

# **THE MEKONG REGION: FROM A DIVIDED TO A CONNECTED REGION**



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## INTRODUCTION

The Mekong region consisting of Cambodia, Laos, Myanmar, Thailand, and Vietnam was the hotbed during the Cold War. The Indochina War, the proxy war between the superpowers, severely divided and destroyed Cambodia, Laos, and Vietnam. These countries are still dealing with the aftermath of the war, particularly anti-personal landmines and the unexploded ordinances (UXOs). After the end of the Cold War and the conclusion of the Paris Peace agreement on Cambodia in 1991, the region has become more stable and connected. The ideological and political wall between ASEAN and Indochina was demolished in 1995 after Vietnam became an official member of ASEAN. Two years later Laos and Myanmar joined ASEAN. The Cambodian membership in ASEAN in 1999 fully completed the vision of ASEAN of having all ten member countries geographically located in Southeast Asia.

After the end of the Cold War, the Mekong region transformed from a divided region into a connected region in which the regional economies become more integrated and political trust and people-to-people ties have been enhanced. Regional institutions play a critical role in promoting regional cooperation and integration.

## THE MEKONG REGION: A DYNAMIC REGION

The global governance is under stress amid rising populist nationalism, protectionism, and inward-looking political leadership in Europe, the United States, and other parts of the world. Two main events shaking the world this year are the Brexit (there were more who voted to leave rather than remain in the European Union) and the Donald Trump effects (Donald Trump defied polls predictions and shockingly won the presidential race against Hillary Clinton). These two events are “unpredictable” and “unthinkable” and have created a global shockwave against the liberal global order established after the Cold War.

As the world becomes more fragmented and disintegrated, the countries of the Mekong region are relatively resilient in pursuing an inclusive and open regional integration and community building. Learning from the Asian financial crisis in 1997, ASEAN and the Northeast Asian countries (China, Japan, and South Korea) came to realize the significance of their economic interdependence and decided to deepen regional economic integration through various initiatives such as the creation of the ASEAN Plus Three Cooperation mechanism and the Chiang Mai Initiative Multilateralisation (CMII) which aims to create a self-help regional financial mechanism.

After more than two decades of robust political

and economic reforms leading to high economic development, the region has become the new economic center of Asia. The Mekong region has a relatively high economic growth rate at an average of about 6.2%. With an estimated population of 260 million by 2030 of which 65% are active labor force, the Mekong region has great potential to maintain its economic dynamism. Furthermore, located at the junction of two Asian economic powers, China and India, the Mekong region plays a critical role in regional economic integration and connectivity. Trade, investment, infrastructure development, and tourism are the main economic cooperation areas.

The political dynamics in the Mekong region signify a gradual and positive development towards deepened democratic values. Democratization in the Mekong region is an incremental process. While there is significant advancement in Myanmar there is democratic regression in Thailand. The people’s sentiment against the old establishment driven by traditional political elites seems to be on the rise. The people across the region wish to see “change” and seek a new type of political leadership that is more transformative and adaptive. The Mekong region is also an emerging strategic frontier in Southeast Asia after the South China Sea. Almost all major powers have been engaged in the Mekong region. The rising power of China has significantly shaped the geopolitical landscape of the region. Major powers are drawn to invest their resources and project interests in the region.

The Mekong River is the natural and geographical linkage in the region and the source of livelihood and civilization. Over 60 million people rely on the river and its tributaries for food, water, transport, and many other aspects of daily life. The Mekong River Basin is the largest inland fishery in the world and the main source of soil nutrients in a region, where about 60 percent of the population relies on agriculture. Water conflict management, regional collaboration and capacity building on trans-bounder water resources are vital to promote regional cooperation<sup>1</sup>.

Poverty, inequality, environmental degradation, connectivity, and water-energy-food-climate change security nexus are the main development issues. Unsustainable and unfair trans-boundary water resource management has become the source of diplomatic friction or potential conflicts between countries in the region. Given that nationalism and sovereignty over resources and economic activities remain relatively

1 MacQuarrie, P.R., Viriyasakultorn, V., and Wolf, A.T. (2008), *Promoting Cooperation in the Mekong Region through Water Conflict Management, Regional Collaboration, and Capacity Building*. *GMSARN International Journal* 2, pp.175-184.

high, regional institutions are vital to promote trust building, cooperation, liberalization, and socialization of norms-based or rules-based regional governance or order. International cooperation in the Mekong region has gained steam since the mid-1990s.

