



**Asia New Zealand Foundation
Institute of Security and International Studies (ISIS Thailand)**

**The Mekong Region 2.0:
GMS, LMC, MA/MRC/MI, CICPEC/BRI, ACMECS, ETC**

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Le Méridien Chiang Rai Resort, Northern Thailand

Panel I: The Geopolitics and Geoeconomics of the Mekong River and Mainland Southeast Asia

Moderator

Dr. Thitinan Pongsudhirak

Director, ISIS Thailand
Faculty of Political Science
Chulalongkorn University

The GMS was launched as a development program in 1992 by the ADB. It was envisaged then as a dynamic a sub-region that brought together Cambodia, Yunnan Province and Guangxi Zhuang Autonomous Region in China, Laos, Myanmar, Thailand, and Vietnam. This precipitated the first generation of sub-regional agreements in the 1990s, including the Mekong Agreement, the Mekong River Commission, and the Mekong Institute.

Since then, there has been a lot of developmental and power shifts on the ground, which has spurred a second generation of institutions. The Lancang-Mekong Cooperation was founded by China in 2015, and has achieved a lot in a very short time. It has had two leader-level summits among the member countries (Cambodia, China, Laos, Myanmar, Thailand and Vietnam). Thailand its own scheme as part of the ACD, the Ayeyarwady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS), which was established by the Thaksin Shinawatra government in 2003, but has been revived more recently. The latest program China-Indo China Peninsula Economic Corridor (CICPEC) which is one of the six corridors in China's Belt and Road Initiative. It envisages connectivity from Kunming in China, through mainland Southeast Asia to Singapore. How do we synchronize this alphabet soup of proposals, and how can we promote a regional framework of governance of common resources like the Mekong River?

Mr. Kavi Chongkittavorn

Senior Fellow, ISIS Thailand
Former Chief Editor of the Myanmar Times

The Mekong River is no longer just a 'contested area;' but is now area for an 'indefinite end game'.

1. The Mekong region is now open, it is no longer isolated or secret. The arena is now wide open. The introduction of China as a major player to the region has changed its dynamic dramatically, especially since the foundation of the LMC in 2016. The Mekong is no longer China's backyard; it is now its front yard.
2. Different levels of players; bilateral, multilateral and multi-track engagement is ongoing. Used to be a game of consortium of funders, but now more players are looking to get involved (such as Russia and Israel). The reason is that it is an area where the political future can still be shaped. It is still ongoing.
3. The rules of engagement are also changing, but a system of rules for the region needs to be worked out. What will the rules look like? International, regional, bilateral or unilateral rules? When it comes to governance and practices, the general principles are important, but it is the details which matter. The countries and institutions of the region have not yet come to a common agreements for rules-based engagement.

Moderator: The Laos rail project is a pilot outcome for China. If it goes well, it sets an example for other rail connectivity for China along the BRI corridors.

The Mekong is a region of prosperity and potential, but also a region of uncertainty. The CLMTV and southern China is a market of more than 350 million people with a GDP approaching USD1 trillion and growing 6-8% per year, with good infrastructural integration. However, the rules for the region are still not clear and the players are straddling and overlapping different entities.

Dr. Tran Viet Thai

Deputy Director General

Institute for Strategic and Foreign Policy Studies

Diplomatic Academy of Vietnam

1. Governance mechanisms can be categorized into two types: those within the Mekong countries (internal) and those with outside powers (external). Among internal and external mechanisms, two things are vivid. First, the role of major power. Mekong countries' cooperation depends very much on major powers. Competition is a defining factor that we have to take into account. Second, development is a high priority.
2. The post-Cold War era is just over. A new era is emerging where competition between major powers is the key. All stakeholder in the Mekong region have to take this into account. The rules, mechanisms and actors are being reshuffled, and sooner or later will start to take shape. Competition among China and the United States is the most important for the region -- mainland Southeast Asia will be a fierce arena for this competition.
3. Superpower competition can be categorized into:
 - a. Strategic competition: Belt and Road Initiative (hardware connectivity, infrastructure, roads and rail) versus Free and Open Indo-Pacific (visions and principles, rules and governance.)
 - b. Trade and investment: We are currently seeing this arena play out in the President Trump's trade war. However, more structurally, this competition will lead to two global changes. First, global governance will change – the WTO and other mechanisms for global governance like the G7 and G20 will change. Second, at the regional level, there is already a significant diversion of trade and investment moving out from China towards Southeast Asia. Automobiles have moved to Thailand, textiles to Cambodia, electronics Vietnam.

