

CHAPTER I

INTRODUCTION

This chapter covers the discussions of background, research questions, research purposes, theoretical framework, hypothesis, research methodology, research range and system of writing.

A. BACKGROUND

China is a country with the largest population in the world. With its large population, it requires large of electrical energy in running the country's economy. Energy is something that must be fulfilled in human life in modern times. Until today the production of energy is dominantly derived from petroleum thus making its availability begins to decline over time. Because the nature cannot be renewed again, so now many people are turning to the other alternative energy that can be renewable.

China is the first state in Mekong regions which has the ability to take another potency for its self. It is known that China has the biggest population in the world not only in the late of 20th century but also nowadays. China needs alot of energy power for supplying its millions of populations activities. Since by using the nuclear energy is too risky for its populations, the hydro power energy becomes the best solution to overcome the energy crisis. Using clean energy is the dream of many countries. Mekong River is one of the rivers

which supported China's government projects to satisfy the national energy. China is very lucky because it has the biggest water volume in Asia in which it can develop projects involving hydro energy in the southern region (Yunnan Province). This project is not only supported by the government but also people and big corporations in China that is China Huaneng Group. China Huaneng Group is the second largest corporation for energy in China. This corporation helps the government to build a dam in the South of China. The citizens also support their government by moving from the project area to the new safe area in the North. When the Manwan Dam was finished, the power produced is very admirable that is 1,750 MV. The project is not only helping China's government for supplying energy but also helping citizen, especially in South province for saving water in dry season for agriculture and daily needs in China.

China is one of the countries that is very aggressive in exploiting energy resources, especially hydropower. According to the World Dams Committee's Criteria, China has 22,000 dams or 45% of the world in total. In China, there are three major rivers that are potential for hydropower, such as the Yellow, the Yangtze and the Mekong River. China has managed to build the three gorgeous largest dams in the world. By exploiting the potential of different kinds of those rivers, it is very helpful to meet the needs of Chinese society.

Since Manwan Dam is really successful, China Huaneng Group sees more potencies from Mekong River that encourage them to build 8 more dams. China Huaneng Group tried to seek hegemony in Mekong River, but the problem comes from states in lower Mekong River. Mekong River does not only belong to one state but it belongs to others countries such as Laos, Thailand, Cambodia and Vietnam. Those countries are the states under Mekong River which need that river too. They need Mekong River for their society in economic, agriculture and transportation aspects. Mekong is ways of life, if the projects of China Huaneng Group continue, it will make extremely impacts for Lower Mekong. Several problems that will be happened are in the aspects of immigrations of fish, organics mineral, agriculture, dry season problem, rainy season problem and another environmental issue.

The immigrations of fish is very important for fishers. Fish have to immigrate for regeneration but dams make them cannot breed well. If the fish can't breed well, it will make the population of fish begin to extinct in Mekong River and many fishers in five countries lose their jobs in fishing. The big problem is not in how many people will lose their job, but how many people will find difficulty in obtaining food energy. Food welfare is a key point that should be the first priority than anything. It also affects the agriculture sector since Mekong River gives the water supply for rice fields and plantations. Water is the most important part for agriculture. Mekong

River is not only supplying the water, but also bringing organic minerals for crop fertility. Without water and organic minerals from Mekong River, it will decrease the farm income. These things influence the Gross Domestic Product of the states.

Although it's good for China, it does not mean that it's good for lower Mekong as well actually, the dams save a lot of water for the needs of the state, but the problem is when in dry season the water do not distribute well like in other seasons. It also gave impact to the lower Mekong River which got less water because of it. The condition will be vice versa when rainy season is coming. The water will be too much and the dams's door have to be opened to avoid the water excess. It means that there will be the flood which can destroy everything behind the dam. Positive for China's economy does not mean positive for lower Mekong River economy too. This river is crossing national boundaries, which it means that the river not only belongs to China but also the other five countries.

Myanmar, Thailand, Cambodia and Vietnam are countries that are very active in the plantation sector and agriculture. Especially for Thailand as the country with good food growth rate, obviously would needs water to irrigate its rice fields and plantation areas.

“The Mekong Delta of Vietnam is one of the most productive agricultural areas in the world. The Mekong River fans out over an area of about 40,000 km², and over the course of many millennia

has produced a region of fertile alluvial soils and constant flows of energy”¹.