The Mekong region is a disaster-prone region. Addressing the impacts and challenges caused by the construction of hydropower dams and climate change is critical to poverty reduction and sustainable development in the region. Furthermore, sustainable and inclusive management of the river helps prevent tensions and conflicts over water resources between the riparian countries.

The construction of hydropower dams and climate change are posing severe threat to the ecosystem and biodiversity of the river, as well as to the economic and social wellbeing and living standards of millions of people. The dams degrade the river's rich biodiversity, disrupt fish migration cycles, and trap nutrient-rich sediments.

Due to increasing energy demand, Laos has constructed two hydropower dams on the main stem of the Mekong River – the \$3.5 billion Xayaburi dam and the \$300 million Don Sahong dam. These two dams adversely affect Cambodia and Vietnam, which are the two countries downstream. Vietnam's Mekong Delta is home to 20 million people and constitutes 90 percent of Vietnam's rice exports. The dams will have serious effects on the biodiversity of Cambodia's Tonle Sap Lake, which has a large wetland supporting the livelihoods of more than 2 million people.

## **THE ROLE OF REGIONAL INSTITUTIONS**

There are two main regional institutions working on managing the Mekong River Basin and on the development in the region: The Mekong River Commission (MRC) created in 1995 with the support from international development partners and the Greater Mekong Subregion Cooperation (GMS) developed by the Asian Development Bank in 1992.

### ***The Mekong River Commission***

The Mekong River Commission (MRC) was founded in 1995 with the aims of ensuring that the Mekong is developed in the most efficient manner, one that mutually benefits all member countries and minimizes the harmful effects on people and the environment in the Lower Mekong Basin. Cambodia, Lao PDR, Thailand, and Vietnam are the four members of the MRC, while Myanmar and China are the dialogue partners of the MRC.

The Mekong Agreement in 1995 clearly stipulates the

responsibilities of the riparian countries and the rules of using the Mekong River Basin. Areas of cooperation include sustainable development, utilization, management and conservation of the water and related resources of the Mekong River Basin. The MRC members shall cooperate on the basis of sovereign equality and territorial integrity in the utilization and protection of the water resources of the Mekong River Basin.

It is necessary to promote the exchange of data on a regular basis among the member countries on the condition of the watercourse, in particular that of a hydrological, meteorological, hydrogeological, and ecological nature, as well as of the related forecasts. This regular exchange of data facilitates cooperation and allows watercourse states to practice due diligence in their activities. However, the MRC lacks effective mechanism and legal instruments to enforce the Mekong Agreement.

In the next five years (2016-2020), MRC focuses its work on four key result areas: enhancement of national plans, projects and resources based on basin-wide perspectives; strengthening regional cooperation; better monitoring and communication of the Basin conditions; and leaner River Basin Organization.

The main challenge for the MRC is the lack of sustainable source of funding. MRC needs \$65 million to fund the next five-year plan, with \$15 million coming from member countries and \$9 million from an ongoing fund. The balance of \$41 million "will require external support from the donor community." Since the global economic crisis in 2008, external source of funding has been less and uncertain.

### ***Greater Mekong Subregion Cooperation (GMS)***

In 1992, with the financial and technical assistance from the Asian Development Bank (ADB), the six countries entered into a program of sub-regional economic cooperation, designed to enhance economic relations among the countries. The program has contributed to the development of infrastructure to enable the development and sharing of the resource base, and to promote the freer flow of goods and people in the sub-region. It has also led to the international recognition of the sub-region as a growth area.

