

PERSPECTIVE

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Lancang-Mekong Cooperation: A Cambodian Perspective

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EXECUTIVE SUMMARY

- The China-led Lancang-Mekong Cooperation (LMC) project, launched in 2015, is going to be a dominant sub-regional mechanism in the Mekong sub-region. It is the key instrument for China's multilateral engagement in the greater Mekong sub-region, which is a growth centre as well as a strategic frontier.
- Cambodia has comfortably embraced China-led multilateral initiatives including the LMC. China's economic support has enhanced the performance legitimacy of the governing elite in Cambodia.
- LMC has five key attributes that Cambodia identifies with: collective leadership, political trust and leadership, practical cooperation, compatibility and complementarity with the existing regional mechanisms, and South-South cooperation. Sustainable resource management is Cambodia's main concern.
- The key challenges facing LMC members are the differences and conflicts over the management of transboundary water resources and the concerns that LMC could lead to the marginalisation of existing regional mechanisms such as the Mekong River Commission (MRC) and the Greater Mekong Subregion (GMS).
- LMC should promote good governance, strengthen institutional capacity, and build synergies with existing regional mechanisms. To assuage the concerns from the lower Mekong countries, rules-based water resource governance should be promoted.

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INTRODUCTION

Regionalism or sub-regionalism in the Mekong region has gained new momentum after China launched the Lancang-Mekong Cooperation (LMC) in 2015 as part of China's diplomatic and political advances in this region. In January 2018, Cambodia, as the rotating co-chair, successfully hosted the 2nd LMC Summit by injecting new ambitions and future action plans into the equation.¹ Notably, three years after its inception, the LMC has become a prominent sub-regional institution in the Mekong region, and can be expected to influence and shape the region's geopolitical, economic, social and ecological landscape.

The Mekong countries have expressed support for the China-led LMC in varying degrees. Myanmar, Thailand and Vietnam are more cautious of China's strategic intentions compared to Cambodia and Laos which are relatively comfortable and confident in accepting China's geo-economic presence. Cambodia is most enthusiastic of China-led multilateral mechanisms, including the LMC, due to its own economic and political considerations. This Perspective discusses Cambodian perspectives on the LMC and discusses the challenges facing LMC and its prospects.

BACKGROUND

The Mekong region is an emerging growth centre as well as a new strategic frontier particularly amidst unfolding geopolitical shifts and the major powers' contestation in the region. The China-led LMC is emerging as a dominant sub-regional institution due to China's ascending political clout and economic influence.² LMC is one of the key manifestations of China's economic statecraft in Southeast Asia.^{3 4}

As claimed by China, LMC seeks to uphold the spirit of openness and inclusiveness and is compatible with and complementary to other sub-regional cooperation frameworks. Additionally, LMC aims to build a multi-layered functional structure, and promote regional cooperation under three pillars of politics and security, economics and sustainable development, and social and cultural exchanges. Currently there are five priority cooperation areas comprising connectivity, production capacity, cross-border economic cooperation, water resources management and agriculture and poverty reduction. In 2018, China suggested expanding the areas of cooperation to 5+X, meaning the member countries can propose and work together in other areas apart from the existing five areas of cooperation.

At the first LMC Summit in Sanya in 2016, a 26-point statement was issued with a focus on trust building measures, institutional connectivity, economic linkages and cooperation on non-traditional security issues. The 2nd LMC Summit, held in Phnom Penh in 2018, adopted the Phnom Penh Declaration and five-year plan of action (2018-2022).⁵ Multi-layered institutionalism, pragmatism, and functional cooperation are the main characteristics of the LMC, an initiative which in effect is a government-guided, multiple-participation, and project-oriented model. The leaders' meeting is the top decision-making body, with the

support from three other mechanisms including the foreign ministers' meeting, the senior officials' meeting, and the sectoral and diplomatic working group meeting.

China is the permanent co-chair while each of the other LMC members are rotating co-chairs with a term limit of two years. A national secretariat has been established in each of the six member countries to coordinate LMC-related projects and activities, and a hotline communication platform was created to coordinate the national secretariats. The possibility of setting up the LMC International Secretariat is being explored. LMC logos and other symbols for the LMC are being developed in order to promote the unity and common identity of LMC.

