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The Unfolding Mekong Development Disaster

How China's grand strategy for the Mekong impacts the river, and the countries downstream.

By **Tom Fawthrop**

The Mekong has long cast a mystical spell over adventurers, wildlife experts, and scientists enchanted by its spectacular rapids and waterfalls, along with its endangered dolphins, giant manta rays, and Siamese crocodiles. The river's biodiversity is second only to the Amazon.

In recent years, however, this great international river – which flows through six countries – has increasingly grabbed the attention of engineers, technocrats, and energy consultants on a very different kind of mission: to exploit its roaring currents in pursuit of hydropower.

Any idea of environmental protection for the wonders of the Mekong has been marginalized by China's grand Belt and Road Initiative (BRI) with its focus firmly fixed on trade, infrastructure development, and, along the Mekong, dam construction.

On the banks of the Mekong in Chiang Khong, in northern Thailand, local resident and teacher Niwat Roykaew explains the importance of the river. "The Mekong is very special for the people," he says. "Our community understands what's important for life: water, forests, soil, and culture."

He sees the soul of the river as a precious part of the country's cultural heritage, something that should transcend financial interests. "Many governments only think about the economy," he says. "[They think] nothing about nature and culture."

But China has a very different perspective on the Mekong (known as the Lancang in Chinese) as it attempts to fast-track development in the region.

Is strong regional momentum toward greater integration with the Chinese economy destined for smooth sailing along the Mekong, sweeping all local obstacles and objections out of its path?

At the Lancang-Mekong Cooperation (LMC) Foreign Ministers meeting in Dali, Yunnan, last December, there were signs of swaggering confidence from China. Chinese Foreign Minister Wang Yi aptly described the LMC process as preparing the ground for the “bulldozer,” to denote the mechanism that will promote smooth and uninterrupted cooperation among the its members.

“The LMC is not a talk shop, but a bulldozer moving forward steadily and firmly to make the cooperation become true,” Wang said.

That is the kind of language that scares a great many people downstream, including some ASEAN diplomats. At the Dali meeting, Chinese officials insisted on using the term in the joint press statement.

China is supremely confident of its position, with two countries – Laos and Cambodia – enmeshed in a nexus of loans, investment, and obligations already on board. But a simmering conflict over the equitable sharing of water resources is deeply felt in Thailand, and even more in the Vietnamese delta, where upstream dams and climate change have made the region more prone to severe drought.

While China is unleashing its BRI on the river, the latest research warns that a healthy Mekong has never been in greater danger from overexploitation and the unregulated damming of the river.

“Twenty years ago, the Mekong was one of the last large healthy tropical systems,” says Marc Goichot, a World Wildlife Fund (WWF)-Greater Mekong water resources expert. “Today the Mekong delta is literally sinking and shrinking. All of this is pushing more freshwater species such as river dolphins to the brink of extinction, while also causing serious limitations to economic growth.” The WWF has called for a different approach to economic development in the Mekong.

Last year a joint report from the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the Stockholm Environment Institute (SEI) revealed that “The flow of sediment/nutrients in the Mekong has already been reduced by 70% due to the Chinese dams built on the Lancang [upper Mekong] in China.” Sediment is critical to the health of the river and essential for the replenishment of the delta in Vietnam.

Sadly, the Chinese architects of the BRI strategy do not appear to have lost any sleep over the state of the river.

The Lancang-Mekong Cooperation Mechanism

China’s mastery over these precious water resources was clearly on display at the second summit of the LMC, attended by leaders from all six riparian states and held in Phnom Penh in January 2018.

The LMC was proposed, framed, and set up by China in 2016 as a rival organization to the long-established Mekong River Commission (MRC), which counts four states as members: Cambodia, Laos, Thailand, and Vietnam.

The MRC was set up by the 1995 Mekong Agreement with a mandate to facilitate good governance in pursuit of an international river of friendship and cooperation based on rules and procedures. China and Myanmar opted for observer status.

Thitinan Pongsudhirak, director of the Institute of Security and International Studies (ISIS) at Chulalongkorn University in Thailand, commented at a media forum that “the LMC is a way of showing that China only plays by its own rules. It creates *fait accompli* by building dams upstream to the detriment of downstream countries, and then sets up its own governing body.”

According to Paul Chambers, an international relations specialist at Thailand’s Naresuan University, “China is seeking to make the Mekong River Commission irrelevant by the creation of the LMC. Beijing would like to penetrate all of mainland Southeast Asia, maintaining the region as a periphery of its strategic control. For China, controlling the Mekong region has become a classic case of geo-hegemony.”