In 2001, the leaders from the region adopted a strategy to strengthen regional cooperation in cross-border trade, investment, tourism, and human resource development. In the same year, four GMS countries - Cambodia, China, Lao PDR, and Vietnam - signed a landmark cross-border agreement to facilitate the flow of people and goods. The agreement aims to simplify

and harmonize legislation, regulations, and procedures relating to cross-border transport to facilitate speedy joint inspections. According to priority tourism connecting nodes in the region, there are eleven border checkpoints to facilitate tourist flows and tourism development.<sup>2</sup>

In the strategic plan 2012-2022 developed by the ADB, the GMS program covers multi-sector cooperation schemes including developing the major GMS corridors as economic corridors; strengthening transport linkages, developing an integrated approach to deliver sustainable, secure, and competitive energy; improving telecommunication linkages and information and communication technology applications among the GMS countries; developing and promoting tourism in the Mekong as a single destination; promoting competitive, climate-friendly, and sustainable agriculture; enhancing environmental performance in the GMS; and supporting human resources development and initiatives that facilitate the process of GMS integration while addressing any negative consequences of greater integration.<sup>3</sup>

In addition to the overall cooperation framework, regional countries in the GMS initiated to develop different economic corridors namely East West, North South and Southern Economic Corridors. It is designed to link infrastructure, transport and logistics in order to facilitate the flow of goods, services and people, and promote investment. ADB is the main funding agency for the infrastructure development. China and Japan are the other two actors in providing loans and grants to support regional integration in the GMS and transform the sub-region into economic corridors.

## INTERNATIONAL COOPERATION AND PARTNERSHIPS

The main development partners of the Mekong region are China, India, Japan, South Korea, United States, and the European Union. The Mekong-Ganga cooperation was created in 2000 by India and the Mekong countries, the Japan-Mekong Regional Partnership was established in 2007, the Lower Mekong Initiative was established in 2009 by the US, the Mekong-Korea Comprehensive Partnership for Mutual Prosperity was established in 2011, and the Lancang-Mekong Cooperation was

founded by China in 2015. Other initiatives include the ASEAN Mekong Basin Development Cooperation (AMBDK), and the Initiative for ASEAN Integration (IAI) which focus on development and poverty reduction by investing in infrastructure development, agriculture, human resources, and energy.

### ***Mekong-Ganga Cooperation (MGC)***

India has been actively involved in the Mekong sub-region since the early 1990s. In 1989, India introduced "Look East Policy" to engage with ASEAN. In 2014, President Narendra Modi upgraded the "Look East Policy" to "Act East Policy" to give more impetus to India's regional integration strategy with ASEAN and East Asia.

In 2000 the Mekong-Ganga Cooperation mechanism was established to promote regional cooperation. There are six members in MGC, namely, Cambodia, India, Laos, Myanmar, Thailand, and Vietnam. MGC focuses on four cooperation areas including tourism, culture, capacity building, education, and connectivity. However, due to the lack of leadership and resources, MGC has produced limited results. At the 6th MGC Ministerial Meeting in 2012, India announced the establishment of Quick Impact Projects with an annual budget of \$1 million to fund the projects in areas such as connectivity, education, social infrastructure, health, agriculture, farming and animal rearing.

### ***Japan-Mekong Cooperation***

Japan reached out to the Mekong countries in 2007 through the Japan-Mekong Regional Partnership Program. Japan-Mekong cooperation has been intensified since 2008 when the first Foreign Ministers' meeting between Japan and the Mekong countries took place in Tokyo. A year later the Japan-Mekong exchange year was celebrated and the first Japan-Mekong submit kicked off.

Japan has supported the Mekong countries in terms of hard infrastructure development, logistics and transport, institutional building, human resources development, and regional community building. ASEAN is an important partner for Japan in various domains. Narrowing the development gap is vital to ASEAN community building. The less developed economies in ASEAN are located in the Mekong region.

In 2015, Japan and the Mekong countries adopted Tokyo Strategy 2015 with the financial commitment from Japan of \$110 over a five-year period. The Tokyo Strategy emphasizes on four pillars of cooperation. The first pillar is on "hard efforts" concentrating on industrial infrastructure development and strengthening "hard

<sup>2</sup> *Bavet/Mok Bai on the Cambodian/Vietnam border; Sapa on the Vietnam/Yunnan border; Mengla/Mohan on the Laos/Yunnan border; Wanding/Ruili/Kyugok/Muse on the Myanmar/Yunnan border; Tachchilek/Mae Soi/Chiang Kong on the Laos/Thai border; Nong Khai on the Laos/Thai border; Mayawadi/Mae Sot on the Myanmar/Thai border; Lao Bao on the Vietnam/Laos border; and Savannakhet on the Lao/Thai border.*