This kind of diversion presents opportunities to Mekong countries, but also challenges such as energy demands, environmental pollution, and hard and soft connectivity. So Mekong cooperation 2.0 has to take into consideration these economic issues.

- c. Technology competition. Huawei is a vivid example of this. The competition over technological supremacy will change the world.
4. The price of producing electricity cheaper than ever. Energy sector and demand are changing. Hydropower no longer the most desired (partly due to its social costs). Other renewable energies, especially solar power, is much cheaper than ever before. Vietnam already has 1 million households producing solar energy; the picture for energy demand is changing. Hydropower which has been the key feature in the Mekong region, but will be challenged, particularly for Laos.

Moderator: For the US, the Indo-Pacific is still about regional principles, but there is no clear game plan or strategy yet compared to the BRI. Under the Obama Administration, the US had the Lower Mekong Initiative, it didn't go far, but more is coming under the Trump Administration.

Dr. Lee Lai To

Director

Asian Research Center for International Development (ARCID)

Mae Fah Luang University, Chiang Rai, Thailand

There is a long list of Track 1 meetings and conferences dealing with Mekong issues conducted by major powers from Japan (through the ADB), China (through the LMC and BRI), South Korea (through the New Southern Policy), US (LMI) and India (Mekong-Ganga Cooperation initiative). All of the major powers have placed themselves quite well, while middle and small powers such as Australia and New Zealand, and others like the EU have made helpful contributions to the region. Closer to home, we also have the MRC, GMS and the ASEAN Mekong Basin Development Cooperation Scheme002C and ACMECS.

The extra regional powers are leading most of these dialogue processes and deeply engaged in the region, in part because there is a real demand for development, and hard and soft connectivity mechanisms.

1. This leads to a key concern as to whether the will the region is setting itself up to be overwhelmed and overshadowed by outside forces.
2. Will the region lose its own initiatives or even its own autonomy in the way it conducts its domestic and foreign affairs – what is the future of ASEAN Centrality in the Mekong region?

In order to forestall the rise of such possibilities, a multi-track and multilateral Mekong Dialogue could be established to engage Track I to Track III stakeholders (along the lines of the Shangri-La Dialogue). This can be hosted by the Mekong region itself and driven by ASEAN.

Small states have little choice but to balance the world's powers in order to preserve their independence and policy autonomy. Balancing the all the major powers from the Asia-Pacific and beyond is a real challenge for the countries of the Mekong region.

Dr. Alexander Bukh

Senior Lecturer

Political Science and International Relations Department

Programme, Victoria University of Wellington
Asia New Zealand Foundation Delegate

Thirty years after the end of the Cold War, we are again standing at an historical moment. 100 years ago, Southeast Asia as a distinct geographical and political region did not exist. The imagination of the region is largely product of the Cold War starting with the United States' Southeast Asia Command (SEAC) and Southeast Asia Treaty Organization (SEATO). Similarly, the original five member states of the Association of Southeast Asian Nations (ASEAN) met in the context of the Cold War, squeezed between the superpowers and the ideological battle between Communism and Capitalism. Despite being geographically distant, New Zealand has been present throughout the creation and imagination of Southeast Asia as a distinct region. Today, the Mekong region is undergoing its own process of social, political and cultural creation as its own distinct region.

ASEAN emerged in the context of a very clear ideological confrontation, which led to war in the region. The kind of confrontation we see today, however, is very different. There competition between China and Russia. China and Russia have a soft alliance against the United States. Japan and the US have a hard alliance softly balancing China. Korea is trying to carve a place in between these overlapping alliances. However, the economies of these countries are interconnected. There are multiple and overlapping alliances, but the ideology that is driving the competition and creation of competing governance institutions are not completely clear. For example, the Japanese principles for development and cooperation in the Mekong region are 'connectivity, resource management, sustainable development.' The pillars of Korean engagement are 'people-to-people connectivity, prosperity and peace,' while China focusses on 'development, prosperity, consensus, respect for the UN Charter.' This highlights that there is not really a clear ideological divide that is driving the creation of this region, unlike during and at the end of the Cold War.

