

HEGEMONY AND SOFT POWER THROUGH DEVELOPMENT POLICY BETWEEN CHINA AND JAPAN TO THE IMPACT ON LOWER MEKONG SUB-REGION COMMUNITY



Non Naprathansuk

School of Administrative Studies, Maejo University

Overview

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Greater Mekong Sub-region: GMS

- The Greater Mekong Sub-region (GMS) is a natural economic area bound together by the Mekong River, covering 2.6 million square kilometers and a combined population of around 326 million.
- The GMS countries are Cambodia, the People's Republic of China (PRC, specifically Yunnan Province and Guangxi Zhuang Autonomous Region), Lao People's Democratic Republic (Lao PDR), Myanmar, Thailand, and Viet Nam.
- Lower-GMS : Cambodia, Lao People's Democratic Republic (Lao PDR), Thailand, and Viet Nam

Greater Mekong Sub-region: GMS

- In 1992, with assistance from ADB, the six countries entered into a program of sub-regional economic cooperation, designed to enhance economic relations among the countries.
- The Greater Mekong Sub-regional (GMS) economic cooperation program was initiated by the ADB in 1992 and has since mobilized \$21 billion, with the bulk going to infrastructure projects.
- Hidden Agenda: political ideology between Communist and Democracy



**DÉMOCRATIE
COMMUNISTE**

GMS and Asian Development Bank (ADB)

- The GMS Program, with the support of ADB and other development partners, helps identify and implement high-priority sub-regional projects in a wide range of sectors.
- To realize its vision of a prosperous, integrated, and harmonious sub-region, the GMS Program has adopted a three-pronged strategy:
- Increasing connectivity through sustainable development of physical infrastructure and the transformation of transport corridors into transnational economic corridors.

GMS and Asian Development Bank (ADB)

- Improving competitiveness through efficient facilitation of cross-border movement of people and goods and the integration of markets, production processes, and value chains.
- Building a greater sense of community through projects and programs that address shared social and environmental concerns.

Japan and Lower-GMS

- Japan has joined to ADB since 1966 to offer support and found which was the milestone for hegemony in Southeast Asia.
- Japan has been the top contributor to ADB's Special Funds such as the Asian Development Fund (ADF)
- Japan has contributed \$23.59 billion in capital subscription as of 31 December 2017. It has contributed and committed \$14.82 billion to Special Funds since joining in 1966.
- Japan's official development assistance (ODA) established 1967 focused on Lower-GMS

Japan and Lower-GMS

- Japan has paid attention to the Mekong Basin since the Fukuda Doctrine of 1977, and has been active in the Mekong Basin development scheme since the 1990s. From 1999 to 2003.
- Japan invested in 55 projects (115 billion yen in all), most of which were related to the improvement of transportation infrastructure, the advancement of a special economic zone, and the upgrading of human resource and higher education in the Mekong sub-region.
- Japan established the JFPR in May 2000 to provide grants for projects supporting poverty reduction and related social development activities.

(Michael Hsiao, A. Yang: 2009)

Japan and Lower-GMS



- Most of every Japanese prime minister in recent decades has publicized support for ASEAN and Mekong sub-region.
- The new approach “Indo-Pacific Strategy”
- It is linking the Southeast Asian mainland into a broader Indo-Pacific Strategy allied with India, the United States and Australia.
- Japan which does not include China in its own Mekong-Japan summit process.

China and Lower-GMS

- In the Beginning 1986, China joined ADB for economic and politics hegemony.
- Until, the first wave, 2015 China and ASEAN Mekong Basin Development Cooperation was established to promote economic integration among the Member Countries, thus helping to build the ASEAN Economic Community by 2015.
- The cooperation framework has contributed to the development of infrastructure and human capital in the sub-region and enabled the sharing of the resource.

China and Lower-GMS

- The emergence of growth areas such as the Mekong Basin has underscored the increasing interactions and linkages beyond national boundaries, injecting dynamism into the region.
- The second wave: the implementation “one belt one road policy”, China launched an upgraded project which is Mekong Development: the Greater Mekong Sub-Region (GMS) Economic Cooperation Program, most activities still under ADB shaded

China and Lower-GMS



- Recent wave, Lancang-Mekong Cooperation (LMC) and (The Asian Infrastructure Investment Bank (AIIB, 2015))
- China extensive and in-depth cooperation with countries in the sub-region in infrastructure, agriculture, health, environmental protection, human resources development, transport, trade facilitation and other areas has contributed to the economic and social development in the sub-region and improvement of its people's well-being.

China and Lower-GMS

- In the first 11 months of 2017, the trade volume between China and the Mekong countries reached 200.9 billion U.S. dollars, up 16 percent year on year, higher than the overall growth rate of China's foreign trade, indicating huge potential," Gao said.
- China is increasing investment in Mekong countries, with direct investment in the non-financial sector up 25 percent year on year to reach 3.2 billion U.S. dollars
- China is the largest source of foreign investment for Cambodia, Laos, Myanmar, and the third and fourth-biggest source for Thailand and Vietnam in 2017.

China and Lower-GMS

- Chinese enterprises have also made progress in constructing economic and trade cooperation zones in as well as infrastructure cooperation with the Mekong countries.
- In 2018, Premier Li announced that China is offering more government concessional loans with a total value of 7 billion yuan (€896 million, \$1.1 billion) to the lower Mekong countries - Thailand, Myanmar, Laos, Vietnam and Cambodia.

(Xinhua, 2018)

The impact of development policy

- A hydropower dams planned and being built on the Upper and Lower Mekong River mainstream pose significant threat to the Mekong River and its people.
- The construction of dams on the Mekong River in China, Laos and Cambodia could generate significant economic benefits for the region, but they will also impact downstream fisheries and rice growing regions, mainly by reducing food security and threatening livelihoods

(Apisom Intralawan, David Wood and Richard Frankel, 2017)

The impact of development policy

- The planned Mekong projects would have a negative economic impact for the Lower Mekong Basin (LMB) region; they may provide income to the host countries but could cause a regional social and environmental disaster.
- Copper mines in Myanmar to paper pulp mills and thermal power plants in Vietnam, to heavy-chemical banana farms in Thailand, have raised environmental concerns.
- Laos, Cambodia, Thailand and Vietnam who share the lower Mekong basin are all acutely aware that they are threatened by climate change caused by others. The region has recorded more extreme weather, deeper droughts, heavier rains, bigger floods and much hotter temperatures than ever before.
- Rice yields in the Mekong region could fall up to 15-25% as the heat builds, triggering a food crisis for millions of people.
- Local community conflict; Mekong villagers in fight for their rights : The Administrative Court begins hearing a ground-breaking lawsuit regarding the transboundary impacts of the Xayaburi dam, located on the Mekong River in Laos. The case was filed by 37 villagers from the Network of Thai People in Eight Provinces. The lawsuit is also the first of its kind in Thailand to challenge government approval of power purchased from a project located in a neighboring country.

Conclusion

- on Japan side, Japan did not enthusiasm on GMS until the rise of China in both economic and military. Therefore, Japan pivot intensively on GMS for balancing China power.
- On China side, to complete one belt one road policy, China also strong focuses on expands investment and facilitate infrastructure and other resources as a good neighbor which is tries to rebalancing Japan power in this region.
- However, the real issue is the Development Policy between China and Japan on Lower-GMS do not just only for support or prosperity in this regional, but indeed it is a battle field for hegemony between Japan and China and the cost was on local community along with Mekong river.
- As Joseph S. Nye (1980), the question raised that who is hypocritical country shall fall on the game?

Thank you