Thailand and Vietnam are the two biggest rice producers in the world (UNFAO, 2011). Both of them are ASEAN members in lower Mekong. Without the water supply the plant will not grow well, so that water becomes the vital thing on the food sector. The insufficient water will threaten the agricultural sector, its growth is the proof that the national food is also helped by the presence of the Mekong River. Not only meet the needs of protein and food, the Mekong also has a function as a means of transportation action from one region to another by using boat. The Mekong River has many positive effects for the daily needs of the people who live in the upstream to downstream of the river without considering the states. Mekong River is considered as the way of life for them. Along with population growth that has continued to improve since the end of World War II, the world needs are also increasing. Humans need a lot of things for daily life. In this case the Mekong certainly takes a very important role in the life of people in that region. From upstream to downstream of the river is wide enough variety of food and economic needs of the community.

In 1995, Mekong River Commission was established from four states under lower Mekong River which is aimed to solve problem. Mekong River Commission (MRC) has four member countries, namely: Laos, Thailand,

¹ Mart a. Stewart and Peter a. Coclanis (2011) advances in global change research: volume 45. Environmental change and agricultural sustainability in the Mekong delta.1 (1)

Cambodia and Vietnam. The vision of MRC is having a world class standard, financially secure, achieving the vision of International River Basin Organization serving the Mekong countries to achieve the Basin Vision. The mission is to promote and coordinate sustainable management and development of water and related resources for the countries' mutual benefits and the people's prosperity. Mekong River commission is a governmental organization that issued a policy based on the mutual agreement. Mekong River Commission supports the sustainable management and development of water and related resources. MRC has a goal to make equitable social welfare, be better in economy and energy sector. But over time China is getting more aggressive by building dams for its own interest. Although MRC is an organization that resolves the problem but China does not want to join it. China would prefer to negotiate bilaterally to resolve the problem on this issue. This is certainly very detrimental to the underlying states. Mekong River is not only the problem in the surrounding communities but also become political issues between countries for Southeast Asia and China.

China is under the pressure of many actors including society, mass media and NGO (environmental issue). This situation is also becoming hot topic in South-East Asia aside from the South China Sea issue. Mekong River has complicated problem like South China Sea issue. Both the South China Sea and Mekong River issues have the similarity such as there are 6 countries involving there and China as the big actor faces the ASEAN member

countries. This situation makes the Mekong River issue look like “Second South China Sea” issue. In one part, China-ASEAN relation is getting better but in another part, China has problems with several ASEAN members. Both of them are needed each other in economy sector, so China does not want to lose the trust of ASEAN as their partner. South China Sea problems are not finished yet but it has to face the Mekong River issue. It makes China have to solve this problem carefully without any hard power.

B. RESEARCH QUESTIONS

Those explanations have referred to the basic question related to this study: “How is the strategy of China towards MRC Countries on Mekong River issues?”

C. RESEARCH PURPOSES

1. To describe the process of conflict resolutions in Mekong River as the new potential power in Asia (China) and South East Asia.
2. To understand more about China’s rules of intervention to several ASEAN members.
3. To apply the concept of International Relations directly to International issues.

D. THEORETICAL FRAMEWORK

In order to understand the phenomenon of China's strategy in controlling lower Mekong countries, the writer has to use some theories or concept which are relevant to the issues. In this case, the writer will use asymmetry negotiation as the tactic and strategy, and power relations to capture the phenomenon of China's strategy.

a. Strategy and Tactic

Asymmetry negotiation is the strategy and tactic in diplomatic actions. In Conventional View

“Strategy is the highest level of an initiative and defines the overall direction for the organization to achieve a goal. Tactics are (lower) details in an initiative and define all the decisions/actions to deploy resources to implement the strategy”².

In theory of constraints however, the view of the strategy is a simple the answer to the question: “What for?” what is the objective of a proposed change to achieve a higher goal. Tactic is simply the answer to the question of “How to?” the specific decisions or actions are needed to achieve the objective of this change.

b. Asymmetric Negotiation

Basically, asymmetry negotiation is the opposite of symmetry negotiation. If symmetry negotiation consists of actors who have equal or similar in power, asymmetry is a relation which is based on unequal

² Barnard Alan (3 June 2012) in TOCICO Conference.

power. In other world asymmetry negotiation has characteristic as its different power distribution between one to another.