Besides the dams, China is building railway lines to connect its southern city of Kunming with Bangkok, Thailand via Vientiane, Laos and a superhighway to connect Cambodia’s Phnom Penh with Sihanoukville. These infrastructure projects spawn other construction activities including apartments, skyscrapers, satellite cities, markets, and shopping malls.

The Cambodian government, readily seduced by Beijing’s pledges to fund a new Phnom Penh airport, a highway, and a hospital, neglected to bring up any troublesome questions about the damage done by Chinese dams to Cambodia’s agriculture, fisheries, and food security.

Ultimately, the environmental crisis faced by downstream countries, especially Cambodia and Vietnam, has been swept under the red carpet of Chinese largesse.

One glaring example of China’s pervasive role in the region is the corrupt enclave known as the Kings Romans Casino complex in Bokeo province in northern Laos. Located within the Golden Triangle Special Economic Zone (GTSEZ), its administration is firmly in the hands of a shady Chinese business group that has been strongly linked to wildlife trafficking.

Smooth Sailing or Turbulence Ahead?

The Chinese strategy for the Mekong region has unsurprisingly encountered almost no opposition in Laos, the weakest of the four MRC nations. A high-speed train

line connecting Kunming in Yunnan province to the Lao border with Thailand is already under construction. China stands to benefit from greater connectivity with Thailand, but what does Laos have to gain?

Brian Eyler, the director for Southeast Asia at the U.S.-based Stimson Center, was skeptical, saying “clearly China will gain the most from the \$6 billion construction.”

“It will have profound impacts on local economy,” Eyler added. “I believe the construction of the railway will unlock mineral extraction and logging opportunities that Chinese investors will jump on, and this will only lead to the further depletion of Laos’ natural resources.”

It appears that the cards are stacked heavily in favor of China in its quest to consolidate control over its geopolitical “backyard.” Beijing’s geopolitical strategy can count on Cambodia’s Prime Minister Hun Sen, the Lao leadership, and local elites to embrace Chinese hegemony along the Mekong.

But the great Mekong river is famed for its rapids and turbulence. Chinese engineers have already tamed the wild currents on the Lancang as it flows through China, but they have never recognized the importance of sediment flow for the Mekong system as a whole.

The Mekong feeds some of the most productive freshwater fisheries on the planet. There is great strategic importance for a river that provides food security for 60 million people. The simmering conflict over the sharing of precious water resources is likely to escalate in the long term, leading to resistance by lower Mekong nations to China’s growing hegemony.

In Thailand, the Chiang Khong Conservation Group organized a series of protests in 2017 challenging China’s “Mekong River Navigation Channel Improvement Project,” a euphemism for dynamiting the picturesque rapids, rocks, and islets that dot the river, and block larger ships from penetrating further down Southeast Asia’s longest waterway.

By 2020, China plans to remove all natural obstacles to engineering a safe, 890-kilometer shipping lane stretching from the southern Yunnan province port of Simao, through Thailand’s northern stretch of the river, to the ancient royal Lao capital and now tourism hub of Luang Prabang.

Chinese survey ships researching the islets and rapids at Khon Pi Luang, about 20 kilometers upriver from the Thai border port of Chiang Khong, have been the target of a flotilla of lively river protests, their boats festooned with banners and motifs that say in Thai and Chinese: “The Mekong is not for Sale,” and “Stop All Blasting of the Mekong.”

So far the Thai government has only granted approval to Chinese survey ships to enter the river zone that divides Thailand and Laos to gather information for an assessment. No final decision on blasting has been taken. Permission from the Thai military government is not assured, but not because of environmental issues.

In northern Thailand, local government and businesses are wary of the Chinese initiative. Wiroom Khampilo, former president of the Chiang Rai Chamber of Commerce and a businessman in the province, said businesses in Thailand would not be helped by the navigation project. China would reap the benefits, while damaging Thailand's environment.

The so-called improvement project will provide large advantages to Chinese traders and could precipitate a future in which more Chinese products pour into the Thai market at ever cheaper prices. Meanwhile, Wiroom pointed out to the *Mekong Eye*, Thai traders would benefit little: "We have very few goods to transport via the river to sell in China." Wiroom also warned that allowing China to alter the river channel would jeopardize local people's livelihoods and the local economy, which depend heavily on a healthy river ecosystem.