Mr. Yang Yi
Secretary General
China Institute of International Studies (CIIS), Beijing

1. China's view on international relations: 'the great change of the century.' In a speech in 2018, Xi Jinping pointed out that China is in the best period of development in modern times, leading a period of great change that has not happened for 100 years. Chinese look at the global situation through three lenses; 'the whole picture,' the 'historical approach,' and the 'general situation' which drives bilateral and multilateral decision making. In this context of global development and adjustment, what role should China play? The Chinese government sees this as a strategic opportunity to promote development in the world, driven by more integration. There is also uncertainty and common challenges that need to be overcome together, such as global economic growth, sustainable energy and climate change, terrorism, cyber security, and hot spot issues (Middle East, DPRK, Afghanistan, Venezuela) which emerge regularly. Subregional economic cooperation and regional cooperation is a more realistic dynamic.
2. LMC has achieved a great deal in the past three years. Last year, China's trade with the 5 Mekong countries reached USD261 billion, an increase of 1/3 from three years ago. Chinese investment into the sub-region reached USD32 billion, an increase of 60%. China has 45 million people travelling to the five Mekong countries, on 2600 flights per week.

20 large projects have been launched under the LMC framework, including railways, highways and hydro power stations. Other projects have been launched to build cooperation with local communities, including Lancang Mekong Young Leadership network, promoting cultural and educational development.

3. How LMC coordinate with other mechanisms in the region:
 - a. The LMC is open and inclusive. It has Political-Security, Economic, and Social and Cultural development pillars, which are compatible with ASEAN's own Community pillars.
 - b. The LMC established the concept of 'open and inclusive win-win cooperation and coordinated development' which works quite well with sub-regional institutions like the MRC and Mekong Institute.
 - c. The LMC is made up of six countries, but welcomes other countries to join for 'third country' cooperation in the future. This will strengthen the complimentary and mutual cooperation with other regional or sub-regional mechanisms to achieve mutual benefit and common prosperity. The LMC member countries are ready to work with third parties like Japan, the Republic of Korea and Singapore to jointly work towards sub-regional development.
 - d. On the Track II level, CIIS has established a Global Mekong Studies China Centre to coordinate all the other five countries. Other think tanks are welcome to join, including those from New Zealand.

Comments and Questions

1. The Mekong region is extremely complicated geologically, culturally, and economically. There are a lot of angles. LMC is the only mechanism which can deal with all of these issues at a regional governance level.
2. **US re-engagement in the Mekong.** The US is going to increase its presence in the Mekong through the LMI, which could have a positive effect in driving a more strategic equilibrium. The consensus is that this region is a testing ground between the two major powers.
3. **One common consensus is that there is contestation.** The challenge in our working together in the region, at the same time there are good avenues for working together at the project level (more than multilateral dialogues).
4. Multitrack dialogue: the major powers have their own versions for initiatives or mechanisms for the region, partly because it is hard for them to trust each other. There is, however, room for them to work with long standing multilateral institutions.
 - a. All of the powers have their own schemes. How are we going to balance the interests of all these actors? There are at least 14 initiatives around the region; so how will the LMC relate to these other mechanisms? How do you look at all these other mechanisms – are they seen by China as competitors or can the LMC collaborate with them?
 - b. What exactly are the ideas which bind the Mekong sub-region together?
5. **Security Connectivity:** Vietnam is the Chair of ASEAN next year. It would be surprising if the Trump Administration uses the LMI (as it is an Obama era institution).
 - a. Vietnam has not prepared a proposal Security Connectivity connecting the South China Sea and the Mekong sub-region. If anything, the Vietnamese want to de-connect these issues lest such a proposal angers the Chinese or unnecessarily complicates both issues. Vietnam wants to focus for cooperation and development rather than security concerns.

6. The identity of Mekong countries is important. However, if it is pushed too hard, it will come into conflict with ASEAN identity, which could create two blocs inside ASEAN.
7. The LMI will be the main entry vehicle for the United States' FOIP strategy towards the Mekong sub-region. When it was first envisaged, it was a flop – it had very little funding or infrastructure and institutional support. The US has realized that, and it is already being addressed by the Trump Administration.