In symmetry negotiation actor A has the capability in power equally to actor B. So, in this case both of them may have influenced each other. It is different from asymmetry negotiation which actor A has the stronger capability in power than actor B. Actor A has the ability to change or control actor B, but actor B cannot change or even interfere actor A. This thing is a clear explanation because actor A is bigger than actor B in power. In other words actor B is very depending on actor A, but vice versa that actor A is not depending on actor B.

Asymmetry negotiation could be described as the influence of bigger force to the small one, the large to the small, the strong to weak even the rich to the poor. Asymmetry relation is the imbalance to between one to another in talking about some deals. So, something is that always happening in this case is actor A against actor B in their own interest.

The perspective of symmetry or asymmetry can be found in different forms and in all four stages³:

³ Frank R. Pfetsch University of Heidelberg, institut für politikwissenschaft, 6 marstallstrasse, 69117 heidelberg, germany

1. The structural relationship between the negotiators on both sides evaluated in terms of strong or weak, rich or poor, as perceived by the negotiating parties.
2. The process of negotiation itself that shows the behavior of the negotiators in their dealings with each other by making use of different negotiation instruments.
3. Third party intervention.
4. The outcome of the negotiation process.

The actor in a negotiation is group or individual as representation. The group here, can be a state, corporations, political party, MNC and even everyone who wants to get what they want. In negotiations, the issues that will be discussed might be varied. It can be economy, security, social and other subject to make deal as a final decision. Diplomacy has a different type, depends on how many representatives involving there. Diplomacy which exists from two representatives can be called as bilateral, while more than three representatives can be mentioned multilateral and unilateral.

In this undergraduate thesis, the writer analyzed the kind of diplomacy of China towards Laos, Cambodia, Thailand and Vietnam as an object of dispute. Not only this, but China also has to do its action of diplomacy outside from individual state such as in MRC meeting and ASEAN itself.

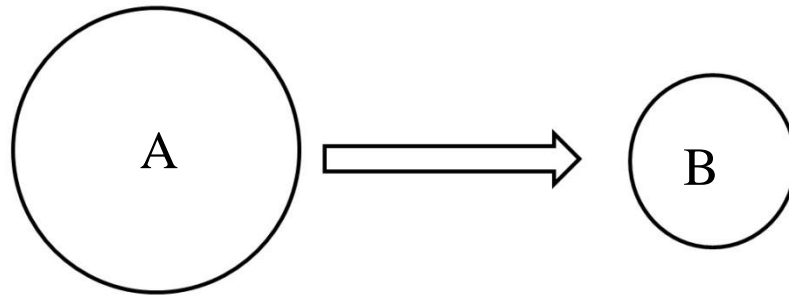
c. Power Relations

Basically, power in international relations means someone ability in controlling, changing or even forcing one thing into another thing. Power is also a status of actors in international relations such as low power, small power, middle or high power. In this status, like dignity for the actor, status has the ability to influence another state in diplomatic relations.

In power relations, there are two actors involved. Actor A responds to actor B. Here, actor A has greater power than the actor B. Thus the image of the two actors has different size. When image A is larger than the picture of B it means that the actor A has the ability to change the actor B, because power has the ability to transform a form into another form.

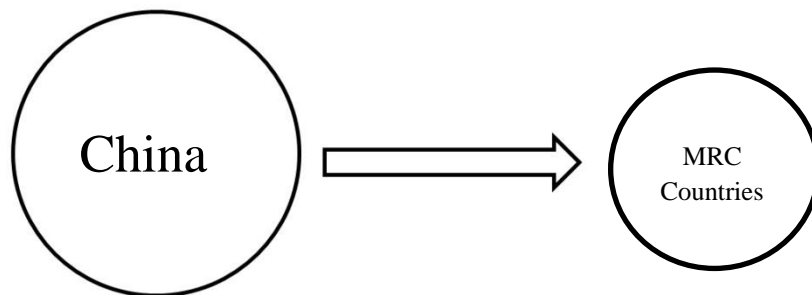
Power becomes so important in relations among states because without power actors are nothing. Every single relation has its own interest, the interest can be anything depends on the actor's desire. There are a lot of power such as military, economy, diplomacy and many thing else. In diplomacy its self, it can be soft and also hard power.

Picture 1.1 Power Relations



If the theory is implemented into the Mekong issue the above model would turn out to be like this.