Chiang Khong leaders filed a petition with the National Human Rights Commission (NHRC) to challenge Thai cooperation with the Chinese plan in 2017.

But perhaps even more important than the questionable economic rationale of granting China a green light to reshape the river with dynamite are the national security concerns relating to sovereignty and Thailand's international border demarcation with neighboring Laos. The border runs roughly down the middle of the Mekong. This could make a "belt and river" controlled by China too much for Thailand's military regime to stomach.

Then there's the issue of culture.

Chinese ambitions to construct a new port on the Mekong and other projects pose a major threat to the cultural survival of one of Asia's most popular world heritage sites, the ancient royal capital of Luang Prabang in Laos.

Paul Chambers of Thailand's Naresuan University paints a grim picture of what may happen to this cultural icon of the region in the next 10 to 15 years if the navigation plan is implemented.

"The rapid transformation of the Lao world heritage site will result in this cultural mecca being replaced by a Chinese commercial hub and the superimposition of Chinese cultural art and architecture across northern Laos," he says. "Luang Prabang would end up as a new Chinese town."

This transformation is already underway elsewhere in the country, and is sparking resentment. A Laotian academic based in northern Laos, who requested anonymity,

observed that “anti-Chinese feelings have become rife in recent years because they feel they are becoming more and more a province of China.”

On another part of the Mekong, only 100 kilometers away from Thailand, the Chinese-backed Pak Beng dam has been stalled by various forms of “turbulence,” including anti-dam demonstrations (in Chiang Khong), litigation seeking to block Thailand’s support for the dam, and the current energy review by the authorities in Bangkok.

The \$2.4 billion Pak Beng dam is a 912-megawatt hydropower project being developed by China’s Datang (Lao) Pak Beng Hydropower Co. Ltd., a Beijing-based company, with an understanding that 90 percent of electricity generated would be sold to Thailand. However, the power purchasing agreement is on hold pending Thailand’s ongoing energy review.

It was scheduled to be launched in December 2017 as the third dam in Laos on the lower Mekong.

Niwat Roykaew’s Chiang Khong group is one of the plaintiffs in a court case filed against the Thai Water Resources Department and the Thai National Mekong Committee, state authorities that have lent support to the dam.

In another twist to the Pak Beng tale, it appears that the Chinese company is coming to terms with investor risk, a changing energy climate, and organized Thai opposition. The company met for a dialogue with the Thai Mekong People’s Network from Eight Provinces, led by the Chiang Khong group – perhaps the first ever such dialogue between a dam-builder and a local opposition network in Thailand.

After the historic encounter, a press release was issued, noting: “We The Thai Peoples Network declare our position from the Dialogue with Datang (Lao) Pak Beng Hydropower Co. Ltd.. We demand an integrated assessment of the Mekong dam cascade including Xayaburi, Sanakham, Pak Beng and Don Sahong Dams. We support a Dialogue that builds on an evidence-based body of knowledge, and confirm our interest in an ongoing dialogue process.”

In Vietnam, almost 4,000 kilometers from the source of Mekong in China, farmers watch with dismay at the sight of their delta shrinking and sinking, with salinization from the sea encroaching on the freshwater needed to irrigate the nation’s indispensable rice-bowl.

Developers often claim that dams help alleviate poverty. But Nguyen Huu Thien, a wetlands ecologist in Can Tho at the heart of the Mekong delta in Vietnam, says the reverse is true.

“In the delta, environmental degradation leads to poverty, social tension, and even tensions between countries. The impact from the dams should be considered a nontraditional security issue that causes social and political instabilities,” he says.

For Thien, the future of Vietnam’s rice-bowl looks bleak. The Mekong delta region produces 90 percent of the rice Vietnam exports and contributes approximately 23 percent to the nation’s GDP, he points out. “As millions of people in the Mekong region become impoverished due to the impacts from the dams (as well as climate change), people will have to migrate elsewhere to seek employment,” Thien says.

Can China Change?

Can China be pressured to shift its development model in a greener, more sustainable direction?

Xuezhong Yu, a senior hydro-environmental scientist, regards water allocation and environmental effects of hydroelectric projects as two critical transboundary issues in the Lancang-Mekong basin. According to a research paper by Yu, “The success of water resources collaboration will enhance the mutual trust and consolidate the comprehensive and cooperative partnership among the Lancang-Mekong countries. Hydropower development will be the core of water resources collaboration.”