CAMBODIAN VIEWS

Economic pragmatism – the perception and behaviour of the state in aligning its foreign policy with economic interests, transforming the international environment to serve national development agenda, and diversifying strategic partnerships based on economic calculation – is the defining feature of Cambodia's foreign policy.⁶ Regional integration is vital to the country's development and international standing as it provides the country with market access and attractiveness to foreign investments. Cambodia regards LMC as another complementary mechanism that can help realize its development vision as well as strengthen its regional integration and connectivity projects.

In its five-year national development strategy (2013-2018), dubbed the “Rectangular Strategy Phase III”, the Cambodian government sets out a vision that by the end of the second decade of the 21st century, Cambodia is to “reclaim a full ownership of its own destiny”, while becoming “a real partner in regional and global affairs”. It further stresses that Cambodia is “actively integrating itself into regional and global affairs on equal footing and with equal rights as other nations”.⁷ However, the objective has not been completely achieved due to troubling domestic politics and complex regional geopolitics. The government has issued a new five-year development strategy (2019-2023) with the focus on human resource development, economic diversification, private sector and job development, and inclusive and sustainable development. Concerning regional integration, the government stresses regional connectivity particularly under the framework of ASEAN and the Belt and Road Initiative (BRI).

Collective Leadership

As a co-founding member and as co-chair of LMC, Cambodia is able to shape its development agenda and modalities for implementation from the very beginning. Through proactive participation, the Cambodian governing elites feel more accountable and have a sense of ownership of the initiative, and they even take on a certain leadership role in pushing some parts of the LMC agenda. For instance, Cambodian Foreign Minister Prak Sokhonn stated, “LMC is important for Cambodia because, as a co-founding member, it can shape the agenda and the modalities of the mechanism”.⁸ He added, “We seek to optimize this

cooperation model by gradually expanding it onto larger sub-regional projects that can jointly form a LMC Economic Development Belt”.⁹

Political Trust and Leadership

Political will and trust are the most important capital in regional cooperation. An advisor to the Cambodian government said, “LMC has political clout, so the question is, how can they work together to incorporate the political vision and agenda of the leaders? At the end of the day, cross-border issues cannot be solved through just technical work; political will is needed”.¹⁰ The key strengths of LMC are in the presence of a clear-sighted leadership and in strong political support from all leaders of the six member states.¹¹ Each of the five Southeast Asian Mekong countries has already established comprehensive strategic cooperation with China. As such, the LMC is a natural, logical and pragmatic move to consolidate the bilateral mechanisms into a sub-regional cooperation framework in order to take full advantage of geographic proximity, affinity and economic complementarities.

Practical Cooperation

The main characteristics of the LMC cooperation is its “project-based orientation”. Practical cooperation and project-driven initiatives provide the member countries with a strong sense of ownership. National ownership is indeed the prerequisite for long-term sustainability of regional projects and initiatives. Cambodia believes that regional integration is an important pathway towards narrowing the existing development gap among the Mekong countries. At the second LMC Summit, Cambodia secured 16 projects covering a broad range of fields from enhancing people livelihood, to capacity building in the fields of education, health, tourism, and ICT, to developing cooperation exchanges in Buddhism, to conserving and protecting cultural properties.

South-South Cooperation

As a developing country, Cambodia has been advocating further South-South cooperation, which refers to development cooperation and mutual support between developing countries. In a broader context, the LMC also contributes to South-South cooperation. Prak Sokhonn said, “On a grander scale, I believe that LMC could be considered as a new model of South-South cooperation that supports the LMC member countries to deliver economic prosperity to its people under the framework of the United Nations 2030 Agenda for Sustainable Development”.¹²

Complementarity with Existing Regional Mechanisms

The Cambodian government also appears to believe that LMC is compatible with and complementary to existing regional mechanisms. Cambodia has shown strong interest in strengthening synergies between LMC and other regional initiatives such as GMS, MRC, and the Master Plan of ASEAN Connectivity (MPAC) and the Belt and Road Initiative (BRI).¹³ In fact, LMC is regarded as an evolving mechanism that can gradually be expanded to form a

LMC Economic Development Belt.¹⁴ In contrast to other lower Mekong countries which are concerned with the predominant role of LMC over other sub-regional mechanisms such as MRC and GMS, Cambodia views these mechanisms as compatible and complementary to each other.

