream states also interpret in a self-bias way. China is able to enjoy water resource exploitation from its own vision of the substantive rules and universal principles. Evidently, the reasonable and equitable principles appear in some bilateral treaties between China and its neighbors implying its acceptance of this principle. For example, in Article 2 of the Agreement between the Government of the People’s Republic of China and the Government of Mongolia on the Protection and Use of Boundary Water (1994), it states that ‘for the purpose of equitable and reasonable use of border water...’¹⁹ Or in the Agreement between the Government of the People’s Republic of China and the Government of the Russian Federation on the Rational Use and Protection of Transboundary Water (2008), it states that “further develop the

¹⁷ Chen Huiping, “The 1997 UNWC and China’s Treaty Practice on Transboundary Waters,” paper presented at the UNWC Global Symposium, University of Dundee, June 10-14, 2012, 20-22.

¹⁸ United Nations, *General Assembly Fifty-First Session Summary Record of the 15th Meeting*, October 8, 1996, 3, http://www.un.org/ga/search/view_doc.asp?symbol=a/c.6/51/sr.15

¹⁹ 中华人民共和国政府和蒙古国政府关于保护和利用边界水协定 [Agreement between the Government of the People’s Republic of China and the Government of Mongolia on the Protection and Use of Boundary Water] Legal Library Network, accessed November 6, 2017, http://www.law-lib.com/law/law_view.asp?id=77528.

strategic partnership of cooperation between the two countries; based on peaceful coexistence, on the basis of equitable and reasonable use and protection”.²⁰

However, China strongly disagrees with the ‘no significant harm’ principle, because upstream riparian peoples also have rights to access water, obligations to comply with no significant harm is not fair for upstream states, and the problem of the principle could not be settled without a compromise, if not deleted entirely.²¹ Of course, the context in Article 7, which sets the obligation not to cause significant harm and take all appropriate measures to prevent causing harmful effects. That significantly impacts other riparian states by equitable and reasonable means.²² China perceives that the UNWC is “an obvious imbalance between those of States on the upper reaches of an international watercourse and those of States on the lower reaches”²³ This article is in favor of downstream watercourse states, any upstream activities, in its state territory, shall unavoidably cause impacts downstream, and the significant harm is vague and difficult to interpret. China thinks this obligation violates the universal principle of territorial sovereignty or disrupts such activities in its own territory.

Finally, China has no object manner against the principle of Protection of Ecosystems, it appears in Article 20 of the UNWC, which states that “Watercourse States shall, individually and, where appropriate, jointly, protect and preserve the ecosystems of international watercourses”.²⁴ The protection is extended into prevention, reduction and control in Article 21 because they are grouped into part IV Protection, Preservation and Management of the Convention. There is no evidence that China goes against these principles, because it is such a universal norm that they

²⁰ Agreement between the Government of the People's Republic of China and the Government of the Russian Federation on the Rational Use and Protection of Transboundary Water (2008).

²¹ United Nations, General Assembly Fifty-First Session Summary Record of the 17th Meeting,” October 9, 1986, 3. http://www.un.org/ga/search/view_doc.asp?symbol=a/c.6/51/sr.17.

²² “Article 7: Obligation Not to Cause Significant Harm,” UN Watercourses Convention, <http://www.unwatercoursesconvention.org/the-convention/part-ii-general-principles/article-7-obligation-not-to-cause-significant-harm/>

²³ “General Assembly Official Records of UNGA 51st Session,” p. 6.

²⁴ “Article 20: Protection and Preservation of Ecosystems,” UN Watercourses Convention, <http://www.unwatercoursesconvention.org/the-convention/part-iv-protection-preservation-and-management/article-20-protection-and-preservation-of-ecosystems/>

will protect their watercourse, or their home as the basis for sustainable development and utilization. Chen Huiping believes that China accepts these principles, and borrows the universal term to adopt in the Agreement on the Protection and Utilization of Transboundary Waters between the PRC and Mongolia (1994) which, the Article 4 states that “a The Contracting Parties shall jointly protect the ecosystems of the border waters and develop and utilize boundary water in a manner that does not cause damage to the other party”.²⁵

Similar linkages between the UNWC and China’s signed treaties illustrate the international non-navigational watercourse regime. Although China voted against the UNWC, China has accepted some elements of the international watercourse regime. In brief, China, like other watercourse states, accepts the substantive rules of equitable and reasonable utilization and also the protection of ecosystems which is evident by Chinese delegations’ comments and expressions during the discussion of the UNGA official meeting and also implied by context in bilateral agreements between China and its neighboring countries. But, based on national interests and political sensitivity, China cannot accept the principle of *no significant harm* which is not fair for upstream riparian states and is likely to break its personal sovereignty. It is clear that other watercourse states also have the same logic with China; these obligations might limit some activities in their sovereign lands, especially in hydropower development.

As explained, the Mekong Agreement, similar to the UNWC, contains international watercourse substantive rules, including no significant harm in Article 7, it states that a “state shall make every effort to avoid, minimize and mitigate harmful effects that might occur...”²⁶ Even though the wording is softer than the UNWC, the obligation is not different. The Mekong Agreement also originates from universal norms of prior consultation and planned measuring that is adopted by the UNWC as well, even if it later conducted the Procedures of Notification and Prior Consultation as guidelines. The MRC claims that “prior consultation aims to conduct joint discussion over significant impacts that might be caused from such activities in

²⁵ Huiping, “The 1997 UNWC and China’s Treaty,”

²⁶ Mekong River Commission, *Agreement on the Cooperation*, Article 7: Prevention and Cessation of Harmful Effects.

water utilization with other riparian states and also find the appropriate way to prevent adverse impacts on riverine communities and the environment downstream”.²⁷ These universal norms are based in the equitable and reasonable uses, even which is preferred by China, but none of Chinese treaties mentions this standard practices. The State-centric perspective indicates that China sees these standard norms as nothing more than interference in their domestic business, which any actions, dam building in particular, in state own territory is a private asset or domestic business. It is unnecessary to consult outsiders in any related issues.

There are no agreements between China and watercourse neighbors that have a high potential in hydropower in Chinese territory. Most are located in the Southwest, including Yarlung Tsangpo-Brahmaputra River, Lancang-Mekong River, Irrawaddy River and the Lujiang-Salween River. As discussed in Chapter 3, China’s State Council announced a new Energy Development Plan to boost up energy production. A series of hydroelectric plants have been proposed, and many of the suspended controversial dams, with concern of their environment impact and public opposition were revived and continued in both national and international rivers in 2013.²⁸

There is no such treaty between China and Myanmar in the Irrawaddy River and Salween River. At least 15 upstream dams are planned or under construction in the Salween River (13 dams are in Chinese territory), and 7 proposed dams are downstream close to the Thai border, which the Electricity Generating Authority of Thailand (EGAT) and Chinese hydropower enterprises are co-builders of these downstream dams.²⁹

It is observed that in the framework between China and neighboring countries within the Yarlung Tsangpo-Brahmaputra River, and Lancang-Mekong

²⁷ “FAQs to the MRC Procedures for Notification, Prior Consultation and Agreement Process,” Mekong River Commission, accessed November 17, 2017, <http://www.mrcmekong.org/topics/pnpca-prior-consultation/xayaburi-hydropower-project-prior-consultation-process/faqs-to-the-mrc-procedures-for-notification-prior-consultation-and-agreement-process/>

²⁸ Katy Yan, “China’s Domestic Plans Draw Ire at Home and Abroad,” *World River Review* 28, no.1 (2013): 1.

²⁹ “Current Status of Dam Projects on the Salween River,” Salween Watch, March 13, 2016, 1. https://www.internationalrivers.org/sites/default/files/attached-files/salween_factsheet_2016.pdf

River, there are no non-navigational treaties concerning the South-west river lines, where the full potential of hydropower development could cause water volume fluctuation. China proposed another kind of document, a Memorandum of Understanding (MOU) on hydrological data sharing. It is another diplomatic instrument to seek cooperation with downstream countries. In most of the international agreements on water resource management in Transboundary Rivers, the use or protection of international watercourses contain provisions of information or data sharing.³⁰ Indeed, the Lancang-Mekong has a high intensity of hydropower development. China signed the MOU on the Provision of Hydrological Information of the Lancang/Mekong River in the Flood Season of 2002 with five years validity and committed to share water level and rainfall data from two monitoring stations in the Yunnan Province, namely Yunjinghong and Man'an stations. It was renewed, due to its expiration in 2008. China will share hydrological data only in a very specific period, during the flood season (from mid of June to mid of October) annually. Again, it was renewed in 2013 and extended data sharing period from four to five months (from the early of June to the end of October) and also its frequency, from once to twice a day.³¹

In the Yarlung Tsangpo-Brahmaputra River context, where a water war is more likely than around the Mekong River, due to its geographical location between two great Asian powers, China and India. Both countries share five Transboundary Rivers. China plans to construct a series of dams in the Yarlung Tsangpo River with a total installed capacity of more than 540 (MW), which is greater than the Three Gorges Dam.³² Without any water treaties, India believes that the dams might reduce water volumes in the Brahmaputra River and in India. Delhi acknowledges the plans through Chinese media reports, rather than through

³⁰ Stephen M. Schwebel, "Law of the Non-Navigational Uses of International Watercourses," Third report on the law of the non-navigational uses of international watercourses, A/CN.4/348 and Corr.1, vol. II(1), 1982: 117, http://legal.un.org/ilc/documentation/english/a_cn4_348.pdf.

³¹ "Upstream Partners," Mekong River Commission, accessed November 27, 2017, <http://www.mrcmekong.org/about-mrc/upstream-partners/>.

³² YC. DharDhowa, "China's Controversial Plans for Dam on Yarlung Tsangpo in Tibet," *The Tibet Post*, May 29, 2010, <http://www.thetibetpost.com/en/features/environment-and-health/898-chinas-controversial-plans-for-dam-on-yarlung-tsangpo-in-tibet>

diplomatic channels.³³ However, there are also some MOUs signed between China and India. In 2002, China signed a MOU upon the Provision of Hydrological Information on the Brahmaputra River during flood season with India. Beijing commits to provide hydrological information (water level, discharge and rainfall) from three hydrological stations, namely Nugesha, Yangcun and Nuxia, in the Yarlung Zangbo River during the flood season (1 June to 15 October) every year.³⁴ Similarly to the MOU between China and the MRC, the MoU has 5-year validity. It was renewed in 2008 and 2013. Again, China initiated the signing of the MOU on Strengthening Cooperation on Trans-Border Rivers in 2013 with a proposal of data provision period extension to start earlier from 15 May to 15 October every year.³⁵ This is an immediate response to India's complaints over China's operations in the first dam in the Yarlung Tsangpo River, the Zangmu hydropower station. Moreover, Beijing and Delhi have reached an agreement to sign the 5-year expired MOU upon the Provision of Hydrological information of Sutlej/Langqen Zangbo River during the flood season with Chinese commitment to share hydrological data from the Tsada hydrological station to India every year.³⁶ Again, it had 5-year validity, which was extended in 2010 and 2015 as expected.

Moreover, China signed the MOU upon Provision of Hydrological Information of Yarlung Tsangpo River during the flood season with Bangladesh, one of the Brahmaputra riparian states, in 2010 and it was renewed in 2015 with the same extended length provision, separating it from India's (an official source says it was signed in 2008).³⁷ China also signed an agreement on exchanging hydrological information in the flood season of the Yuanjiang-Red River and Zuojiang River with Vietnam in 2002 and extended it in 2009. Furthermore, the Agreement on

³³ Katy Yan, "China's Domestic Dam Plans Draw Ire At Home and Abroad".

³⁴ Amid Ranjan, "India-China MoU on Transboundary Rivers," ICWA View Point, Indian Council of World Affairs, New Delhi, November 27, 2013, 1.

³⁵ Ministry of External Affairs, India, "Memorandum of Understanding between the Ministry of Water Resources, the Republic of India and the Ministry of Water Resources, the People's Republic of China on Strengthening Cooperation on Trans-border Rivers," Press release, October 23, 2013, <http://mea.gov.in/bilateral-documents.htm?dtl/22368>.

³⁶ Ibid.

³⁷ Nilanthi Samaranayake, Satu Limaye and Joel Wuthnow, "Water Resource Competition in the Brahmaputra River Basin: China, India and Bangladesh," CNA, Arlington, VA, May, 2016, 32. https://www.cna.org/cna_files/pdf/cna-brahmaputra-study-2016.pdf.