<sup>3</sup> *Asian Development Bank, GMS Program, <http://www.adb.org/sites/default/files/gms-ec-framework-2012-2022.pdf>*

connectivity". The second pillar is on "soft efforts" which refers to advancing industrial structures and human resources development, and strengthening "soft connectivity" (institutional connectivity, economic connectivity, and people to people connectivity). The third pillar relates to sustainable development and green Mekong. Disaster risk reduction, climate change, water resource management, and conservation and sustainable use aquatic fishery resources are included in the third pillar. The fourth pillar focuses on the coordination with various stakeholders, including institutional coordination among various regional initiatives, relevant private sector, NGOs, and other development partners (the United States and China).

Japan-Mekong Connectivity Initiative aims to further promote infrastructure development in the Mekong region and make efforts to enhance institutional connectivity such as improvement of systems, development of SEZs and other industrial bases, industrial promotion measures, and improvement of customs procedures. Moreover, it also emphasizes on human resource development and people-to-people connectivity so that the whole region can benefit from economic development and integration.

#### ***South Korea-Mekong Cooperation***

South Korea started engaging with the Mekong region in 2011. The Foreign Ministers from South Korea and the Mekong countries adopted the Mekong-Korea Comprehensive Partnership for Mutual Prosperity with an emphasis on connectivity, sustainable development, and people-oriented development.

The Mekong-Korea Plan of Action (2014-2017) prioritizes six areas: infrastructure, information technology, green growth, water resources development, agriculture and rural development, and human resources development. South Korea has provided \$3.4 billion to ASEAN, 72 percent of which has injected to the less developed economies in the Mekong region (Cambodia, Laos, Myanmar, and Vietnam) with a focus on capacity building and systematic infrastructure development.

#### ***The US's Lower Mekong Initiative (LMI)***

The US initiated the Lower Mekong Initiative (LMI) in 2009, prioritizing agriculture food security, connectivity, education, energy security, water security, environmental issues, and public health. The US approach is to strengthen public institutions, empower civil society, promote social justice and human rights, and support sustainable and inclusive development. In 2016, the US also emphasized on sustainable infrastructure and narrowing the development gap within ASEAN.

The signature programs of the LMI include Connect Mekong (promoting regional economic integration and the realization of the ASEAN community by fostering trade, entrepreneurship, and innovation), Smart Infrastructure for the Mekong (a technical and scientific assistance program for environmentally sound, socially equitable infrastructure, clean energy, and land and water use), Connecting the Mekong through Education and Training (a workforce development project implemented in partnership with major technology companies that strengthens educational institutions in increasing the number of skilled workers in ASEAN priority areas), Professional Communication Skills for Leaders (developing the proficiency of regional teachers for English language instruction in technical areas to the LMI pillars), Women's Entrepreneurial Center of Resources, Education, Access, and Training for Economic Empowerment (a women's entrepreneurship project that provides safe spaces for women to access education, tools, and resources to start and scale their businesses), and One Health Program (promoting early detection and response to diseases in animals before becoming threats to human healthy, and enhances regional capacity for disease prevention, detection, and response across human and animal health, and the environment).

Some specific cooperation projects under the water resource management include the "sister-river" agreement between the Mekong River Commission and the Mississippi River Commission to promote exchange of experiences and build capacity in the management of trans-boundary water resources.

The US education assistance includes support for more than 500 student and scholarly exchanges with Mekong countries each year. In terms of health care support, the US assistance has contributed to half the HIV/AIDS infection rate in Cambodia, provided treatment and prevention services to over 2 million people across the region, including the identification and treatment of multi-drug resistant malaria and tuberculosis.

#### ***Langcang-Mekong Cooperation (LMC)***

The Lancang-Mekong Cooperation was launched in 2015 at the first LMC Foreign Ministers' meeting. LMC focuses on three areas of cooperation including politico-security issues, economic affairs and sustainable development, social affairs, and people-to-people exchanges. The LMC is one of the core elements of China's neighborhood diplomacy to strengthen its presence and influence in the Mekong region and further to connect the Mekong region with its less developed regions in China in order to generate more opportunities in these regions.

