

CHAPTER VI

DISCUSSION AND CONCLUSION

6.1 Introduction

The issue of cooperation over shared water resources comes at a crucial time for the Mekong region. Commonly referred to as the last unspoiled river, before the 1990s, the Mekong had been largely undeveloped due to years of isolation caused by Cold War regional conflict and civil wars. Now that peace has been reached in the region, water resource development has occurred with vigor. As interstate and intersectoral competition increases amidst an environment of deteriorating water quality and quantity, water has emerged as an important policy item within most of the country's national agendas. However, policies to develop the Mekong's resources inevitably impact other state's through changes in the flow or quality of the water. Given the multiple and competing demands placed on river resources, regional cooperation over water has become an important issue within the Mekong Basin in order to attain optimal use of basin resources while mitigating conflict arising from competing interests. This is particularly important within the Mekong Basin where sustaining the natural flood regime is crucial to the ecological functioning of the river and the service-related industries dependent on it. The Lower Mekong states cooperate within the MRC framework in an effort to coordinate development of the river, while China remains outside the MRC framework. Though acute tension or conflict over shared resources has not yet emerged, as competition increases, tension is likely if not managed correctly.

6.2 Summary of Research

Using concepts of securitization and desecuritization, as derived from hydropolitical security complex theory and supported by Sadoff and Grey's (2005) types of benefits to

cooperation, this research analyzed the current interactions between China and the MRC and the factors impinging or promoting such interaction. These theories rely on several basic assumptions. First, states are guided by the concept of national interest and self-interest often prevails as states attempt to maximize their own gains, assuming that other actors will do the same. As one state moves to secure its water supply unilaterally, and does so in a non-transparent way, it creates uncertainty for other riparian states as they perceive their ability to mobilize resources for their own social development and economic growth to be threatened. Second, states are linked economically, politically, and socially by the nature of shared water resources. Within transboundary settings, unilateral development on shared water sources has the potential to create tension and transaction costs associated with conflict as a result of overuse, or a lack of contributing resources for maintaining and improving the common resources. Hydropolitical interdependencies restrict the options available for unilateral development as externalities are created for upstream users in the form of social, political, and economic costs associated with increased tension. Third, institutions, for example, reduce uncertainty and increase transparency in interstate interactions by creating agreed upon set of rules designed to reduce conflict caused by use, pollution or division of a water resource. Cooperation over shared water resources is optimal as it allows states to reduce externalities and exploit new areas previously blocked due to enmity and suspicion. Customary international law suggests that river development should be considered holistically and with a basin-wide approach in order to ensure equitable and reasonable use of basin resources. Crucial to promoting trust is establishing transparency between actors, and in this regard, the exchange of hydrological information and other data is imperative. This is usually expressed through the creation of transboundary water regimes like the Mekong River Commission.

The Mekong River Commission, comprised of Thailand, Laos, Vietnam, Cambodia, is the principle agency to implement water resource management schemes within the Mekong River subregion and is charged with formulating the basin

development plan and the rules for water usage, including flow requirements and notification procedures. Its mission is to “promote and coordinate the sustainable management and development of water and related resources for the countries’ mutual benefit and the people’s well-being by implementing strategic programs and activities and providing scientific information and policy advice” (MRC, 2005). It commits signatories to: cooperate in all fields of sustainable development, utilization, management and conservation of the water and water-related resources of the Mekong River Basin in the areas of irrigation, hydropower, navigation, flood control, fisheries, timber floating, recreation and tourism (Article 1); protect the environment, natural resources, aquatic life and conditions, and ecological balance of the Mekong River Basin from pollution or other harmful effects resulting from any development plans and uses of water and water-related resources (Article 2); reasonable and equitable utilization (Article 5); and maintain mainstream flows (Article 6).

Though the MRC builds on fifty years of institutional cooperation, it still has a long way to go before realizing its full potential as a river basin organization. Though the Mekong River Agreement accords each riparian certain rights and responsibilities in terms of the reasonable and equitable use of river water sources, each riparian state is driven by their own national interests, broadly defined. These interests include abstraction for irrigation during the dry season for Thailand, Cambodia, and Vietnam; fishery protection for Cambodia in terms of protein intake as well as for Thailand and Vietnam in terms of importing fish; hydropower development for Laos, Vietnam, and Yunnan province; and, for all riparian States, expanding navigation to increase trade and movement of goods and people.

