

Policy Forum 06-29A: China Begins Oil Route Experiment in Mekong



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"China Begins Oil Route Experiment in Mekong"

Essay by Lim Tai Wei

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I. Introduction

Lim Tai Wei, researcher at the Singapore Institute for International Affairs (SIIA), published this

report through the South-East Asia Peace and Security Network (SEAPSNet). Lim Tai Wei writes, "Even if it cannot be a main route of oil supply for China, the Mekong can certainly be an emergency route for Beijing's strategic needs. This seems to be the message in China's official news agency Xinhua as its headline article ran the word "explores" in covering this story."

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II. Essay by Lim Tai Wei

- China Begins Oil Route Experiment in Mekong
by Lim Tai Wei

As China becomes increasingly wary of the congested Straits of Malacca as well as US stranglehold of the narrow waterway along with its allies, it is trying to find alternative routes for its oil transportation.

It has already taken one blow as the state-owned media People's Daily announced that the Russians had approved the first phase of the oil pipeline to the Pacific, a Japanese plan to rival China's own proposed pipeline towards its Northeast. The Chinese seemed to have lost the first round in Siberia. It is determined not to lose the second round in Mekong. With a firm ally by its side, Myanmar, China is cooperating with Thailand and Laos for a secure route for its oil supplies through the Mekong.

This remains an experiment because there are physical constraints that limit the amount of oil that can filter to China through this route due to the makeup of the Mekong. Physical barriers and geographical difficulties make the transportation more costly. Others are more concerned about the environmental impact since the same river supplies water for the daily lives of millions who lived along or near it. The Mekong itself is a valuable water supply for many countries which it runs through and it cannot afford to have pollution from oil tankers affecting the potable source. To placate this, Thai and Chinese authorities have set up a task force to monitor as well as respond to crises and emergencies like oil spills. In the meantime, China is also attracting its Indochinese partners to this venture with promises of other benefits.

China is determined to make this experiment succeed because other than strategic concerns, it is keen to avoid piracy as well as terrorism which have added to the congestion of the waterway by superpowers. The agreement to make this experimental route possible with Laos, Myanmar and Thailand will see a trial program of processed oil shipping from May to December, said a maritime affairs official of southwest China's Yunnan Province. The cooperation framework for the Greater Mekong Subregion (GMS) allows a monthly quota of 1,200 tons of oil to be shipped on the river, said Qiao Xinmin, director of the Maritime Affairs Bureau of the Lancang River. Even if it cannot be a main route of oil supply for China, the Mekong can certainly be an emergency route for Beijing's strategic needs. This seems to be the message in China's official news agency Xinhua as its headline article ran the word "explores" in covering this story.

Sources:

China to Ship Oil Through Mekong Next Month (Straits Times, 8 April 2006)

Russian government agency approves first phase of oil pipeline to Pacific (People's Daily, 8 April 2006)

China explores new oil shipping route with neighbors (Xinhua, 5 April 2006)

III. Nautilus Invites Your Responses

The Northeast Asia Peace and Security Network invites your responses to this essay. Please send responses to: napsnet-reply@nautilus.org . Responses will be considered for redistribution to the network only if they include the author's name, affiliation, and explicit consent.

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