Panel II: The Mekong Region 2.0 – Promoting Cooperation and Coordination among GMS, LMC, MA/MRC/MI, CICPEC/BRI, ACMECS, ETC

Moderator

U Khin Maung Lynn

Joint Secretary

Myanmar Institute of Strategic and International Studies
(Myanmar-ISIS), Ministry of Foreign Affairs, Yangon

Dr. Chheang Vannarith

President, Asian Vision Institute (AVI)
Phnom Penh, Cambodia

1. Is Mekong regional development now under China's shadow? Yes and No.
 - 'Yes', in terms of power asymmetry and the increasing influence of China in this region, especially under the framework of the BRI and the LMC. China is a dominant actor in its own 'front yard.' Whoever controls the Mekong, controls the Indo/Asia-Pacific region. Major power competition will define the future of this region
 - 'No', if Mekong countries can to ensure their strategic autonomy by adopting a 'hedging strategy' through engaging with and bringing in other major powers such as Japan, India and the United States.
2. Economic unilateralism could be complimentary to ASEAN Centrality, but we have to be cautious and vigilant with regards to security unilateralism. The Mekong sub-region should remain focused on development and avoid securitization because it may invite major powers to engage militarily.
3. What role can other stakeholders play? Can we have a 'strategic equilibrium' in the Mekong subregion? There are new actors engaging with the region, such as Russia, Israel, India (Act East Policy 2.0), Japan (connect the FOIP to the GMS) and South Korea (South Korea-Mekong Summit through the New Southern Policy).

Dr. Visansack Khamphengvong

Department of Research Division

Faculty of Economics and Business Administration

National University of Laos

Six countries share the Mekong River. Laos is a member of both the LMC and MRC, but is it realistic that both of these mechanisms can co-exist? For development, the answer is 'yes.' They both share the same

goals of developing the economies and societies of both countries. However, geopolitically, the answer may be ‘no.’

Ongoing Issues;

- The LMC promotes comprehensive connectivity, infrastructure development and capacity building across the Mekong subregion.
- Pollution, in particular, access to clean water.
- Laos is trying to move from a ‘land-locked’ to ‘land-linked’ country through railway connectivity.

Since 2016, Laos and China have been working on a masterplan for joint projects under the BRI, which is almost complete. The Masterplan is split into five areas, namely;

- Policy Coordination: China-Laos Economic Corridor
- Facilities Connectivity, including hydropower projects, electricity grid network construction, China-Laos railway (to connect to the Kunming-Singapore railway), and consideration of construction of three ports in the north of Laos.
- Trade and Investment: Major focus has been on Chinese tourists and agriculture, as well as development of SMEs in Laos.
- Financial Integration.
- People-to-people bonds: scholarship and training activities.

Dr. Watcharas Leelawath

Executive Director, The Mekong Institute
Khon Kaen, Thailand

The Mekong Institute is an intergovernmental organization based in Khon Kaen, Thailand, which serves the six countries in the Greater Mekong Subregion. It was established after an agreement between the Thai and New Zealand governments in 1996. New Zealand has played a constructive role in the Mekong subregion for more than fifty years, providing agriculture, education, trade and technological assistance.

The cooperation mechanisms that the MI is involved are LMC, Mekong-Korea cooperation and Mekong-Japan cooperation.

Mekong-Korea cooperation started in 2014, but MI cooperation with Korea goes back to 2010. Its priority areas are agricultural development, water resource management, ICT and HR development, and green growth.

MI plays a small role in working with the Lower Mekong Initiative. The LMI has not moved as quickly as the LMC. It was kicked off when Hilary Clinton visited the region, but since the beginning of the Trump presidency, it was without direction. However, it has been revived in the past year, with its focus on water resource management (which is one area which the US perceives China has been unsuccessful in dealing with the lower Mekong countries.) Sharing water data under the LMI. The US has also supported the ‘Friends of the Lower Mekong,’ which brings in other development partners such as Australia, New Zealand and the ADB. ACMECs (pushed by the Thai government) has tried to mimic the LMI by inviting development partners to join the grouping, however, there has not been significant follow up. In order to ensure that ACMEC remains a constructive institution, it should establish a Secretariat.

There are a growing number of stakeholders and cooperative mechanisms being initiated in the Mekong subregion. This kind of competition for economic development is good for the region. There is no harm in competition in capacity building and development.

Lancang Mekong Cooperation is progressing quickly with a lot of funding. We have to accept that in this region, funding is necessary. The Chinese have pledged 300 million USD over five years for development of the countries in the Mekong region. Under the LMC, the MI has initiated six projects already.

What roles can other stakeholders like New Zealand play in the region? Competition on development cooperation is good. It should be embraced. But we should avoid duplication and fragmentation of projects on the ground. There needs to be regular multi-track dialogues to take stock of the projects being undertaken in the region, and a database of various development projects should be established.