Exchanging Hydrological Information in the Flood Season of the Yalu River and Tumen River with the ROK has been signed since the 1950s with existing hydropower dams in the river.³⁸

It is observed that rivers are fragile and impacts from hydropower development exist. China gives precedence to hydrological data provision to downstream countries rather than sign such water treaties to avoid legal binding obligations. China thinks that flows management and utilization in its respective territory is personal business and confidential, especially when volume flows is scarce and very limited in the dry season. Indeed, China's cascades of dams could change flows unavoidably. Non-interference from such compulsory commitment is preferable. Provisions on water discharge data from its territory, especially from large storage dams or the last hydrological station closest to a border, is sufficient for cooperation. China emphasizes on flood mitigation as the main purpose for using the data as input in flood forecasting models, which might help downstream states to calibrate scenarios. Different scenarios could help policy-makers to decide the appropriate actions in flood risk management or measures to mitigate flood impacts.

China's global vision of freshwater framework echoes its historical response to the international watercourse regime and its treaty practices. Its denial to become party of both the UNWC and the Mekong Agreement clearly reflects its political unwillingness. China will not sign or become adherent of any legal binding treaty that signatories have to pay costs for it. Of course, China strongly disagrees with the principle of *no significant harm* which might cause high costs and disrupt a state's development. China chooses to sign MOUs on Provisions of Hydrological Data as an alternative way to cooperate with neighboring watercourse states where conflicts over water is probable.

The above evidence indicates that China rejects joining in any transboundary cooperation which might limit China's national interests on water utilization and exploitation (such as hydroelectricity generation and agricultural purposes). Of course, the power-based explanation is that, indeed, 'good neighboring'

³⁸ Ministry of Water Resources, People's Republic of China, "International Cooperation on Trans-boundary Rivers between China and Its Neighboring Countries," April 2015, 13-14, <http://www.mwr.gov.cn/english/mainsubjects/201604/P020160406513798903048.pdf>.

and ‘peaceful rise’ policies push China forward to strengthen its cooperation with neighbors states, but China also needs to maximize its own national interests before that or at the same time. Water is not a ‘public good’ that can be provided to its satellites freely, conversely, it is a private asset in its respective territory that China can utilize however it wants. So, because of its status as a ‘private good’, it is argued that previous works emphasizing China’s water grabbing is hydro-hegemony is theoretically misinterpreted. In fact, the enjoyment of water utilization is what all watercourse states should deserve. China’s unilateral dam construction, under hydropower schemes in its own sovereign territory, without any concern of downstream states, is in its rights to do so. Even other watercourse states have acknowledged that universal watercourse rules of *no significant harm*, written in the UNWC and other regional water agreements clearly violate state rights and sovereignty, otherwise watercourse states should have already become signatories of the Convention. The situation of the Convention is the as same as the Tokyo protocol when a superpower hesitates to ratify and comply with principles and regulations of the protocol.

From this evidence, it could be assumed that China does not express its willingness to fully participate in the MRC because of its legal fundamental piece of paper called the Mekong Agreement. This Agreement created a ‘*rule-based regime*’ which might limit national interests on water exploitation especially for an upstream country. Why do riparian states, especially upstream, have to sacrifice their sovereign power to commit to the ‘*no significant harm*’ principle, which constrains their national interests, in exchange for nothing back?³⁹ Again, it is not only China that rejects abiding by the ‘no significant harm’ universal principle, but other Mekong countries do, too. They, except Vietnam, also rejected ratifying the UNWC despite both UNWC and Mekong Agreement sharing the same norms and principles.⁴⁰

³⁹ The author could not find the answer of why China does not join MRC from direct interview with some of Chinese officers from Ministry of Water Resources of China. (or even in publications) They hesitate to answer this question. It is because of Chinese cultural rules that this question is sensitive to China; it should be get permission from high-level decision maker from Chinese communism party first.

⁴⁰ The author tries to find the main reason from Thai government, but it is very difficult to find Thai representative who attend UNGA meeting in 1997 and previous meeting.

To make a further contribution, this paper explores how China exercises its hegemonic power to facilitate the LMC institutionalization, which contains a China-dominant full set of regimes (herein after LMC regime) to dominate the Lancang-Mekong River governance. In contrast to a ‘*rule-based regime*’, the LMC regime should be called a ‘*interest-based regime*’, which will be illustrated in the next section.

4.1.2 Dimension of the LMC Watercourse Regime

Theoretically, the characteristic of the LMC Regime constructed by China has four components, including principles, norms, rules, and decision-making procedures. As discussed in a previous section, China is extraordinarily concerned with principles of sovereign equality and territorial integrity, and disagrees with the *no significant harm* principle which is the main reason for voting against the UNWC. The current regime of Mekong river cooperation stems from the Mekong Agreement, which has the international watercourse substantive rules embedded in the structure since the signing of the Mekong Agreement in 1995. China also sees the Mekong Agreement as not being different from the UNWC; compulsory obligations under the Mekong Agreement might infringe state supremacy. So, the construction of the LMC regime is so simple; it does not contain legal-binding principles and rules, like the ‘no significant harm’ principle. If the LMC has no official agreement on water utilization in the Mekong River, like the MRC does, this brings up one important question, how can the LMC be promoted as such a regime.

Frankly, China uses ‘*soft law*’ and high-level political commitments to endorse the framework of transboundary river cooperation. It does not have rule enforcement. It is a ‘*regime embedment*’ when China tries to embed a China-led form into the Mekong system. It is hereinafter called as the *LMC Watercourse Regime*. Superficially, the LMC is just the regional framework comprised of five major areas of cooperation and emulating three of the ASEAN pillars. To move this cooperation forward needs official political commitments among six member countries. Like the ASEAN Declaration (Bangkok Declaration), that expresses political commitment

And it is also hard to access sources from Ministry of Foreign Affairs of Thailand. However, this point is very interesting to further research in related agenda.

between the five founders of ASEAN in 1967, the LMC also has the ‘Sanya Declaration’ and ‘Phnom Penh Declaration’. Two documents express political commitment to ‘deepen trust and mutual understanding between governments through close cooperation in order to promote peace, stability and development regionally and internationally.’⁴¹

Soft law has a broad definition, Andrew T. Guzman and Timothy L. Meyer define soft law as “*those nonbinding rules or instruments that interpret or inform our understanding of binding legal rules or represent promises that in turn create expectation about future conduct*”.⁴² These non-binding rules have consequently legal effect because these could possibly mold states’ expectation on what compliant behavior. It sounds like definition and function of regime that can shape states behavior by expectation. Common types of soft law include “resolutions of international organizations, minutes of summit meetings or international conferences, recommendations of a treaty, memorandum of understanding, code of conduct, political commitments and adopted guidelines in any contexts”.⁴³ Declaration is classified as primary sources from texts of summit meetings. Soft law plays a significant role in any issue-area of international relations. Soft law, containing non-legal binding rules, is more flexible than hard law in terms of enforcement. Soft law can shape greater textual precision or fill the gap of pre-existing international customary law and treaties, polish trends of particular norms, shape new customary international law or codify state practices into law. The Sanya Declaration and Phnom Penh Declaration are types of documents named Declarations, which is not always legally binding and indicates that parties have no intention to constitute binding obligations, but just want to express obvious aspirations.⁴⁴ Indeed, the document is not designed to create legal-binding rules, but, in contrast, China

⁴¹ “Sanya Declaration of the First Lancang-Mekong Cooperation (LMC) Leader’s Meeting,” Ministry of Foreign Affairs, March 23, 2016, http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/2649_665393/t1350039.shtml

⁴² Andrew T. Guzman and Timothy Meyer, “International Soft Law,” *Journal of Legal Analysis* 2, no. 1 (2010): 173-175.

⁴³ Dinah L. Shelton, “Soft Law,” in *Handbook of International Law*, ed. David Armstrong (Oxon: Routledge, 2009), 4.

⁴⁴ “Treaty Reference Guide,” United Nations Treaty Collection, accessed December 3, 2017, https://treaties.un.org/Pages/Overview.aspx?path=overview/treatyRef/page1_en.xml

wants to declare its certain goals of strategic direction for the Lancang-Mekong riparian states to establish its China-centered regional cooperation framework for mutual benefits.

Moreover, the Joint Press Communiqués of the First and Second Lancang-Mekong Cooperation Foreign Ministers' Meeting are considered as 'non-binding political instruments' as well, because they are outcomes of political commitment after long discussions and negotiations that give direction for cooperation that might shape states' behaviors in the future. To link with international politics, Guzman and Meyer argue that states shall use soft law under these three objectives; first, states may use soft law to solve political games directly. Second, states may use soft law to avoid loss when it is predicted to exceed benefits and, third, states may use soft law when they feel uncertainty about the adjusted rules shaped by changing expectations.⁴⁵ The MOU on Provisions of Hydrological Data signed between China and the MRC is another kind of soft law. Moreover, China promotes bilateral cooperation over water resource cooperation in parallel with the LMC, because bilateral is easier for negotiation. It is found that China signed bilateral MOUs on water resource management with some riparian states. China signed two MOUs with Thailand. First is the MOU in the field of water resources and irrigation signed by the Minister of Water Resources of the People's Republic of China and Minister of Agriculture and Cooperative of the Kingdom of Thailand in 2014.⁴⁶ Second is the MOU in the field of water resource cooperation signed by Minister of Water Resources of the People's Republic of China and Minister of Natural Resources and Environment of the Kingdom of Thailand in 2016. China signed bilateral MOUs in the field of water resource cooperation with the Ministry of Natural Resources and Environment of the Lao People's Democratic Republic in 2014.⁴⁷ Moreover, China sent Chinese technical teams to have a bilateral visit in Cambodia and Thailand in order to observe monitoring and hydrological data collection systems

⁴⁵ Guzman and Meyer, "International Soft Law," 171.

⁴⁶ It is extended from pre-existing MOU.

⁴⁷ "China and Laos Signed MOU in the Field of Water Resources Cooperation," International Sediment Initiative (ISI), December 2, 2014, http://his.irtces.org/isi/WebNews_View-en2.asp?WebNewsID=1217.

in both countries in mid of 2017. The rest of the conditions do not fit with China's intention, but can explain the MRC members' intention to join the LMC.

Considering the conditions in water resource management cooperation, using the Sanya Declaration and Phnom Penh Declaration, led by China as a non-legal political instrument to gear up cooperation under LMC framework, may derive in multiple conditions. The main condition in the case of the LMC framework is it serves as a coordinated device facilitating cooperation among members to be smoother because the LMC does not contain strict rules like the Mekong Agreement that might constrain states' behaviors. The LMC serves as aspiration of political commitment that paves the direction for cooperation among members. Its effect can reduce transition costs and uncertainty which are not necessary or politically unacceptable.⁴⁸ Indeed, commitments under the Sanya Declaration and Phnom Penh Declaration do not seem to violate the sovereignty principle, it is just a political commitment. The Sanya Declaration and Phnom Penh Declaration use a common phrase, "to enhance cooperation among the LMC countries in sustainable water resource management and utilization through activities", then gives more details by using the word "such as" to exemplify possible activities, but not limited, under this political commitment that is open for members to initiate any activities under this commitment. The Sanya Declaration and Phnom Penh Declaration fully embrace the substantive rules of ecosystem protection stating that is to "encourage sustainable and eco-friendly development; enhance environmental preservation and natural resource management".⁴⁹ With this kind of soft legal text, China and other member states can operate any activity under the LMC with the guarantee of not being bothered from legal-binding obligations. In a nut shell, using soft law or non-binding political instruments will allow hegemonic China and also small states to maximize water resource exploitation in an equitable and reasonable manner without obligations and intervention from others.

It seems that most of the Mekong riparian states enjoy this kind of non-binding document. There is no strong signal opposing soft law. In fact, the Lao PDR and Cambodia prefer soft law because both of them have ongoing or proposed

⁴⁸ Shelton, "Soft Law," 8.

⁴⁹ Measure no. 15 in Sanya Declaration.

plans to develop hydropower dams in the mainstream which might cause unavoidable impacts to the Mekong in the future. The ‘no significant harm’ principle in hard law might restrict their sovereign power. Thailand stays neutral. It does not have potential to develop hydropower dams in the Mekong basin anymore because Thailand has already reached maximum hydropower development in the Mekong basin. Accepting soft law and enjoying exploitation from hegemony is a good option. Myanmar, similarly, has no potential because the Mekong catchment in Myanmar is so small.

