

# THE REAL GOLDEN TRIANGLE

## Cooperation in the Mekong Basin

Decades of effort are beginning to bear fruit. People in the Greater Mekong Subregion see their dreams of a borderless river beginning to come true.

**By Prangtip Daorueng**

**C**hiang San is a small border town on the Mekong river in Thailand's northernmost Chiang Rai province. These days,

Chiang San is a busy spot. Ships loaded with goods arrive every day from Yunnan province in China. Sometimes Chinese tourists who make the



*Logging in northern Burma.*

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12-hour boat journey downstream stop by and add colour.

"This is the gateway that connects southern China with Indochina," says Anan Laothamatas, President of Chiang Rai Chamber of Commerce. "We have 40-50 ships visiting each month. People from our side also travel upstream to Yunnan province."

The area where the Mekong runs through boundaries shared by Burma, Laos and Thailand is called the Golden Triangle, once known for its drug trade. An economic boom and several development projects in the past decade have opened up the area. Its image as an unexplored destination is slowly disappearing and the community now talks trade.

While the government makes the decisions on international cooperation, it is the locals who feel close to the issues. Anan, for example, asks for an agreement on navigation on the Mekong. "A few years ago when China built its first dam in its territory on the upper Mekong, Laos was seriously affected," he says. "The construction blocked water from flowing downstream and reduced flows in some of the rivers in Laos, leading to difficulties for ships using these waterways. If countries agree on the sharing of responsibilities for river levels as well as navigation rules, people who live on the river banks will benefit even more."

Exploiting the vast potential of the Mekong has always been the goal of subregional cooperation, and for decades countries sharing the great river basin have been looking for common

ground on the use of water resources. The latest attempt is the agreement on "Commercial Navigation on the Lanchang-Mekong River" under the framework of the Greater Mekong Subregion (GMS) to address problems relating to navigation on the river following Chinese plans to build hydroelectric dams on the Lanchang in the upper Mekong.

The Chinese proposal for dams on the Lanchang created an upheaval among downstream Mekong countries which rely heavily on the river for irrigation and transportation. Aware of the consequences of dams following the lessons from Laos, there were concerns expressed that the proposed dams would block normal river flow, reduce water levels, and increase aridity in the Indochina countries. The governments of China, Thailand, Laos, and Burma have now reached the final stage of drafting the agreement. It is hoped that the agreement will be signed by the end of 1999.

"People travel, and people trade, doing what we are allowed to do at our level," says Anan. "But governments have to work together to bring in mutual benefits for their people."

The agreement is a reflection of hope shared by many: that the Mekong Basin will be a borderless subregion where people will develop their livelihood on an equal basis. A vision of a Laotian merchandise boat sailing freely upstream to southern China or a Vietnamese trader travelling inland through Phnom Penh to explore business opportunities in Bangkok is a desirable goal. And if it works,

the Mekong cooperation can be a model for other countries in South Asia.

### **Politically sensitive**

But there are challenges. A quarter billion people live in the Mekong basin, one of the world's largest river systems which spans 2.3 million square kilometres. A study done by Asian Development Bank (ADB) points out that by 2020 this population could grow by another 50 percent. The river starts from southern China, then branches out all the way through the common boundaries of Burma, Laos, and Thailand. It then spills onto the delta in Cambodia and hits the sea southwest of Ho Chi Minh City in Vietnam. Clearly the basin has huge development potential because of its natural resources, but it also has a long history as one of the most politically sensitive spots in the world. The memory of wars between some Indochina countries in the 20th century as well as the different political systems has added to the complexity of the problem and introduced obstacles along the path to joint, mutually beneficial cooperation.

But the hope is that the sub-region's tremendous economic potential will help wipe out old political differences. Already, the ADB study notes, the end of Vietnam War, the pull out of Vietnamese troops from Cambodia and the resolution of the Vietnam-China conflict, have encouraged more economic interaction, although most of them are informal and conducted bilaterally. In 1995, sub-regional trade totalled USD

14.572 billion, a sharp increase compared to \$3.966 billion in 1990.

The first attempt on Mekong cooperation was made long before the rise of Asian economies. The framework, now known as Mekong River Commission (MRC), was established in 1957 between Cambodia, Thailand, Laos and Vietnam. Its objective was to use the basin as a means of securing stability for the region through several areas of cooperative development of water for electricity generation, transport and agriculture. MRC has gone through decades of regional political storm but has spawned other more or less similar development frameworks.