At the first LMC Summit in 2016, China had committed \$1.54 billion in preferential loans and a credit line of

\$10 billion to support infrastructure and production capacity projects of the Mekong countries. As an upstream country, China has a responsibility to better manage the Mekong River as a measure to support improvement of living conditions of the people living downstream.

The leaders adopted twenty-six points of cooperation including speeding up both hardware and software connectivity among the LMC countries. Improve the Lancang-Mekong rivers, roads and railways network, push forward key infrastructure projects to build a comprehensive connectivity network of highway, railway, waterway, ports and air linkages in the Lancang-Mekong region; expedite the construction of network of power grids, telecommunication and the Internet; implement trade facilitation measures, promote trade and investment and tourism.

The main challenge for the LMC is sustainable water resources management. The differences and conflicts of interest between the upstream and downstream countries over the construction of controversial hydropower dams along the mainstream of the Mekong River have restrained regional cooperation.

To reduce mutual suspicion and tension, China has expressed its willingness to share more data relating to quantity and quality of water, particularly in the dry season. To show its responsibility as an upstream country, China decided to discharge water from the Jinghong hydropower station in April 2016 to the Mekong River to assist downstream countries to mitigate severe droughts.

### ***EU's Development Assistance***

The European Union (EU) is one of the key development partners and donors of the Mekong region. Cooperation areas include poverty reduction, institution-building, education, health, disaster preparedness and relief, and environmental protection. Since 1994, the EU has provided more than \$65 million to three Mekong countries (Cambodia, Laos, Vietnam). Since 1995, the EU has committed more than \$40 million in disaster-preparedness projects focusing on the most disaster-prone areas across the Mekong region.

In 2013, the EU committed \$6 million to the Mekong River Commission (MRC) to strengthen its capacity in responding to climate change challenges. And in 2016 alone, over \$2.5 million were provided to assist the people affected by drought and salt water intrusion in central highlands and Mekong Delta of Vietnam.

The Mekong countries are much vulnerable to climate change. Rising temperatures, unpredictable rainfall

and extreme weather events, such as typhoons, are increasing in frequency, leading to droughts and floods that destroy homes, infrastructure, livestock and crops. A predicted rise in sea level will increase salinity and floods in the Mekong Delta, causing damage to crops in the most productive area of the basin.

### **INTERNATIONAL NON-GOVERNMENTAL ORGANIZATIONS**

There are a number of international non-governmental organizations working on the Mekong region. These NGOs have played critical role in raising public awareness, advocacy, providing evidence-based policy recommendations, and working with the governments and private enterprises to promote sustainable development of the region.

Save the Mekong is the largest coalition of NGOs, local people, academics, journalists, artists and ordinary people from within the Mekong countries and internationally. The mission of the coalition is to urge the governments in the Mekong region to keep the Mekong River flowing freely to save this critical source of protein, income and life for present and future generations.

The International River has been actively engaged in international campaigns against the construction of hydropower dams on the mainstream of the Mekong River. The Mekong Program on Water, Environment and Resilience brings together people committed to improving local, national and regional governance of the water and other sources in the Mekong region with the aim to improve the livelihood and ecosystem. World Wild Life Greater Mekong Program works with local communities, government and industry to protect the future of the Mekong River and its diverse habitats. Living River Siam supports the rights of the local communities to their water resources, promotes sustainable water resource management, and opposes threats to rivers in the Mekong River Basin. Imaging Our Mekong is an annual fellowship program for journalists from the Mekong region.

### **CONCLUSION**

The Mekong region has transformed from a divided region to a connected region both in terms of infrastructure connections and economic integration. International institutions and cooperation mechanisms have significantly contributed to the development and connectivity of the region through institutional capacity building programs, socialization of rules-based and norms-based governance of trans-boundary water resources, and the promotion of multi-stakeholders partnership for sustainable development of the Mekong

region, particularly the Mekong River Basin.

However, there is a lack of effective coordination among these initiatives. The initiatives developed by development partners and funding agencies share some overlapping agenda that need to be better synergized and synchronized in order to generate greater impacts. The improved partnership between the governments and NGOs including the local community is vital to promote a sustainable and inclusive development in the region.