Conflict Factsheet

Dam projects and disputes in the Mekong River Basin

<table>
<thead>
<tr>
<th>Type of conflict</th>
<th>Intensity</th>
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<td>South Eastern Asia</td>
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<th>Countries</th>
<th>Resources</th>
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<tr>
<td>Laos, Cambodia, Vietnam, Thailand, China</td>
<td>Water</td>
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Transboundary water management

Conflict Summary

The Mekong basin is witnessing an enormous expansion of dam-building for hydropower generation, especially in China and Laos. This has led to diplomatic tensions as countries downstream of the dams fear the negative impacts they may bring about, from greater flooding to seasonal lack of water. The Mekong River Commission’s (MRC) effectiveness in resolving these tensions has so far been limited due to its lack of enforcement powers and China’s reluctance to join as a full member.
Conflict History

The Mekong is the world’s seventh largest river in terms of discharge, and ranks tenth in terms of length. It originates in China, and then flows 4,200 km through Myanmar, Laos, Thailand, Cambodia and Vietnam, where it empties into the South China Sea. Often described as the "hydrologic backbone" or "current of life" of mainland Southeast Asia, the Mekong River Basin is exceptionally rich in natural resources, and is vital in supporting the livelihood of more than 70 million people (Hudson-Rodd & Shaw, 2003; Jacobs, 2002).

Regional dam disputes

Harnessing the Mekong waters has been envisaged since the 1960s. However, political and financial obstacles inhibited the materialization of large-scale mainstream projects (for historic context, see: Lower Mekong Basin: Challenges and opportunities for early cooperation). However, due to the region’s rising energy demands, interest in hydro-development on the Mekong has been revived, especially since the mid-2000s. At present, especially large dam-building projects along the Chinese and Lao stretches of the Mekong mainstream are a matter of concern for the other riparian states, and regional tensions have intensified as a result.

Disputes over dam construction in China

Hydro-power installation in China is currently going through a phase of high-speed development (Chang et al., 2010). Large-scale hydro-power projects are strongly promoted across the country, with the Upper Mekong (called the Lancang in China) being one of the priority areas. The first dam of the Lancang dam cascade was completed in 1995. Today, seven hydro-power projects have already been constructed, and the government apparently has plans for 21 more dams (International Rivers, 2014).

According to the official Chinese position, the adverse downstream effects of its hydro-power projects are negligible, given that only a small percentage of the Mekong’s total flow originates in China. To the contrary, it is argued, the construction of large dams on the Upper Mekong will benefit downstream users in terms of hydro-electricity generation and flood control, and efforts are being made to protect the river’s ecosystems and fisheries (Xinhua, 2012).

The Lower riparian states (Cambodia, Laos, Thailand, and Vietnam) have criticized the Chinese hydro-power push, and have tried to warn China about the conflict potential of its dams and the adverse effects they were already experiencing (Radio Free Asia, 2012). Fears frequently expressed downstream revolve around water shortages, flow alterations, sediment trapping, habitat destruction, and devastation of important agricultural areas and fisheries resulting from Chinese damming of the Upper Mekong (Liebman, 2005; Magee, 2012; Öjendal & Jensen, 2012). Especially the already threatened Tonle Sap could come under additional pressure due to upstream dam construction. The Tonle Sap is a combined lake and river system in Cambodia which has long supported community livelihoods thanks to its seasonal inundation and originally rich fishing grounds (Radio Free Asia, 2015). Since fish from the Tonle Sap waters provide almost two-thirds of Cambodia’s inland fish catch and constitute the country’s main source of animal protein, a decline in fish stock due to damming and other factors could severely endanger food security in the affected areas. The fact that China discloses very little information on its dam projects further increases uncertainty downstream. As the population in Southeast Asia is expected to grow, the need for a reliable river flow is all the more pressing.
Climate change is likely to further increase competition for water resources. Shifts in rainfall patterns and longer droughts are already observable in the region, which could contribute to shortfalls in agricultural production (Cronin & Hamlin, 2010). The Mekong delta in southern Vietnam is particularly threatened by climate change, with expected impacts including a rise in average temperatures, more severe storms, wetter wet seasons, and drier dry seasons. Climate-related increases in weeds and pests, as well as salt water intrusion into agricultural areas due to sea level rise, could hamper rice production in the delta, thereby threatening local livelihoods dependent on farming (The Economist, 2016).