Picture 1.2 China-MRC Power Relations



It is because China has a greater power compared with MRC countries. The above power indicator is taken from national power. National power is the potential which is owned by a country that can be seen directly and indirectly.

According to Hans J. Morgenthau in his book *Politics Among Nations* says that the elements of national power consists of geography, natural resources, industry capability, military preparedness, population, national character, national morale, quality of diplomacy and the quality of governance. From these characters we can divide it into two characteristics, the first one is tangible and the second is intangible. Tangibles courses are geography, natural resources, industry capability, military readiness and population. While Intangibles are national character, national morale, quality of diplomacy and the quality of governance.

From the above creteria we can see that China has a vast geography, a lot of natural resources, the strongest military power in Asia, and the biggest number of population in the world so that the “Global Fire Power” put China as the third country which has the strongest power in the world after the USA and Russia. On the other hand, members of the MRC are only small countries which are classified as developing countries.

E. HYPOTHESIS

The strategy of China’s policy towards MRC countries on Mekong River issues is “multilateral and bilateral relation by using asymmetric negotiation with power of investment and aid”.

F. RESEARCH METHODOLOGY

This thesis used a qualitative approach. The data are collected from library research, internet media, news in television, activist documentaries of Mekong River.

G. RESEARCH RANGE

This undergraduate thesis is focusing on China's strategy in Mekong issue. The actors are China and Lower Mekong countries which are the members of MRC. Although Myanmar belongs to the Lower Mekong countries but Myanmar is outside the MRC countries. So, Myanmar is not being explained in this undergraduate thesis. The writer also limited the time during 1995 to May 2014. So, the writer explained about the process of Mekong River becoming South East Asia hot topic in 1995 and finally the issue was peter out. Although the writer used the time range but other important thing before or during that time would be considered by the writer.

H. THE SYSTEM OF WRITING

The outline of this research is described as follows:

Chapter I explains about the background, research questions, research purposes, theoretical framework, hypothesis, research methodology, research range and system of writing.

Chapter II discusses The People's Republic of China's foreign policy towards Mekong River Commission. It covers the China's foreign policy meaning, Indochina state, China-Indochina relations and China's policy in economy, political security, bilateral relations and multilateral relations.

Chapter III explains Mekong River dispute, Mekong as the potential power in Yunnan province, lower Mekong problems, demonstration and Mekong River Commission.

Chapter IV discusses China's strategy in Mekong River as potential natural resources, promoting potential power and investment to Lower Mekong, China's strategy in bilateral and multilateral

Chapter V is the conclusion from all chapters and also the research answers of the research.

CHAPTER IV

CHINA'S STRATEGY IN MEKONG RIVER ISSUE

China relations with four lower Mekong countries are complex. The relation among them is sometime good but in another time, it seems difficult. Mekong River has lot of benefits but it becomes sensitive issues for using it without any compromising to lower Mekong. After long time of conversation among them, finally the decision is taken. China put the respect to Indochina as closest neighbors to the south. As a neighbor, the relationship between one and another should be side by side in harmony. That's why it is more beneficial for China became closer to the lower Mekong countries and use political means rather than using the military force. As we know that China is a country that is more powerful compared to other countries in Indochina. China is ranked as the third strongest country in the world according to the Global Fire Power. Compared to Thailand, Laos, Cambodia and Vietnam they are outside the top ten ranking in military power. In this case, China has the ability to use military force against the lower Mekong. In fact, however, China does not use military force to resolve the existing problems in the Mekong River. China prefers to use a more diplomatic way to its neighbors.

China also respects the ASEAN members to create good relation in another interest. As we know that ASEAN becomes the balancing power between the USA and China. ASEAN is a very important organization in both of those great countries.

This can be proved by a number of organizations that want to join and work with ASEAN. ASEAN is a regional organization that is consisting of 10 major countries. However, in the course of ASEAN, it has more relationships like ASEAN + 3 from outside. In addition, ASEAN has another relation like ASEAN + 6 (East Asia Summit).