States have not placed the MRC or MRC-related policies as high priority, as demonstrated by a lack of integration of MRC policies within the national water policies of the Member states, and continued circumvention of key policies in order to pursue their national agendas. The MRC has not yet developed the institutional or

organizational capacity to effectively manage the basin's resources, or translate basin knowledge into sound decision-support frameworks in order to facilitate the basin-planning process. Hirsch et al (2006) say that it is 'crunch-time' for the MRC. This is perhaps true, as the MRC, MRC Member states, and the donor community identify what kind of role it should have in the basin. Whether the MRC adopts more of a presence in terms of investment facilitation, or a regulatory role that promotes conservation policies, it is clear that the MRC will require an increase of political will within the organization for it to establish relevancy as the only agency with a legal mandate to manage the basin resources.

Despite the difficulties associated with the MRC, this does not negate the importance of its mandate and that is to promote the sustainable development of the river basin. Perhaps more so than in other basins, development of the basin's resources must take into account the ecological balance of the river. The Mekong River Commission is the principle agency to implement IWRM within the Mekong River subregion. Its vision is to create an economically prosperous, socially just, and environmentally sound Mekong River basin and does this through implementing principles of IWRM. IWRM gives the Mekong River Commission some salience within national and international policy-making processes, especially as dependencies on the river's resources grow. Balancing between the economic, environmental, and social needs of the basin is pivotal to sustaining economic growth, as well as protecting the livelihoods of the Mekong's 80 million residents.

Cooperation with China is crucial in this regard, especially as China continues with its upstream construction of reservoir dams. Holding and releasing water could change the regime flow of the Mekong, effecting fisheries and other vulnerable ecologies. For the MRC specifically, the lack of cooperation and information exchange with China complicates the MRC's ability to plan and manage basin resources. Cooperation with China is important in order for the MRC to carryout key functions under its mandate.

However, for China, management of the Mekong has not featured prominently in China's national agenda, as it impacts only a small portion of China. However, economic integration binds China with downstream neighbors. Indeed, in the context of rapid development of globalization and regionalization, the Mekong basin has followed a general push to increase trade and infrastructure development in the Mekong region. States increasingly rely on each other for trade and economic growth. More importantly, the Chinese Government has highlighted regional economic development and stability as important to its own economic security and growth. Further, the Mekong River plays an increasingly important economic role for China's domestic growth, as well as for providing hydropower for the downstream countries. Positive relations with its downstream neighbors are crucial in this regard. As a result, China now has a regional disposition that did not exist in the past. Changes within the domestic and international environment have created conditions of amity that did not previously exist.

6.3 The Third Agenda: Mutual Benefits from Cooperation

Increased economic and political integration create dependencies and space for mutual interests to emerge and be pursued. Sadoff and Grey (2005) describe this as the third agenda where national agendas – or the first agenda – overlap to form a third space for potential cooperation. As previously mentioned, they offer a simplistic, yet useful, framework for analyzing cooperation, suggesting that States cooperate when there are incentives to do so. The four types of potential benefits that can be achieved from cooperation include: 1) benefits to the river, as cooperation enables better management of diverse ecosystems; 2) benefits from increased food and energy production, as efficient management of the river increases the river's productive capacity; 3) benefits from reduced tension, as tension creates transaction costs; and, 4) benefits generated beyond the river as cooperation extends to non-water sector related areas, like economic integration, improved diplomatic relations, and social equity (Sadoff & Grey, 2005, p. 2).

China's behavior in the region demonstrates its overarching interest in expanding economic development through trade, infrastructure development, and improved regional relations. Political legitimacy is crucial in order to create a stable environment for trade and investment. For China, this means establishing trust within the region by demonstrating that its economic development is not at the expense of its downstream neighbors. For China, tension with its downstream neighbors would strain relations in other settings, including trade promotion. To establish better relations, China has embarked on both a diplomatic campaign of "good neighborliness" and "mutually beneficial development", as well as establishing itself as a key investor in the region.