Mr. Liu Chang

Assistant Research Fellow

Global Center for Mekong Studies

China Institute of International Studies (CIIS), Beijing

1. China participates in Mekong cooperation mechanisms as one of the basin countries. China is not an external actor or partner, but is a central stakeholder in the region geographically and historically. All countries in the Mekong basin face shared opportunities and similar challenges, which is why China has been eager to set up the Lancang Mekong Cooperation. The LMC is the first organization to connect all basin countries into a single cooperation mechanism, turning natural connections between China and the Mekong states into concrete cooperation.
2. Firmly promoting multilateralism could keep the positive momentum of subregional cooperation moving forward. This cooperation should encourage all stakeholders to join and use their comparative advantages to promote subregional cooperation. There are arguments that a crowded institutional environment is wasteful and complicated, however, more frequent horizontal and vertical exchanges between stakeholders in the region could provide more imperatives for cooperation, and to provide data or references towards future collaboration. For example, China's invitation to take part in ACMECS is a positive step, as the institution has a very long history in promoting subregional cooperation. China is interested in promoting cooperation in every area at every working level, taking into account the different histories and traditions of each stakeholder involved. All cooperative mechanisms that are introduced to the subregion must ensure that they are compatible, connected and interdependent. Principles such as openness, transparency and inclusiveness are not just something we 'talk' about, but must be taken into practice.
3. The LMC is working together with other mechanisms to promote subregional cooperation. LMC has a very similar cooperative framework to ASEAN. The structure of the LMC is 3+5+x, meaning Three Pillars (political and security, economic and sustainable development, and socio-cultural and people-to-people exchanges), five priority areas and more fields to explore in the future. In the past three years, the LMC has sought more distinct ways to seek collaboration with other cooperative mechanisms. The Global Centre for Mekong Studies hosts a think tank forum every year inviting LMC think tank experts plus representatives from other countries of ASEAN, ASEAN Secretariat, GMS and other countries. More stakeholder participation will lead to greater progress for the region.
4. Lancang Mekong Economic Development Belt (LMEDB): Last year, ministers from the six LMC member states agreed to the LMEDB.

Comment: I wonder the beneficiaries of these schemes have done any research on the amount of debt you have accumulated, and whether that will eventually produce problems for your countries. What plans are in place to deal with this debt?

Laos: Laos have faced some problems. Some locals do not quite understand the objective of the BRI or how it contributes to their living standards.

Cambodia: Cambodia's Ministry of Economy and Finance, led by a 'Financial Engineering Team' has information about the amount of debt, but the details are not released publicly. However, the 'debt trap' is not an issue for Cambodia, according to statements from Prime Minister Hun Sen.

Panel III: Cross-Border Trade and Investment: Trends and Dynamics

Moderator

Dr. Pavid Pananond

Thammasat Business School

Asia New Zealand Foundation Advisory Board Member

Dr. Pham Sy Thanh

Director, Chinese Economic Studies Program

Vietnam Institute for Economic and Policy Research

Competition between major powers is one of the biggest challenges to the subregion, such as the trade war to the near future where there could be competition between BRI and Indo Pacific strategy. In this context, the second challenge is developing a framework for subregional cooperation. There are already at least ten cooperation mechanisms led by various external and internal stakeholders, each with their own agendas, application processes and compliance agendas. Moreover, even though many of these institutions are multilateral, in practice they are more like bilateral organizations dominated by the major power.

1. Reconcile the interests of internal and external countries: for example, when China proposes a dam in Laos or Cambodia, it does not consult with the other countries affected who also share the Mekong, such as Vietnam.
2. ASEAN's dialogue with China, US or Japan need to do a better job of linking up existing cooperation mechanisms with those newly proposed.
3. Chinese financed projects should collaborate more with other multilateral mechanisms to promote compliance with regional and international standards.
4. Highlight the role of quality infrastructure, which should be sustainably financed, encourages capacity building for local communities, environmentally responsible and transparent.

Mr. Sok Kha

Independent Consultant with Asian Development Bank

Phnom Penh, Cambodia

Advancing more transparent and inclusive mechanisms in the Mekong subregion. There is a perception that mega investment projects create direct jobs and empowerment for low-skilled workers, as well as businesses around these projects which receive flow on effects.