Despite these concerns, China’s dam projects are unlikely to be stopped. China’s upstream position and economic superiority leaves downstream countries with few options beyond trying to persuade China to take their interests into account. Indeed, “…with China holding a firm position that what it does within its own territorial boundaries is its own business, there seems no reason to expect that the projected dams on the Mekong will not be built” (Osborne, 2000, 439). As observers have noted, China’s hydro-development projects on the Lancang thus have the potential to make hydro-politics in the Mekong Basin more contentious, and increased tension can be expected between China and the Lower Basin states (Pearse-Smith, 2012).

Disputes over dam construction in Laos
Apart from the Lancang dam cascade in China, the Mekong mainstream so far remains undammed. However, rapid changes are now underway within the Lower Mekong Basin. As the economic rise of Southeast Asian countries has dramatically increased their energy needs (IEA, 2013), harnessing the Mekong waters for hydro-power generation has become an attractive solution to meet growing energy demands. To date, Cambodia has revealed plans for two mainstream dams, and Laos for up to nine (Öjendal & Jensen, 2012).

Unlocking the great hydro-electric potential of Laos has long been an important priority for the Lao government, given that electricity exports to Thailand rank among the country’s most important sources of revenue. Indeed, the potential for hydro-power generation within Laos is enormous, as it is estimated that more than 50 percent of the Mekong’s total hydro-power capacity lie in the Lao water resources (Middleton et al., 2009). Furthest advanced in the country’s hydro-power scheme along the Mekong is the Xayaburi dam in northern Laos, which is intended to generate electricity for export to Thailand (Öjendal & Jensen, 2012). The dam is the first mainstream dam to be constructed in the Lower Mekong Basin.

Due to concerns on the part of Cambodia and Vietnam about possible downstream effects, the Xayaburi project was subjected to MRC consultations in September 2010. In December 2011, the Lower Mekong riparians issued a joint statement calling for further impact assessment studies, apparently in an understanding that no dam would be built until the study was completed (The Economist, 2012a). However, Laos reportedly began construction of the Xayaburi dam in March 2012 (The Economist, 2012b). The Thai government has agreed to buy 95 percent of the dam’s generated power. Six Thai banks have financed the dam, and a Thai firm is in charge of construction (The Economist, 2016).

The Lao unilateral move to start construction of the Xayaburi dam met with strong protest from the Cambodian and Vietnamese governments, with the president of Vietnam, Truong Tan San, warning that “tensions over water resources are not only threatening economic growth in many countries, but also presenting a source of conflict” (The Economist, 2012c). At the same time, citizens and
activists have also voiced their concerns through boycotts and petitions to draw attention to the dam’s potential environmental and social impacts (International Rivers, 2013), and to protest against a lack of transparency and public consultation. Pressure from downstream countries and international NGOs has slowed Laos’s progress on its next two dams, the Don Sahong and the Pak Beng, and has forced developers to study potential downstream effects more carefully. However, given that “Laos is a poor country with few natural resources that sees hydropower as its route to development...concerned citizens and the governments of the downstream neighbours may be able to do little more than delay Laos” (The Economist, 2016).

Resolution Efforts

The Mekong River Commission’s lack of enforcement powers

The MRC is the main mechanism to promote regional cooperation on Mekong water development and management. Since its establishment in 1995, it has achieved important results in conducting technical studies, and has served as a knowledge platform for the four Lower Mekong riparians (Litta, 2012). Yet, as the Xayaburi episode demonstrates, the MRC’s capabilities to prevent unilateral moves and solve regional tensions over dam construction among its members are limited. One of the main reasons for this lies in the MRC’s weak enforcement powers. Notably, there is a marked resistance among the riparian states to cede any sovereignty to the MRC over the shared resources in the basin. This is, however, an institutionally sanctioned position, since the 1995 Mekong Agreement only stipulates “…cooperation on the basis of sovereign equality and territorial integrity in the utilization of the water resources of the Mekong Basin” (Art. 4) (Earle et al., 2015, 76).