A regime portrays more comprehensive views than general rules or principles and provides a holistic perspective in standards of practices and compliance toward rules and principles in any issue-area cooperation. The LMC Watercourse Regime also includes sets of regimes, those are summarized below;

Principles

Official documents always state that “...emphasizes on principles of equality....and respect for the UNC Charter and International Laws...domestic laws, rules, regulations and procedure of each member country”.⁵⁰ This could indicate that the LMC regime, or China itself, accepts the principle of sovereign equality and territorial integrity which is a basic principle of international watercourse regime. Six member states have to respect other states sovereignty. When riparian states prioritize development, particularly in hydropower dams, other states shall not intervene or impede those projects. Furthermore, documents also state consensus and voluntarism principles, which mean that no such state can force other states if they are not willing to. This basic principle of sovereign equality and territorial integrity is the basic principle for the watercourse regime, so does the Mekong Agreement, but there is practical conflict between this basic principle and substantive rule of no significant harm. As explained, the ‘no significant harm’ rule of the international watercourse regime might restrict a state’s action such as development, especially for upstream states. So, there is no such rule in the LMC regime.

Rules

In the Sanya Declaration and Phnom Penh Declaration it is stated ‘based on equality...common contribution and shared benefits’, reflect substantive

⁵⁰ See in Sanya Declaration, p.1, Phnom Penh Declaration, article 11 and Five-Year Plan on Action In Lancang-Mekong Cooperation (2018-2022), article 2.

rules of *the equitable and reasonable uses*. Equitable is shared mutual benefits, while reasonable is very difficult to interpret. However, in the Chinese perspective, as well as upstream riparian states around the world, it is reasonable to utilize water resources in their sovereign territory. It is similar to when states have freedom to exploit and use marine resources in their exclusive economic zone (EEZ), stretching from 200 nautical miles (nmi) from its coast, which is supposed to be its sovereign territory despite actions that might impact the EEZ of other states. In addition, they state that ‘... to *enhance environmental protection and natural resources management*’⁵¹ Indeed, China stresses on environmental protection in parallel with nation development. Evidently, to pursue this, China also found the Lancang-Mekong Environmental Cooperation Center to comprehensively synergize strategic plan of environmental protection of all LMC countries.⁵²

As explained, in the LMC regime there is no substantive rule similar to the ‘no significant harm’ rule, so, in contrast to international watercourse regime, the LMC regime will also not have principles of prevention and cessation of harmful effects and the principle of states’ responsibility for damage. It is not fair for riparian states to take responsibility for all damages, which might limit a state’s development and water utilization such as hydropower dam construction.

Norms

The norm in the LMC regime that is universal is hydrological data sharing. It stems from the principle of non-intervention and rules of equitable and reasonable uses, where states can run such activities in their sovereign territory. Hydrological data sharing is the most suitable common practice for riparian states to cooperate in international watercourse. In hydropower cases, states can share daily water flows discharged from upstream reservoirs to downstream states for monitoring and long-term basin planning. China has promoted this universal norm since 2002 with Mekong countries when the parties signed the MOU on the provision of daily river flow and rainfall data. China provides data to the MRC in the flood season.

⁵¹ See in Sanya Declaration, article 15, Phnom Penh Declaration, article 2.9, and Five-Year Plan on Action In Lancang-Mekong Cooperation (2018-2022), article 63-65

⁵² See in Five-Year Plan on Action In Lancang-Mekong Cooperation (2018-2022), article 63.

The LMC regime also contains this norm. China established the Lancang-Mekong Water Resources Cooperation Center. The center is significant because China will be a center for evaluating and planning the Lancang-Mekong in entire basin. All basin planning and disaster forecasting models will be processed in China instead of the MRC. China tends to construct water quality monitoring systems by strengthening water quality data and information sharing, which might increase levels of cooperation among LMC states.⁵³ Theoretically, the regime will be effective in the inclusion of hegemony, and in this case, China will prove that this assumption is true. However, the LMC is still a new born, and consequences will manifest.

There has to be explicit behaviors against sharing the hydrological data norm. It is not alien, it is universal, and it has been embedded in the Mekong system, which the small states are familiar with. The MRC also has a water monitoring system, namely the Mekong Hydrological Cycle Observing System (Mekong–HYCOS). 49 hydrological stations (2 stations in China) are located along the Mekong mainstream to collect real-time data and transmit to national units through a telemetry system.

Finally, it supports China's belief that only hydrological data sharing, as a universal norm, is an appropriate mechanism to mitigate droughts and floods, which are big challenges for the Mekong basin management. China-MRC Joint research monitors flow volumes by tracking hydrological data of water flowing from China into the Lower Mekong Basin, then uses the data to calibrate the hydrological models for evaluation. Presently, China publicizes these emergency water discharge achieves to mitigate water-related disasters.

Decision-making Procedures

Actually, this dimension is quite unclear, however, it is explicitly written on documents, which state that 'the leaders' guide and it is government-guided.⁵⁴ It reflects top-down decision making procedures, which means that all cooperation has to be endorsed by leaders at the summit level of meetings based on

⁵³ See in Five-Year Plan on Action In Lancang-Mekong Cooperation (2018-2022), article 46.

⁵⁴ See in Sanya Declaration, p.1, Phnom Penh Declaration, article 11 and Five-Year Plan on Action in Lancang-Mekong Cooperation (2018-2022), article 2.

general agreements and mutual consultations from leaders of six member states and considering win-win situations.

So, the LMC regime on water utilization in international watercourse is quite simple because it is just a paper political instrument which is non-legally binding. It is about commitments between governments at the summit level. China's ambition is to push this regime forward. The six member states can initiate or implement such development projects for a simple win-win situation without be interfered from other actors, or complicated from such strict rules and procedures. In short, the LMC regime is an interest-based regime which focuses on mutual benefits of all riparian states.

4.2 Changing the Hydro-political Landscape: Multi-layered Regime

China embedded the LMC Watercourse Regime into Mekong system to enforce new rules and mold states' standards of practice on water utilization. Now, it sounds strange when you say that the Mekong system is comprised by three layers of regimes in transboundary river cooperation – *a multi-layered regime*, including, the LMC Watercourse Regime, the MRC Watercourse Regime and the UNWC Universal Watercourse Regime. (Hereinafter will be called the LMC Regime, MRC Regime and UNWC Regime) They share the same set of regimes, but are a bit different.

First, the Mekong Regime is molded by the obligations of the Mekong Agreement, operating since 1995. Four Lower Riparian states comply with this regime and follow the rules, regulations and principles on water utilization. (Details in Mekong Regime is in Chapter 2)

Second, the UNWC Regime refers to the international water law, the blueprint for cross-border water utilization. The scope of watercourse is not only rivers and basins, but it includes all watercourse areas, such as lakes and groundwater aquifers, which are not applicable in the Mekong case. It opened to votes in 1997 and sought 35 signatories to make it more effective. Vietnam became the 35th ratified state from almost 200 states around the world on this Convention in 2014 and allowed it to be created. Nowadays, the State of Palestine became the 36th member amongst tensions with Israel over groundwater issues. Yes, this Convention fails to gain public

support, no one wants to ratify this Convention. In this context, this regime becomes effective only for Vietnam because none of the other Mekong states are signatories. Vietnam cannot claim patterns of practices and rules under the UNWC when dealing with other Mekong states. (Details in UNWC Regime is in Chapter 4)

Table 4.2
Regime Dimension in Multi-layered Mekong Regime

Regime Components	UNWC	MRC	LMC
Principle:			
Sovereign Equality and Territorial Integrity	✓	✓	✓
Rules:			
Equitable and reasonable utilization	✓	✓	✓
No <u>significant</u> harm	✓		X
Protection of ecosystems	✓	✓	✓
Decision-making Procedures			
Consensus/ Leaders' guidance	✓	✓	✓
Norms			
Hydrological Data Exchange and Sharing	✓	✓	✓
PDIES, PWUM, PMFM, PWQ	✓	✓	X
Planned Measured (e.g. PNPCA)	✓	✓	X

Third, the LMC Regime, established in early 2014, covers all six Mekong riparian states. It is just a blank paper focusing on political commitments to pursue goals. The LMC Regime reflects China's stance toward the UNWC and its practices in international watercourse regimes. China prefers the principles of sovereign equality and territorial integrity. China is in favor of substantive rules of the equitable and reasonable usage and protection of ecosystems while strongly rejecting the no significant harm rule. China likes the universal international watercourse cooperation norm, sharing hydrological data with riparian states. And finally, decision-making procedures; China emphasizes on leaders' guidance and consensus. Table 8 shows coherent sets of regimes between the MRC Regime, UNWC Regime and LMC Regime. The LMC Regime neither contains the 'no significant harm' rule, nor the water utilization and planning procedures contained in the MRC or UNWC Regimes,

which consists of PDIES, PWUM, PMFM, PWQ and PNPCA, which have very strict rules for water utilization, and limit states' sovereign power in its own territory.

There is no such document labeled 'Agreement', 'Convention' or 'Procedural Rules', but the LMC Watercourse Regime's characteristics are quite simple because China uses political commitments in meeting documentary outcomes, which are political instruments that are non-legally binding, such as the Sanya Declaration and Phnom Penh Declaration. It is about commitment between governments at the summit level. China's ambition is to push this regime forward and the six member states can initiate or implement such development projects for simple win-win situations without being interfered from actors, or having situations complicated from such strict rules and procedures. For mutual interests, China found that mutual interests of small states are to maximize water utilization and state development. China knows that the Mekong riparian states face some problems on legally binding documents to comply with the 1995 Mekong Agreement, and adjusted some content in the LMC regime that matches the riparian demands for persuasion. This public good has two dimensions. First, the dimension of regime suits the Mekong states' demands. China utilizes soft law documents to create political commitments without strict rules that allow riparian states to exploit water resources in their territory. To accomplish flood and drought prevention and control, China created the China-dependent flow regime and convinced small states that their life depends on flows from China to cope with flood and drought. Moreover, China convinced others that the Lancang Cascades provides advantageous impacts to downstream states by using scientific regulation of retaining and strong floodwater in the flood season and increased discharges in the dry season. China also emphasizes on hydrological data sharing as universal norm which is the appropriate way for cooperation between riparian states rather than enforcing rules that limit states development and exploitation. China, as a leader, can powerfully shape riparian expectations on mutual benefits over transboundary river governance. Its hydro-diplomacy tactics of water supplement discharge during droughts can successfully gain itself legitimacy and access to water. Coincidentally, it can gain a key position in flood and drought management downstream. It can shift itself from a target of criticism into being showered with praise and hope for the future. The MRC,

consisting of the four lower riparian states, clearly perceived China's message to cooperate downstream to help with drought mitigation in the Mekong Delta. While the MRC has been reducing its emphasis, in addition with dramatic fund reduction, the coming of the China-centered framework will provide stability to the Lancang-Mekong governance structure and some financial uncertainties will be solved by Yuan. The universal norm of hydrological data sharing is the most suitable way for upstream and downstream cooperation and for doing scientific regulation for retaining and storing water flows to plan water utilization. Good governance is a public good when it promotes mutual benefits for all riparian states, and all of them enjoy exploiting water resources without any restrictions. With China's contributions, the LMC will be a certain type of cooperation on water resource cooperation.

The LMC regime can boost the utilization of water resources because it is non-legally binding, respects the sovereignty of other states, and universal norms of international watercourse cooperation allows states to boost their utilization. These mutual benefits could possibly maintain peace and stability in the region causing positive feedback to the 3+5+X field of cooperation of the LMC mechanism. Through these public goods, the LMC regime facilitates member states to search for their demands in various forms of official meetings, such as Joint Working Groups, Senior Official Meetings, Ministerial Meetings and Leaders' Meeting over time.⁵⁵ With decision-making process of leaders' guidance and government-guided and project-oriented models, they can sit-and-talk and crystallize Plans of Action in general and complete Five-year Action Plans for the Lancang-Mekong Water Resources Cooperation (2018-2022) in particular, reflecting mutual benefits meeting the demands from all parties. China has succeeded in combining navigational- and non-navigational- uses in the new framework. The framework also aims to 'gear up the building of infrastructure connectivity networks of roadways, waterways, airways and related facilities in the Lancang-Mekong region'.⁵⁶

In short, the LMC Watercourse Regime is an *interest-based regime* which focuses on mutual benefits of all riparian states. The LMC Regime provides freedom of development and states can enjoy their common benefits and interests without

⁵⁵ See details in Chapter 3

⁵⁶ Measure no. 7 in Sanya Declaration

concerns about consequences. Based on a realist assumption, a regime is a public good that hegemony offers small states to enjoy with free benefits, and is able to dictate collective decision-making and actions of the group, ensuring its long term interests. In this case, the LMC regime is a public good offered by hegemonic 'benevolent' China to the system to enjoy exploitation of water resources with no-strings attached. With a political commitment, the LMC regime promotes mutual benefits in many issue-areas of cooperation under the '3+5+X' cooperation and free-of-charge financial sources are available from the LMC Special Fund. This is a public good in the form of a regime. At the same time, China can gradually shape small states' beliefs, perceptions and expectations of the group by searching for collective decision-making and actions of the group from multi-platform meetings. This coherently promotes a peaceful and friendly environment between hegemonic China and the small Mekong states.