However, there are challenges. Issues such as government effectiveness and corruption still exist. There is a perception among the people that the quality of the projects is quite poor (especially Chinese construction) and that environmental and social safeguards have been ignored. Public perception towards Chinese investment is unfavorable, especially relative to Japanese, World Bank and ADB infrastructure projects.

There are poor linkages between Chinese infrastructure projects and other international investments and domestic business needs.

There are concerns about Cambodia (and other countries) overreliance or economic dependence on Chinese funds for their infrastructure development, to the extent that they could be falling headfirst into a 'debt trap.' Often there is information asymmetry on the details of the projects or requirements of the loan issued; this is an issue of government capability, but also provides an opportunity for civil society to play a constructive role in helping review these agreements and how they are implemented.

Ultimately however, the responsibility for ensuring that projects proposed by China do not lead to a debt trap lies with Cambodia. Governance and provision of public goods need to be improved. Civil society can be given a space to play a constructive role in a more transparent, consistent and fair way. Public debate can be more participatory and inclusive. China does need to work in a more sincere way by deploying public diplomacy tools to win the heart of the locals to ensure broader support for their investments. Advance the linkages and synergies between Chinese cooperative mechanisms and other existing mechanisms.

Dr. Xing Lu

Institute of Southeast Asian Studies
Yunnan University

1. There are a lot of information and expectation gaps between China and its BRI partners. Every year, China releases an annual report on the challenges, successes and pass rates of the BRI, but it is not officially published in English.
2. Total Chinese outbound FDI has increased dramatically until 2016, but since then has reduced. However, Chinese outbound FDI into Asia has bucked the trend and continued growing, with 67% of Chinese FDI targeted towards ASEAN going into the Mekong subregion. However, is all this FDI part of the BRI or LMC? No. It is FDI. It is Chinese private sector actors investing in the region. To understand China's role in the region, there must be a clear differentiation between BRI and private FDI.
3. Who should be responsible to for approving, monitoring and managing BRI investments? Should it be China as the investor or the host country? China should support and must help the host country build capacity, but primary responsibility rests with the host country.
4. Chinese BRI projects are also often blamed for promoting corruption and having poor transparency, with little room for local consultation or environmental and feasibility studies. Again, this is not just China's fault. This is also reflective of local governance issues. The host country must also be responsible.

Professor Siah Hwee Ang

Chair in Business in Asia

School of Marketing and International Business

Victoria University of Wellington, New Zealand

The BRI is quite hard to understand from the outside.

World trade in goods has tapered off, but services have continued to grow. China's growth last year alone was as much as Mexico's entire economy, and is growing the size of Germany every five years. At the same time, many developed economies have not grown significantly for a number of years. In this context, the importance of Mekong subregion is clear – the region sits right in the middle of Asia, geographically, economically and politically (through ASEAN Centrality.)

ASEAN's GDP forecast for this year 3.1 trillion US dollars. The CLMVT will grow by about 50% in the next five years. For New Zealand, this is quite important – it has the ANZFTA with ASEAN and Australia, the P4 with Brunei and Chile, as well as multiple FTAs – as it has a lot of vested interests in how the economies of Southeast Asia works.

Every country in the region has China as its first or second largest trading partner. On a per capita basis, New Zealand's trade with China and ASEAN are roughly equal. New Zealand can offer services, trading, education and logistics to the region.

New Zealand's interest in ASEAN is very simple. If a 'Mekong' way emerges, New Zealand wants to understand more of how the Mekong concepts differentiates itself from the ASEAN Way of thinking.

Panel IV: Energy and Environment

Moderator

Ms. Suzannah Jessep

Director, Engagement and Research
Asia New Zealand Foundation Delegate

Ambassador Khamsouay Keodalavong

Director-General of Institute for Foreign Affairs
Vientiane, Lao PDR

Laos opened its first hydropower dam in 1973 with funding from the Japanese government, which produced around 190MW. From the 1990s, the priority of Laos turned to developing the country through constructing hydropower dams and exporting of energy. Now, 70% of Laos PDR's energy exports go to Thailand (approximately 8000MW), followed by China and Vietnam.

Subsequent dam constructions have been financed by the World Bank, Thailand and China, the largest of which is 1170MW (not including the Xayaburi Dam). After some years, the number of hydropower dams have rapidly increased, now around 60-70 in number, but there is potential to build up to 500 in the country. There are currently 20 new dams currently under construction. Laos not only focuses on hydropower dams for energy, but also has policies for biomass, solar and wind power.