The 1990s was a busy period in the subregion. Japan came along with its proposal for the Forum for Comprehensive Development in Indochina (FCDI), and China and Thailand agreed on the Quadrangle for Economic Corporation. A year later, Japan and ASEAN members joined in forming a working group on Economic Cooperation in Indochina and Burma. In December 1995 the ASEAN-Mekong Basin Development Corporation was established.

The most active subregional cooperation currently is GMS, a group established in 1992 by Burma, Cambodia, China, Laos, Thailand and Vietnam, with assistance from ADB. The aim is to promote economic ties between and among the six member countries. The primary focus of the cooperation is on infrastructure that will help link countries in the subregion.

"What GMS has done from the be-

ginning is develop subregional infrastructure by supporting land-link projects such as bridges and roads connecting towns in the subregion," says Sumitra Poolthong, Assistant Director in the office of the Regional Economic Development Cooperation Committee at the National Economic and Social Development Board, a Thai government agency responsible for GMS. Since 1992, around ten subregional infrastructure improvement projects have been completed or are under implementation with an overall investment of one billion US dollars. Improvements to telecommunication infrastructure have also been planned to create a communication loop in the subregion.

### **Community concerns**

However, while every effort in cooperation has ambitious goals, governments and funding agencies are often criticized for leaving communities out of decision-making. "We feel ignored," says Sakol Poolsirikul, President of the Chamber of Commerce of Nakorn Panom, a border province in north-eastern Thailand. His province has asked for a road link with Laos which can lead to Vietnam, but Sakol says no one pays any attention. "Although the private sector here has built up a good relationship with neighboring countries, we still have no opportunity to participate in decision making on Mekong development," he points out.

Sakol is not alone. There are several others who would agree with him although for different reasons. In 1993, Napha Sayakoummane, Vice Presi-

dent of the Lao Women's Union in Khammuan province questioned developers of the Theun Hinboun Hydropower project. She called on the developers to explain their plans to the local government and local people so that the latter could express their opinions or at least have time to prepare for the changes that were coming in.

The Theun Hinboun Hydropower project has been under attack from local communities and NGOs. The energy policy in the subregional cooperation framework is aimed at rationalising and optimising electricity supply and use through energy exchanges. But in the case of the Theun Hinboun, a 25-metre high dam built on Laos' Theun river with a generating capacity of 210 MW for electricity supply to Thailand, impacts on the local community and environment were severe. According to a Bangkok-based NGO, 'Towards Ecological Recovery and Regional Alliance', the dam has blocked Nam Kading river nearby and dried it out by diverting the water to Nam Hai river. The latter, which was a river that dried up seasonally, has been altered to one that is now constantly in spate. Some of the communities of over 70,000 people in the area have ended up migrating.

Sumitra admits that the Theun Hinboun case has made governments and funding agencies working on GMS projects take environment impacts and local participation more seriously. "These became important factors in other projects that came later," she says.

The sudden regional economic

downturn started in 1997 has also changed governments' perspectives on GMS. Countries found projects involving huge investments unaffordable and began slowing down while some previously agreed schemes were delayed. Laos and Thailand, for example, are still negotiating electricity sales and purchase from the Theun Hinboun project. Although a memorandum of understanding with Laos for supply of 1,500 MW by the year 2000 exists, Thailand is seeking a lower price as the country is trapped in a financial crisis.

### **Less able to borrow**

Funding agencies with their own financial problems are reluctant to lend as much money as they did in the past. "I think countries like Laos are basically less able to borrow, not just for GMS activities but for any project, from groups like ADB and World Bank because we are concerned about their ability to repay these loans," says Craig Steffensen, ADB resident advisor in Thailand. "As a bank we have to take that into consideration."

According to Sumitra, member countries have begun to identify priorities in view of the fund shortages. "We need to see what can be realisti-

cally achieved first," she says. In October 1998, GMS country members agreed on the East-West Economic Corridor development, the framework involving high potential economic areas between Burma, Thailand, Laos and Vietnam. "This is the priority we have set. The focus is not only on infrastructure development, but also on bringing in trade and human resource development to the region," she explains. Under this framework, roads linking the four countries as well as common regulations on border customs are being established.

It may take a long time before people in the Mekong basin enjoy the full benefits of a truly borderless region. But the evidence of peoples' eagerness to learn about each other is already visible. Without a bridge, from both sides of the Mekong in Nakorn Panom province, Thai and Laotians still take the ferry across the river to celebrate New Year together every year. Without waiting for the common navigation agreement to come into effect, people from Chiang Rai province have already travelled to Yunnan on the 12-hour boat trip. It seems only a matter of time before the gateway to the borderless Mekong subregion opens fully.