Bilateral and multilateral relations with China impact MRC-China relations in two ways. On the one hand, they relegate the MRC framework to the periphery as multilateral agreements, in particular those addressing water issues, overlap with the MRC's mandate. On the other hand, these relations create avenues for negotiation that would not otherwise exist, as well as create new interdependencies in terms of economic security that bind China to the health and safety of its downstream neighbors. Development projects that could impair these relations would also effect China's economic growth. As China becomes more dependent on bilateral and multilateral relations for its economic growth, it will inevitably have to readjust its obligations towards its neighbors with regard to reducing negative externalities associated with unilateral development. The third agenda compels China to expand cooperation with the MRC as better relations with the MRC would reduce tension that would otherwise hinder economic development in other areas. However, provisions under the MRC require that the basin be addressed as whole and that potentially negative development projects planned for the mainstream river proceed through a vetting process in order to mitigate harm to other countries. As the dams are already near completion, the issue between China and the MRC would be one of regulation in order to protect the flood pulse of the river. In this regard, information exchange would be needed in terms of the dam's operating procedures and the hydrological impacts they bring in terms of sediment flow

and water fluctuations. China may need to circumscribe its development agenda if its overall interest is to create a secure regional environment for trade expansion, and to uphold credibility as promoting common prosperity for the region. As evidenced by recent speeches by Premier Wen Jiabao, a peaceful image is important for China.

For the MRC, cooperation in terms of economic development is more complicated as each state has varying interests. Economic development is equally important for the MRC Member states, as demonstrated by the 2006-2010 Strategic Plan. Cambodia and Laos remain some of the poorest countries in the world. Thailand and Vietnam, though economically more robust, also suffer from poverty and energy shortages. MRC states increasingly rely on China's huge markets and its hydropower capacity, both in terms of power generation and providing technical equipment and expertise, in order to meet their own strategic interests (Storey, 2005). For instance, by benefiting from China's Lancang development projects, MRC States like Thailand and Laos implicitly support these plans and diminish their ability to vocally object to China's projects. Despite reservations regarding China's hydropower development, Vietnam is also expanding bilateral relations with China in the area of trade and energy. These dependencies make it increasingly difficult to object to development projects that would otherwise seemingly contravene the Mission and goals of the MRC, which are namely to promote sustainable development and the ecological health of the river. These may mollify national security issues for some states as expected gains from economic cooperation outweigh the particular costs.

However, each state places different levels of importance on the river. While hydropower development is crucial for upstream states, downstream states like Cambodia and Vietnam are dependent on the rivers hydrological regime to sustain livelihoods and economic development. Indeed, the important aspect of the Mekong is not water quantity per se, but the health and sustainable functioning of the flow regime and associated resources derived from it (Phillips, 2006, p. 189). The MRC Agreement requires states to

take into account the impacts of their development projects on other states, and further obligates states to notify or consult other members in regards to projects on the main stem of the Lancang-Mekong, or on tributaries (Article 5, Article 26). Cooperation in the form of infrastructure development may create conflict for downstream users that rely on the hydrological regime for their livelihoods.

Other areas for mutual cooperation between China and the MRC include flood prevention and mitigation measures during the wet season, protection against salination in the Delta areas during the dry season, expanding navigation for trade, hydropower and navigation development, and wetlands and fishery protection. More specifically, China and the MRC now cooperate in technical areas regarding flood mitigation, and are expanding into areas of navigation. China gains as it reduces public scrutiny associated with pursuing a unilateralist agenda, while building trust with its downstream neighbors. The MRC gains in that better cooperation with China strengthens the MRC's capacity to carryout its mandate in regards to the sustainable management of the basin. Cooperation leads to the optimal planning and use of the Mekong's resources. Table 7 applies Sadoff and Grey's (2005) "Types of Benefits" to the context of the MRC and China, identifying how cooperation could lead to mutual benefits.