LMC helps accelerate the process of ASEAN community building in three possible ways. First, it complements well the ASEAN Master Plan of Connectivity with the focus on infrastructure development, institution building and coordination and people-to-people ties. Second, LMC contributes to narrowing the development gaps within the region.¹⁵ The least developed economies, i.e. the CLMV countries, are all located in the Mekong region. Hence developing the Mekong region will assist these countries in catching up with other ASEAN members. Third, LMC further energizes the vision of building a people-oriented and people-centred ASEAN. One of the priority areas under LMC is the eradication of poverty and the promotion of people-to-people ties within the region.

CHALLENGES

Structurally, the overwhelming economic and military power of China has caused strategic anxiety among the smaller, weaker neighbours.¹⁶ Among the lower Mekong countries, Vietnam is most concerned with China's strategic ambitions. The Mekong region could serve as the springboard for China to expand its sphere of influence in the Asia Pacific. For Vietnam, the Mekong Region is not only facing challenges derived from unsustainable management of water resources but is also becoming a ground for geopolitical rivalry. The Mekong region is "the core area to project Vietnam's position in the Asia Pacific".¹⁷

Although there are strong economic linkages, political and strategic trust remains an issue between China and its regional neighbours.¹⁸ Other concerns are that LMC might marginalise existing regional mechanisms such as the MRC, GMS, and the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS). Additionally, China might use LMC to shape the discourse on inherently controversial transboundary issues such as water resource management in its favour¹⁹ and as a basis for acting as "hydro-hegemon" in the region.²⁰ This worry is worsened by increasing concerns over the influx of Chinese investment projects and infrastructure developments that have caused public discontent and political tension in the host countries, such as issues associated with Chinese workers, transnational crimes, labour rights violation, and the environment.²¹

Regarding transboundary water resource management, Cambodian Foreign Minister Prak Sokhonn opined that, "when it comes to cross-boundary environmental challenges and non-traditional security threats facing the Mekong sub-region, a very strong political will and mutual trust among the LMC countries are required".²² Although the LMC includes sustainable management of the Mekong River, it hasn't been clear how its work in this area will complement that played by the MRC. As an analyst has argued, "As the most prolific builder of hydropower dams in the region, China's potential stewardship of the Mekong River has been met with concern."²³ Separately, MRC's CEO Pham Tuan Phan has suggested

that, “considering the growing pressures on the basin – population increases, infrastructure development, and climate impacts [...] we need to work together, across borders and sectors, to ensure equitable sharing of water resources and related benefits.”²⁴

For Cambodia, the main concern is the management of Mekong water resources. The construction of hydropower dams on the main river has caused significant damage to biodiversity and the quality and quantity of water flow especially during the dry season, which in turn affects the livelihood and wellbeing of the local people. Lim Kean Hor, Minister of Water Resources and Meteorology, wrote that, “While increasing demand for water use represents economic growth and expansion, it also puts the Mekong’s sustainability at risk, especially as a result of infrastructure development across the river system”.

In response to these concerns, China has robustly implemented economic statecraft and institutional statecraft to address the security threat perception and build a more benign bilateral and multilateral networks of regional relationships. South-South cooperation is one of the strategies to promote equality between China and its small peripheral countries and common development objectives. Chinese Premier Li Keqiang has asserted that LMC “enriches South-South cooperation and efforts to foster a more open, inclusive and balanced economic globalisation that benefits all.”²⁵

OUTLOOK

Power shifts, geopolitical competition, and transboundary security issues will further complicate regional cooperation in the Mekong region. China has systematically exerted influence in the region by implementing simultaneously economic inducement, political and strategic engagement, and upstream hydro-politics. Other regional powers, especially Japan and India, and the extra-regional United States, can be expected to shore up their strategic and economic engagement with the Mekong countries in order to check the rising influence of China in the region.