The Continuity of the organization was not just stopping there. ARF is a forum that is attended by major countries in the world. So it can be concluded that the ARF is largely influenced by the ASEAN. It can be shown that the ASEAN position is as a balancing power between east and west or more specific in balancing between the USA and China, if ASEAN becomes closer to China then the power will be greater in the east than the west. This means that it gives a new issue to the US. And if ASEAN comes closer to the US it will create problems for China. Based on that, the importance of ASEAN as a balancing power between west and east will make China taking a more cautious policy towards ASEAN. If the Mekong issue is not resolved using well policy then it will make ASEAN closer to the western powers. This issue, that is can be worsned issues involving ASEAN members in the South China Sea dispute. In the South China Sea dispute, the Philippines, Vietnam, Brunei and Malaysia are the ASEAN members who are involved in it. So if the Mekong issue is not resolved in a good ways, it will be difficult for China's policy in the international world.

The strategy that is used by China on the lower Mekong countries divided into two approaches. The first is a multilateral approach and the second is a bilateral approach. The approach are certainly as a bridge to connect the national interest of China against countries that lay beneath. China's emerging role in the field of finance and trade in Cambodia, Laos and Vietnam made a fast-changing situation.

1. MULTILATERAL RELATIONS

In multilateral relations, China conducts cooperative relationship with the MRC. This relationship has long enough to talk about the Mekong River issue. As we know that the relationship between China and Indochina is fluctuated. Sometimes good and sometimes there are lots of problems between them. However, the Indochina is the nearest neighbor of China. So China needs it for political stability in the region. In implementing multilateral relations between China and the countries of the lower Mekong, China and the Mekong River Commission held a summits to discuss and work together for common development. The summit aims to find a way out of the problems in the Mekong River. Countries which involved are the country that are crossed by the Mekong River from upstream to downstream. This meeting has lasted twice since 2010. First summit of the Mekong River commission took place in Hua Hin, Thailand, 2-5 April 2010. This also marked the founding of the Mekong River Commission in 15 years. The meeting was discussed the

trans-boundary water resources management in a changing world. At first summit of the Mekong River, China sent its diplomats as representatives of the country. The vice minister of foreign affairs of PRC said that the Mekong River is an asset of all the sub-region. Mekong River has made a significant contribution to the renewable and clean energy. With clean energy, it will certainly reduce the impact of climate change in the world. He also expressed

"The Chinese Government is committed to Achieving sustainable development and use of the Lancang River water resources. We lay equal emphasis on development and conservation and seek to serve the common interests of China and the downstream countries."⁴

This showed that China is serious about the responsibility in using the natural resources. The second summit of the Mekong River Commission took place in Ho Chi Minh City, Vietnam, April 5, 2014. This meeting is the continuing of a meeting held four years ago. In the last meeting, China offered some important things to be discussed together. Speech that is delivered by the minister of water resources of the PRC in Vietnam was about four suggestions regarding to the use of the Mekong River. The first is the development strategies should be more connected and aligned. China will pay more attention to ecological progress and development transformation. The second is the integration of planning in

⁴ Vice Minister of Foreign Affairs of the People's Republic of China at the 1st Summit of the Mekong River Commission

regard to practical corporation. China will continue to build the communication with the lower Mekong countries and promote productive relationships related to the information of hydropower. The third is enhancing cooperation on hydropower development. This is a very important point from the previous point. Chinese interests in the Mekong River are utilizing the power of the river as clean and low cost energy. China will promote these suggestions to support economic growth and social development to every single Mekong member states. In this case, China will provide facilities to other countries in Indochina as the one that having experience in the affairs of the hydropower engineering and water management. China will provide technical training to management hydropower, flood forces, prevention and visit the hydrological station at the upper and downstream. The last is China has sound cooperation in the Mekong River Commission members in the downstream. As we know that the relationship between China and Indochina should be continued. China should give a lot input to the MRC as partner countries. Both are needed each other.

2. BILATERAL RELATIONS

Natural resources are very sensitive issue in the international relations. It is certainly a national interest of every country. Countries will fight each other to gain the interest of the country either using military force or by peaceful means.

a. Laos

According to World Bank the total population of Laos in 1995 was 4.751 million. This figure rose sharply in 2013 as many as 6.77 million. This result certainly showed that the increasing of population is quite high. Laos is also one of the developing countries in Southeast Asia that are not so fast in economic growth if it is compared with its neighbor state that is Thailand. Laos is a country that is directly adjacent to the mainland of China. That is why Laos gets the direct impact of the building of several dams in southern China.

