

CHAPTER IV

CHINA'S STRATEGY IN MEKONG RIVER ISSUE

China relations with four lower Mekong countries are complex. The relation among them is sometime good but in another time, it seems difficult. Mekong River has lot of benefits but it becomes sensitive issues for using it without any compromising to lower Mekong. After long time of conversation among them, finally the decision is taken. China put the respect to Indochina as closest neighbors to the south. As a neighbor, the relationship between one and another should be side by side in harmony. That's why it is more beneficial for China became closer to the lower Mekong countries and use political means rather than using the military force. As we know that China is a country that is more powerful compared to other countries in Indochina. China is ranked as the third strongest country in the world according to the Global Fire Power. Compared to Thailand, Laos, Cambodia and Vietnam they are outside the top ten ranking in military power. In this case, China has the ability to use military force against the lower Mekong. In fact, however, China does not use military force to resolve the existing problems in the Mekong River. China prefers to use a more diplomatic way to its neighbors.

China also respects the ASEAN members to create good relation in another interest. As we know that ASEAN becomes the balancing power between the USA and China. ASEAN is a very important organization in both of these great countries.

This can be proved by a number of organizations that want to join and work with ASEAN. ASEAN is a regional organization that is consisting of 10 major countries. However, in the course of ASEAN, it has more relationships like ASEAN + 3 from outside. In addition, ASEAN has another relation like ASEAN + 6 (East Asia Summit).

The Continuity of the organization was not just stopping there. ARF is a forum that is attended by major countries in the world. So it can be concluded that the ARF is largely influenced by the ASEAN. It can be shown that the ASEAN position is as a balancing power between east and west or more specific in balancing between the USA and China, if ASEAN becomes closer to China then the power will be greater in the east than the west. This means that it gives a new issue to the US. And if ASEAN comes closer to the US it will create problems for China. Based on that, the importance of ASEAN as a balancing power between west and east will make China taking a more cautious policy towards ASEAN. If the Mekong issue is not resolved using well policy then it will make ASEAN closer to the western powers. This issue, that is can be worsned issues involving ASEAN members in the South China Sea dispute. In the South China Sea dispute, the Philippines, Vietnam, Brunei and Malaysia are the ASEAN members who are involved in it. So if the Mekong issue is not resolved in a good way, it will be difficult for China's policy in the

The strategy that is used by China on the lower Mekong countries divided into two approaches. The first is a multilateral approach and the second is a bilateral approach. The approach are certainly as a bridge to connect the national interest of China against countries that lay beneath. China's emerging role in the field of finance and trade in Cambodia, Laos and Vietnam made a fast-changing situation.

1. MULTILATERAL RELATIONS

In multilateral relations, China conducts cooperative relationship with the MRC. This relationship has long enough to talk about the Mekong River issue. As we know that the relationship between China and Indochina is fluctuated. Sometimes good and sometimes there are lots of problems between them. However, the Indochina is the nearest neighbor of China. So China needs it for political stability in the region. In implementing multilateral relations between China and the countries of the lower Mekong, China and the Mekong River Commission held a summits to discuss and work together for common development. The summit aims to find a way out of the problems in the Mekong River. Countries which involved are the country that are crossed by the Mekong River from upstream to downstream. This meeting has lasted twice since 2010. First summit of the Mekong River commission took place in Hua Hin, Thailand, 2-5 April 2010. This also marked the founding of the Mekong River Commission in 15 years. The meeting was discussed the

trans-boundary water resources management in a changing world. At first summit of the Mekong River, China sent its diplomats as representatives of the country. The vice minister of foreign affairs of PRC said that the Mekong River is an asset of all the sub-region. Mekong River has made a significant contribution to the renewable and clean energy. With clean energy, it will certainly reduce the impact of climate change in the world.

He also expressed

"The Chinese Government is committed to Achieving sustainable development and use of the Lancang River water resources. We lay equal emphasis on development and conservation and seek to serve the common interests of China and the downstream countries."¹¹

This showed that China is serious about the responsibility in using the natural resources. The second summit of the Mekong River Commission took place in Ho Chi Minh City, Vietnam, April 5, 2014. This meeting is the continuing of a meeting held four years ago. In the last meeting, China offered some important things to be discussed together. Speech that is delivered by the minister of water resources of the PRC in Vietnam was about four suggestions regarding to the use of the Mekong River. The first is the development strategies should be more connected and aligned. China will pay more attention to ecological progress and development transformation. The second is the integration of planning in

¹¹ Ministry of Foreign Affairs of the People's Republic of China at the 1st Summit of the Mekong

regard to practical corporation. China will continue to build the communication with the lower Mekong countries and promote productive relationships related to the information of hydropower. The third is enhancing cooperation on hydropower development. This is a very important point from the previous point. Chinese interests in the Mekong River are utilizing the power of the river as clean and low cost energy. China will promote these suggestions to support economic growth and social development to every single Mekong member states. In this case, China will provide facilities to other countries in Indochina as the one that having experience in the affairs of the hydropower engineering and water management. China will provide technical training to management hydropower, flood forces, prevention and visit the hydrological station at the upper and downstream. The last is China has sound cooperation in the Mekong River Commission members in the downstream. As we know that the relationship between China and Indochina should be continued. China should give a lot input to the MRC as partner countries. Both are needed each other.