The China-led LMC is emerging to be the dominant sub-regional mechanism in the Mekong region as it has more resources and relatively efficient cooperation mechanisms—compared to other mechanisms initiated by Japan, India, South Korea, and the US. A certain level of political trust, common economic interests, cooperation principles, and institutional flexibility explain the attractiveness and relevance of LMC. The outstanding challenges and issues are, sustainable management of the trans-boundary water resources and prevention and resolution of resource-driven tensions and conflicts. Studies suggest that the best way to protect the Mekong’s valuable resources is to invest in non-hydro renewables, regional power trading, and smart hydropower planning.²⁶

Going forward, LMC should consider having good governance at the core of its policy coordination and institutional connectivity and build synergies between LMC and other regional mechanisms such as the MRC, GMS and ASEAN. LMC needs to further promote a

rules-based water resource governance to avoid conflicts and tensions between the riparian countries over the usage of the resources.

Concerning sustainable water resources management, LMC needs to work closely with the MRC to set common standards and rules on integrated water resource management. Developing a code of conduct for the Mekong River Basin would help reduce and prevent tensions over the management of transboundary water resources. The code should include three main components: confidence building measures, preventive diplomacy and dispute settlement mechanisms. Hotline communication, early warning, and using the “good offices” of diplomacy are vital to the prevention of resource-driven conflicts among the riparian countries.²⁷

¹ Cambodia was the rotating co-chair of the LMC from its inception in 2015 to 2018. China is the permanent co-chair. The next rotating co-chair is Lao PDR, which will chair the 3rd LMC Summit in 2020. The Summit takes place bi-annually, while the foreign ministers’ meeting takes place annually.

² Pongphisoot Busbarat (2018) *Grabbing the Forgotten: China’s Leadership Consolidation in Mainland Southeast Asia Through the Mekong-Lancang Cooperation*. ISEAS Perspective No. 7, 6 February 2018. Singapore: ISEAS – Yusof Ishak Institute.

³ Chheang, Vannarith (2018) *China’s Economic Statecraft in Southeast Asia*. ISEAS Perspective No. 45, 15 August 2018, Singapore: ISEAS-Yusof Ishak Institute.

⁴ Nguyen, Dinh Sach (2018) *The Lancang-Mekong Cooperation Mechanism (LMCM) and Its Implications for the Mekong Sub-region*. Issues and Insights Working Paper Volume 18, WP1, January 2018. Honolulu: Pacific Forum CSIS.

⁵ The action plan 2018-2022 consists of two phases of implementation. Years 2018 and 2019 will be the foundation-laying stage, when emphasis is focused on strengthening sectorial cooperation planning and implementing small and medium-sized cooperation projects. The years 2020–2022 will be the consolidation and expansion stage, when member countries will further strengthen the cooperation in the five priority areas and explore new cooperation areas in response to the development needs of member countries, optimize cooperation model and gradually enter into cooperation on large projects.

⁶ Chheang, Vannarith (2018) *Economic Pragmatism and Regional Economic Integration: The Case of Cambodia*. Asia Pacific Bulletin No. 429. Washington DC: East West Center.

⁷ Royal Government of Cambodia (2013) *Rectangular Strategy Phase III*. Phnom Penh: Council of Ministers.

⁸ Ministry of Foreign Affairs and International Cooperation of Cambodia, <https://www.mfaic.gov.kh/wp-content/uploads/2018/01/Ministry-of-Foreign-Affairs-and-International-Cooperation-201801-1-6.pdf>

⁹ Interview of Prak Sokhonn, Senior Minister, Minister of Foreign Affairs and International Cooperation with the Xinhua News Agency, 21 March 2018, http://kh.china-embassy.org/eng/zg/jx_1/t1544051.htm

¹⁰ Sok Siphana, Advisor to Royal Government of Cambodia, Interview with Khmer Times, 10 January 2018, <https://www.khmertimeskh.com/50100905/sok-siphana-discusses-lancang-mekong-cooperation/>

¹¹ Sok Siphana, Advisor to Royal Government of Cambodia, remarks at CISS Public Forum on Mekong-Lancang Cooperation: Building Peace and Prosperity in the Greater Mekong Sub-Region, 4 January 2018. Phnom Penh: Royal University of Phnom Penh.