However, this *interest-based regime* is based on China's opposite position towards *rule-based regimes*, which is found in the UNWC and the Mekong Agreement, and both became effective in the Mekong Valley. The UNWC is valid only to Vietnam, the 35th Signatory to the Convention, while the Mekong Agreement is effective for four LMB states with the exclusion of China and Myanmar. Vietnam seems to be in-favor of hard law, but does not reject soft law. In 2013, Vietnam ratified the UNWC, which is considered a legally binding document because it contains full obligations. It is reasonable because Vietnam is the lowest riparian state, which might be impacted from upstream negative effects. Ratifying the UNWC obtains bargaining tool in the process of judgment. Nevertheless, Vietnam also embraces the LMC; indeed, Vietnam cannot reject the benefits.

The emerging of the LMC Watercourse Regime shaped the Mekong hydro-political landscape by creating a *multi-layered regime* consisting of the LMC Watercourse Regime, Mekong Watercourse Regime and International Watercourse Regime. They share some of the same features, but the LMC Watercourse Regime has no rules.

In the new Mekong hydropolitical landscape eyes will be kept on China's role in transboundary river governance. China is coherently changing its grand strategy, driven by Xi's hegemonic ambition that has forced China to search for new

positions in international affairs that are more proactive, ambitious and responsible to the international community. Indeed, it is China's efforts to shape a favorable and peaceful regional environment between China and Mekong states for securing its long-term economic benefits. China plays a constructive role in embedding a new pattern of interest-based regimes on transboundary river governance. China will become a main player in transboundary river cooperation. LMC offers an *alternative platform* with the inclusion of China as a leader of the group, for negotiations between Mekong states and China to discuss demands of common interests, and make a plan on water resource management in the future. The new platform is without rules or regulations that might restrict states' opportunities on development. It internationalizes hydrological data exchange and shares practical standards of practices in the Mekong region. China will be the leader to drive this cooperation, and possibly to find dispute settlements by peaceful means.

China has set up the LMC Secretariat and also calls for others to set up LMC national coordination bodies within each state to smoothly coordinate with each other from upstream to downstream. China has also established the Lancang-Mekong Water Resources Cooperation Center in Beijing to serve as a platform for holistic cooperation in various fields, such as technical and high-level exchanges, training and capacity building, disaster management, hydrological data exchange and sharing, joint research and analysis.⁵⁷ This initiative seems to slap the MRC in the face because its mandate is the same, but the new initiative will be centralized by China. The MRC also has a water monitoring system, namely the Mekong Hydrological Cycle Observing System (Mekong–HYCOS). 49 hydrological stations (2 stations in China) are located along the Mekong mainstream to collect real-time data and transmit it to national units through a telemetry system. This reflects China's intention of being amicable and getting involved in Mekong governance. The Center was established to serve as a focal point for Lancang-Mekong cooperation on water resource management. In the future, the Center will become a challenge to the MRC in missions of water monitoring and evaluating with full Chinese participation, even if there is the same set of hydrology.

⁵⁷ Measure no. 10 in Sanya Declaration

China's idea is to push forward hydrological data exchange and sharing to become a standard of practice between upstream and downstream riparian states. It is reasonable when riparian states respect other sovereign territory, states cannot compel others to stop grabbing the water or abolish hydropower projects. Friendliness and sharing hydrological data to riparian neighbors is enough for long-term planning of water utilization in specific zones, or running of flood forecasting models. Universal norms push riparian states to balance between hydropower development and environmental protection. It is not a trade-off either that forces riparian states to balance between development and conservation.

China's hydro-diplomacy on emergency water supplement discharge is another effort indicating that China will play a more responsible role to help its peripheries to overcome such non-traditional threats. This move silences existing discourses that China acts unitarily to operate hydroelectric cascades without downstream concerns causing negative impacts to downstream states. China shows good faith in helping lower riparian states to cope with water-related disaster events by discharging supplementary water volume, even though China also suffered from the impact. It cannot be said that China ignores downstream impacts anymore. China always convinces other actors that the Lancang Cascades provide advantageous impacts to downstream states by using scientific regulation and retaining and storing floodwater in the flood season and increasing discharges in the dry season, while not mentioning downstream impacts. This soft power strategy could possibly calm down the bad egoist image of hydro hegemony.

There is evidence that China's hydro-diplomacy gradually shapes small states' perceptions of the Lancang Cascades. Evidently, Vietnam has called for a hotline for real-time emergency data sharing, especially in the case of extreme flooding and drought, while Cambodia supported China to establish a national LMC secretariat office during the 2nd LMC Leader Meeting.⁵⁸ Thailand urges China to construct a regulating dam to control and retain China flows before discharging water into Chieng Saen, which could possibly slow down flow rates and mitigating negative

⁵⁸ Ministry of Foreign Affairs, Thailand, "Report on 2nd Leader LMC Summit by Thailand," กค 0704/122, March 23, 2018, 3.

impacts downstream.⁵⁹ Thailand has also begged to receive water supplement discharge notification in advance for preparation. The travelling time from Jinghong Dam to Chiang Saen is around a day in the dry season and only 18 hours in the wet season. Thailand needs a week for arrangement.

China has no intention to grab water for selfish benefits, which is opposed to criticism. The paper argues that China did not establish the LMC as an instrument to grab more water, but to generate electricity from the Lancang Cascades. China can dam the water, or usually does, for hydropower production as much as it can. Either hydro-hegemonic instruments or issue linkages are unnecessary for China to grab water because China utilizes water in its respective land, which is a small portion or around 16 percent of the total mainstream flow, in an equitable and reasonable manner. Actually, Hydro-politics in the Mekong River is not about how the upstream hegemon grabs most of water. The Mekong River is located in the monsoon area, mainstream flows are not monopolized from upper reaches in China (contributes only 16 percent), but from the watershed in multiple tributaries along the river, and major flows are contributed from east tributaries. However, the 3S Rivers (Sesan Seprok and Sekong), originate in Vietnam and contribute around 23 percent, which is a major source of flows downstream. So, it means that Vietnam is not only a downstream state, but also an upstream state. This means that the survival of the Mekong Delta in Vietnam does not all rely on water from China, but major sources of water are from its own country.

⁵⁹ Worasart Apaipong, Director General, Department of Water Resources, during presentation to H.E. Mr. Lu Guihua, Vice Minister, Ministry of Water Resources of China, Chiang Saen Hydrology Survey Center 22, April 28, 2018.

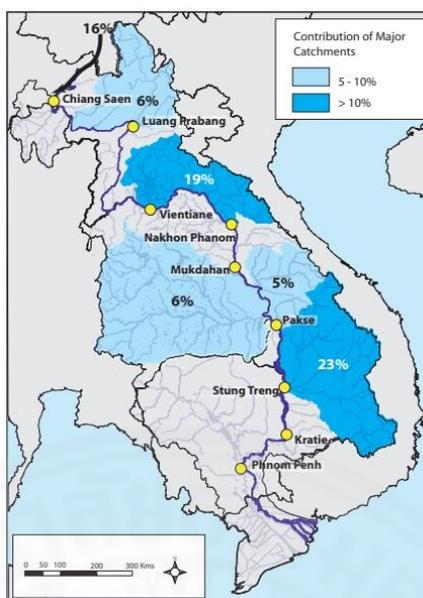


Figure 4.1 Major Contribution to Mekong Flows Reprinted from “The Flow of the Mekong,” by MRC Secretariat, 2009.

Moreover, China shows how kind-hearted it is by offering free-of-charge funds from the LMC Financial Fund to Mekong states to run any common-interest project. The emergence of the LMC Special Fund shakes the MRC’s survival. The 20 year old MRC has survived with financial contributions from development partners. The commitment to assist these developing regions and to develop the Mekong less-developed states can be done through establishing knowledge and resource efficiency production with a 20 year roadmap. Until 2015, development partners have reached their commitment and are gradually withdrawing contributions. Members will have to financially sustain themselves by 2030. Nowadays, the MRC is in a transition process of decentralization. They have to transfer around 27 activities to each riparian state’s to take care of by themselves. 18 activities are still being undertaken by the Secretariat. Four governments have committed to maintain the life of the MRC in continuing to serve as a platform for cooperation in Mekong sustainable water resource management by using the obligations under the Mekong Agreement and its procedures. It has been reported that the financial budget was low because the organization dependently relies on donor contributions and they were much lower

than expected.⁶⁰ Furthermore, it affects rotten and lingering structures that might reveal internal politics among signatories. The financial contributions have been a problematic factor for the MRC for a long time. Actually, riparian contributions are only around 10 percent of total contributions. They hope that riparian contributions will gradually rise to be 25 percent of total contributions in 2025 and will be fully sustained by 2030. It is reported that the financial budgets were shorted suddenly because the organization dependently relies on donor contributions and it did not meet expectations.⁶¹ The MRC financial statement reported on the financial situation. Some development partners, including Belgium, Denmark, GIZ, FAO, Luxembourg, the Netherlands, Sweden and Switzerland, cut their supportive budget to zero since 2016.⁶² The riparian contributions are not based on an equal basis of Article 14 of the Mekong Agreement. It is decided by the Council, from donors, and from other sources.⁶³ Actually, it could be on an equal basis for the first three years after entry into force, each state could contribute a quarter of cake for nourishing the organization. However, the symmetric portion is distorted, the first three year Cambodian contribution was from bilateral assistance from Belgium. After that, most of the riparian contributions came from Thailand and Vietnam (around 30-35 percent) while Cambodia and the Lao PDR contributed around 14 percent. After the MRC summit in 2010, four riparian governments committed to reduce gaps of riparian contributions to 30-30-20-20, and hope that after the transition period, the riparian contributions will be based on an equal basis, but in practice, Cambodia and the Lao PDR claims that their central government will not approve more contributions to the common purse. Even during the transition period, Cambodia and the Lao PDR still contributed less than they can. The question rises on their political willingness to cooperate with good faith or seek benefits in the organization. The excuse of less-developed countries sounds unreasonable when the Lao PDR and Cambodia are

⁶⁰ Shaun Turton, "Mekong Body Risks Losing Funds: Donors," *The Phnom Penh Post*, June 25, 2015, <http://www.phnompenhpost.com/national/mekong-body-risks-losing-funds-donors>

⁶¹ Ibid.

⁶² Mekong River Commission Earmarked Funds, "Financial Statements and Independent Auditors' Report Year ended 31 December 2016," July 1, 2017, <http://www.mrcmekong.org/assets/Publications/4.-EF-MRC-audit-report-2016.pdf>

⁶³ Article 14: Budget of the Mekong River Commission.

ranked in the top ten of the fastest growing economies around the world.⁶⁴ Until now, Cambodia and the Lao PDR still request financial support from common funds for operating hydrological stations for monitoring purposes, while Thailand and Vietnam contribute the full amount. Seeking financial support is a long-term problem for the MRC.