2. BILATERAL RELATIONS

Natural resources are very sensitive issue in the international relations. It is certainly a national interest of every country. Countries will fight each other to gain the interest of the country either using military force or by peaceful means.

a. Laos

According to World Bank the total population of Laos in 1995 was 4.751 million. This figure rose sharply in 2013 as many as 6.77 million. This result certainly showed that the increasing of population is quite high. Laos is also one of the developing countries in Southeast Asia that are not so fast in economic growth if it is compared with its neighbor state that is Thailand. Laos is a country that is directly adjacent to the mainland of China. That is why Laos gets the direct impact of the building of several dams in southern China.

However, the cooperation between the government of Laos and the People's Republic of China are going well. China offers several options as a solution to the dispute in the Mekong River without violence. China provide the financial support to Laos to build 9 of their own dams and used as state revenue. China will support in the form of investment and also professional people. The first dam would be built was Xayaburi Dam in 2010. According to International River, the Xayaburi dam would generate 1,285 megawatts of Mekong river flow. This is great for Laos's government project on energy sector. Xayaburi dam project would be financed by Thailand's commercial bank, including state-owned Krung Thai Bank. The dam would provide more revenue to the government of Laos in energy

If Laos can build nine dams then this will have positive effects

on the free energy in the country. In addition, Laos can also sell the electricity to the neighbor countries like Thailand. The presence of a large power plant is certainly providing revenue to the state every year. Laos in this case choose to take it as the biggest producer of electricity in the main land of South East Asia. Laos must choose one of the options given by the China. These options are also including its participation in water exploitation as resources for electricity which is aided by the investment funds of China. The other option is choosing to maintain stability in Mekong river environment. This is a very serious option for the government because if Laos take the second option, the Chinese would continue to exploit the water project in the Yunnan province. In this case the decision was taken as the option "take it or leave it". So that the most beneficial step for the Laos government is taking the first choice as the largest electricity producer in Indochina.

b. Cambodia

Cambodia has a common resolution of the problem of the Mekong River that is not really different from Laos. The difference lies only in the amount of support that the dam will be founded in Cambodia. According to World Bank in 2003 Cambodia GDP was USD 4.65 billion. This shows that Cambodia is a developing country

Cambodia desperately needs strong economic growth to be more competitive with its neighbourhood.

China also offers solutions to help Cambodia in building two dams in its country. By using two dams, it can be used as the income of the country. This is very beneficial for the Cambodia. The Cambodian will get cheap electricity for enhancing the country's economy in the industrial sector. This development will certainly have an impact on other sectors. Again, Cambodia position is not different so far from what happen in Laos. Cambodia must choose one of the options given by the China. These options are also participating in water exploitation as resources for electricity which is aided by the investment funds of China, or choose to maintain stability in Mekong river environment. The result consequences were clear. If it is taken, Cambodia will get benefits from the energy to the country's economic growth, whereas if Cambodia refuse the offer given by China then it will be not significant results to the environmental issue in Mekong. Similar to Laos, in this case the decision was taken as "take it or leave it". So that the most beneficial step for the Cambodia government is taking the first choice in obtaining cheaper electricity to help the

c. Vietnam

Vietnam is the last country crossed by the Mekong River. Although the distance that is crossed by the Mekong River is not as far as the distance of other countries but it remains a country of Mekong river users. Mekong River is also crossing to Vietnam and it is known as Mekong Delta. Mekong delta has a function as a source of life for people in Vietnam.

For the Mekong delta problem, China did not contribute much to the government of Vietnam. Eventhough Vietnam does not get much of benefit, it does not mean it will not have much impact, we may see it in one side with 3 states that are supported under the lower Mekong. It means that MRC has not enough power anymore to give the pressure to China in the case of the Mekong because most of the countries have their own deal with China. In another side, the length of Mekong River that is acrossing Vietnam is very short and different from the 3 other countries. Many issues between Vietnam and China are in border of states, including the South China Sea and demonstration in Vietnam. This situation has indirectly influence to both of the country in their foreign policy. Vietnam is the important actor in the Mekong, but China can handle other states to support its

d. Thailand

Thailand is a country that is not directly got profits from this issues. Thailand build their own dam without China's investment, even it supports Laos in building its dams. Thailand moves rapidly to encourage investment and commitment to the planning of the Mekong region. Prime Minister Yingluck Shinawatra is committed issued 2.75 trillion baht (\$ 90 billion) to assist the successful launch of the ASEAN Economic Community and the economic expansion of the Mekong Sub-region. This relations mean that Thailand's government are happy with the distribution of power in the Mekong. The main reason that makes sense is that Thailand also needs electricity to drive the economy in his own country.

Thailand will gain the purchasing power at a low price. This power comes from Laos who had built the dam 9 after it is completed. It is certainly beneficial to the economy of Thailand, because it can reduce the state budget in country's electricity needs. Because energy is the main source of human life, with cheap energy will support the growth in many sectors especially economic growth.