Table 7: Possible benefits from cooperation.

| Interests | China | MRC |
|--|--|--|
| Type I Increasing Benefits to the River (Environmental) | Modeling Scenarios Improve Operation of Dams and Flood Forecasting Upstream | Information Exchange; Better basin-wide planning; Flood Forecasting, Protection of Wetlands, Fisheries, Sustaining Livelihoods, etc. |
| Type II Increasing Benefits from the River (Economic) | Collaboration on Exploiting Natural Resources, i.e through Hydropower Development, Expanding Navigability of River for Trade | Collaboration on Exploiting Natural Resources; Expand Gains from River; Poverty Alleviation |
| Type III Reducing Costs Because of the River (Security) | Reduces Tension, Creates Stable Environment for Trade, Economic Development | Reduces Uncertainty, Creates Transparency within Interstate Relations |
| Type IV Increasing Benefits Beyond the River (Political) | Increase Legitimacy and Trust in Region Through Goodwill | Better Diplomatic Relations with China; Increased Relevancy as Basin Organization |

Note. Adapted from “Cooperation on International Rivers: A Continuum for Securing and Sharing Benefits” by C. Sadoff & D. Grey, 2005, *Water International*, 30 (4), p. 4. Copyright by the International Water Resources Association

6.4 Level of Cooperation: Balancing Between Economic, Social, and Environmental Needs

From Table 7, it is clear that synergistic interests exist, especially in the area of economic development. Changes within the domestic and international environment will create more opportunities for cooperation, as interdependencies grow. However, cooperation takes many forms and can have equally varying results. The costs and benefits of cooperation over transboundary resources must be weighed holistically to maximize basin-wide benefits and prevent conflict. Indeed, the actions and decisions of the State have consequences for all. The human dimension to development must play a role in water negotiations, with the ultimate goal being the need to meet the human needs of society, through providing safe and affordable drinking water, water for agriculture and industry, and water to sustain ecological diversity. Though economic development in the basin creates a third agenda of cooperation between China and the MRC Member

States, as well as possibly the MRC itself, which could have a positive spill-over effect into other areas of cooperation in terms of the equitable management of the river, unbridled development could lead to detrimental harm to the basin's resources.

Balancing these issues requires accurate and complete knowledge of the basin, and the multiple needs and uses emerging from it. The paucity of information on China's dam operations creates insecurities downstream, particularly for Cambodia and Vietnam which rely on the river's natural flow for their economies. China has only moved slightly along Sadoff and Grey's (2005) cooperation continuum from unilateral development to guarded exchange of technical information. For tensions to be avoided, China needs to engage more with the MRC, particularly in the area of information sharing. Accurate and uncontested information is needed to foster agreement regarding the common direction for the river and to establish common rules and allocative procedures defining rights and responsibilities regarding the utilization of the water resources. China has extensive experience in terms of hydropower development, and already monitors the quality and quantity of water within its borders, while the MRC builds on over fifty years of scientific and technical knowledge on the river and its resources.

Using this knowledge synergistically is pivotal in order to foster trust over the information provided, and to promote transparency over the competing uses of the Mekong's waters. This will help mitigate possible conflict and ensure that benefits exceed the costs of cooperation, which is vital for states to remain interested in cooperative frameworks. If it is perceived that the costs and benefits of water use are not distributed in an equitable manner, states could move towards securitizing their water resource, and unilateral development of the Mekong's water resources. Acute tension and conflict such as this is not yet present in the Mekong Basin, but as economic growth continues, competition will be inevitable. Credible information is essential to ensure that competition is managed equitably and peacefully as securitization of water resources

would not be an ideal outcome for the MRC or China, as the Mekong River serves the lives of over 80 million people within the basin.