The LMC Special Fund is a selective financial source and is more attractive than the MRC, which relies on Western development partners and riparian states. The process for asking for funding approval from the LMC Special Fund is easy. First, states fill project proposal forms and send them to China through national secretariat/coordination units, which are mostly the Ministry of Foreign Affairs. Second, the Ministry of Foreign Affairs of China and Ministry of Finance of China will consider and approve the proposal funds to the selective proposals. Third, the Chinese government will grant funds throughout the Mekong-sub region by bank account transfer. The proposed project has to fit with China-preferred conditions comprising of 1) reflecting LMC building community shared future, peace and prosperity, 2) reflecting the spirit of consultation, coordination, joint construction and shared benefits, 3) respecting domestic laws and regulations and finally 4) joint supervision between China and the project implementer.⁶⁵ It is not complicated, unlike the MRC whose projects have to follow Western donor rules and objectives. LMC funding is easy and accessible. Riparian states can ask for funding to support their projects without any strict rules and Western shadow. For example, in the water resource field, Thailand has been granted around \$390,000 USD from the LMC Special Fund for implementing the Transboundary Cooperation Mechanism on Adaptation to Climate Change and Hydropower Development Projects. Myanmar has called for funding support for 10 projects in the 2nd batch of early harvest projects, and it has been granted around \$1.83 million USD.⁶⁶ For this reason, the LMC is being quickly accepted by Mekong riparian states. Funding has been a key factor for

⁶⁴ Joe Myers, “Which Are the World’s Fastest-growing Economies?” World Economic Forum, April 16, 2016, <https://www.weforum.org/agenda/2016/04/worlds-fastest-growing-economies/>

⁶⁵ Draft of Lancang-Mekong Cooperation Special Fund Project Cooperation Agreement, Article Abiding Principles

⁶⁶ Presentation from Burmese representative during the 2nd Meeting of Joint Working Group on Water Resources of LMC, 2 March 2018.

China's gaining hegemonic legitimacy and pushing the LMC to success over the last two years.

The LMC regime sets voluntarism principles for states to voluntarily contribute something to the basket fund. There is no mandatory membership fee for small states to maintain the regime. This means that even underdeveloped free-riders countries can still enjoy the sources without being taxed. From this reason, it is very clear that China performs a benevolent leadership role. China provides the LMC regime for small states in the LMC group to enjoy absolute gains without any responsibility to maintain the system. Evidently, there is no sign of contribution from any state, except China. This is consistent with the quote, 'small exploit the large'. China pays all, but small states can benefit without any contribution.

China's actions indicate its new position in Mekong governance. China plays a constructive role in building the new framework. The LMC seeks to shape the regional environment and Mekong hydropolitical landscape to be more peaceful and be full of trust and mutual understanding between China and the Mekong states, which is the basis of good neighborliness. China aims to reshape Mekong states' perception of China, from enemy to friend. China offers a new interest-based regime to the system and hopes that they will enjoy benefits from this regime.

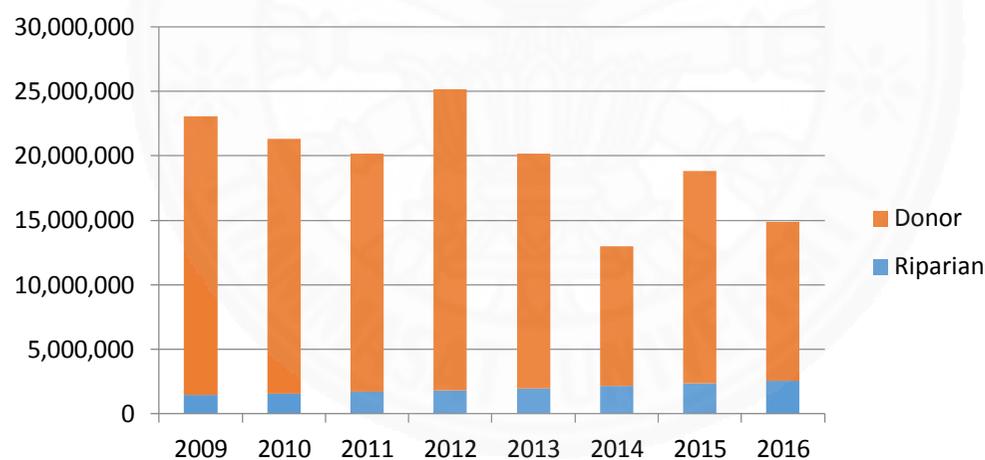
Finally, two sets of regimes have been established to deal with the Mekong transboundary river governance, and both will work coherently in a very close manner. The MRC Regime has been steadfast for more than 20 years because the hard rules are set only for water utilization in the Mekong mainstream and for inter-basin diversion. A state has to conduct prior consultations before launching any projects, or conduct a specific agreement when a state calls for diversion of water from the Mekong basin into another basin. In the past, there was no case for the Mekong mainstream. The winds changed when the Lao PDR announced their plan to be the battery of Asia. Still, presently, three of the *Lower Mekong Cascades* are under construction. When Mekong hydropower development schemes in both mainstream and tributaries, especially in Laotian territory, reach maximum development they will start 'grabbing' water like China. Will a rule-based regime still be able to facilitate Mekong riparian states' cooperation in transboundary river governance in an amicable manner when hundreds of hydropower dams lay in the

Mekong basin, and who will have to pay the cost? When states cannot comply with the 'no significant harm' principle anymore, and leave the MRC, will they fully comply and enjoy an interest-based regime? Mekong states have found a way to adapt themselves in order to survive in this multi-layered regime on transboundary river governance, seizing all benefits from the public good.



Table 4.3
Financial Contribution for last 7 Financial Years (USD)

From	2009		2010		2011		2012		2013		2014		2015		2016	
	Amount	Cont%.	Amount	Cont%.	Amount	Cont%.										
Riparian	1,444,608	6.26	1,560,157	7.32	1,687,261	8.37	1,827,076	7.25	1,980,871	9.81	2,150,048	16.53	2,336,142	12.42	2,545,339	17.10
Cambodia	316,258	21.89	337,057	21.60	359,935	21.33	385,102	21.08	412,785	20.84	443,237	20.62	476,734	20.41	517,674	20.33
Lao PDR	316,258	21.89	337,057	21.60	359,935	21.33	385,102	21.08	412,785	20.84	443,237	20.62	476,734	20.41	513,951	20.19
Thailand	419,236	29.02	458,523	29.39	501,739	29.74	549,276	30.06	601,566	30.37	659,086	30.65	722,358	30.92	742,787	29.18
Vietnam	392,856	27.19	427,520	27.40	465,652	27.60	507,596	27.78	533,735	26.94	604,488	28.12	660,316	28.27	770,927	30.28
Donors	21,634,494	93.74	19,764,990	92.68	18,469,162	91.63	23,357,860	92.75	18,213,603	90.19	10,855,499	83.47	16,480,142	87.58	12,339,661	82.90
Total	23,079,102		21,325,147		20,156,423		25,184,936		20,194,474		13,005,547		18,816,284		14,885,000	



CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusion

The LMC is China's strategic mechanism platform to deepen friendly relations with Mekong states and close peripheral neighbor states. The LMC is a China-led international institution derived from China's hegemonic ambition; under the roadmap of Xi's China Grand Strategy, strategy to pursue the Chinese Dream of great rejuvenation. CGS shapes China's foreign policy to maximize friendship building between China and other states around the world. China prioritizes peripheral neighbors surrounding around China as the most extremely important partnerships to China, which could directly provide long-term benefits to China in geopolitical security due to geographical advantages; like closed and shared border lines and steady economic growth, which are important factors for great empire building. This is a great step to building an empire; to pursue the Chinese Dream. Generally, the Mekong region has been strategically significant for China. Chinese merchants sailed southward and started trading with this region through the Lancang-Mekong waterway since ancient times, and still do today. In regards to domestic statecraft, linkages with this region could promote a trade boom and urbanize the Yunnan Province, a landlocked autonomous region.

CGS drove China to change its position from the status quo of humble and reserved, to play a leading and constructive role internationally and regionally. China made no effort to overthrow the existing international system in any issue-areas. However, the existing international system needed reform and improvement in responding to new situations and demands. China, with its hegemonic ambition, has been playing a bigger role with more responsibilities to the world and seizing opportunities to initiate a new mechanism with its Chinese style and characteristics.

The LMC promotes good friendly partnerships and will shape a peaceful favorable environment in the region that could benefit China by sustaining long-term economic growth. Preserving economic growth is China's top priority since it could

make the socialist modernization state reach its ultimate goal in the mid-21st Century. Xi's strategic mind envisioned 'two centenaries' as a ladder to climb steadily. Also, the initiative of BRI is so grand, it reflect China's 'hegemonic ambition', leaving 'biding time' at home, and engaging in international politics. New CGS drives China to be more majestic, more responsible, and more influential.

BRI is the example of China's expansion for rebalancing its economic health and sustaining long-term growth. It aims to link with major civilized ports to deepen economic dependency in general, and with the less developed states in Asia, Europe and Africa. Those seek to manage product overcapacity and find new destinations for trade and investment. BRI's trans-Asia network of infrastructure could achieve this goal.

The LMC is so similar to the BRI, prioritizing economic ties, but in a smaller and specific scale in the Mekong valley and the CLMV group. They are less-developed, but are very attractive due to their rich resources endowment and are still poor and have competitive advantageous low wages. The valley is full of development potential. They are fascinating mercantilist states that have promising destinations for businesses and economic activities, such as trade, foreign aid, outward investment, and natural resource extraction due to their abundant resource endowment. Indeed, they are as important as jigsaws are to the Chines Dream. The LMC offers opportunity for building a peaceful and friendly atmosphere between China and the Mekong states, which is a foundation of China's great empire. China has targeted deepening economic cooperation with them and the LMC is China's flagship mechanism, aiming at building friendships with the Mekong states. Actually, China has exercised 4-in-1 economic activities in the CLMV countries in recent decades. China's aid is offered to develop states and improve social welfare, living standards, and infrastructure. China has been CLMV's trade partner for a long time and China always gets a trade surplus. CLMV are top export destinations for China and their economies are dependent on China, particularly the Lao PDR. But, China's outward FDI in CLMV countries is still too small compared with other investors. China helps the third world states to develop themselves and become developing states with higher buying power, which turns them into a market base for Chinese goods, destination for Chinese outward investment, and gives China rights to access

natural resources in return. It aims to set up Chinese industrial bases for promoting their Regional Value Chain (RVC) boosting up regional integration. Like AIIB and SRF, the LMC Special Fund is an example of China's efforts to promote financial influence in the Mekong valley.

Furthermore, because Mekong states are developing and underdeveloped, they lack technology, knowledge, and experience in hydropower dam architecture and construction, while China has experience and techniques in the field. The Three Georges Dam, thousands of hydropower dams, other alternative energy houses and facilities in China draws a picture of China as a champion on dam and power grid construction. China can overwhelm this weakness by engaging in possible economic activities. Evidently, China's state's own enterprises (SOEs) have engaged in hydropower schemes in the Mekong Basin. The Lao PDR's vision of being the Battery of Asia is very attractive for Chinese companies to invest in the abundance of water. A good friendship can guarantee that the Laotian government can embrace Chinese corporations who invest in hydropower projects, which can make great outward profits for China.

Obviously, the global hydropower market will moderate growth due to efforts to reduce carbon emissions and the emerging of new markets. The demand for hydropower is increasing, with 31.5 GW of new installed capacity and an estimated global power generation of 4,102 GWh by hydropower in 2016.¹ The top 10 Global Hydropower Companies are listed below;

¹ "Top 10 Hydropower Companies," Technavio, July 3, 2014, <https://www.technavio.com/blog/top-10-hydropower-companies>.

Table 5.1
Top 10 Global Hydropower Companies in 2016

No.	Company	Headquarter	Top portfolios
1	China Yangtze Power Co. Ltd	China	Highest total global hydropower revenues, Operates 3 largest hydropower plants.
2	Hydro-Québec	Canada	One of the largest hydropower generators in the world more than 60 hydroelectric stations
3	BC Hydro and Power Authority	Canada	Generate between 43,000 and 54,000 GWh of electricity annually.
4	Ontario Power Generation Inc.	Canada	Operates 66 hydroelectric stations, 29 small plants and 241 dams on 24 river systems.
5	Duke Energy Corp.	US	Operates 31 hydroelectric power stations power for more than 1 million homes, most in Carolina,
6	Georgia Power Co.	US	operates 15 lakes for hydroelectricity generation and 19 hydroelectric dams
7	Statkraft AS	Norway	Operates more than 360 power plants around the world in 16 countries.
8	Centrais Elétricas Brasileiras SA	Brazil	The largest Brazilian company, generating one-third of the country's total installed capacity.
9	Agder Energi AS	Norway	Norway's 3rd largest hydroelectric production company
10	RusHydro	Russia	Russia's largest power generating companies

Note: Adapted from “Top 10 Hydropower Companies,” by Technavio, 2014.

