



Mekong Basin in Crisis: Reconciling Competing National Priorities on an International River

Keynote Address

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Planned and Completed Dams on Mekong Mainstream



Mekong Hydropower Dams: Origins, Drivers and Issues

- Major Issues in Lower Mekong Dams:
- -Unavoidable tradeoffs of "Nexus" of energy, food security and fresh water
- China's role in dam construction in LMB—now a majority of large dam projects
- China's refusal to share data on reservoir levels, operations and flows
- Serious upstream-downstream tensions in MRC



Drivers

- Geopolitics:
 - China's desire to control and regulate the river
 - (Later) Thailand's rising energy needs and aspirations to dominate LMB
- Economics:
 - *China's* "Go West" development scheme;
 - *Thailand's* rising energy needs;
 - *Laos'* desire to be "*battery of Southeast Asia*"
 - *Cambodia's* dilemma—energy vs. fish
 - *Vietnam's* energy needs (daming 3S tributaries in lieu of dam-able mainstream)

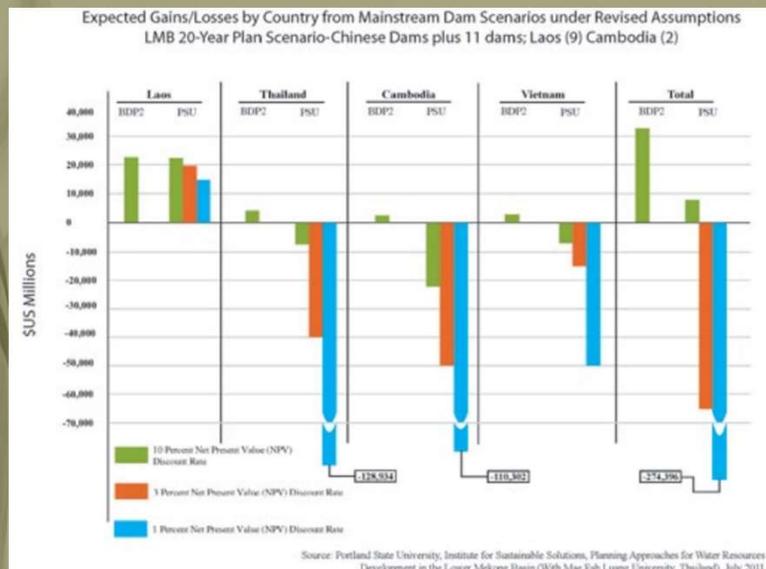


Major Obstacles to Cooperation

- China treats Mekong as a “National River”
- To a lesser extent so do Cambodia, Laos, Thailand and Vietnam
- Transboundary costs & benefits seriously unequal
 - Laos and Thailand benefit while Cambodia and Vietnam are big losers (See next slide)
 - Within individual LMB countries desire for energy and revenues trumps science
 - Weakness of MRC



Winners and Losers



Tributary Dams Can Also Have Transboundary Impact (Vietnam's Sesan 3 Dam)



Goal: Optimizing “Nexus” Tradeoffs on a LMB Scale

- Notwithstanding obstacles & damage already done, it's not too late (yet)
- Five critical needs:
 - 1. More vigorous LMB engagement with China in LMCM and ASEAN
 - 2. LMB cooperation to optimize “nexus” tradeoffs on a basin scale
 - 3. Greater engagement by leaders in MRC
 - 4. Reengagement by international donors
 - 5. Leadership by Vietnam and role of FUV



1. More Vigorous LMB Engagement with China:

- China is not at all impressed by current level of LMB cohesiveness
- Use China's Lancang-Mekong Cooperation Mechanism as a platform to demand transparency
 - Reject China's plan to put infrastructure investment over water cooperation
 - Recommit to viable agriculture and fishing, and FDI-based industrialization
 - Much more active & deeper engagement with ASEAN on LMB issues and interests



2. LMB cooperation to optimize "nexus" tradeoffs on a basin scale:

- Answer is not to stop dam building but to *think bigger* and more systemically.
- Some promising approaches:
 - Fewer dams in optimal locations leave large stretches of free-running river and produce nearly as much power with far less impact
 - Example: A North-South electric power grid in Laos with connections to Vietnam and possibly Cambodia would increase benefits to both and reduce impacts



3. Greater engagement in LMB issues by political leaders

- MRC has failed to achieve the expectations of many
- But MRC was never intended, to have the power to override any country's sovereignty or give any country a veto
- Answer is not to further diminish the role of the MRC but for the member countries to commit to more "buy-in" and much more regular engagement at the political level



4. Renewed engagement by international donors

- Falling interest, confidence and financial support from the international donor partners a serious problem
- US can help within LMI and "Friends of the Lower Mekong" donors, but greater "buy-in" by MRC countries themselves is critical
- Predominance of bilateral engagement by LMB countries and the ADB and World Bank major limitation of GMS



5. Leadership by Vietnam and the potential of the FUV

- Leadership by Vietnam to promote all-of-govt coordination under the MRC framework, in the LMI and ASEAN
- Difficult for historical, cultural and other reasons, but nothing can succeed without strong role by Vietnam
- Emphasize steps towards “win-win” tradeoffs and energy cooperation
- Important role for FUV in teaching, research & intellectual leadership



Conclusions

- “Hang together or hand alone”
- Think big – i.e. LMB scale
- Embrace change, especially changing energy costs, new cleaner technology, but also protect natural resources underpinnings of economic security
- Leadership by Vietnam
- Engagement & cooperation with international partners, including US, EU & Japan





Thank You!