Dr. Naruemon Thabchumpon

Associate Professor, Department of Government
Director of Master of Arts in International Development Studies
Faculty of Political Science, Chulalongkorn University

- The preferred institution for cooperation on the Mekong River is changing from the MRC to the LMC. This will have implications for the future of the environment and water security in the region. In general, stakeholders in the region see the Mekong River as a commodity.
- In Laos, there are already 11 dams on the Mekong River, with funding from China, Laos, Malaysia, Russia and Vietnam, while the main buyers are Thailand and Vietnam. The most famous of these dams is Xayaburi, which is 'owned by Thais, financed by Thais and the major source of the electricity is for Thais.' It will be ready to produce electricity by 2020. In order to mitigate against too much environmental damage, the developers have installed a 'fish lift' to allow migratory fish to swim upstream. However, the issue of the Xayaburi dam highlights the debate over the issue of sovereignty and the 'right to development.' The National Human Rights Council of Thailand announced that even though the dam is built in Laos, the Thai stakeholder involved still have a responsibility to uphold Thai standards of human rights and environmental protections.

Dr. Apichai Sunchindah

Independent Expert on ASEAN
Former Executive Director, ASEAN Foundation

If we were in Chiang Rai a month or two earlier, it may have been difficult to breathe because of the choking smog in the region. ASEAN has three pillars; Economic, Political-Security and Socio-Cultural. Environmental issues have traditionally been under Socio-Cultural pillar, but now it is also being

mainstreamed into the others. For example, in ASEAN's 2025 blueprint, the haze issue is mentioned under the political security pillar under non-traditional security.

There is an ASEAN agreement on transboundary haze pollution. This is the only ASEAN environmental agreement, ratified and enforced since 2003. We have the institutional mechanisms, we have the agreement, and a roadmap (which proclaims that ASEAN will be haze-free by next year) – but it is now at the 11th hour, and we still have a haze problem. The key issues are mostly related to crops or plantations (sugar cane, corn, rubber, palm oil and burning peat land). Using fire is the cheapest form of land clearing, but it has negative externalities; loss of biodiversity, PM10 and PM2.5, hazardous smoke, untimely death, affects transport (planes cannot fly, and ships collide), tourism and livelihoods are affected and it strains relations between neighbors. It is a multidimensional problem which requires a coordinated approach. At present, the political will is lagging and there are sectoral issues which hold back a solution. This, however, is downstream.

Upstream, the problem begins with agriculture and forestry, which can be addressed in part through consumer or civil society activism, CSR activities or even an ASEAN protocol on agriculture and forestry practices. There are resources available to monitor haze and environmental indicators, such as the ASEAN Specialised Meteorological Centre in Singapore which publishes regular updates on haze levels in the region.

ASEAN can do more, but we also have to manage expectations. The 2025 Vision is the greenest so far, at least on paper. Now it needs to be implemented.

Dr. Mike Allen

Executive Director

Geothermal New Zealand

Special Envoy for Renewable Energy

Asia New Zealand Foundation Delegate

ASEAN has a growing population with booming economies, which makes finding a source of electricity to fuel continued growth incredibly important. Hydropower is an obvious solution – rivers like the Mekong have tremendous energy potential, it is environmentally quite clean (in terms of atmospheric discharge), but it does have high costs. But as we think of the issues of climate change and environmental degradation, we do need to think about alternatives.

Solar power has become quite popular as costs have come down (the panels themselves are extremely cheap, but the initial costs to establish the necessary infrastructure for the assembly of the plants can still be quite expensive). Large systems constructed in the Middle East now produce energy at 1.5-2 cents per kWh. Solar can also work well with hydropower.

Any renewable energy project needs serious commitment at a high level to succeed, and that means good policy, sound and reliable regulation and encouragement to attract the private sector into the projects, which has long-term bipartisan support. Governments are becoming more cautious about incentivizing renewables, and tools like feed-in-tariffs which are tending to disappear, largely because now the upfront costs are low enough that subsidies are no longer required. There are now 'auctions' which government facilitate.

IRENA – International Renewable Energy Agency is based in Abu Dhabi and Bonn, is a focal point for cooperation and information sharing on the adoption of renewable energy. Thailand and Cambodia are the only mainland Southeast Asian member states to apply for membership so far. It is a good vehicle to collect

and provide information on how to do renewable energy roadmaps, assessments and put in place well tested processes to assist countries who want to go down the renewable energy pathway.