However, the cooperation between the government of Laos and the People's Republic of China are going well. China offers several options as a solution to the dispute in the Mekong River without violence. China provide the financial support to Laos to build 9 of their own dams and used as state revenue. China will support in the form of investment and also professional people. The first dam would be built was Xayaburi Dam in 2010. According to International River, the Xayaburi dam would generate 1,285 megawatts of Mekong river flow. This is great for Laos's government project on energy sector. Xayaburi dam project would be financed by Thailand's commercial bank, including state-owned Krung Thai Bank. The dam would provide more revenue to the government of Laos in energy sector. If Laos can build nine dams then this will have positive effects

on the free energy in the country. In addition, Laos can also sell the electricity to the neighbor countries like Thailand. The presence of a large power plant is certainly providing revenue to the state every year. Laos in this case choose to take it as the biggest producer of electricity in the main land of South East Asia. Laos must choose one of the options given by the China. These options are also including its participation in water exploitation as resources for electricity which is aided by the investment funds of China. The other option is choosing to maintain stability in Mekong river environment. This is a very serious option for the government because if Laos take the second option, the Chinese would continue to exploit the water project in the Yunnan province. In this case the decision was taken as the option "take it or leave it". So that the most beneficial step for the Laos government is taking the first choice as the largest electricity producer in Indochina.

b. Cambodia

Cambodia has a common resolution of the problem of the Mekong River that is not really different from Laos. The difference lies only in the amount of support that the dam will be founded in Cambodia. According to World Bank in 2003 Cambodia GDP was USD 4.65 billion. This shows that Cambodia is a developing country.

Cambodia desperately needs strong economic growth to be more competitive with its neighbourhood.

China also offers solutions to help Cambodia in building two dams in its country. By using two dams, it can be used as the income of the country. This is very beneficial for the Cambodia. The Cambodian will get cheap electricity for enhancing the country's economy in the industrial sector. This development will certainly have an impact on other sectors. Again, Cambodia position is not different so far from what happen in Laos. Cambodia must choose one of the options given by the China. These options are also participating in water exploitation as resources for electricity which is aided by the investment funds of China, or choose to maintain stability in Mekong river environment. The result consequences were clear. If it is taken, Cambodia will get benefits from the energy to the country's economic growth, whereas if Cambodia refuse the offer given by China then it will be not significant results to the environmental issue in Mekong. Similar to Laos, in this case the decision was taken as "take it or leave it". So that the most beneficial step for the Cambodia government is taking the first choice in obtaining cheaper electricity to help the country's economic growth.

c. Vietnam

Vietnam is the last country crossed by the Mekong River. Although the distance that is crossed by the Mekong River is not as far as the distance of other countries but it remains a country of Mekong river users. Mekong River is also crossing to Vietnam and it is known as Mekong Delta. Mekong delta has a function as a source of life for people in Vietnam.

For the Mekong delta problem, China did not contribute much to the government of Vietnam. Eventhough Vietnam does not get much of benefit, it does not mean it will not have much impact, we may see it in one side with 3 states that are supported under the lower Mekong. It means that MRC has not enough power anymore to give the pressure to China in the case of the Mekong because most of the countries have their own deal with China. In another side, the length of Mekong River that is acrossing Vietnam is very short and different from the 3 other countries. Many issues between Vietnam and China are in border of states, including the South China Sea and demonstration in Vietnam. This situation has indirectly influence to both of the country in their foreign policy. Vietnam is the important actor in the Mekong, but China can handle other states to support its the policy in the case of Mekong River.

d. Thailand

Thailand is a country that is not directly got profits from this issues. Thailand build their own dam without China's investment, even it supports Laos in building its dams. Thailand moves rapidly to encourage investment and commitment to the planning of the Mekong region. Prime Minister Yingluck Shinawatra is committed issued 2.75 trillion baht (\$ 90 billion) to assist the successful launch of the ASEAN Economic Community and the economic expansion of the Mekong Sub-region. This relations mean that Thailand's government are happy with the distribution of power in the Mekong. The main reason that makes sense is that Thailand also needs electricity to drive the economy in his own country.

Thailand will gain the purchasing power at a low price. This power comes from Laos who had built the dam 9 after it is completed. It is certainly beneficial to the economy of Thailand, because it can reduce the state budget in country's electricity needs. Because energy is the main source of human life, with cheap energy will support the growth in many sectors especially economic growth.