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Promise and peril of the mighty Mekong

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For the first time in history, the world's 12th-longest river holds the promise of becoming a 4,200km corridor-o--commerce serving 230 million South-East Asians. But will the dream be imperilled by a clash of development objectives?

TheMekong flows languidly through the sleepier parts of South-east Asia and China.

At some points, too, it becomes a tumultuous white blur, boiling over the rapids and waterfalls which had once defied traders or colonisers dreaming of quick access to the vast Chinese heartland.

At its source, the world's 12th-longest river consists of cold blue threads fed by glaciers from the secret fringes of the Tibetan Plateau.

Its character changes along its jagged journey of 4,180 km to the South China Sea but, to multitudes residing in the Mekong Basin, the river has been bountiful consistently and can be counted on for a life-sustaining array of needs.

These run the gamut of navigation and irrigation, giant catfish and fertile farmlands.

Lately, Asean governments have awakened to the high investment potential of the lands through which the mighty Mekong flows or forms national borders.

Last December, at the fifth Asean Summit in Bangkok, the grouping forged a new consensus to harness collectively the resources of the Mekong Basin.

In March, this corridor-of-commerce theme was buttressed at the first Asia-Europe Meeting of heads of government.

In the Asean scheme of things, all concerned will enjoy an economic lift with this new pattern of regional cooperation.

Asean and other foreign investors will not only tap into the quick-growth virgin economies here -- average growth rates are over 6 per cent annually in the Mekong delta -- but also help bring comprehensive development to the backward states.

The result: an expanding circle of opportunity and prosperity that would have been unimaginable during the Cold War which split South-east Asia.

So the Asean overture is also aimed at deepening the integration of a historically diverse backwater, as it speeds towards the ideal of a thriving and peaceful Asean 10 composed of all South-east Asian countries by the year 2000.

Tan Sri Ahmad Kamil Jaafar, secretary-general of the Malaysian Foreign Ministry, which had been quick to organise meetings on Mekong development in Langkawi and Kuala Lumpur earlier this year, has said: "We are looking at a community of 10 in future. We are making it easier for the economic integration of all the other countries into Asean."

Singapore officials had said in earlier briefings that the Republic attached great importance to Mekong development, which would shrink the economic disparity between the richer Asean states and Indochina-plus-Myanmar.

The Mekong region encompasses the six economies of Thailand, Myanmar,Vietnam, Cambodia, Laos and the Yunnan province of China.

Except for Yunnan, all are members or prospective members of Asean, andexcept for Thailand, all are emerging economies. Pan-Asian rail link ASEAN'Sinitiative has taken wing since the summit, with the star project being the Malaysia-led plan for a high-speed, pan-Asian rail connection beginning in Singapore, racing north through peninsular South-east Asia, and ending in the city of Kunming in Yunnan.

Ultimately, this 4,700-km route is expected to provide valuable access not just to Mekong lands but also the massive markets of the Chinese interior. It can even connect with the trans-Europe rail network.

One Bangkok-based businessman commented that the railway plan could operate as part of a strategy to "cosy up to China", a powerful player in regional security and economic considerations.

Apart from the visionary railway plan, Asean will name priority projects in potentially fruitful sectors such as tourism and infrastructure.

Overall, Asean has demonstrated the will to mobilise scarce funds and coordinate mega-projects with other nations and international agencies.

Global interest has been sparked, and the European Union plus the huge East Asian economies of China, Japan and South Korea have expressed interest in supporting the Asean initiative.

What special role can Asean play?

To speed up growth, the grouping can lend a hand in institutional reform, human resource development and agriculture, The Nation, an English-language daily published in Bangkok, reported recently in its regular Mekong commentary.

For their part, advanced donor countries, empowered with capital and high technology, could focus on infrastructure, The Nation continued.

Asean member-states, which themselves had modest beginnings as tropical farm-based economies, are well placed to help the Mekong lands step up their efficiency in agriculture.

One example is a tripartite arrangement which involves Asean and Japan in helping central Cambodia maximise farm

yields.

As fellow Asians, Asean can help impart relevant lessons on how to build up human resources for the goal of nation-building. The grouping also has recent experience in the revamp of institutions, and can help the Mekong states to tackle new complexities like deregulation.

Specific projects are in store. In June, at a ministerial meeting on the Mekong held in Kuala Lumpur, it was agreed that an expert group should be formed to look into the creation of a fund to support Mekong development.

Global and regional groups wishing to transform the basin can be involved in this fund, it was decided.

Coming up next week will be the inaugural forum of Mekong chambers of commerce and industry, to be held in economically feisty Ho Chi Minh City.

Although it will be put together by a United Nations body -- the Bangkok-based Economic and Social Commission for Asia and the Pacific -- rather than Asean, the Asean Chamber of Commerce and Industry will be invited along for intense private-sector networking.

A draft outline obtained here showed that the talks will centre on ways to strengthen the Mekong Six chambers, and how best to integrate them into the Asean chamber.

This is in line with the oft-stated aim of the Mekong governments, multilateral agencies and donor-countries to involve the private sector as the engine of growth.

