Chinese Hydropower Investment in the Mekong Region –

Impacts and Opportunities for Cooperation:

Perspectives from Civil Society

Zao Noam & Pianporn Deetes

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Mekong Region
Yunnan of PRC, Myanmar, Lao PDR, Thailand, Cambodia, Vietnam
Background

- Rapid transformation in the region due to surge of economic growth both in China and ASEAN
  - Shift in energy supply/demand
- Rapid hydropower investment in Mekong region, mostly pushed by Chinese corporations
Map of Dams in the Mekong Region

Original Graphics: TERRA
Chinese Regional Hydropower Investment

• China reaching hydropower potential cap
  → pushing out for more markets and resources
  → investment opportunities

• Total of 50 dams/transmission lines in Mekong Region involving total of 21 different Chinese corporations
Energy Demand & State Energy Utilities

- Questionable actual energy demand in region
- Since 1993, 12 out of 13 forecasts that predicted energy demand for Thailand was in reality never reached
- Economic growth index over-estimated every year
- Utilities hold a perverse incentive to overestimate power demand
Energy Demand & State Energy Utilities

• State-controlled energy utility enterprises controls decision-making process on which power plants to build, but all costs transferred to consumers
• Undermines any alternative energy efficiency promotion
• PDP crafted by energy utilities
  – Conflict of interest has led to exaggerated energy demand forecasts
• Not grounded in market competition following sound economic policy
Case Study 1
Mekong Mainstream Dams
Case Study 1: Mekong Mainstream Dams

Fisheries Livelihoods: Social and Environmental Costs

The Mekong River Basin hosts over 1,300 fish species.

Mekong River Commission: 60 Million People depend on the river.
The most productive freshwater fishery in the world, contributing to regional economies, food security, and rural livelihoods for 60 million rural dwellers.
The deterioration of the riverine ecosystem means a decrease in food security for local people, as well as disrupted economic and social structures, which are tightly linked to a healthy natural ecosystem.
Case Study 2
Dams in Burma/Myanmar

- Dams in conflicts areas esp. in Salween River (Nu Jiang) Basin
- On-going civil war
- Forced relocation
- Instable power plant sites/security
Conditions in Burma/Myanmar

Ongoing civil war & increasing numbers of troops human rights violation on innocent civilian
Influx of refugee from Burma/Myanmar

Photo: Salween Watch
Business involvement in Salween River Hydroelectric projects in Burma can exacerbate an already precarious human rights situation.
Civil Society Recommendations

3 Main Recommendation Categories:
1. Market Analysis
2. Law and Policy
3. Pro-people/poor
Recommendations:

**Energy Market (1)**

- Fair and independent energy regulator (national and regional)
- Internalizing hidden costs in PDP
  - Environmental and social costs
- Demand Side Management (DSM) program
- Alternative conserving-energy solutions
Recommendations:

Energy Market (2)

• **Integrated resource planning (IRP)**
  Sound economic policy, true cost-benefit analysis, energy conservation, and political-economic risk
  Least overall cost to society

• **Decision-making process:**
  Prior and informed consent and full and meaningful participation from all affected stakeholders
Recommendations:

**International Standards, International Responsibility**

- Environmental Impacts Assessment
- Public participation
- Information transparency
- International Conventions
  - *UN Norms on the Responsibility of Transnational Corporations, OECD Guidelines for Multinational Enterprises*
the World Commission on Dams (WCD):

"dams have made an important and significant contribution to human development, and benefits derived from them have been considerable..."
the World Commission on Dams (WCD):

...in too many cases an unacceptable and often unnecessary price has been paid ..., especially in social and environmental terms, by people displaced, by communities downstream, ...and by the natural environment."
WCD’s Guidelines

Gaining Public Acceptance

• Inclusion of stakeholders in decision-making
• Access to information, particularly indigenous peoples, to enable their informed participation in decision-making processes. Public acceptance
• Free, prior and informed consent
Recommendations:
Promoting Domestic Policies Abroad

China relevant domestic laws

Concluding Recommendations

[1] Promote international good will and harmonious, and peaceful co-existence through best business practices abroad
Concluding Recommendations

[2] Ensure meaningful participation of affected people  


[4] Comply with Chinese and international standards

Photo: onasia.com
For further information, please visit www.searin.org

Thank You for your attention