6.5 Conclusion and Recommendations

The Mekong sub-region faces many challenges. The six states that make up the region all vary in terms of economic development, and political freedom. These conditions drive each state in their willingness to cooperate over shared water resources. The Mekong River Commission, as the primary legal body governing water resource allocation for the lower Mekong subregion, faces particular challenges in that it is trying to coordinate a resource regime amidst an environment of low political will. The existence of multiple political and economic actors like ASEAN, the ADB's GMS structure, provide avenues for states to negotiate outside the MRC framework, further marginalizing the MRC in terms of water governance. For the MRC to be effective there needs to be a marked increase in political will towards the principles underlying the MRC's existence, especially those outlined in Articles 1-3 which call on members to cooperate in the sustainable development of the basin, taking into account the basin's various economic, social, and environmental needs. These functions, as well as the concept of IWRM in general, have not been followed through adequately to make the MRC an effective and relevant body. Indeed, the MRC rarely factors at all in the national agendas of the Member states. However, the principles of sustainable development and equitable use of the rivers resources that guide the work of the MRC and its sector programs are ideal for laying out a framework that aims to maximize basin-wide benefits, while protecting the ecological health and livelihoods of those dependent on the river. Further, the role of the Mekong River Commission, despite flaws in carrying out its own mission, remains crucial for the desecuritization of water resources and the mitigation of conflict by regularizing interactions through establishing common 'rules of the game', and by providing clear information to help guide negotiations and ensure that resources are used and allocated in an equitable and sustainable way.



The MRC needs to be made important by the nation states which formed it in order for it to exploit interdependencies and identify relationships that emphasize economic, social, and environmental needs of the basin. Proceeding in this context is fundamentally important for the MRC's legitimacy as a river basin organization whose ideal is to reduce uncertainties, extend the benefits of the river, and increase optimal use of the basin's resources. Economic development that does not take into account the ecological vulnerabilities of the river could lead to suboptimal use and possible long-term harmful impacts for the river and its users. Such development would challenge the MRC's overall effectiveness in transboundary water governance. Cooperation within the MRC and with China, must focus on exchanging information and building trust and transparency in order to accurately assess the impacts, and identify potential tradeoffs that could meet each state's needs while protecting other social and environmental concerns.

For China, unilateral development is no longer possible without incurring heavy costs towards its legitimacy in the region. Perpetuating a self-help agenda in an environment of economic interdependency would impact its own trade-related agenda, as it would create a perception that China is merely pursuing its own agenda without regard to its impacts downstream. China must become more aware of the interdependencies that exist now and the potential security risks that may emerge if China's development projects create changes within the basin. This is especially important as access to water becomes more of a central issue within each state's national agenda. Inequitable use or access to water has the potential to create conflict when states feel constrained in their ability to realize their national agendas. Basin-wide cooperation over shared water resources is, therefore, increasingly important for China in order to mitigate conflict and ensure good relations with its neighbors.

River basin organizations with a clear mandate have been promoted as the ideal forum for cooperation to take place. Cooperation between the MRC and China would

help promote sustainable development, reduce conflict, and expand the MRC's ability to provide credible and objective information and advice for the use of the basin's resources. Indeed, there is still a long way to go for the principled ideal of the MRC to become a reality. However, states continue to express interest in this format, as expressed by new commitments to the process of establishing water utilization guidelines. China's involvement in terms of information sharing and regulation of the river's water flow is important for the optimal management of the basin.

This research has focuses on a regional analysis of interactions between China and the MRC Member states. However, this limits the complexity of decision-making and overlooks the domestic economic, social, and political dynamics that influence how these states prioritize their interactions within the basin. Additional research should integrate the two, exploring both a regional, as well as domestic, perspective on how states interact in regards to transboundary water governance. Further, research is needed into the role of donor interests, as well as, organizational politicking that pushes or pulls states into cooperative frameworks. This is particularly important as other agencies emerge with water-related mandates, like the ADB's CEP program. However, despite these limitations, a clear picture of a dynamic basin has emerged with new possibilities for cooperation. These possibilities, and the costs or benefits generated, will ultimately take time to manifest. However, basin-wide cooperation that balances economic development with the social and environmental needs of the basin will ensure the equitable and sustainable use of the Mekong's resources for the future. States will continue to be guided by some concept of "national interest", but as interdependencies continue to bind states within an emerging hydropolitical security complex, the third agenda will become an increasingly beneficial option. With safeguards in place, China's emerging cooperation with the MRC is a positive and needed development in this regard.