Evidently, China Yangtze Power Co. Ltd is labeled as the champion of the most powerful hydropower company in the world. Yangtze is the prototype in technology, engineering and architecture for Chinese hydropower companies, such as Sinohydro, China Southern Power Grid, and Gezhouba, because they are SOEs and share their success. They carry on the Chinese ‘Going Out’ strategy, to return profits

back to China. As observed, China is only on this list, while Japan and ROK, its business competitors in the Mekong region are not experts on hydropower businesses. In contrast, it is the same regarding the automotive market. Japanese companies will be on the list undoubtedly. China is the top investor in hydropower business around the world. This is one of China's '*competitiveness*', which is hard to compete with for others. But it does not mean that other outward investors do not engage in Mekong hydropower construction schemes. For example, Japan's Kansai Electric has invested in Nam Ngiep 1 project in the Lao PDR and Japan's Kobe Green Power Co. Ltd. is in Nam Phak dam in the Lao PDR. The Korean companies, SK Engineering & Construction and Korean Western Power Co. Ltd. sponsor the Sepian- Xenamnoy in the Lao PDR as well. Thai companies, Ch.Kanchang, EGAT, Natee Synergy and Bangkok Expressway, also share a piece of the Xayaburi project in the Mekong stream. This means that Mekong hydropower schemes are very attractive. This promising destination with high development gaps invites foreign investors to snatch this business opportunity. This is a good example to illustrate China's interests in the Mekong valley, and this is the reason to support continuity of good relationships and a peaceful environment with Mekong states.

China focuses on promoting mutual interests. The LMC's three pillars and five priority areas are common interests addressing not only economic and connectivity issues, but also common grounds of non-traditional security. In underdeveloped countries people are poor and still rely on agricultural industries. The LMC also stresses on this issue and Agriculture and Poverty-reduction is one of the five areas of cooperation. The LMC promotes cooperation on non-traditional security, which sometimes might jeopardize China's benefits and interests. This pressures China to extend its strategic focus from economic cooperation to non-traditional security issues. China and Mekong states search for common interests in any issue-area and adjust it to fit to their real demands. The LMC regime facilitates member states to search for their demands in various forms of official meetings where they can sit-and-talk and crystallize Plans of Action containing the real demands of all states.

CGS follows the tenet of peaceful development. In the past, China bid their time to develop its capabilities and economic growth at home while hesitating to become a leader because that might cause tension between China and the hegemony

and also build its rising superpower image, which would stem from sustained economic development. Its new position of regional superpower drove China to 'show-off' its Chinese governance style of an alternative leader. The LMC reflects China's hegemonic ambition. Presently, the wind has changed direction. Rather than just participating in international institutions, China has become a leading player who has pushed the LMC mechanism forward. There is hope that this China-led mechanism will be the main negotiation platform to sit-and-talk with Mekong countries. China's role in the LMC indicates that China will burn Deng's doctrine of 'biding time and building capabilities at home' and become a dominant actor in international affairs.

As a consequence to its changing role, other states might feel that China's Rise brings a sense of hegemony. Friendship and a peaceful environment could reduce other states' threat perception of the Rise of China. China enacts a 'soft power strategy' to improve its hydro-hegemonic image, which has been criticized worldwide. It has annoyed China for decades. Through the LMC platform, China expresses its faithful image to help mitigate downstream flooding and drought. China always explains that the Lancang Cascades provide advantageous impacts to downstream states through scientific regulation and retaining and storing floodwater in flood season and discharging water in the dry season. China just adopted 'hydro-diplomacy', using flows as a political instrument, to build its image of regional leader and create a dependent flows regime which traps small states into believing that their Mekong flows rely on China's flow.

The emerging of the LMC abases the presence of the MRC when it cannot convince China to fully join Mekong regional bodies, while the latter comes with a full influential role for China. The LMC is not just a cooperative mechanism. China utilizes the LMC to guide Lancang-Mekong water governance. The LMC has changed China's role from a rule taker into a rule maker. It engages and controls, rather than enforces rules. China embedded the regime as a public good for small states to use and enjoy. The LMC has reshaped the Mekong hydro-political landscape by creating a multi-layered regime – three watercourse regimes founded in the Mekong landscape with political agendas. They share the same set of regimes. Three of them share common universal norms in hydrological data exchange and sharing, but differ on rules and principles. Only the LMC regime does not embed such strict rules and

principles that might obstruct states' sovereign power. Hegemonic Stability Theory interprets a regime as a 'public good' and hegemony provides its satellite states benefits from the regime. Even free-riders are welcomed to join the Interest-based regime, tax free. This challenges the rule-based regimes, like the UNWC Regime and MRC Regime, because it does not contain the 'no significant harm' rules, and it is heavily focused on hydrological data exchange and sharing as universal norm as the main tools for cooperation in transboundary river governance.

The Mekong hydropolitical landscape has been changed since the coming of the LMC. China will become a more active role in Lancang-Mekong cooperation, especially to help downstream states to manage disastrous events of flooding and droughts as a common non-traditional threat to Mekong riparian states. It is consistent with the hypothesis that CGS and China's ambition has driven China to change its position to be a regional superpower. China has had to shape its regional environment to be favorable to China's expansion, support long-term economic growth, and pursue rejuvenation of the great empire. It is necessary to deepen friendly ties with Mekong states as extreme southwestern strategic partnerships.

In the future, when the Laotian government reaches maximum potential on hydropower development on the mainstream and tributaries, it will be very difficult to comply with the 'no significant harm' principle in universal regimes because the *Mekong Cascades* will cause significant negative downstream impacts and states will have to pay compensation for the damage caused. A key challenge in Lancang-Mekong River is how to jointly manage exploitation of abundant flows in the Mekong Cascades period boom?

5.2 Recommendation

The research narrates theoretical perspectives to analyze the foundation of Lancang-Mekong Cooperation (LMC) and China's individual behavior on influencing Mekong states through functions of the LMC Regime. This seems to be just one side of the story. States see China's shift as a 'Rising China', as it expands its influential sphere in the Mekong region. Through a lens of realism, the LMC is alarming for

states. They need to rethink and adjust strategies to match the changes of the Mekong hydropolitical landscape, especially China's new changed position in politics.

Key evidence indicates that Mekong states are not happy with China and the LMC. Thailand argued against China taking the position of 'initiator' of this new regional mechanism. Thailand claims that it first proposed the Initiative Sustainable Development of the Lancang-Mekong Subregion in 2012, during Prime Minister Yingluck Shinawatra's government, not China as it claims.² Thailand's first move was to indicate that Thailand was unhappy with China's positioning and stealing the credit. Thailand stresses that this framework was '*initiated by Thailand and endorsed by China and other member countries.*'³

Another key area of dissatisfaction is the nomenclature of the framework. Lower Mekong Riparian States do not refer to the framework as '*LMC*', like China does, but as the **Mekong-Lancang Cooperation** or '*MLC*'. The Mekong River comes first, the Chinese Lancang River later. They always mention the LMC in official speeches, official documents, press release, news, and official speeches. This indicates that they perceive 'risk' and 'rise' from China's position in the LMC, and do not allow China to overshadow the Mekong Valley. This indicates that small Mekong states are performing a diplomatic 'hedging strategy' against China. However, this thesis prefers to use the term '*LMC*' instead. I want to stress China's ambitious position in this mechanism in relation to Mekong states, rather than a counterbalance diplomatic tool.

There are general debates over China's involvement in the development of hydroelectric dams around the world. In the Mekong basin, evidently, Cambodian local communities have protested against Chinese dams, even though the Cambodian government praises China for being part of its socio-economic improvements and poverty reduction. The Kamchay Dam is the first project in a series of Chinese involved hydropower development plans in Cambodia. The Dam is located in Bokor

² Poowin Bunyavejchewin, "The Lancang-Mekong Cooperation (LMC): Viewed in Light of the Potential Regional Leader Theory," *Journal of Mekong Societies* 12, no.3 (2016): 55.

³ Ministry of Foreign Affairs, Thailand, "Minister of Foreign Affairs Attends the 1st Mekong-Lancang Cooperation Foreign Ministers' Meeting," November 13, 2015, <http://www.mfa.go.th/main/en/media-center/28/62146-Minister-of-Foreign-Affairs-attends-the-1st-Mekong.html>.

National Park, Phnom Kamchay, Sambor Province of Cambodia. The operation began in 2011 with an installed capacity of 194 MW. It is financed by the China EXIM Bank at an amount of around US\$311 million. Sinohydro gained the BOT contract, a full investment package of Build, Operate and Transfer. It got a 44-year operation concession before it must transfer the assets to the Chinese government.⁴ Of course, the dam will not only bring beneficial socio-economic development, but unfortunate negative impacts on various sectors. Giuseppina Siciliano claims that downstream local communities are heavily impacted from the dam construction. They lose traditional jobs, which relied on natural resources and do not receive proper compensation from the government or the Chinese contractor.⁵ The construction of dams might clear hectares of areas, affecting income sources. They rely on fruit tree plantations, rice fields, tourism, fishing, and bamboo collection. In return, Sinohydro earns concessions from the dam operation over the next few decades, which raises the question on the types of patronizing contracts between Cambodian authorities and Chinese firms and their responsibilities concerning the negative impacts on local communities caused by the hydropower dams.⁶

So far, China's Hydrolancang International Energy Company, has made a joint-venture with Cambodia's Royal Group to develop the *Lower Sesan 2 Dam* in Stung Treng, Cambodia. It is the biggest hydropower plant so far in Cambodia, and has been operating since late 2017. Like the other dams, international expert groups warned Cambodia about the impact on fisheries and biodiversity downstream. Floodwater released from the dam submerged a Srekor village in northern part of the Stung Treng province, wiping out all vegetation, such coconuts, jackfruit, and mangoes.⁷ Water level increased by around 7 meters, forcing 60 families to abandon their homes. Some refused to resettle and stayed behind with no assistance from the

⁴ Giuseppina Siciliano, Frauke Urban, May Tan-Mullins, Lonn Pichdara and Sour Kim. "The Political Ecology of Chinese Large Dams in Cambodia: Implications, Challenges and Lessons Learnt from the Kamchay Dam," *Water* 8, no. 9 (2016): 405.

⁵ Ibid.

⁶ Ibid.

⁷ Prak Chan Thul, "Corrected-Floodwater Released by Chinese Dam in Cambodia Submerges Village," Reuters, February 2, 2018, <https://af.reuters.com/article/africaTech/idAFL4N1PS212>.

authorities.⁸ They insisted on staying in their homeland and refused compensation plans offered by the Cambodian government and China's Hydrolancang.⁹

Consequently, in this case, hydropower development schemes caused downstream impacts. The LMC is a type of soft power for China, who wields hydro-diplomacy in order to gain a good international image supporting its future overseas businesses involved with hydropower in the Mekong Basin. It is consistent with the BRI case, in which China mobilizes soft power to gain a good international image from the BRI strategy in order to alleviate consequences from outward investment, which might violate the non-interference principle.¹⁰

Additionally, Thailand has had a negative response to China's hydro-diplomacy on emergency water supplementary discharge. Thailand, an upper-mid riparian state, published a series on 'Technical Reports: Monitoring and Analysis on China Water Supplementary Discharge in the Mekong River' in 2016, immediately challenging China. Thailand claims that these flows possibly caused positive and negative impacts. The emergency flow, increasing water levels, might benefit agriculture, household consumption, navigation, river bank protection and to fill groundwater, however, it may also causes negative effects on riverside agriculture, fisheries, trade and tourism, equipment, cultures, and environment.¹¹ From the analysis, Thailand believes that the discharge volume was merely general management because flow volumes were similar to the previous two year discharge

⁸ Tom Barnes, "'Silent Water World': Cambodian Village Submerged by Floodwater from Chinese-built Dam." *Independent*, February 4, 2018. <https://www.independent.co.uk/news/world/asia/dam-flood-cambodia-china-village-srekor-underwater-submerged-silent-waterworld-a8193461.html>

⁹ Chanthy Men, "Cambodian Villagers Refuse to Leave Homes as Dam Testing Floods Sesan District," *Radio Free Asia*, July 24, 2017. <https://www.rfa.org/english/news/cambodia/cambodia-villagers-refuse-to-leave-homes-as-dam-testing-floods-sesan-district-07242017160155.html>.

¹⁰ Li Zigu, "'一带一路': 新时代、新挑战、新任务" [Belt and Road: New Era, New Challenges, New Responsibilities], *China Institute of International Studies*, May 31, 2017, http://www.ciis.org.cn/chinese/2017-05/31/content_9502473.htm.

