



THE MEKONG RIVER DAM PROJECT OVERFLOWING INTERESTS

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The Mekong River – Southeast Asia's largest river – runs from the Tibetan Plateau and through China's Yunnan province. This part of the river is heavily dammed. South of China, as it goes through Burma, Laos, Cambodia and Vietnam, has been spared. That might soon be changing as Laos, backed by Thailand, is set to start the construction of the 1260 megawatt Xayaburi hydroelectric plant. Vietnam opposes this plan and claims that the future of the river, and the communities along it, will be threatened. National interests are clearly pitted against each other. The split regarding the future of the Mekong River threatens to damage the relations between Laos and Vietnam and increase regional insecurity.

Energy vs. Long-Term Sustainability

The proposed construction of the Xayaburi hydropower project in Laos was scheduled to start in April. Vietnam has expressed deep worries about how the dam will affect the future of the Mekong River. By the end of March, Vietnam, Laos, Thailand, and Cambodia declared that they will convene a special session in April to address disagreements and concerns. The Mekong River threatens to become an area of dispute between Laos and Vietnam.

For Laos and Thailand, the Mekong River holds an enormous hydropower potential. The Xayaburi hydropower dam is only the first one in a series of 11 dams planned across the Mekong. While Laos is eager to realize its ambitions of becoming a regional powerhouse, Thailand is proactively seeking new sources of energy for its expanding economy. While Laos is the place of construction, the actual dam will be built by a Thai developer and 95 percent of the power generated will be exported to Thailand.

On the other end of the river is Vietnam. The Vietnamese portion of the Mekong Delta is home to around 20 million people, which amounts to over 20 percent of the whole population. The area provides 40 percent of Vietnam's cultivated land surface. More than a quarter of the country's GDP and half of its rice is produced here. Thus, Vietnam's future stake in the Mekong differs from Laos. Recent statements by Vietnamese officials reveal the friction between the two countries. According to Standing

Deputy Minister of Natural Resources and Environment, Nguyen Thai Lai: "If built, Laos' Xayaburi dam will greatly affect Vietnam's agricultural production and aquaculture." He added: "The international community and most scientists share the opinion that it is unadvisable to build dams on the mainstream of the river."

A Bridge over Troubled Water?

In 1995 Vietnam, Laos, Cambodia, and Thailand struck an agreement which provided the framework for the creation of the Mekong River Commission (MRC). It is an intergovernmental body tasked with addressing questions related to shared water resources and development of the economic potential of the river. According to the agreement, infrastructural developments in the Mekong River basin must be preceded by a consensus between the four countries.

The Xayaburi hydropower project has become the first major test for the MRC. Coming weeks will show if diplomacy can find a way past the deadlock or if the situation is heading towards escalated hostility.

The Xayaburi hydropower project issue must be seen in the backdrop of last year's study, commissioned by the MRC, on the potential effects of constructing the 12 dams planned by Thailand, Laos, and Cambodia. The report concluded that such an exploitation of the Mekong River could be harmful to the ecosystems and communities along



the river. The loss to the fisheries industry could amount to US\$476 million per year. Agriculture could be hard hit as well. All this would have serious consequences and threaten food security. Environmental groups, many of them based in Thailand, have sided with the report and have objected to the planned dams. The World Wide Fund for Nature has warned that the dams would likely cause an extinction of catfish and endanger 41 other species of fish. The Laotian government seems reluctant to let these concerns block their ambitious plans. Laotian officials state: “We are confident that the Xayaburi Hydroelectric Power Project will not have any significant impact on the Mekong mainstream.”

A Regional Problem but an International Issue

It would be easy to regard the unfolding situation in the Mekong River as an interaction between four governments pursuing their national interests. However, resource exploitations are rarely confined to state borders. When they turn into conflicts, these cannot be viewed in geographical isolation. This is also the case with the proposed dams, which in reality involve many actors with overlapping and conflicting agendas. Numerous Memoranda of Understanding (MOUs) have been signed between a consortia of companies from Thailand, Australia, Japan, the United States, and European Union for the construction of dams on Mekong tributaries. In the current situation, it is almost impossible to get a clear picture of the underlying motives, especial-

ly considering the lack of transparency that plagues Laos and Cambodia. Moreover, certain Southeast Asian countries have depleted their own natural resource bases and have continued their search in neighbouring countries. Laos, Cambodia, and Burma, with their lax control and staggering corruption, have become major targets for this resource quest. Malaysian companies buy up the Cambodian natural resource base at a rapid rate, while Thailand bases much of its future energy supply on electricity from Laos and natural gas from Burma.

The dams in the Mekong River clearly illustrate the future of conflicts, where natural resources will be more and more heavily contested and climate change, economic growth, and national interests intermingle in a potentially hazardous mix. On April 21, the four MRC countries will meet to discuss the approval to the Xayaburi dam. Even if Vietnam gives a green light for the construction, it will probably only mark the end of the first phase, with many more to come. As long-term sustainability stands pitted against economic growth, and the quest for energy against food security, an upsurge in hostility and worsening Vietnamese and Laotian relations are likely.

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