Meanwhile, a scrutiny of Asean's record of involvement will show that its gung-ho private sector had been setting up shop in the Mekong Basin for some time, though largely on a bilateral basis.

Singapore is now a top investor in Myanmar and Vietnam. Thailand, rallying behind the Chatichai government's call in the late '80s to turn the Indochinese war zone into a marketplace, had plonked its money early in the region.

Malaysia, meanwhile, has been a serious player in Cambodia and Vietnam.

Indeed, the whole Mekong enterprise has been regarded by the regional media as a hybrid East-Asian Economic Caucus (EAEC), a Mahathir pet project which seeks similarly to involve China, Japan nomic cooperation. and South Korea in regional eco-

Then, on the government-to-government level, Singapore, sia Thailand, Malaysia and Indone- extend bilateral technical assistance to certain neighbours, and these involve anything from guage lessons tailored for gifts of computers to English-lan- bureaucrats. Asean's role in the basin OFFICIALS, businessmen and consultants discussed with Sunday Review the impact of an expanded Asean role in the basin.

Dr Samran Chooduangngern, the Policy and Planning Division adviser of the Mekong River Commission, said: "I believe that a few Asean member-countries have high potential in promoting the participation of the private sector in activities to develop the Mekong region, particularly Singapore and Malaysia, and also Thailand.

"Cooperation between Asean and the Mekong River Commission and Asian Development Bank can be very useful."

The commission and ADB are two organisations with the same goal of developing the Mekong region, but formal teamwork between them and Asean has yet to evolve.

Dr Peter Brimble, president of The Brooker Group consultancy, which operates a Greater Mekong unit, said Asean's involvement could propel a bigger wave of "emerging Asean MNCs" into the region.

The dream of harnessing the final-frontier lands of the Mekong is not new. However, the commitment of neighbouring Asean may bring furthur impetus and purpose to the existing layers of multilateral efforts to develop the economies there.

The three main agencies to uplift the Mekong Basin are:

Mekong River Commission, which focuses on water-resources development in the four lower-Mekong states of Thailand, Vietnam, Cambodia and Laos, but is working to include China and Myanmar, too.

The only institutionalised forum, it began its ground-breaking work as far back as 1957 but was slowed down by the Indochina wars.

Asian Development Bank, which launched its Greater Mekong Subregion economic co-operation drive in 1992, following the Paris peace agreement in October 1991.

An old hand in the region, it has an energetic mandate, which covers seven sectors -- with infrastructure as a major focus -- and all six countries. It put together the just-concluded Mekong ministerial conference in Kunming, Yunnan.

Forum for the Comprehensive Development of Indochina, funded by Japan and coordinated by the Economic and Social Commission for Asia and the Pacific, a United Nations agency. It concentrates on human resources and transportation in Vietnam, Cambodia and Laos.

The commission, the regional arm of the UN in socio-economics, has chalked up 50 years of experience in Mekong work, across sectors like policy analysis, trade and investment, and rural development. Old and new initiatives A HOST of other agencies has pitched in over the decades, including the World Bank and United Nations Development Programme.

Asean economic ministers and Japan's powerful Ministry of International Trade and Industry have also joined hands in a regional programme.

Bilateral efforts have abounded, too. Australia funded the Friendship Bridge over the Mekong, for example. The structure joins the Laotian capital of Vientiane with the north-eastern Thai city of Nong Khai.

Other important donors are Japan, Sweden, Norway, Canada and France -- still a familiar presence in its former Indochinese colonies.

In the early days, economic interaction within the Greater Mekong region had been sporadic due to the devastation of long wars. At the same time, it was often informal, limited and bilateral.

However, with the onset of peace and market-oriented reforms in Indochina, various pan-regional initiatives, both old and new, have been stirred up.

One of these was mooted by the ADB, which in 1992 proffered technical assistance to nudge the six Mekong economies into taking a sub-regional approach to their growth.

Since then, the bank has named over 100 proposed projects in seven sectors: transport, energy, trade and investment, telecommunications, tourism, human resources and environment. These projects have been endorsed by the Mekong governments and many have progressed to the implementation or design stage.

Recent examples are the sub-regional road system pulling together Yunnan, Laos and Cambodia, and the Theun Hinboun project sending hydropower from Laos to energy-short Thailand.

However, the financing of these mammoth projects remains a tricky issue. The bank estimated in April that infrastructure development alone will require investors to sink in a hefty US$40 billion (S$56 million) over 25 years.

As Mr Noritada Morita, the bank's director of programmes, who steers its Mekong initiatives, said plainly: "A key challenge to project implementation is financing. The costs associated with most of the priority sub-regional projects, particularly those in infrastructure, exceed the financial capacity of the six governments and official development assistance commitments."

The bank is, therefore, doing all it can to involve the private sector as a source of capital and technology, and has launched campaigns in cities like Seoul and Frankfurt to draw investors.

The high-speed, pan-Asian rail link also has its share of sceptics -- including from within Asean and Chinese officialdom -- because of its formidable costs.

The State Railway of Thailand has estimated that a high-speed link will require one billion baht (S$55 million) per km to build and maintain, and recommended a more basic system for transporting goods and people rather than high-end services.