¹¹ Thai National Mekong Committee (TNMC), "Monitoring and Analysis on China Water Supplement Discharge to Mekong River, Volume 1," *Technical Report*, 2016, 37.

flow rate.¹² Furthermore, Thailand monitored Chinese discharged water volume at Chiang Saen and it was found that water volume during the discharging period was higher than the annual average volume, around 108 percent more, which contradicts China's stance that it was around 300 – 350 percent.¹³ Thailand claims that the supplementary discharged water actually was not truly intended to help downstream riparian states. The flow patterns were the same as the previous year. It was just China's hydro-diplomatic action plan towards the Mekong riparian states. Indeed, China coincidentally announced this action 15 days before launching the 1st LMC Senior Officials' Meeting in Beijing on April, 2016.

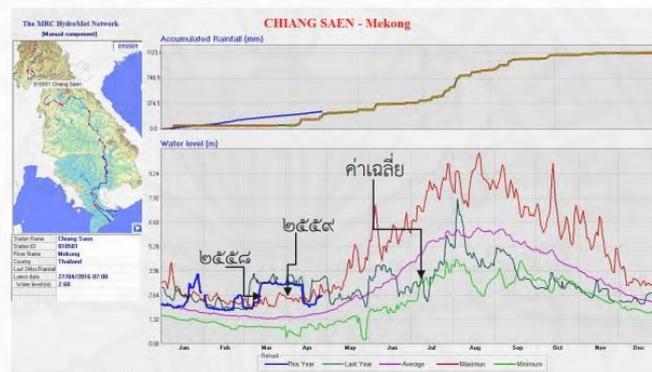


Figure 5.1 *Flows Patterns in Chiang Saen Station* Reprinted from “Monitoring and Analysis on China Water Supplement Discharge to Mekong River, Volume 1,” by Thailand National Mekong Committee, 2016.

The Lao PDR and Cambodia have a very close friendship with China, and their economies are dependent on China, so they do not express antagonistic stances to China in the LMC platform. Myanmar is neutral and bides time and develops itself at home and embraces all benefits from the LMC. Vietnam is another country that is not happy with this mechanism. Its first move, ratifying the UNWC in August 2014m indicates that Vietnam, downstream riparian state, is concerned about the changing of hydropower schemes in the upper-middle stream of the Mekong and that might intensively impact downstream states. Vietnam had a strong reaction to the Lao

¹² Thai National Mekong Committee (TNMC), “Monitoring and Analysis on China Water Supplement Discharge to Mekong River, Volume 2,” Technical Report, 2016, 30.

¹³ TNMC, “Monitoring and Analysis on China Water, Vol. 2.”

PDR's government notification at the MRC meeting that it planned on constructing the Don Sahong Dam in the Mekong mainstream in late 2013, and also countered China's ambition to push the LMC framework, which was discussed among nations before its official announcement at the 17th China-ASEAN Leaders' Meeting. All of the events occurred in the same period of time.

The LMC can be interpreted as one of China's political weapons to divide ASEAN unity and consensus, which might be a relevant point for China in the South China Sea dispute. The South China Sea Dispute between China and some single ASEAN member states (AMS) has triggered China-ASEAN tensions and might obstruct the CGS and the building of a peaceful environment. Several sovereign states, namely Brunei, China, Taiwan, Malaysia, Indonesia, the Philippines and Vietnam, claim territorial islands; especially the *Spratly* and *Paracel*, to gain maritime fishing rights in the South China Sea, access to crude oil and natural gas deposits in the seabed, and control waterways for shipping and navigation.

The case challenges ASEAN's ability because some of the claimant states are ASEAN members, and they have their own interests in the South China Sea. ASEAN resolutions and consensus that satisfy all parties is difficult to reach. The South China Sea dispute links to the LMC because China set up its new ally bloc to split up ASEAN unity and create China-dominant allies. The LMC is almost a pro-China group. Most of the members are in-favor of China and tend to stay away from the South China Sea dispute. There are accusations that China's economic activities across ASEAN, such as investment, foreign aid, and loans, are aimed to divide ASEAN Unity, and it seems to be working, as Cambodia has opposed every resolution in ASEAN meetings that might cause a negative impact on China.¹⁴ Thailand maintains a good trade partnership with China and is reluctant to show its opposition to China. Myanmar also relies heavily on China, in terms of energy export

¹⁴ AFP, "Cambodia 'blocking' Asean Sea Dispute Consensus," *Bangkok Post*, July 23, 2016, <https://www.bangkokpost.com/news/asean/1042597/cambodia-blocking-asean-sea-dispute-consensus>.

and as a country development partner, and cannot play an active role as a third party in a conflict.¹⁵

There is only Vietnam that is getting involved in the South China Sea Disputes as one of the claimers. In the past, there were frequent armed clashes between China and Vietnam over the South China Sea, such as the battle of the Parcel Islands in 1974 and the conflict over the Johnson Reef in 1976. Tensions escalated into militarization and arms races, when China deployed 32 air missiles to the Woody Islands in the Paracels to establish an Air Defense Identification Zone controlling aircraft movement in 2016. China's aggressive action alarmed Vietnam. Vietnam has had the most significant enlargement of its military among ASEAN claimants. Vietnam's defense expenditure increased 113% from 2004 to 2013. Vietnam injected \$3.4 billion for military upgrades, and actively engaged in arms trade talks with external superpowers, namely the US, Russia and India.¹⁶ However, China is the largest trading partner with Vietnam despite the conflict over the South China Sea. In 2014, the trade value between China and Vietnam was still rising. Imports and exports increased 16.8% and 12.6% respectively and in the same year, 30% of Vietnam's imports were from China.¹⁷

Furthermore, the LMC initiative does not only shape the Mekong hydro-political landscape between six riparian states, but also changes the regional security and perception of a preponderant state, Japan. Japan is China's historical rival and that creates a feeling of hate between each state. They both have dominant power in shaping Asia-Pacific security because both are superpowers.

As explained in Chapter 4, the Mekong region is very attractive because the presence of the CLMV countries, whose potential as a promising destination for outward investment, not only from China, but also from Japan and the ROK, is high. They are always listed among the top sources of FDI inflows for the CLMV countries. Indeed, they perceive the LMC as China's hegemonic ambition. China changed its

¹⁵ Linh Tong, "The ASEAN Crisis, Part 2: Why Can't ASEAN Agree on the South China Sea?," *The Diplomat*, December 22, 2016, <https://thediplomat.com/2016/12/the-asean-crisis-part-2-why-cant-asean-agree-on-the-south-china-sea/>

¹⁶ Linh Tong, "The ASEAN Crisis, Part 1: Why the South China Sea Is a Critical Test," *The Diplomat*, December 21, 2016, <https://thediplomat.com/2016/12/the-asean-crisis-part-1-why-the-south-china-sea-is-a-critical-test/>.

¹⁷ Tong, "The ASEAN Crisis, Part 2."

position to become a regional superpower. Its constructive role in gearing up the LMC has avoidably challenged Japan and the ROK's presence in the Mekong region.

Economically, the CLMV countries are a destination for superpowers to conduct and gain concessions from mega infrastructure projects or gain the rights over natural resource extraction. Japan and the ROK also play this economic game in the Mekong Valley. Japan's Indo-Pacific Strategy has three pillars. First, to promote international order, such as freedom of navigation and international laws, second, to promote economic growth and quality infrastructure development, and third, to secure regional peace and stability by promoting admiralty law enforcement, humanitarian aid, disaster prevention, anti-piracy, counter-terrorism, and nuclear non-proliferation.¹⁸ Indeed, it mainly reflects Japan's containment strategy toward China, especially in the South China Sea dispute, and conflicts with China's perception and strategy in the same region. Japan needs international standards of practices in regulations and laws, while China rejects constructing rule-based ones.

In the case of the Mekong, Japan established the *Mekong-Japan Cooperation* in 2008 as a regional platform for Japan to "support Mekong countries in developing various fields such as advanced industry and agriculture, enhancing human resources, constructing high-quality infrastructure connectivity; promotion of green development, clean and sustainable, environmental protection and sustainable utilization and development of Mekong resources".¹⁹ It has a multi-level platform of annual meetings to concrete cooperation between Japan and the Mekong states, including Summits, Ministers' Meetings, and Friends of the Lower Mekong (FLM) Ministerial Meetings.

In 2015, three months after the 1st LMC Senior Officials' Meeting, the 7th Mekong Japan Summit was held in Tokyo. Japan has suddenly shifted its strategy toward the Mekong region to counteract the LMC pact. Japan proposed the New Tokyo Strategy 2015 for Mekong-Japan Cooperation (MJC2015) with the aim of

¹⁸ Chheang Vannarith, "Mekong-Japan Cooperation in the Indo-Pacific Strategy," *Khmer Times*, March 26, 2018, <https://www.khmertimeskh.com/50116006/mekong-japan-cooperation-in-the-indo-pacific-strategy/>.

¹⁹ Vien Nhu, "Mekong-Japan Cooperation Brings Practical Benefits for People: PM," Prime Minister, the Socialist Republic of Vietnam, November 14, 2017. <http://primeminister.chinhphu.vn/Home/MekongJapan-cooperation-brings-practical-benefits-for-people-PM/201711/3537.vgp>

ensuring regional development and achieving “quality growth” in the Mekong Valley in the next three years (2016-2018) and prominently emphasized the role of the private sector as a driver to promote this cooperation in the form of investment. Japan stresses on ‘*quality*’ as its ‘*niche competitiveness*’ and proposes Four Pillars of Mekong-Japan Cooperation. The first and second pillars are Hard and Soft Efforts. The first aims to strengthen the Mekong’s hard industrial infrastructure network development, on land, sea, and air. The second promotes human resource development and soft connectivity, namely institutional, economies, and people. The third pillar is Sustainable and Eco-friendly Development, which focuses on cooperation of non-traditional security; including Disaster Risk Prevention, Climate Change, Sustainable Water and Water-related Resource Management. The fourth pillar is multi-stakeholders coordination proposing the synthesis between Mekong-Japan Cooperation and other regional frameworks, international organizations, NGOs, the private sector and US involvement!²⁰ Japan has invested around \$6.1 billion to support these activities for the next three years, with an increase of around 25 percent, countering the rise of China’s Asia Infrastructure Investment Bank (AIIB).²¹ There have been many successful projects stemming from Japan’s quality contributions, such as the construction of National Road 1, National Road 5, the Tsubasa Bridge, and the Sihanoukville deep seaport.²² Due to its effort, Japan’s role in Mekong countries could be an interesting encirclement strategy toward China.

The ROK established diplomatic relations with ASEAN countries in 1989 and with the Mekong states, in particular, in 2011, in order to promote cooperation and provide Official Development Assistance (ODA) to help Mekong states develop. The ROK has participated in multiple platforms to seek cooperation and projects. The progress of the Mekong-ROK has been warmed up by high-level discussions at Mekong-ROK Senior Officials’ and Foreign Ministers’ Meetings. Recently, the ROK endorsed the Mekong-Republic of Korea Plan of Action (2014-2017), finishing up the

²⁰ see more details of New Tokyo Strategy 2015 for Mekong-Japan Cooperation (MJC2015) on official website at <https://www.mofa.go.jp/region/asia-paci/mekong/cooperation.html>

²¹ Prashanth Parameswaran, “The Real Importance of Japan’s New Strategy for the Mekong,” *the Diplomat*, July 7, 2015, <https://thediplomat.com/2015/07/the-real-importance-of-japans-new-strategy-for-the-mekong/>

²² Vannarith, “Mekong-Japan Cooperation.”

Han River Declaration of 2011, an early blueprint of the Mekong-ROK cooperation, to strengthen activities/programs in six priority sectors; including Infrastructure, Information Communication Technology, Green Growth, Water Resource Development, Agricultural and Rural Development, and Human Resources Development. The ROK also offers ODA to Mekong countries, excluding Thailand who is also an ODA provider.²³ The Mekong-ROK Cooperation Fund was established in 2013 to encourage and support the implementation of Mekong-ROK projects, which will contribute a minimum of \$200,000 and a maximum of \$500,000 per year for project proposals.²⁴

Does it sound familiar to the LMC? Mekong-Japan Cooperation and the Mekong-ROK Cooperation share the same basic functions and common goals in the Mekong region. Of course, they are not different. They focus on the common development of Mekong countries, mostly in infrastructure development and non-traditional security. So, by playing a constructive role, China's changing position in international affairs will be confronted with other rival players. These might reshape regional security in the Mekong region, where the giants attempt to seize the region for their national interests.