China and the MRC

The 1995 Mekong Agreement foresaw Chinese participation by specifying that “any other riparian State, accepting the rights and obligations under this Agreement, may become a party with the consent of the parties” (Art. 39). However, China never joined the MRC, and has remained a “dialogue partner” instead. China is therefore not compelled to disclose information and guarantee that its damming projects will not adversely affect downstream countries. China’s non-member status in the MRC, coupled with its upstream position and economic clout, limit the possibilities of the Lower Mekong riparians to influence upstream dam construction on the Lancang.

One possible solution could consist in China joining the MRC as a full member. This could be of interest to China for symbolic reasons, as it may help China to be perceived as a responsible international partner, and reassure the international community, and especially the Southeast Asian countries, of the benign intentions behind its rise. Also, China’s current approach to data-sharing could eventually backfire: If China continues to release Mekong data only partially and selectively, it may not in fact enhance cooperation, but sow further suspicion and speculation on the part of its co-riparians, who, thanks to the MRC, tend to focus their criticism on China instead of on each other. Thus, observers have argued that “…China’s participation in a multilateral decision-making mechanism would be of benefit to all involved” (Hui, 2010). Intensifying trade relations with Southeast Asia could be an additional incentive for China to join the MRC, although emphasis on domestic economic growth has apparently so far outweighed the potential benefits of transboundary water cooperation. If China decided to join the MRC, actions should be taken to make
sure that its membership does not lead to domination of the Commission, but would in fact result in stronger cooperation.

**Upstream-downstream collaboration**

Despite its absence from the MRC, China seems to be changing its approach towards downstream countries, and has engaged in more solid information-sharing over the past decade (Earle et al., 2015, 76). For example, in 2010, a tour of dams in China was organized for Lower Mekong government officials and the MRC Secretariat (MRC, 2010). China has also participated in the Asian Development Bank’s Greater Mekong Subregion program and the ASEAN Mekong Basin Development Cooperation. These two initiatives, launched in the 1990s, focus on basin-wide development and integration (Onishi, 2008).

In April 2015, China proposed a “Mekong River community of common destiny,” to be established among all the riparian states (China Daily, 2015). Such a community would stand in direct competition with the MRC. The fact that China has proposed an alternative governance mechanism suggests that it perceives the MRC as inadequate in meeting the region’s needs. The fear of growing U.S. influence in Southeast Asia could be an additional consideration to explain China’s more cooperative stance on the Mekong (New Security Beat, 2010).

China now also offers logistical and financial assistance for dam construction on the Lower Mekong River. While China and Thailand have long enjoyed good relations, China has apparently succeeded in “[buying] goodwill in Laos and Cambodia with massive infrastructure investments” (The Economist, 2016). Nevertheless, the situation remains characterized by a significant asymmetry of water access and general geopolitical influence, with the other riparians being extremely dependent on China. For example, the Xayaburi dam in Laos has been designed under the assumption that China would let enough water flow during the dry season (East Asia Forum, 2015). Without any written water-sharing agreement, however, downstream countries have no guarantees that their upstream neighbor will respect their interests.
### Intensities & Influences

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### Resolution Success

**Reduction in geographical scope**
- There has been no reduction in geographical scope.

**Increased capacity to address grievance in the future**
- There is no increased capacity to address grievances in the future.

**Grievance Resolution**
- Grievances have been partially addressed.

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**Diplomatic Crisis**
- Note of diplomatic crisis in case history, conflict purely verbal

**Violent Conflict**
- No

**Salience with nation**
- National
Entry Points for Resilience and Peace Building

**Cooperation**
The Mekong River Commission (MRC) has functioned as the main institutional mechanism for regional cooperation on Mekong water development and governance since 1995. However, a stronger role in conflict prevention and management is precluded by its limited membership, mandate, and enforcement powers. While the MRC has attained important achievements, its institutional framework could be strengthened by including China (and Myanmar) as full members. While China shows no inclination to join the MRC as a full member, it has increased information-sharing and assistance to downstream countries in recent years.

**Mediation & arbitration**
Two initiatives, launched in the 1990s, focus on basin-wide development and integration; namely, the Asian Development Bank's Greater Mekong Subregion program and the ASEAN Mekong Basin Development Cooperation.

**Treaty/agreement**
A written water-sharing agreement would guarantee that China will respect the water interests of its downstream neighbors, such as letting enough water flow during the dry season.

Resources and Materials

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Lower Mekong Basin: Challenges and opportunities for early cooperation

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Further information
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