Dr Samran of the Mekong River Commission said river transportation was "the most economical", while road and air links could be achieved in the medium term. But he affirmed that the railway was "not a dream in the long run".

Apart from stratospheric costs, myriad problems come to mind easily.

Indeed, in seminar after investment seminar, officials and ministers from the Mekong Six cite candidly and routinely the lack of legal foundations, home-grown entrepreneurs and bureaucrats unfamiliar with capitalist systems, sprawling red tape, crumbling infrastructure and other conditions as high barriers to entry for foreign investors.

Lack of standardisation in almost all aspects, including customs and immigration, has blocked economic synergy, in the view of Thailand's Board of Investment, an active organiser of trade missions and promotional seminars on the Mekong region.

At another level, the proliferation of Mekong agencies has created the danger of wasteful duplication, especially since there is no master plan to knit together the different strategies.

Fundamental flaws have also surfaced, including the clash of developmental objectives among the Mekong states themselves. For example, Thailand, a buoyant economy, is keen to harness the hydropower potential of the Mekong for its enormous energy needs and to divert water for irrigation.

Vietnam, on the other hand, is determined to guard its fragile delta. Threats to river system NON-GOVERNMENT organisations from as far as Japan have also expressed vocal concern that large-scale dams -- an estimated 60 river-related projects are planned in Laos alone -- and mass tourism could ravage the shared river system.

Also worrying are reports that the Chinese authorities intend to deepen the river upstream for navigation by dynamiting rapids and dredging sand. Mighty China, which controls the source in Tibet and a 2,000-km stretch of the river, also wants to build hydropower dams.

Obstacles are numerous, but the sense of high optimism persists and all parties want to believe that the region represents an investment destination and exportcentre.

For a start, the Mekong states, populous with almost 229 million people, are rich in low-cost, youthful and relatively literate labour.

The region is famously abundant in resources. These range from the hydropower potential locked up in mountainous little Laos to the eco-tourism prospects in rugged Yunnan, to the long fish-rich coastline in Myanmar.

Also promising is its web of economic and political linkages. The Mekong lands have links or membership in booming Asean. Growing cross-basin trade between the Mekong states and South China is enriching the whole region.

And while the Mekong countries do not shy away from reciting their problems, they will in the next breath highlight the frequent moves to polish up their tax and legal systems.

Speaking in this optimistic vein, Mr Nguyen Nhac, the Vietnamese Vice-Minister of Planning and Investment, told Bangkok-based businessmen in July that an upcoming revamp of trade and investment laws, to simplify work and save time for investors, would be announced soon.

Ultimately, a developed Mekong Basin will contribute towards an exciting future -- a South-east Asia that will be thriving, developed and well-connected like Europe.

This was the vision communicated at the Asean Summit by Singapore Prime Minister Goh Chok Tong, who noted: "Over time, our region's connections will be as dense as Europe's. And we will grow together as a community. This is an exciting vision."

In the past, the Mekong region had also been likened to a mini-Europe, with each country distinct yet sharing ties of

history and culture -- and certainly river resources.

In the next millennium, this European-styyle ideal may well be achieve as gas pipelines, criss-crossing railways, intra-regional trade, financial institutions and an understanding of shared destinies pull together the Mekong region and Asean.

100 ongoing projects to give area a boost

IN A cosy complex of bungalows and gardens, planners of the Mekong River Commission map out the growth of the region surrounding the lower Mekong.

They specialise in the development of water resources, which involves hydropower plants, fisheries, ferry facilities, navigation, water use, flood protection and seemingly esoteric activities like the diagnosis of saltwater intrusion into the Mekong delta.

Their Asian and Western experts had been beavering on 100 Mekong projects since 1957.

They were focused first on basics such as flood control, Dr Samran Chooduangern, the commission's policy and planning division adviser, told Sunday Review.

Because of the Vietnam War and communist iinsurgency, their progress wa limited in the four countries they serve -- Thailand, Vietnam, Cambodia and Laos.

Cambodia was even dropped during the proxy Cold War in the region.

But with the Paris peace pact signed in 1991, the return of Cambodia to the fold after being dropped, and the regional rush towards market reforms, the momentum of work has picked up quickly.

Also, funding has nearly tripled since the early '90s, to about US$27 million (S$38 million), actually still a very modest sum.

Efforts to complete the Mekong Six membership by roping in China and Myanmar have also been stepped up, with three meetings concluded recently, said Mr Samran.

These days, his organisation has also found more players on the field, which can create immense synergy and, perhaps, a certain amount of duplication plus competition for precious funds.

Among others, the Manila-based Asian Development Bank has stepped in with its own Mekong initiative and Asean is creating frameworks for its participation in the golden region.

Times have changed, and the sometimes, conflicting demands of member-countries for water use dramatise this fact.

Will clashing objectives lead to another era of inertia?

Dr Samran is unperturbed. He said: "Nothing surprises us. All four countries were at a similar stage of development in the '50s when we started. Now, they have different desires for development.

"The Mekong River Commission serves as a forum at the policy-making and ministerial level for just such negotiations on sustainable development."

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