This research aimed to examine China's constructive role in changing the Mekong hydro-political landscape through the LMC channel, but it cannot ignore the LMC role in changing the regional security perspective in the Mekong region as well. The emerging LMC possibly sheds light on future research agenda on regional security in the Mekong region where three Asian economic giants compete to seize opportunities in the CLMV countries. In addition, serious Sino-Japan relations might drag Mekong states into an unfinished war over the South China Sea Dispute, which might affect the relationship between Mekong states and make the Mekong hydropolitics landscape even more complicated.

²³ See more details of Mekong-the Republic of Korea Plan of Action (2014-2017) in <http://www.korea.net/koreanet/fileDown?fileUrl=/upload/content/file/1406780276688.pdf>.

²⁴ "Applying for the MKCF," Mekong Institute, accessed February 9, 2018, <http://www.mekonginstitute.org/what-we-do/development-funds/mekong-rok-cooperation-fund/application-details/>.

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APPENDICES



APPENDIX A

LIST OF HPPS IN LMB AND CHINA'S OVERSEE

HYDROPOWER ENTERPRISE INVOLVEMENT

Abbreviation lists

CMEC = China National Machinery & Equipment Import & Export Corporation

Dongfan = Dongfan Electric International Corporation (China)

CWE = China International Water and Electric Corporation

Datang = China Datang Corporation,

CSG = China Southern Power Grid Co.

CNEE = China National Electric Engineering Corporation

TGPC = Three George Project Corporation

CDB = China Development Bank

EXIM = The Export-Import Bank of China

CWE = China International Water and Electric Corporation

EDL = Electricité du Lao PDR

BOC = Bank of China

No.	Country	Project Name	Commissioned year	Total Installed Capacity MW	Annual Energy (GWh)	Financial Institutions	Developer	Owner
1	Thailand	Ubol Ratana	1966	25	56			
2	Thailand	Sirindhorn	1971	36	90			
3	Lao PDR	Nam Ngum 1	1971	155	1002		Gezhouba	
4	Thailand	Chulabhorn	1972	40	59			
5	Vietnam	Dray Hlinh 1	1990	45	100			
6	Lao PDR	Se Xet 1	1990	45	133,9			
7	Thailand	Pak Mun	1994	136	280			
8	Lao PDR	Theun -Hinboun	1998	500	1251			
9	Lao PDR	Houay Ho	1999	152	450			
10	Lao PDR	Nam Leuk	2000	60	218		CWE	
11	Thailand	Lam Ta Khong P.S.	2001	500	400			
12	Vietnam	Yali	2002	720	3868			
13	Lao PDR	Nam Mang 3	2005	40	150	EXIM		
14	Vietnam	Se San 3	2006	260	1325			
15	Vietnam	Se San 3A	2007	96	479			
16	Vietnam	Dray Hlinh 2	2007	16	94			
17	Vietnam	Buon Tua Srah	2009	86	358			
18	Vietnam	Buon Kuop	2009	280	1459			
19	Vietnam	Plei Krong	2009	100	501			
20	Lao PDR	Se Xet 2	2009	76	309			
21	Vietnam	Se San 4	2010	360	1649			
22	Vietnam	Sre Pok 3	2010	220	1002			
23	Vietnam	Sre Pok 4	2010	80	360			
24	Lao PDR	Nam Lik 1-2	2010	100	435		Sinohydro	

No.	Country	Project Name	Commissioned year	Total Installed Capacity MW	Annual Energy (GWh)	Financial Institutions	Developer	Owner
25	Lao PDR	Nam Theun 2	2010	1075	6000			
26	Vietnam	Se San 4A	2011	63	297			
27	Lao PDR	Nam Ngum 2	2012	615	2300			
28	Lao PDR	Nam Ngum 5	2012	120	507	BOC	Sinohydro	EDL 15%, Sinohydro 85%
29	Lao PDR	Theun -Hinboun Exp.	2012	220	1756			
30	Vietnam	Sre Pok 4A	2013	64	302			
31	Lao PDR	Xekaman 3	2013	250	1000,3			
32	Lao PDR	Xenamnoy 1	2013	0	0			
33	Vietnam	Upper Kontum	2014	250	1056			
34	Vietnam	Hoa Phu	2014	29	113			
35	Lao PDR	Nam Ngiep 3A	2014	44	152,3			
36	Lao PDR	Houay Lamphan Gnai	2015	88	500	EXIM	Gezhouba	
37	Lao PDR	Nam Khan 2	2015	130	558	EXIM	Sinohydro	
38	Lao PDR	Nam Ngiep 2	2015	180	732	TGPC	CWE	CWE 90%, EdL 10%
39	Lao PDR	Nam Sun 3A	2015	69	278,4			
40	Lao PDR	Nam Sun 3B	2015	45	173,5			
41	Lao PDR	Nam Beng	2016	36	145		CNEE, Dongfan	
42	Lao PDR	Nam Hinboun	2016	30	155			
43	Lao PDR	Nam Khan 3	2016	60	250	EXIM	Sinohydro	
44	Lao PDR	Nam Lik 1	2016	64	256			
45	Lao PDR	Nam Mang 1	2016	64	225		CWE	Don Fang 75%
46	Lao PDR	Nam San 3A	2016	69	278			
47	Lao PDR	Nam San 3B	2016	45	174			
48	Lao PDR	Xe Set 3	2016	23	82			
49	Lao PDR	Xekaman 1	2016	290	1096			
50	Lao PDR	Nam Kong 2	2017	66	263			
51	Lao PDR	Nam Ngum 1 Ext.	2017	80	100		Dongfan	
52	Lao PDR	Nam Ou 2	2017	120	546	CDB	Sinohydro	EDL 15%, Sinohydro 85%
53	Lao PDR	Nam Ou 5	2017	240	1049	CDB	Sinohydro	EDL 15%, Sinohydro 85%
54	Lao PDR	Nam Ou 6	2017	180	739	CDB	Sinohydro	EDL 15%, Sinohydro 85%
55	Lao PDR	Nam Phai	2017	86	420			
56	Lao PDR	Xekaman-Sanxay	2017	32	121			
57	Lao PDR	Don Sahong	2018	260	2000			
58	Lao PDR	Nam Chiare 1	2018	100	445		Gezhouba	

No.	Country	Project Name	Commissioned year	Total Installed Capacity MW	Annual Energy (GWh)	Financial Institutions	Developer	Owner
59	Lao PDR	Nam Kong 3	2018	45	170			
60	Lao PDR	Nam Phak	2018	150	511	CDB	Sinohydro	
61	Lao PDR	Nam Tha 1	2018	168	759	EXIM	CSG	
62	Lao PDR	Xepian-Xenamnoy	2018	410	1880			
63	Lao PDR	Nam Ngiep 1	2019	290	1515			
64	Lao PDR	Nam Ngiep reg .dam	2019	18	105			
65	Lao PDR	Nam Ou 1	2019	180	710	CDB	Sinohydro	EDL 15%, Sinohydro 85%
66	Lao PDR	Nam Ou 3	2019	210	826	CDB	Sinohydro	EDL 15%, Sinohydro 85%
67	Lao PDR	Xayaboury	2019	1285	7370			
68	Lao PDR	Ban Koum	> 2020	1872	8 433			
69	Lao PDR	Luang Prabang	> 2020	1200	5 600			
70	Lao PDR	Nam Ang Tha Beng	> 2020	41	183			
71	Lao PDR	Nam Bak 1	> 2020	160	744			
72	Lao PDR	Nam Bak 2	> 2020	40	205			
73	Lao PDR	Nam Feuang	> 2020	28	113			
74	Lao PDR	Nam Khan 4	> 2020	47	-			
75	Lao PDR	Nam Kong 1	> 2020	75	469		CWE	
76	Lao PDR	Nam Leng	> 2020	60	227			
77	Lao PDR	Nam Mouan	> 2020	100	439			
78	Lao PDR	Nam Nga 1	> 2020	100	434			
79	Lao PDR	Nam Ngao	> 2020	20	85			
80	Lao PDR	Nam Ngum /Nam Kaen	> 2020	70	370			
81	Lao PDR	Nam Ngum 1 Ext .2	> 2020	40	50			
82	Lao PDR	Nam Ngum 3	> 2020	480	2 146			
83	Lao PDR	Nam Ngum 4	> 2020	220	822			
84	Lao PDR	Nam Ngum downstr.	> 2020	110	463			
85	Lao PDR	Nam Pha	> 2020	180	730			
86	Lao PDR	Nam Phak 1	> 2020	28	107			
87	Lao PDR	Nam Phak 2	> 2020	28	107			
88	Lao PDR	Nam Phak 3	> 2020	40	152			
89	Lao PDR	Nam Phouan	> 2020	53	203			
90	Lao PDR	Nam Phoun	> 2020	60	276			
91	Lao PDR	Nam Poui	> 2020	60	294			
92	Lao PDR	Nam Seuang 1	> 2020	30	114			
93	Lao PDR	Nam Seuang 2	> 2020	108	385			
94	Lao PDR	Nam Seuang 3	> 2020	42	147			
95	Lao PDR	Nam Seuang 4	> 2020	47	156			
96	Lao PDR	Nam Seuang 5	> 2020	72	242			

No.	Country	Project Name	Commissioned year	Total Installed Capacity MW	Annual Energy (GWh)	Financial Institutions	Developer	Owner
97	Lao PDR	Nam Tha 2	> 2020	25	149			
98	Lao PDR	Nam Theun 1	> 2020	600	2 595			
99	Lao PDR	Nam Theun 4	> 2020	80	130			
100	Lao PDR	Nam Theun Keng	> 2020	54	200			
101	Lao PDR	Pak Beng	> 2020	912	4 765		Datang	
102	Lao PDR	Pak Lay	> 2020	1320	5 948	EXIM	Sinohydro	
103	Lao PDR	Pakchom	> 2020	1079	5 318			
104	Lao PDR	Phou Ngoy	> 2020	686	2 751			
105	Lao PDR	Sanakham	> 2020	660	3 696		Datang	
106	Lao PDR	Sekong 3A	> 2020	105	411			
107	Lao PDR	Sekong 3B	> 2020	100	394			
108	Lao PDR	Sekong 4	> 2020	300	1 901			
109	Lao PDR	Sekong 5	> 2020	330	1 613			
110	Lao PDR	Sekong Lower A	> 2020	76	388			
111	Lao PDR	Sekong Lower B	> 2020	50	200			
112	Lao PDR	Xe Bang Nouan	> 2020	35	143			
113	Lao PDR	Xe Katam	> 2020	130	758			
114	Lao PDR	Xe Lanong 3	> 2020	80	306			
115	Lao PDR	Xe Neua	> 2020	53	209			
116	Lao PDR	Xe Xou	> 2020	30	126			
117	Lao PDR	Xebang Hieng 1	> 2020	60	182			
118	Lao PDR	Xebang Hieng 2	> 2020	90	288			
119	Lao PDR	Xedone 2	> 2020	20	80			
120	Lao PDR	Xekaman 2A	> 2020	30	115			CWE
121	Lao PDR	Xekaman 2B	> 2020	180	564			
122	Lao PDR	Xekaman 4	> 2020	80	318			
123	Lao PDR	Xelanong 1	> 2020	70	257			
124	Lao PDR	Xelanong 2	> 2020	35	143			
125	Lao PDR	Xepian Hpuay Jod	> 2020	21	79			
126	Lao PDR	Xepian-Houaysoy	> 2020	50	-			
127	Lao PDR	Xepon 3	> 2020	45	167	CMEC		
128	Vietnam	Duc Xuyen	> 2020	58	181			
129	Cambodia	Sambor	> 2020	2600	11 740		CSG	
130	Cambodia	Stung Treng	> 2020	900	5 096			
131	Lao PDR	Nam Sim	2016	8	-			

Note: Gathering from MRC, CGIAR and International River and ASEAN Secretariat

BIOGRAPHY

Name	Mr. Kullawat Kaewkao
Date of Birth	August 31, 1987
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Work Position	Foreign Relations Officer Department of Water Resources Ministry of Natural Resources and Environment
Scholarship	Year 2016: Winter School at Waseda University, Tokyo
Publications	Kaewkao, Kullawat (2017). The Politics of Hydropower Production in the Mekong River, 5 th International Conference on International Relations and Development (ICIRD 2017), Thammasat University
Work Experiences	2013-2018 Foreign Relations Officer Department of Water Resources Ministry of Natural Resources and Environment