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- ¹² Xinhua News Agency, “Interview: Cambodia highly values Lancang-Mekong Cooperation leaders’ meeting, Chinese premier’s visit: FM”, 11 January 2018, http://www.xinhuanet.com/english/2018-01/11/c_136887507.htm
- ¹³ Interview with Mr. Prak Sokhonn, Minister of Foreign Affairs and International Cooperation with Xinhua News Agency on 21 March 2018, http://kh.china-embassy.org/eng/zgix_1/t1544051.htm
- ¹⁴ Interview with Prak Sokhonn, Senior Minister, Minister of Foreign Affairs and International Cooperation with the Xinhua News Agency, 21 March 2018, http://kh.china-embassy.org/eng/zgix_1/t1544051.htm
- ¹⁵ Sok Siphana, Advisor to Royal Government of Cambodia, Interview with Khmer Times, 10 January 2018, <https://www.khmertimeskh.com/50100905/sok-siphana-discusses-lancang-mekong-cooperation/>
- ¹⁶ Pongphisoot Busbarat (2018) *Grabbing the Forgotten: China’s Leadership Consolidation in Mainland Southeast Asia through the Mekong-Lancang Cooperation*. ISEAS Perspective No. 7, 2018, 6 February 2018. Singapore: ISEAS-Yusof Ishak Institute.
- ¹⁷ Communist Party of Vietnam (2018) Cooperation in the Mekong Region and Vietnam’s Participation, *Communist Review*, 27 July 2018, <http://english.tapchicongsan.org.vn/Home/Foreign-Relations-and-International-Intergration/2018/1141/Cooperation-Mechanisms-in-the-Mekong-Region-and-Vietnams-participation.aspx>
- ¹⁸ Sanchita Basu Das (2018) Do the Economic Ties Between ASEAN and China Affect Their Strategic Partnership? ISEAS Perspective No. 32, 21 June 2018. Singapore: ISEAS-Yusof Ishak Institute.
- ¹⁹ Poowin Bunyavejchewin (2016) The Lancang-Mekong Cooperation (LMC) Viewed in Light of the Potential Regional Leader Theory. *Journal of Mekong Societies* 12, No. 3, pp.49-64.
- ²⁰ Blacke, David J.H. and Robins, Lisa (2016) “Introduction: A Backdrop to Water Governance Dynamics in the Mekong Region”, in David J.H. Blake and Lisa Robins (eds.) *Water Governance Dynamics in the Mekong Region*. Selangor: Strategic Information and Research Development Center, pp. 1-19.
- ²¹ Nguyen Dinh Sach (2018) The Lancang-Mekong Cooperation Mechanism (LMCM) and Its Implications for the Mekong Sub-region. *Issues and Insights Working Paper Volume 18, WP1*, January 2018. Honolulu: Pacific Forum CSIS.
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- ²³ Alessandro Marazzi Sassoon (2018) China’s sway clear at Mekong summit, the Phnom Penh Post, 3 April 2018, <https://www.phnompenhpost.com/national/chinas-sway-clear-mekong-summit>
- ²⁴ Mekong River Commission, <http://www.mrcmekong.org/news-and-events/news/3rd-mrc-summit-sets-out-to-strengthen-joint-efforts-and-partnerships-for-sustainable-development-in-the-mekong-river-basin/>
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- ²⁶ Brian Eyler (2018) “Preventing ecological crisis in the Mekong region”, *ASEAN Focus*, Issue 1/2018, pp. 4-5, Singapore: ISEAS-Yusof Ishak Institute.
- ²⁷ Chheang, Vannarith (2018) Code of Conduct for the Mekong, *Khmer Times*, 3 April 2018, <https://www.khmertimeskh.com/50298648/code-of-conduct-for-the-mekong/>

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