But so far the LMC framework does not provide any defined space for critical debate over damming the Mekong. Its rival, the MRC, facilitates discussion, consultation, equal partnership of member states, and provides for some recognition of a role for civil society. All that is conspicuously lacking in the LMC.

Many Chinese hydropower companies have carried out poor quality environmental impact assessments (EIAs) and failed to consult local communities, according to Zhou Dequn, a conservation biologist at Kunming University of Science and Technology. Zhou observes that “that these kinds of malpractice have also occurred on Chinese-funded hydropower projects in Laos.”

Zhou reported in *chinadialogue* that “China is exporting its bad business behavior and ignorance of rule of law to the Mekong region. Our wealthy businessmen abroad do not have the interest or technical capacity to promote sustainable practices, nor do they consider the legal context of their actions.”

In Phnom Penh, Cornell University Ph.D. student Youyi Zhang agreed: “It is true that China has promoted the export of coal and hydropower firms to developing countries, because of flagging demand at home. These Chinese companies have forged strong alliances with host governments and formed vested interests.”

Is there any way to change this?

Zhang responded that “the host government should implement stricter environmental and social regulatory framework and kick out firms with significant environmental consequences. When pressure mounts, policy will change.”

As in the case of the Pak Beng dam, pressure is mounting on Chinese companies to consider more carefully investor risks and environmental impacts as well as to consult with local stakeholders. The more responsible investors have learned a big lesson from the suspension of the Chinese Myitsone mega-dam in Myanmar.

The Stimson Center’s Brian Eyler detects a greater understanding of financial and environmental risks related to Mekong dams and argues that Mekong energy development is reaching a critical crossroads.

Chinese developers could, Eyler argues, switched to non-hydropower renewable energy generation projects and innovation in electricity transmission instead of “bulldozing dams in ways that will transform the region and send it further down the pathway of unsustainable development.”

Lower Mekong countries, he says, also need to lobby for increased investment in Chinese solar and wind generation.

This may be an acceptable alternative for Beijing as well. Exports by Chinese solar and wind power companies and their hydropower corporations both receive official state support and both are bidding for more energy contracts in the lower Mekong. Meanwhile, prices for solar panels and wind turbines have now fallen so dramatically that regional governments can no longer dismiss green energy as too expensive.

The untapped potential of green energy available to Cambodia, for example, was documented by Mekong Strategic Partners (MSP) in a report last year, which concluded that “The Cambodian government could achieve electricity self-sufficiency through the development of solar energy within 12 months under the right conditions.”

What’s Next: Instability and Food Insecurity or a New Sustainable Development Path?

At the January 2018 LMC summit, Chinese Premier Li Keqiang emphasized that China wants to maintain peace and stability in the region. But critics claim the BRI development strategy, far from promoting stability, will on the contrary stir unrest and promote further degradation of a Mekong already in crisis.

Southeast Asian researcher Bruce Shoemaker commented that “China is attempting to build a stable environment for investment in infrastructure in the Mekong region, but the impact of damming the lower Mekong will destabilize the fisheries-

based livelihood systems upon which millions of people depend for their food security.”

The healthy flow of the Mekong ecosystem promotes stability by guaranteeing food security in all of the Lower Mekong countries and agricultural security in Cambodia and Vietnam. The threat posed by over-damming the Mekong, coupled with the impacts of climate change, should be on the radar of regional and international organizations. The consequences for Cambodia and Vietnam would be devastating and reverse much of the progress made toward meeting UN Sustainable Development goals.

But the UN agencies that will be most impacted by the collapse of the Mekong ecosystem – such as the Children's Fund (UNICEF), Development Program (UNDP), the Food and Agriculture Organization (FAO), and the World Food Program (WFP) – have so far had little to say on the subject.

Nguyen Huu Thien, the Vietnamese ecologist, concludes that international organizations must do more: “The Mekong Delta is one of the most important deltas in the world. The international community should consider the impact of the Mekong dams as a serious regional and international nontraditional security issue.”

If China wants to avoid conflicts over water resources and a destabilizing impact on the Mekong region’s future, then Beijing needs to choose a radically different framework for engaging and investing downstream and chart a new course based on sustainable development.

Unless Chinese policy recognizes that a stable environment requires the protection of fisheries, food security, heritage sites, and the cultural diversity of the region, then unrest and a new turbulence is likely to engulf the Mekong region.

The Author

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